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ARIZONA CORPORATION COMMISSION

October 18, 2004

Arizona Corporation Commission

DOCKETED

OCT 18 2004

AZ CORP COMMISSION
DOCUMENT CONTROL

2004 OCT 18 A 9:58

RECEIVED

Mr. Ronald D. Standage
Tonto Village Water Company, Inc.
P.O. Box 9116
Mesa, Arizona 85214

DOCKETED BY *CR*

RE: TONTO VILLAGE WATER COMPANY-APPLICATION FOR A RATE INCREASE,
DOCKET NO. W-01580A-04-0672

LETTER OF DEFICIENCY

Dear Mr. Standage:

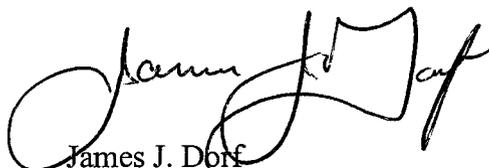
In reference to your rate application received on September 16, 2004, this letter is to inform you that your application has not met the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103.

Staff has found several deficiencies with your application, which are listed on the separate attachment. The 30-day sufficiency determination period will begin anew when the Company corrects the deficiencies and Docket Control receives an original and sixteen copies of the corrected pages.

You have 15 calendar days, or until November 2, 2004, to correct the deficiencies or make other arrangements with Staff to remedy your rate application. If the corrections or other arrangements are not made by the above date, Staff will request your docket number be administratively closed. Docket Control will retain one copy of the original application for Commission records. You may file an original and sixteen copies of an updated application at a later date.

The Staff person assigned to your application is Charles R. Myhlhousen. He can be reached at (602) 542-0863, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "James J. Dorf". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "Dorf".

James J. Dorf
Chief, Financial & Regulatory Analysis Section
Utilities Division

CC: Docket Control Center (sixteen copies)
Lyn Farmer, Hearing Division
Delbert Smith, Engineering
Consumer Services
Legal Division

Listing of Deficiencies

1. Information received from ADEQ indicates that there are several items not in compliance. These items include the water company's failure to have a certified operator, failure to provide a microbiological site sampling plan, failure to implement a backflow prevention plan, and the ADEQ compliance section cannot determine if the Company is in compliance with the Arizona Safe Drinking Water Act because the Company has not reported any information to the ADEQ compliance section. Please correct these items and provide documentation showing that these have been corrected.
2. The application page numbers do not conform to the page numbers in the Arizona Corporation Commission blank application found on the A.C.C. web site. Please correct.
3. Please provide the following information:
 - a breakdown by name, position, salary, and duties for the Salaries and Wages expense.
 - copies of invoices for purchased power during the test year.
 - copies of invoices for repairs and maintenance in excess of \$150 incurred during the test year.
 - copies of invoices for outside services in excess of \$150 incurred during the test year.
 - copies of invoices for water testing expense during the test year.
 - copies of statements from the county for property taxes expenses incurred during the test year.
4. The gallons sold on page 8 and gallons sold on page 28 do not agree. Please reconcile.
 - Customers served on page 8 is 190, while on page 28 for December is 189. Please reconcile.
 - No backflow prevention tariff is on file with the Commission. Please prepare and file with the Commission.
5. Page 12, reflects a non-residential class of service. The current tariff does not authorize a non-residential class of service. On this page the current tariff column should show N/A for each meter size and rates.

Page 14, reflects current service charges that are not correct.

- Establishment (after hours)
- Reconnect (delinquent)
- Reconnection (delinquent) after hours
- Deposit should be * per the A.C.C.
- Deposit Interest
- Re-establishment (within 12 months)
- NSF Check charge

6. Page 23, the amounts in the year 2002 retirements column do not add to the current total amount. Please correct.

Account number 334 amount is not correct. Please correct.

7. Page 24, Column B, total Additions, Column C, Total Retirements and Column D, Test Year End Total do not agree to the total amount. Please correct.

8. Page 25, Column A, Original Cost total is not the same amount as on page 24 Column D Test Year End Total. These amounts should be the same. Please reconcile.

9. Page 28, Gallons sold is not the same as gallons sold on page 8. Please reconcile. Number of customers, December is 189; on page 8 is 190 customers. Please reconcile.

10. Page 30, Depreciation rate Column B is incorrect percentage.

- Column A Original Cost amount for plant items is not the same total as Column D Test year End total on page 24. Please reconcile.
- Column A Original Cost individual plant items amount are not the same as for individual plant items on page 24, Column D Test Year End Total. Please reconcile.

11. Page 37, Bill Count Summary, for 5/8 inch meter size should be page 27, and for 2 inch meter size should be page 27-1.

12. Page 39, the customer notification does not include a copy of the current and proposed rates and charges. Please correct and re-notify the customers.

13. The bill count is incorrect. The bill count total must reasonably reflect the metered revenue on Schedule C-I, Income Statement page 29. Please reconcile.

14. The Rate Application cover sheet is missing. Please complete and furnish.