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ARIZONA CORPORATION COMMISSION

06D

December 22, 2004

Arizona Corporation Commission

DOCKETED

DEC 22 2004

Ms. Jan Kovach
Eagletail Water Company, L.L.C.
9413 S. 543rd Avenue
Tonopah, Arizona 85354

DOCKETED BY	
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RE: EAGLETAIL WATER COMPANY, L.L.C.-APPLICATION FOR A RATE INCREASE, DOCKET NO. W-03936A-04-0840

LETTER OF DEFICIENCY

Dear Ms. Kovach:

In reference to your rate application received on November 22, 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 a 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 January 6, 2005, 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. Myhlhausen. He can be reached at (602) 542-0863, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,

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

RECEIVED
2004 DEC 22 10 59 AM
AZ CORP COMMISSION
DOCUMENT CONTROL

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

List of Deficiencies (12/22/2004)

1. Page 1. Please provide copies of purchased power invoices for the test year.

Please provide copies of Repairs and Maintenance invoices in excess of \$150 for the test year.

Please provide copies of Outside Services invoices in excess of \$150 for the test year.

Please provide copies of all invoices for water testing for the test year.

Please provide copies of the county property tax statements for the test year.
2. Page 3. Please provide and make the pro forma adjustments for Outside Services expense for increasing the manager and bookkeeping expenses on the Schedule of the Comparative Statement of Income and Expense page 19.
3. Page 6. The proposed annual revenue is incorrect. Please correct.
4. Page 11. The monthly charge for fire sprinklers is missing from the current tariff. Please correct and add to the current tariff.
5. Page 13. The retirements amounts are different on page 13 and page 14. They must be the same. Please reconcile.
6. Page 14. Plant Summary schedule, Test Year End Total Column D and page 15, Utility Plant in Service Original Cost Column A totals should be the same. The plant categories and amounts do not match the Plant in Service per last decision. Please reconcile.
7. Page 20. Schedule Calculation of Depreciation Expense column A, incorrect plant amounts. Depreciation Percentage Column B the percentages are incorrect. Depreciation Expense Column C the depreciation expense amounts are incorrect. Please correct these and the depreciation expense on page 19.
8. Page 21. Balance Sheet. Item # 101 Utility Plant in Service amount is incorrect. It must match the amount on page 15. Please correct. Item # 108 Accumulated Depreciation amount is incorrect. It must match the amount on page 15. Please correct.

9. Page 22. Item # 224, Long-Term Notes and Bonds is incorrect. This is not the Company's debt but, the investors debt. Please correct.
11. Page 32. Customer Notification insert schedule operating loss amount is incorrect. Please correct. The increase in revenue percentage is incorrect. Please correct.
12. Pages 27 through pages 31. Bill Count is incorrect. The total bill count revenue does not match the revenue amount on page 19, in Account Number 461. Please correct. All gallons sold over 100,000 gallons, the amount of gallons must be shown on the bill count schedule for the two inch meter. Please correct.
13. The rate application must be signed on page 7.

Additionally;

This is not a sufficiency item. Continue working on reinstating the CC&N that was revoked. The rates in the final Decision will not be effective until the CC&N is reinstated.