

J. KIRK GRAY, P.C. CERTIFIED PUBLIC ACCOUNTANT

NEW APPLICATION



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AZ CORP COMMISSION
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July 11, 2002

Arizona Corporation Commission
Docket Control
1200 W. Washington St.
Phoenix, AZ 85007

W-02096A-02-0546

RE: Application for Retroactive Approval of Sale of Assets by Verde Lee Water Co., Inc.

To Whom It May Concern:

We recently discovered that Well No. D5-30-10-4 has been erroneously reported on the Water Company Plant Description page of the 1999, 2000 and 2001 Annual Reports. The commission did not formally approve the sale of this well.

Upon discovery of the error on the 2001 Annual report, we contacted your office and were informed that the procedure to correct the error is to request formal approval of the sale retroactively and remove the asset description on the next annual report filed.

In accordance with staff instruction, please find the enclosed original and 10 Copies of the Application for Retroactive Approval of Sale of Assets by Verde Lee Water Co., Inc.

Sincerely

Andrew Terry, CPA
J. Kirk Gray, P.C.

Application for Retroactive Approval of Sale of Assets
By Verde Lee Water Co., Inc.

Verde Lee Water Co., Inc. is seeking retroactive approval for the sale of a non-producing well, (ADWR ID No. D5-30-10-4) along with the property upon which the well was situated. The sale occurred during the year ended 12/31/99. Well D5-30-10-4 has been erroneously listed on the Water Company Plant Description page of the 1999, 2000 and 2001 Annual Reports. The sale of the well was reported to the Commission in Verde Lee Water Co., Inc.'s rate increase request filed December 9, 1999. However, the sale of the well was never formally approved.

We therefore respectfully request that you retroactively approve the sale of Well D5-30-10-4. If approved, we will remove the well from the Water Company Plant Descriptions on the next annual report per staff instructions.