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ARIZONA CORPORATION COMMISSION

November 3, 2005

Robert W. Geake
Vice President and General Counsel
Arizona Water Company
P.O.Box 29006
Phoenix, Arizona 85038-9006

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2005 NOV -3 P 4: 23
AZ CORP COMMISSION
DOCUMENT CONTROL

RE: Arizona Water Company – Application for Extension of its Certificate of Convenience and Necessity (CC&N) Docket No. W-01445A-05-0701
INSUFFICIENCY LETTER

Dear Sir:

In reference to the above mentioned application filed on October 4, 2005, this letter is to inform you that the application has not met the sufficiency requirements as outlined in the Arizona Administrative Code. The deficiencies are:

1. Please provide system operation data by submitting a Water Use Data Sheet for the Superstition System.
2. Please provide the fire flow requirement for this system?
3. Please provide the proposed plant facilities, along with itemized cost breakdown, to be constructed to serve customers in the requested area.
4. Please explain the method of financing the proposed plant facilities to Item 3 above.
5. Please provide an ADEQ Compliance Status Report for the Superstition system.
6. Has an ADEQ Certificate for Approval to Construct been obtained for Item 3 above? If not, what is the status?
7. The requested areas are within the Phoenix Active Management Area. Please provide a copy of the Arizona Department of Water Resources (“ADWR”) Designation of Assured Water Supply or Certificate of Assured Water Supply for the CC&N area requested. If none of these are available, please provide a copy the ADWR’s Physical Availability Determination. If a determination of Assured Water Supply has not been obtained from ADWR, please inform Utilities Division Staff (“Staff”) of the status of the application for that determination.

8. Please provide any other information which will allow the Commission to analyze and conclude that the Company has sufficient water production capacity, or can develop enough drinking water capacity to service the existing and future demands from the proposed CC&N extension area.
9. Please provide an estimate of the water facilities costs necessary to serve the proposed CC&N extension area. The cost should include a description of the major components with the cost of the component (i.e., wells, number and size of storage tanks, etc.). The method of financing for the major components should be described in as much detail as possible.
10. Please provide a copy of the proposed construction schedule.
11. Please provide the name, address, and telephone number of management contact for inquiries regarding the Application.
12. Please provide a copy of the Company's Certificate of Good Standing.
13. According to the Application, "[e]ach property owner will be mailed the public notice attached as Exhibit 6..." Please indicate the date that notice of application was sent or will be sent to the property owners.

Staff would like to use this opportunity to bring the following to your attention:

- Pursuant to the Arizona Administrative Code ("A.A.C.") R-14-2-411(C), upon meeting sufficiency requirements, the Commission has 150 calendar days for its substantive review. This includes conducting a hearing and preparing Opinion and Order to present to the Commission at an Open Meeting; and
- Pursuant to A.A.C. R14-2-411(C)(3), Staff may terminate an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency.

Please file one original and thirteen copies of your response to this Insufficiency Letter with Docket Control.

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If you have any questions concerning this matter, please do not hesitate to contact me at 602-542-0840, Marlin Scott Jr. at 602-542-7272.

Very truly yours,

A handwritten signature in black ink, appearing to be 'Blessing N. Chukwu', with a long horizontal line extending to the right.

Blessing N. Chukwu
Executive Consultant III

BNC

cc: Docket Control
Del Smith
Lyn Farmer
Brian Bozzo
Vicki Wallace