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ARIZONA CORPORATION COMMISSION

2006 JUN -6 P 3:10

June 6, 2006

AZ CORP COMMISSION
DOCUMENT CONTROL

Ms. Peggy Larsen
Post Office Box 744
Camp Verde, Arizona

RE: VERDE WEST IRRIGATION – APPLICATION FOR SALE AND TRANSFER
DOCKET NO. I-02274A-06-0327

INSUFFICIENCY LETTER

Dear Ms. Larsen:

The application of Application of Verde West Irrigation for the sale of assets and transfer of its Certificate of Convenience and Necessity has not met the sufficiency requirements as outlined in the Arizona Administrative Code (“A.A.C.”). 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.

To correct the deficiencies, please provide the following information:

1. Provide the name of the entity to which the Company will be sold.
2. Indicate why the proposed new owner or owners are fit and proper to own and operate your irrigation company.
3. Provide the draft or final sales agreement.
4. Is this a sale of assets? If so, what are the assets being sold?
5. Please provide annual reports to the Arizona Corporation Commission for the years 2005 and 2006.
6. Provide documentation showing compliance with the regulations of Arizona Department of Water Resources.
7. Describe in detail how the water is delivered to the customers.
8. Does Verde West have documented rights-of-way or city and county franchises? If so, please provide.

If you have any questions concerning this matter, please do not hesitate to contact me at 602-542-0859 or Del Smith at 602-542-7277.

Yours truly,

A handwritten signature in cursive script that reads "Linda A. Jaress".

Linda A. Jaress
Executive Consultant III

LAJ:tdp

cc: Docket Control
Del Smith
Lyn Farmer
Brian Bozzo