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ARIZONA CORPORATION COMMISSION

OGD

November 9, 2006

Arizona Corporation Commission
DOCKETED
NOV - 9 2006

Mr. Mark Grapp
Watco, Inc.
PO Box 1270
Showlow, AZ 85902

DOCKETED BY
nr

RE: WATCO, INC. - APPLICATION FOR A RATE INCREASE
DOCKET NO. W-20475A-06-0550

SECOND LETTER OF DEFICIENCY

Dear Mr. Grapp:

In reference to your rate application received on August 31, 2006, this letter is to inform you that your application has not met the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103.

On September 29, 2006, Staff filed a letter listing the deficiencies found in your application. Your responses to Items Nos. 7 and 8 which are listed on a separate attachment have not been docketed. The 30-day sufficiency determination period will begin anew when the company provides the requested documents, information, and corrected application pages and Docket Control receives an original and sixteen copies of the aforementioned information.

You have 15 calendar days, or until November 23, 2006, to correct the deficiencies or make other arrangements with Staff to remedy your rate application. If the correction 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.

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AZ CORP COMMISSION
DOCUMENT CONTROL

The Staff person assigned to your application is Crystal S. Brown. She can be reached at (602) 542-0864, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,


James 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

**WATCO INC. – LIST OF DEFICIENCIES OUTSTANDING FROM LETTER DATED
SEPTEMBER 29, 2006**

7. Engineering Issues – Please provide the following information:
 - a. The most recent lab analyses for the arsenic level for each well.
 - c. A separate water company plant description for each water system.
 - d. An explanation of the status of the meter replacement program implementation required by Commission Decision No. 66175 (Fact # 28).
8. Ownership – The ambiguity regarding the Watco versus Silverwell ownership must be clarified.