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ARIZONA CORPORATION COMMISSION

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November 14, 2006

Arizona Corporation Commission
DOCKETED

NOV 14 2006

Michael W. Patten
Roshka DeWulf & Patten, PLC
One Arizona Center Street
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004

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RE: Valencia Water Company, Inc. and Water Utility of Greater Buckeye, Inc. – Joint Application requesting approval to transfer Water Utility of Greater Buckeye, Inc.’s assets, including its Certificate of Convenience and Necessity (CC&N), to Valencia Water Company, Inc.
Docket Nos. W-01212A-06-0666 and W-02451A-06-0666
INSUFFICIENCY LETTER

Dear Sir:

In reference to the above mentioned application filed on October 16, 2006, 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 a copy of the franchise agreement that approves the transfer. If the franchise agreement has not been issued, please inform Staff of the status of the application for the franchise agreement.
2. Please provide a detailed description of the existing **certificated areas**. Please specify the acreage separately for Valencia and Buckeye certificated areas and describe the location of the certificated areas (including proximity to the Town of Buckeye and distance between Valencia and Buckeye certificated areas.
3. According to Exhibits 9 and 10 of the Application, Valencia has one (1) water system and there are four (4) water systems in Buckeye. Please provide the following information related to these **water systems**:
 - Please show the location of each water system on a proximity map (Exhibit 4).
 - Please provide a most recent Drinking Water Compliance Report for each water system.

- According to the information reported in the 2005 Annual Reports for Valencia and Buckeye, the level of arsenic for some wells exceeds the new arsenic standard of 0.01 mg/l. Please explain.
- The Water systems plant description in Exhibits 9 & 10 do not match plant description reported in the 2005 Annual Reports for Valencia and Buckeye. Please explain.
- Please state the estimated number of customers expected for each water system in the next five years (this information will enable Commission Staff to perform analysis and determine if each water system has adequate water production and storage capacity to serve the existing base of customers and expected growth within a five-year planning period).

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.

If you have any questions concerning this matter, please do not hesitate to contact me at 602-542-0840, Katrin Stukov at 602-542-0941.

Very truly yours,



Blessing N. Chukwu
Executive Consultant III

BNC

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