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ARIZONA CORPORATION COMMISSION

2003 JUN -2 A 10: 47

June 2, 2003

AZ CORP COMMISSION  
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Mr. Gregory G. Horne  
High Country Pines Water Company  
9630 North 25<sup>th</sup> Avenue, Suite 450  
Phoenix, Arizona 85021

RE: HIGH COUNTRY PINES WATER COMPANY – APPLICATION FOR A RATE INCREASE (DOCKET NO. W-02448A-03-0278)

LETTER OF DEFICIENCY

Dear Mr. Horne:

In reference to your rate application received on May 1, 2003, this letter is to inform you that your application has not met the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103.

Staff has found several deficiencies with your application, which are listed on a separate attachment. The 30-day sufficiency determination period will begin anew when the Company corrects the deficiencies and Docket Control receives an original and sixteen copies of the corrected pages.

You have until June 18, 2003, to correct the deficiencies, or make other arrangements with Staff to remedy your rate application. If the corrections 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.

Arizona Corporation Commission

DOCKETED

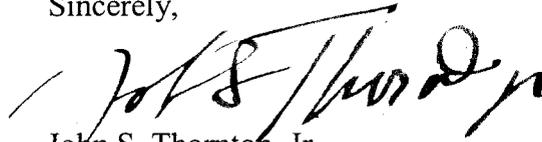
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The Staff person assigned to your application is Jamie R. Moe. He can be reached at (602) 542-0855 if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "John S. Thornton, Jr.", written in a cursive style.

John S. Thornton, Jr.  
Chief, Accounting & Rates Section  
Utilities Division

Enclosure

CC: Docket Control Center (sixteen copies)  
Consumer Services  
Delbert Smith, Engineering  
Lyn Farmer, Hearing Division  
Chris Kempley, Chief Legal Counsel

High Country Pines Water Co.  
Docket No. W-02448A-03-0278  
Test Year Ended December 31, 2002

### **Staff's List of Deficiencies**

1. Page 11 - Current and Proposed Service Charges.  
The current and proposed service line and meter installation charges are left blank. Please enter the current approved service and meter charges per Decision No. 60893 and the proposed charges for each meter size, even if there is no proposed change. Resubmit customer notifications consistent with the current approved service and meter charges as well as the proposed charges. Please resubmit a notarized cover letter stating the method of customer notification and the date the new notification was sent to the customers.
2. Page 13 - Plant Additions and Retirements by Year.  
The application lists balances from the prior decision under year of 1997. The Test Year in the previous rate case was 1996. Please provide additions and retirements for 1997 and invoices in excess of \$150 for plant added in 1997, if any.
3. Page 13 - Plant Additions and Retirements by Year.  
Please provide complete copies of the invoices from Beeman Drilling for 2002 Pumping Equipment showing all of the detail of the transactions.
4. Page 13 - Plant Additions and Retirements by Year.  
Please provide additional invoices for the additions listed for 2002 Pumping Equipment. Additions per the application total \$10,849. The invoices provided total \$7,941.
5. Page 14 - Plant Summary.  
The plant in service per prior decision for Meters and Meter Installations is listed at \$982. This beginning balance per Decision No. 60893 should be \$357.
6. Page 18 - Water Use Data Sheet.  
Gallons pumped cannot equal or be less than gallons sold. Please provide the actual numbers for the total gallons sold and the total gallons pumped.
7. Page 19 - Comparative Statement of Income and Expense.  
Please provide Purchased Power bills as required (see page 1, item 7).
8. Page 19 - Comparative Statement of Income and Expense.  
Please provide invoices for Repairs and Maintenance in excess of \$150 as required (see page 1, item 8).

9. Page 19 – Comparative Statement of Income and Expense.  
Outside Service expenses requires copies of invoices in excess of \$150 be included with the application (see page 1, item 9). It appears that there should be a copy of a Sundance Management invoice for every month of the Test Year, as well as any other applicable invoices.
10. Page 19 – Comparative Statement of Income and Expense.  
All invoices are required for Water Testing expenses during the Test Year (page 1, item 10). If this is mainly provided by Sundance Management, an invoice for every month should be included.
11. Page 19 – Comparative Statement of Income and Expense.  
Depreciation Expense of \$31,890 does not match the amount of \$37,512 calculated on page 20, Calculation of Depreciation Expense.
12. Page 19 – Comparative Statement of Income and Expense.  
Please provide the Property Tax statements (see page 1, item 11).
13. Please provide the Arizona Department of Revenue “ADOR” certificate of compliance letter of good standing (page 1, item 2). The appropriate tax clearance application needed to obtain the certificate of compliance is located in the appendix at the end of the application.