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ARIZONA CORPORATION COMMISSION

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2003 JUN -9 P 2:48

June 9, 2003

AZ CORP COMMISSION
DOCUMENT CONTROL

Bonita Creek Land and Homeowner's Association
HC7 Box 271-E
Payson, Arizona 85541

RE: BONITA CREEK LAND AND HOMEOWNER'S ASSOCIATION - APPLICATION
FOR A RATE INCREASE, DOCKET NO. W-02195B-03-0293

LETTER OF SUFFICIENCY

Dear Mr. Johnson:

In reference to your rate application received on May 8, 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 15 calendar days, or until June 24, 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.

The Staff person assigned to your application is Charles R. Myhlhousen. He can be reached at (602) 542-0863, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,

John S. Thornton, Jr.
Chief, Financial & Regulatory Analysis Section
Utilities Division

Arizona Corporation Commission
DOCKETED

JUN - 9 2003

DOCKETED BY

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

List of Deficiencies

1. The end of the test year should be July 31, 2002. Please resubmit all pages to conform with the change in test year.
2. Page 1 - Water Rate Application Check List. Please provide invoices for each plant asset purchase in excess of \$150 for the Test Year, as well as all of the intervening years since the utility's prior Test Year.
3. Page 6 - Statement in Support of Rate Request. Test Year Ending should be July 31, 2002.

The revenue on page 6 is \$12,542.02 and the revenue on page 19 is \$11,829.00. These two revenues must be the same amount.

Gallons of water sold is 713,172 and on page 18 gallons of water sold is 713,465. These amounts must be the same.

Number of customers served states 41; on page 17, number of customers meters 34. Number of customers served on page 6 should be the same as number of customers meters on page 17.

The dollar amount of the increase in revenues left blank.

The dollar amount of the total annual operating revenue (if the Company is granted the rate adjustment) is left blank.

The question concerning the Company's Curtailment Plan Tariff was not answered.

The question concerning the Company's Backflow Prevention Tariff was not answered.

The date when the company notified its customers of its application for a rate adjustment is not shown.

4. Page 9 - Current and Proposed Rates and Charges. The current rates must be filled out to reflect the current tariff. The proposed rates must be filled out to reflect the requested rates even if the rates are to remain the same as the current rates.

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5. Page 11 - Current and Proposed Service Charges. Current Charges must match the current tariff amounts. The Proposed Charges must be filled in with the requested charges. If no change is requested use the current tariff charges.
6. Page 13 - Plant Additions and Retirements by Year. Left blank. This page should reflect plant additions and retirements from the prior test year ended 1996 through the end of the current test year. This increase must be reflect on page 13 by plant items and year. You may use additional pages if necessary to reflect the additions and retirements.
7. Page 14 - Plant Summary. The Total Additions, Total Retirements and Test Year End Total columns must be completed to reflect the correct plant balances.
8. Page 15 - Utility Plant in Service. Column A original cost amount must be the same as the amount reported on page 20. Column B, Accumulated Depreciation must be shown separately for each plant item. The OCLD (Original Cost Less Depreciation) Column C must show the balance for each plant item. The accumulated depreciation amount must be the same as the amount shown on page 21.
9. Page 17 – Number of customers meters 34; page 6 number of customers served 41. Number of customers meters should be the same as the number of customers unless there are un-metered customers in the system.
10. Page 18 – Water Use Data Sheet shows numbers of gallons sold as 713,465 and page 6 shows gallons sold of 713,172. These numbers must be the same.

The totals for the columns of gallons sold and gallons pumped are mathematically incorrect.
11. Page 19 – Comparative Statement of Income and Expenses. The Purchased Power expense left blank. This expense category should reflect the company submitted invoices for purchased power from Arizona Public Service from August 2001 through July 2002.

The Test Year revenue amount is \$11,829 and the revenue amount on page 6 is \$12,574. These two amounts should be the same.

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12. Page 20 - Calculation of Depreciation Expense. The original cost column A is \$16,137 and on page 14 the cost of plant is \$10,915. These numbers must be the same.
13. Page-20 - The depreciation expense is mathematically incorrectly.
14. Page 21 and 22- Balance Sheet. Total Assets must equal Liabilities and Capital at the beginning and at the end of Test Year.

The Utility Plant in Service amount must be the same as the amount shown page 15.

The Accumulated Depreciation amount must be the same as the amount shown on page 15.

15. Page 23 – The Supplemental Financial Data page is missing from the application.
16. Page 24 – The Advances in Aid of Construction page is missing from application.
17. Page 25 – The Gross Contributions in Aid of Construction page missing from the application.
18. Pages 27 to 31- Bill Count. Revenue derived from bill counts does not match revenue shown on page 19.
19. Page 32 – Customer Notification. The page must indicate an increase or decrease in revenue requested.

The loss shown on this page is \$4,835.07 and the loss on the income statement page 19 is \$5,734.00. These amounts must be the same.

The increase or decrease amount of revenue or the percent is not shown.

A copy of the notice with a notarized cover letter stating the method of customer notification, as well as the date of the notification, must be attached to the application.

20. Page 33 – Water Compliance Affidavits are missing from the application.

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21. Page 35 –You must request from the Arizona Department of Environmental Quality a Compliance Status Report.
22. You must request from the Arizona Department of Revenue a Tax Clearance Application Form and submit it with the application.