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ARIZONA CORPORATION COMMISSION

March 26, 2007

Arizona Corporation Commission
DOCKETED

MAR 26 2007

CERTIFIED MAIL

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Mrs. Linda Wayland, President
Golden Shores Water Company
Post Office Box 37
Topock, Arizona 86436

RE: GOLDEN SHORES WATER COMPANY - APPLICATION FOR A RATE INCREASE, DOCKET NO. W-01815A-07-0117

LETTER OF DEFICIENCY

Dear Mrs. Wayland:

In reference to your rate application received on February 23, 2007, 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 April 10, 2007, 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.

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Mrs. Linda Wayland
March 26, 2007
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The Staff person assigned to your application is Jeffrey M. Michlik. He can be reached at (602) 364-2034, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,



Elijah Abinah
Chief, Financial & Regulatory Analysis
Section
Utilities Division

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

Golden Shores Water Company
Rate Application
Docket No. W-01815A-07-0117
Test Year Ended June 30, 2006
List of Deficiencies

The specific items that have caused a finding of deficiency are as follows:

1. Total Plant in Service per Schedule B-1 is \$1,812,332, however per examination of schedule C-2, page 2 the amount is \$1,805,051 a difference of \$7,281. In addition, it is not clear whether adjustment 10 should increase or decrease miscellaneous revenues in the amount of \$7,281 (See direct testimony page 14, and schedule C-2 page 11). Please reconcile your schedules, and resubmit the corrected schedules.
2. A. In the Direct Testimony on page 6, it is stated that the Company's deferred income tax is an asset rather than a liability. However, per examination of the prior year annual report 2005, there is no mention of a deferred income tax credit. Please provide your M-1 schedules from your tax return that reconcile the differences that exist between the book basis and tax basis of the Company.

B. On schedule B-2, page 6a, your schedule indicates that your book basis is less than our tax basis, this seems highly unlikely, is there some reason why you are using a depreciation method for tax purposes that produces less depreciation than for book purposes?
3. The Company submitted its Water Use Data Sheet by Month for Calendar year 2006 which reports its July gallons sold at 15,566,000 which is more than 14,985,300 gallons pumped. Please explain and verify the correctness of this figure. Also, please explain and verify the figure for December.
4. Please provide a copy of the invoice for ADEQ's monitoring assistance program ("MAP") for 2006.
5. Please provide a copy of the most recent lab analysis result for arsenic level for each well.
6. Please amend page 3 for Schedule H-3 to reflect a corrected present and proposed rate for sprinkler service.