

ORIGINAL



0000072017

COMMISSIONERS  
MIKE GLEASON-CHAIRMAN  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
KRISTIN K. MAYES  
GARY PIERCE



ARIZONA CORPORATION COMMISSION

06D

May 2, 2007

Arizona Corporation Commission

DOCKETED

MAY - 2 2007

Mr. Scott I. Gold, President  
Mormon Lake Water Company  
P.O. Box 38012  
Mormon Lake, Arizona 86038

DOCKETED BY	NR
-------------	----

RE: MORMON LAKE WATER COMPANY - APPLICATION FOR A RATE INCREASE,  
DOCKET NO. W-01472A-07-0208

LETTER OF DEFICIENCY

Dear Mr. Gold:

In reference to your rate application received on April 2, 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 May 17, 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.

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

Sincerely,

Elijah Abinuh  
Assistant Director/Acting Chief Accountant  
Financial & Regulatory Analysis Section  
Utilities Division

RECEIVED

2007 MAY -2 A 11:25

AZ CORP COMMISSION  
DOCUMENT CONTROL

Page 2

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

Attachment of Deficiencies (5/2/2007)

- 1.1 Page 14, Plant Summary Schedule: Column A, Plant in Service per Prior Decision- some prior Decision amounts are wrong. Please correct. This correction will affect the columns B, C, D totals. Please correct these columns.
- 1.2 Page 20. Calculation of Depreciation Expense Schedule: Since the plant balances will change on page 14, that change will require a change in Column A and that the depreciation expense be recomputed in Column C.
- 1.3 Page 15. Utility Plant in Service Schedule: Accumulated Depreciation Column B will need to be revised because of changes on page 20 of depreciation expense. OCLD Column D balances need to be changed because of changes in Column B of this schedule.
- 1.4 Page 19. Comparative Statement of Income and Expense Schedule: Please correct the depreciation expense amount in the Test Year Column. Also please furnish the amount in the Test Year column for operating Income (Loss). Please correct the Net Income (Loss) amount in the Test Year Column.
- 1.5 Please explain why only \$8,468.68 in plant invoices for new plant additions since the prior rate case Decision was furnished with the application. The total plant additions are \$31,527. Also furnish any additional plant invoices for amounts over \$150.
- 1.6 Please furnish copies of the actual invoices for outside services. Only photo copies of the general ledger printouts were furnished with the application.
- 1.7 Please furnish copies for the property tax statements for the test year 2006. Copies were furnished for years 2004 and 2005 with the application.
- 1.8 Please furnish a notarized copy of the customer notification letter.
- 1.9 Pages 9 and 11 are required to be sent to the customers with the customer notification letter. Please verify that these pages were sent to the customers. If these pages were not sent to the customers please resend to the customers the customer notification letter with pages 9 and 11 attached. Please furnish a copy of the correct customer notification letter in response to this data request.

- 1.10 Arizona Corporation Commission Decision No. 66035, approved zero gallons in the minimum monthly charge. Page 9, Current and Proposed Rates and Charges Schedule of the application indicates that 1,000 gallons are included in the minimum monthly charge. Please correct.
- 1.12 Is the Company including the first 1,000 gallons free in the monthly minimum charge and only charging the commodity rates on more than 1,000 gallons?
- 1.13 Please add the monthly service charge for fire sprinklers to the tariff on page 11. This was approved in Decision No. 66035.
- 1.14 Please make the appropriate changes that are necessary on the balance sheet because of the changes in plant and accumulated depreciation.
- 1.15 The Company submitted its page 18, Water Use Data Sheet by month for the calendar test year 2006, which reports its July gallons sold at 413,340 which is significantly more than the 227,760 gallons pumped. Please explain and verify the correctness of this figure. Also please explain and verify the figures for the other eleven months of the test year.
- 1.16 Please provide the gallons purchased by month for the calendar test year 2006.
- 1.17 How many connections does the company expect to add each year for the next five years beginning in year 2007?
- 1.18 Please provide a copy of the most recent lab analysis result for arsenic level for each well.