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ARIZONA CORPORATION COMMISSION

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2007 MAY 31 P 3: 23
May 31, 2007
AZ CORP COMMISSION
DOCKET CONTROL

Mr. Wade Noble, Attorney
Noble Law Offices
1405 W. 16th Street, Suite A
Yuma, AZ 85364

RE: SHEPARD WATER COMPANY – APPLICATION FOR A RATE INCREASE
DOCKET NO. W-01537A-07-0264

LETTER OF DEFICIENCY

Dear Mr. Noble:

In reference to your rate application received on May 1, 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 provides the requested documents, information, and corrected application pages and Docket Control receives an original and sixteen copies of the aforementioned information.

You have 15 calendar days, or until June 15, 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 Crystal S. Brown. She can be reached at (602) 542-0864, or toll free at (800) 222-7000, if you have any questions or concerns.

Arizona Corporation Commission
DOCKETED
MAY 31 2007

DOCKETED BY
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Sincerely,

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

Page 2

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

SHEPARD WATER COMPANY – LIST OF DEFICIENCIES

1. Current and Proposed Rates and Charges (Page 9 of Application) – Please complete this page using the rates and charges approved in Decision No. 62091. Also, please state, in a footnote, the unapproved flat rate that is currently being charged.
2. Service Line and Meter Installation Charges (Page 11 of Application) – Please complete this section using the service line and meter installation charges approved in Decision No. 62091.
3. Miscellaneous Service Charges (Page 11 of Application) – Please complete this section using the miscellaneous service charges approved in Decision No. 62091.
4. Plant Additions and Retirements by Year (Page 13 of Application) – Please state whether or not the \$3,069 pump addition was a replacement of plant. If so, please provide the cost and in-service date of pump that was retired.
5. Water Use Data Sheet (Page 18 of Application) – Please report the 1,410,323 gallons sold that was reported on page 6 also on page 18.
6. Calculation of Depreciation Expense (Page 20 of Application) – Please provide the depreciation percentage and depreciation expense for Account No. 304, Structures and Improvements.
7. Bill Count (Pages 27 through 31 of Application) – Please complete the bill count. Record all unmetered bills in the “0” gallonage range.
8. Customer Notification (Page 2) – Your footnote indicates that the proof of customer notification will be provided upon receipt of a Procedural Order. Staff requires that all companies file proof of customer notification with the application (see p. 2, paragraph 2). Please docket a notarized cover letter stating the method of customer notification and the date notification was sent to customers.
9. Breakdown of Salaries and Wages – Please explain why the Company provided financial information for Salaries and Wages (Attachment No. 5 of Application) but does not report any amount for Acct. No. 601, Salaries and Wages on the income statement.
10. Plant Invoices (Attachment 4 of Application) – Two of the three plant invoice copies are illegible. Please provide legible copies. Also, it appears that two of the invoices were not recorded as plant additions on the plant additions by year schedules.