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2007 JUN -4 10:4:06 ARIZONA CORPORATION COMMISSION

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June 4, 2007 Arizona Corporation Commission

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JUN -4 2007

Mr. Thomas Grapp  
Cedar Grove Water Company  
P.O. Box 1270  
Show Low, AZ 85902

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RE: Cedar Grove Water Company - Application for Approval of the Sale of Assets and/or Transfer of Certificate of Convenience and Necessity (CC&N) to Cedar Grove Water Company, Inc. in Docket No. W-02597A-07-0169  
INSUFFICIENCY LETTER #2

Dear Mr. Grapp:

In reference to the above mentioned application filed on March 22, 2007, and the supporting documents filed on May 3, 2007, this letter is to inform you that the application still has not met the sufficiency requirements as outlined in the Arizona Administrative Code. The deficiencies are

1. In reference to the list of the assets that Cedar Grove Water Company will be transferring to Cedar Grove Water Company, Inc., please clarify the following:
  - Where is Well # 55-504679 located and is it being used to provide service for the Cedar Grove System?
  - The pump yield for Well # 55-566375 shows 0. Staff understands that the pump yield is 56 gallon per minute. Please explain.
  - The Meter Size for Well # 55-566375 is listed as 1.5 inches. Staff understands that the Meter Size is 2 inches. Please explain.
  - Please confirm whether the Company has ten (10) or twelve (12) 2 horsepower booster pumps.
  - It appears that a 15, 000 gallon storage tank for Well #5 was not listed in the list of assets to be transferred. Please explain.
  - Staff is aware that there are two (2) 12' X 12' Buildings. There is a 12' X 12' Building that is not listed. Please explain.

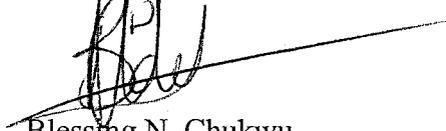
2. In Item T. of the Application, the Applicant indicated in its response "N/A". Staff is aware that the owner(s) and/or shareholder(s) of the Transferee has other public utility interest. Please provide the names and addresses of the public utility interest(s).

Staff would like to use this opportunity to bring the following to your attention:

- Pursuant to the Arizona Administrative Code ("A.A.C.") R-14-2-411(C), the time-frame for administrative completeness review shall be suspended from the time the notice of deficiency is issued until staff determines that the application is complete. Upon meeting sufficiency requirements, the Commission has 150 calendar days for its substantive review. This includes conducting a hearing and preparing Opinion and Order to present to the Commission at an Open Meeting.

**Please file your response to this Insufficiency Letter with Docket Control.** If you have any questions concerning this matter, please do not hesitate to contact me at 602-542-0840 and Del Smith at 602-542-7277.

Very truly yours,



Blessing N. Chukwu  
Executive Consultant III

BNC

cc: Docket Control  
Del Smith  
Lyn Farmer  
Brian Bozzo  
Vicki Wallace