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ARIZONA CORPORATION COMMISSION RECEIVED

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August 16, 2007

2007 AUG 16 A 9:47

AZ CORP COMMISSION
DOCKET CONTROL

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

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

SECOND 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 had found your application was deficient on May 2, 2007. The Company has submitted information in response to these deficiencies. The information submitted on July 18, 2007, did not sufficiently or completely address some of the deficiencies. The continued deficiencies are listed on an 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 August 31, 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. Myhlhousen. He can be reached at (602) 542-0863, or toll free at (800) 222-7000, if you have any questions or concerns.

Arizona Corporation Commission

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Sincerely,

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

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

Mormon Lake Water Company
Docket No. W-01472A-07-0208
Test Year Ended December 31, 2006

Attachment of Deficiencies (August 15, 2007)

- 2.1 Please send a copy to each customer of the customer notification letter with the corrected tariff pages attached.
- 2.2 Please furnish a notarized statement that the customer notification letter and attachments were mailed to the Company's customers and also furnish a copy of the notification letter and attachments.
- 2.3 Please correct page 22 of the balance sheet so that the total liabilities and capital will equal total assets on page 21 of the balance sheet.
- 2.4 For deficiency 1.15, the Company said the water data sheet has been redone. However in the new water use data sheet reports its May 2006 gallons sold at 113,000 gallons which is significantly less than the 314,000 gallons pumped and the Company also purchased 44,000 gallons of water for the same month. Since the water system has only 78,000 gallons total storage capacity, please explain where the extra 245,000 gallons of water went.
- 2.5 Please provide a copy of the most recent lab analysis result for arsenic level at the Mormon Lake Water's collection point.