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ARIZONA CORPORATION COMMISSION

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October 26, 2007

Arizona Corporation Commission

DOCKETED

OCT 26 2007

CERTIFIED MAIL

Steven A. Hirsch
Stanley B. Lutz
Two North Central Avenue, Suite 2200
Phoenix, Arizona 85004-4406

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RE: QUEEN CREEK WATER COMPANY APPLICATION FOR APPROVAL OF SALE OF ASSETS AND CONDITIONAL CANCELLATION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY (DOCKET NO. W-01395A-07-0556)

INSUFFICIENCY LETTER

Dear Mr. Hirsch and Mr. Lutz:

The application of Queen Creek Water Company ("QCWC") for approval of sale of assets and conditional cancellation of its Certificate of Convenience and Necessity ("CC&N") has not met the sufficiency requirements as outlined in the Arizona Administrative Code ("A.A.C."). Pursuant to A.A.C. R-14-2-411(C)(3), Staff may terminate an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency.

To correct the deficiencies, please provide the following information:

1. A copy of the executed or draft Sales Agreement between QCWC and the Town of Queen Creek.
2. Describe the Town of Queen Creek's experience operating water systems.
3. What are the Town's expectations of rate increases for the next five years?
4. Provide a map illustrating the Town's city limits and the Town's planning area as it relates to QCWC's CC&N area.
5. Please describe the Town's existing Public Works Department and its place in the Town's organizational chart.
6. Provide a copy of any notice provided to the public by QCWC or the Town of Queen Creek about the proposed sale.

7. Please provide Arizona Department of Environmental Quality ("ADEQ") Compliance Status Reports for all existing water facilities. Reports should be dated within the last three months.

Pursuant to the A.A.C. R-14-2-411(C) for water, the Commission has 150 calendar days to approve or reject this application after it is deemed sufficient. This time period would encompass a hearing, a Recommended Opinion and Order and a Decision from the Commission.

If you have any questions, please contact me at 602-542-0818.

Yours truly,



Vicki Wallace
Chief, Consumer Services

VW:red

Cc: Docket Control
Del Smith
Lyn Farmer
Jian Liu