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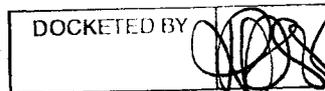
January 14, 2008

AZ CORP COMMISSION  
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**CERTIFIED MAIL**

JAN 14 2008

Lawrence V. Robertson, Jr.  
P. O. Box 1448  
Tubac, AZ 85646



RE: Sahuarita Water Company, L.L.C. - Application for Extension of its Certificate of Convenience and Necessity (CC&N) Docket No. W-03718A-07-0687

**INSUFFICIENCY LETTER**

Dear Mr. Robertson:

In reference to the above-mentioned application filed on December 14, 2007, this letter is to inform you that the application has not met the sufficiency requirements as outlined in the Arizona Administrative Code ("A.A.C"). The deficiencies are:

1. The application indicated that development in the proposed CC&N extension area will occur in multiple phases over a thirty (30) year period of time. The applicant provided its master plan, but there was no preliminary construction plan for the next five years. If the proposed plan will be implemented in phases, please identify the phases what project work will be included in Phase I. The Phase I plan should provide a map and plant information such as additional well and/or storage facilities.
2. The applicant failed to provide its Phase I design report. The report should identify the annual population growth in the requested area for the first five years
3. The applicant failed to provide its Phase I estimated engineering costs. Please provide this information.
4. According to Rancho Sahuarita's 2006 Annual Report filed with the Utilities Division, the arsenic level in one of the two production wells of the Company has an arsenic level at the maximum allowable. Because December 31, 2007, was the due date that ADEQ would begin to enforce the arsenic standard, please provide ADEQ's acceptance of the Company's arsenic resolution plan.

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5. According to the same Annual Report referenced above, the largest production well is leased from the Town of Sahuarita. Since the Company has only two production wells, the leased well is very critical to the company and its customers. Therefore, please provide a copy of the leasing agreement.
6. The Company currently sells its potable water to fill one of the town lakes from its leased well. When the Company phases out the usage of the leased well, what is the Company's plan regarding furnishing the lake water?
7. Please advise who will be providing wastewater services in the proposed extension area.
8. The legal descriptions of the proposed CC&N extension area are inaccurate. Please provide revised legal descriptions and map(s).

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

- Pursuant to the A.A.C. R-14-2-411(C), upon meeting sufficiency requirements, the Commission has 150 days for its substantive review. This includes conducting a hearing and preparing an Opinion and Order to present to the Commission at an Open Meeting; and
- Pursuant to A.A.C. R14-2-411(C)(3), Staff may terminate an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency.

If you have any questions concerning this matter, please do not hesitate to contact me at 602-542-0818, Dorothy Hains at 602-542-7274, or Barbara Wells (for legal description questions) at 602-542-0820.

Sincerely,



Vicki Wallace

Chief, Consumer Services & Special Projects

Cc: Docket Control  
Del Smith  
Dorothy Hains  
Barbara Wells  
Lyn Farmer