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ARIZONA CORPORATION COMMISSION

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January 14, 2008

2008 JAN 14 P 4: 24

CERTIFIED MAIL

AZ CORP COMMISSION
DOCKET CONTROL

Mr. Bill McCabe, President
Picacho Peak Water Company, Inc.
150 Louisiana NE
Albuquerque, New Mexico 87108

RE: PICACHO PEAK WATER CO., INC., - APPLICATION FOR RATE INCREASE
DOCKET NO. W-02351A-07-0686

LETTER OF INSUFFICIENCY

Dear Mr. McCabe:

This letter (per section R14-2-103.B.7 of the Arizona Administrative Code) is to inform you that the company's application, received on December 13, 2007, did not meet the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103. Staff has found a number of deficiencies with the applications which are listed on a separate attachment. The 30-day sufficiency determination period will begin anew when the Company corrects the deficiencies and Docket Control receives original and 15 copies of the corrected pages.

You have 15 calendar days, or until January 29, 2008 to correct the deficiencies, or make other arrangements with Staff to remedy your rate application. If corrections or other arrangements are not made by that date, Staff will request the docket number be administratively closed. Docket Control will retain one copy of the original application for Commission records. You may file an original and 13 copies of an updated application at a later date.

The staff person assigned to your application is Dennis Rogers. He can be reached at (602) 542-0871, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,

Elijah Abināh
Assistant Director/Acting Chief Accountant
Finance & Regulatory Analysis Section
Utilities Division

EOA:DRR:tdp

CC: Docket Control Center (thirteen copies)
Vicki Wallace, Consumer Services
Delbert Smith, Engineering
Lyn Farmer, Hearing Division

Arizona Corporation Commission
DOCKETED

JAN 14 2008

DOCKETED BY

PICACHO PEAK WATER COMPANY, INC.
W-02351A-07-0686

DEFICIENCY LIST

1. Please complete Water Company Plant Description for your application described for each well on Page 16 of the application for the Casing Diameter, Meter Size, and Year Drilled.
2. Please indicate whether there are any fire hydrants as required on Page 16 of the application.
3. Page 16 of the application indicates that there are two wells in service. Please provide a copy of the most recent lab analysis result for arsenic levels for each well as required on Page 12.
4. Please list the utility owned assets as required on Page 17 of the application concerning Treatment Equipment, Structures and Other. If "none" please state "none".
5. Please describe the status of the "broken" well meter shown on Page 18 of the application.
6. Please provide a detailed construction work plan to include the projects associated with the proposed financing of \$150,000 to remove nitrates and all associated costs by project.
7. Please explain how the estimate in No. 4 was determined.
8. Page 6 of the application states that Pinal County is going to forgive the back property taxes owed by the Company. Please supply any available documentation that supports the application.