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2008 APR 15 PM 4:07
April 15, 2008

AZ CORP COMMISSION
DOCKET CONTROL

CERTIFIED MAIL

Mr. Rodney C. Wilson, CPA
Authorized Representative for
Bellemont Water Company
2200 East Cedar Avenue No. 13
Flagstaff, Arizona 86004

Arizona Corporation Commission
DOCKETED

APR 15 2008

DOCKETED BY	PK
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RE: BELLEMONT WATER CO. – APPLICATION FOR A RATE INCREASE
DOCKET NO. W-02526A-08-0078

SECOND LETTER OF INSUFFICIENCY

Dear Mr. Wilson:

This letter (per section R14-2-103.B.7 of the Arizona Administrative Code) is to inform you that your application, received on February 8, 2008, amended in April 7, 2008, did not meet the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103. Staff has found a number of deficiencies with the application 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 the original and 15 copies of the corrected pages.

You have 15 calendar days, or until April 30, 2008, to correct the deficiencies, or make other arrangements with Staff to remedy your rate application. As you recall, in Decision No. 69673, the Commission granted Bellemont Water Company interim rates contingent upon several conditions, one of which was the filing of this rate application. In the event the company does not complete this rate application, the Company will be deemed non-compliant with the terms upon which interim rates were granted and those rates will be immediately withdrawn. Further, the Commission may require a refund to customers of any unauthorized revenues resulting from imposition of these interim rates.

Staff is processing this application as diligently as possible, but certain documentation is essential to this process. And as you are aware, it is the company's responsibility to produce the necessary documentation in support of this application.

Docket Control will retain one copy of the original application for Commission records. You may file one original and 15 copies of an updated application at a later date.

Mr. Rodney C. Wilson, CPA
April 15, 2008
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The Staff person assigned to your application is Freddie Malapit. He can be reached at (602) 542-0734, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,



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

EA:FBM:kdh

CC: Docket Control Center (fifteen copies)
Vicki Wallace, Consumer Services
Delbert Smith, Engineering
Marc Stern, Hearing Division

**SECOND DEFICIENCY LIST
BELLEMONT WATER COMPANY
W-02526A-08-0078**

After reviewing the responses to the insufficiency letter, the following items remain deficient:

1. The requested invoices for plant additions for water treatment equipment in 2002 for \$2000 and for wells and springs in 2004 for \$3,900 are not submitted. Staff understands that the Company is working with former owners to obtain copies. Please submit.
2. Page 14 of the application, the "Plant in Service per Prior Decision" balances as shown in column A remains incorrect. Total plant in service as per ACC decision no. 65853 should be \$241,397, not \$211,761. These two plant assets should to be added: standpipes for \$6600 and transmission and distribution mains for \$23,036.
3. Page 15 needs to be amended as a result of the additions under item 2.
4. Page 20 needs to be recalculated as a result of the additions in item 2.
5. Pages 21 and 22 need to be updated as a result of the additions in item 2.