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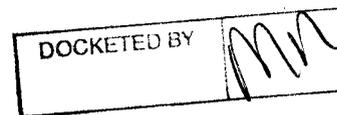
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MAY 12 2008

CERTIFIED MAIL

Mr. Chuck Swysgood
Sun Leisure Estates Utilities Company, Inc.
P. O. Box 1074
Yuma, AZ 85366



Wade Noble, Esq.
Jason Moyes, Esq.
Noble Law Firm
1405 W. 16th St., Suite A
Yuma, AZ 85364

RE: Sun Leisure Estates Utilities Company, Inc. - Application for a Certificate of Convenience and Necessity ("CC&N") Docket No. W-02386A-08-0189

CORRECTED INSUFFICIENCY LETTER

Gentlemen:

In reference to the above-mentioned application filed on April 8, 2008, this letter is to inform you that the application has not met sufficiency requirements under the Arizona Administrative Code ("A.A.C."). The following actions need to be taken or information provided in order to determine sufficiency:

1. Provide a list of all major components of the existing water system.
2. Provide the Water Use Data Report for the last 12 months.
3. Provide a copy of the required city or county permit(s) and/or franchise(s).
4. Provide a copy of your Certificate of Good Standing from the Corporations Division of the Arizona Corporation Commission ("A.C.C.").

5. Our records indicate that the Company have not filed the Utilities Division Annual Reports for 2001, 2002, 2003, and 2004. In fact, the Company's CC&N was initially revoked for failure to file the 2001 Annual Report in Decision No. 65649 issued February 1, 2003. Please file the delinquent reports and provide an explanation as to why the Company failed to comply with A.A.C. 14-2-411(D) (4).
6. In issuance (or re-issuance) of a CC&N, the ACC must determine whether the applicant has the managerial, technical, and financial ability to operate a public utility. Based on the current non-compliant status of the Company, please explain why the ACC should make a fit and proper determination and re-issue the CC&N.
7. Explain the organizational structure of the Company and any ownership, officer of managerial changes that have occurred since the Company was granted its initial CC&N in 1981.
8. Provide compliance status with the Arizona Department of Environmental Quality and the Arizona Department of Water Resources.
9. Provide the legal description and map(s) of the CC&N area.
10. Provide information as to whether the Company is current on property taxes in Arizona.

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, Jian Liu at 602-542-7276, or Barbara Wells (for legal description questions) at 602-542-0820.

Sun Leisure Estates Utility Company
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Sincerely,

A handwritten signature in cursive script that reads "Vicki Wallace". The signature is written in black ink and is positioned above the printed name.

Vicki Wallace
Chief, Consumer Services & Special Projects

Cc: Docket Control
Del Smith
Jian Liu
Jeffery Michlik
Barbara Wells
Lyn Farmer