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ARIZONA CORPORATION COMMISSION

2008 MAY -2 P 1:52

April 28, 2008

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MAY 02 2008

Mr. Richard Sallquist  
Sallquist, Drummond & O'Connor, P.C.  
4500 S. Lakeshore Drive, Suite 339  
Tempe, Arizona 85282

DOCKETED BY NK

RE: Sacramento Utilities – Applications for a Certificate of Convenience and Necessity  
(CC&N) Docket No. SW-20576A-08-0067

INSUFFICIENCY LETTER II

Dear Sir:

In reference to the above mentioned application filed on February 06, 2008 this letter is to inform you that the application has not met the sufficiency requirements as outlined in the Arizona Administrative Code. The deficiencies are as follows:

1. Please provide a copy of the application for the “Aquifer Protection Permit” filed with the Arizona Department of Environmental Quality in 2006.
2. For each of the five years beginning in the 2008, please detail the number of connections the Company expects to add for each of the six new developments.

For your convenience, I am also including the requested information from previous correspondence regarding this CC&N. See details below:

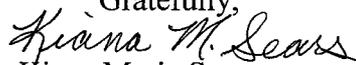
The response on page 3 of your March 21, 2008 letter needs further clarification. More specifically, schedules 1b, 1c, and 1e on pages 25, 26, and 27 of 63, respectively, on the application on e-docket needs to be updated for additional CIAC and/ or AIAC from the Line Extension Agreements that you cited in your response. This additional information would help to clarify the application with regards to the sources and uses of all funds in the proposal. Please respond to the following specific request:

1. Please provide a schedule of which developers are providing these additional funds by year.
2. Please explain the reasons that on page 3, response to 8., your letter of March 21, 2008 indicates "that one Line Extension Agreement would be executed in each Year 2 though 5." but schedule 1b indicates "Internal Cash Used for Plant Additions" of \$800,000 and \$900,000 in years 3 and 5, respectively.
3. Your response of March 21, 2008, states "Internal Cash Used for Plant Additions comes from projections using assumptions as to when Sacramento Utilities would have receipts from Line Extension Agreements." In other words, monies expected from LXA's were mislabeled as internal cash on schedule 1b. Nevertheless, the amounts on schedule 1b described as internal cash should mirror your representations regarding the receipts for LXA's but they do not match.
4. Please adjust and re-file and docket any other schedules as necessary for the results of 1. and 2., above.

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

- Pursuant to the Arizona Administrative Code ("A.A.C.") R-14-2-411(C), upon meeting sufficiency requirements, the Commission has 150 calendar days for its substantive review. This includes conducting a hearing and preparing 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 602-542-0754 or for any engineering questions Katrin Stukov at 602-542-7274.

Gratefully,  
  
Kiana Maria Sears  
Executive Consultant I

KMS

cc: Docket Control  
Del Smith  
Lyn Farmer  
Brian Bozzo  
Vicki Wallace