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0000087679

**ARIZONA CORPORATION COMMISSION**

August 14, 2008

**ORIGINAL**

**CERTIFIED MAIL**

Mr. Paul Linker, Vice President  
Ehrenberg Improvement Association  
Post Office Box 50  
Ehrenberg, Arizona 85334-0050

RE: EHRENBURG IMPROVEMENT ASSOCIATION – APPLICATION FOR A RATE INCREASE, DOCKET NO. W-02273A-08-0251

**LETTER OF DEFICIENCY**

Dear Mr. Linker:

In reference to your rate application received on May 15, 2008, this letter (per section R14-2-103.B.7 of the Arizona Administrative Code) is to inform you that your application has not met the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103.

Staff previously found that your application was deficient on June, 16 2008. The Company submitted information in response to that letter on July 15, 2008. The information submitted did not sufficiently or completely address some of the deficiencies. The continued deficiencies 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 an original and sixteen copies of the corrected pages.

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

Arizona Corporation Commission  
**DOCKETED**

AUG 14 2008

DOCKETED BY

AZ CORP COMMISSION  
DOCKET CONTROL

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**RECEIVED**

Mr. Paul Linker  
August 14, 2008  
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The Staff person assigned to your application is Darak R. Eaddy. He can be reached at (602) 542-0855, 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:DRE:kdh

CC: Docket Control Center (fifteen copies)  
Lyn Farmer, Hearing Division  
Delbert Smith, Engineering  
Consumer Services  
Legal Division

**Ehrenberg Improvement Association**  
**Rate Application**  
**Docket No. W-02273A-08-0251**  
**Test Year Ended December 31, 2007**  
**List of Deficiencies**

The specific items that have caused a finding of deficiency are as follows:

1. The bill counts do not produce the revenue of \$ 260,060 as indicated on page 19 of the application. Please reconcile and/or correct.
2. The number of meters served on page 6 does not match the number of customer meters on page 17 of the application package; please reconcile.
3. The test year revenue listed on revised page 6 of the application of \$260,455.71 does not reconcile with the revenue listed by the Company on page 19 of the original application of \$262,060. Please reconcile and/or correct.

In addition to the above items, the below items are not sufficiency issues. However these are issues and/or questions that will need to be address before the final processing of the application. Staff is including these to give the Company additional time and flexibility in addressing these issues.

- For Account No. 601 Salaries and Wages Expense please submit a summary of the annual salary for Joseph D. Leach, Gus Alcala, and Edna Green.
- In the Company's submittal on August 11, 2008 it listed 2007 test year expenses for Account 630 Outside Services of \$9,721.02 in response to the annual expense for Account 630 over the past 5 years. However in the Company's original application the Company listed test year expenses for Account 630 Outside Services of \$17,430. Please reconcile the differing amounts for the Company's August 11, 2008 submittal and the original application for Account 630 Outside Services.
- In the Company's submittal on August 11, 2008, it listed 2007 test year expenses for Account 618 Chemicals of \$7,087.69 in response to the annual expense for Account 618 over the past 5 years. However in the Company's original application the Company listed test year expenses for Account 618 Chemicals of \$11,425. Please reconcile the differing amounts for the Company's August 11, 2008 submittal and the original application for Account 618 Chemicals.