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ARIZONA CORPORATION COMMISSION

ORIGINAL

October 8, 2007

Mr. Robert Frisby
Beaver Dam Water Company
Post Office Box 550
Littlefield, Arizona 86432

RE: BEAVER DAM WATER COMPANY - APPLICATION FOR A RATE INCREASE, DOCKET NO. W-03067A-08-0380 *W-03067A-08-0380*

SECOND LETTER OF DEFICIENCY

Dear Mr. Frisby:

In reference to your rate application received on July 23, 2008, this letter is to inform you that your application has not met the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103.

Staff found your application insufficient and sent an insufficiency letter on August 22, 2008. The Company submitted information in response to that letter on September 8, 2008. The information submitted did not satisfy all 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 16 copies of the corrected pages.

You have 15 calendar days, or until October 23, 2008, to correct the deficiencies, or make other arrangements with Staff to remedy your rate application.

The staff person assigned to your application is Brendan C. Aladi. He can be reached at (602) 542-0785, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,

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

EOA:BCA:red

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

Arizona Corporation Commission
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AZ CORP COMMISSION
DOCKET CONTROL

BEAVER DAM WATER COMPANY
Rate Application
For the test year ended December 31, 2007
Docket No. W-03067A-08-0380
Second Deficiency List

1. The revenue generated by the billing determinants (page 9) does not reconcile to the income statement (page 19) as required.
2. The bill count does not include the number of gallons of water sold to the stand pipe customers during the test year. Please provide the information.
3. Please provide the water revenues for the test year by decision number (water system) and meter sizes.
4. The bill count (pages 69 and 70) are mislabeled as Decision No. 55788. Please provide the correct labeling.
5. Invoices were not provided for all plant additions and retirements on pages 17 through 26 of the application.
6. Please segregate the Water Use Data to separately identify the data for each water system (PWS Number 08-006, and 08-127).
7. The Company submitted its Water Use Data Sheet by month for Calendar year 2007 which reports its gallons sold were almost the same as gallons pumped for each month. This is almost impossible. Please explain and verify the correctness of these figures.
8. Beaver Dam submitted its Water Use Data Sheet by Month for Calendar year 2007 which reports its gallons sold in February 2007 as 1,868,000 gallons, and its gallons sold in July 2007 as 6,590,000 gallons. Please explain, in details, the reason for the large difference.