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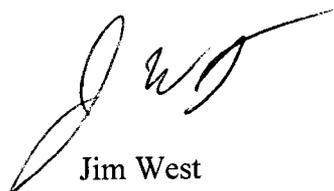
Docket Control  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, Arizona 85007-292

Re: Response to Staff Report - Docket No. W-0138<sup>A</sup>-08-0048

Dells Water Company, Inc. respectfully disagrees with Staff's position that the Company has adequate cash flows to service the proposed debt obligation without a modest surcharge. Dells is a very small water company that, based on Staff's analysis, would have barely \$2,000 of annual Operating Income if the proposed debt is financed out of existing revenues. Any significant maintenance issue could easily cost \$2,000 or more and send the Company into a position where it would not have sufficient revenues to meet its obligations. If Staff believed that the company deserved operating income of \$4,174 one year ago, they the Company believes that it should be able to impose a surcharge for the proposed debt obligation to maintain that net income recommended by Staff.

Please notify us if there any further questions.

Cordially,

  
Jim West

Arizona Corporation Commission  
**DOCKETED**  
JAN 26 2009

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