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DOCKET CONTROL

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May 29, 2009

CERTIFIED MAIL

Mr. Thomas G. Stoddard
Virgin Mountain Utilities Company
PO Box 668
Beaver Dam, Arizona 86432

RE: VIRGIN MOUNTAIN UTILITIES COMPANY – APPLICATION FOR A RATE INCREASE
DOCKET NO. W-03551A-09-0205

LETTER OF INSUFFICIENCY

Dear Mr. Stoddard:

This letter (per section R14-2-103.B.7 of the Arizona Administrative Code) is to inform you that your application, received on April 30, 2009; did not meet the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103. Staff has found a number of deficiencies with the application which 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 the original and 15 copies of the corrected pages.

You have 15 calendar days, or until June 15, 2009, to correct the deficiencies, or make other arrangements with Staff to remedy your rate application. If corrections or other arrangements are not made by that date, Staff will request that the docket number be administratively closed. Docket Control will retain one copy of the original application for Commission records. You may file an original and 15 copies of an updated application at a later date.

The Staff person assigned to your application is Brendan 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 Abirah
Assistant Director / Acting Chief Accountant
Financial & Regulatory Analysis Section
Utilities Division

EOA:BCA:red

CC: Docket Control Center (fifteen copies)
Connie Walczak, Consumer Services
Delbert Smith, Engineering
Marc Stern, Hearing Division

Arizona Corporation Commission

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MAY 29 2009

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Virgin Mountain Utilities Company
Rate Application
Test Year ended December 31, 2008
Docket No. W-03551A-09-0205
List of Deficiencies

- BCA 1.1 Miscellaneous Service Charge Revenue (Page 18 of Application) – The Company added approximately 10 customers during the test year which should have been subject to a \$25 establishment of service charge. However, no “Other Revenue” is reported on the income statement. Please segregate the “Other Revenue” from the “Metered Revenue” or explain why there is no amount reported for the “Other Revenue” account.
- BCA 1.2 Plant Invoices (Attachment (2008 Plant Information, Page 13e of the Application)) – Thank you for the plant invoices you provided. For each invoice, of the \$36,523 in transmission and distribution mains added in 2008, specify the amount recorded by NARUC plant account by year.
- BCA 1.3 1-inch meter size (Page 17 of the Application) – The Company shows a customer with 1-inch meter size. Please explain if the 1-inch meter has been installed, is being used, and why no bill count is provided.
- BCA 1.4 Arizona Department of Revenue (ADOR) letter of good standing – Please provide ADOR certificate of compliance letter of good standing.
- DH 1.5 Please provide a copy of the Company’s Curtailment Tariff.
- DH 1.6 Please provide a copy of the Company’s Cross Connection Tariff.
- DH 1.7 Based on the water usage data in the test year, the existing system is capable to serve six additional connections. Please provide the proposed growth rate for the next five years. If the existing system does not have adequate production and storage capacity to serve existing customers and next five year growth, the Company needs to provide its plan to show how to manage the water usage demand.
- DH 1.8 According to Approval to Construct (issued by ADEQ in 1999), the Company would install a standpipe in the system. However, there is no information about this standpipe. Please (1) state the standpipe meter size, and (2) clarify if the water sold and numbers of customers information in the water usage data included water sold to standpipe customers.