

COMMISSIONERS
KRISTIN K. MAYES - Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP



ARIZONA CORPORATION COMMISSION

ORIGINAL

June 08, 2009

CERTIFIED MAIL

Mr. Victor D. Chacon
Parker Lakeview Estates HOA, Inc.,
DBA Parker Springs Water Company
HCI Box 474
Elgin, Arizona 85611

Arizona Corporation Commission
DOCKETED

JUN - 8 2009

DOCKETED BY	
-------------	--

RE: PARKER LAKEVIEW ESTATES HOA INC., DBA PARKER SPRINGS WATER COMPANY APPLICATION FOR A RATE INCREASE, DOCKET NO. W-01853A-09-0226.

LETTER OF DEFICIENCY

Dear Mr. Chacon:

In reference to your rate application received on May 8, 2009, this letter is to inform you that your application has not yet met the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103.

Staff found several deficiencies with your 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 an original and sixteen copies of the corrected pages.

You have 15 calendar days, or until June 23, 2009, 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.

RECEIVED
2009 JUN - 8 P 4: 53
ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

Mr Victor D. Chacon
June 08, 2009
Page 2

The Staff person assigned to your application is Charles R. Myhlhousen. He can be reached at (602) 542-0863, 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:CRM:kdh

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

Parker Lakeview Estates HOA, Inc., DBA Parker Springs Water Company
Docket No. W-01853A-09-0226
Test Year Ended December 31, 2008

Attachment of Deficiencies (07/08/2009)

- 1.1 Please provide the Certificate of Compliance letter of good standing from the Department of Revenue.
- 1.2 Please furnish a notarized affidavit of customer notification with pages 9 and 11 attached showing the date the customers were notified. Please see the proper format on the Arizona Corporation Commission web site.
- 1.3 Page 6, the operating revenue amount of \$13,353, is incorrect. This amount should include all revenue not just metered water revenue. Please correct.
- 1.4 Page 6, the annual operating revenue amount, if the rate increase is granted is incorrect. Please correct.
- 1.5 Page 9, Current and Proposed Rates and Charges Schedule. Please complete the current rates section for all meter sizes as shown on the tariff filed with the Arizona Corporation Commission.
- 1.6 Page 11, Current and Proposed Rates and Charges Schedule. Please complete the service line and meter installation charges section for all meter sizes as stated in the tariff filed with the Arizona Corporation Commission.
- 1.7 Page 11, Current and Proposed Rates and Charges Schedule. Please correct the current charges for deposit as stated on the tariff filed with the Arizona Corporation Commission.
- 1.8 Page 11. Please add to the tariff the monthly service charge for fire sprinkler as stated on the tariff filed with the Arizona Corporation Commission.
- 1.7 Page 13c, Plant Additions and Retirements by Year Schedule. Please foot the retirement column for the year 2001.
- 1.10 Page 14, Plant Summary Schedule. The total additions Column B total water plant amount of \$63,655 is not the same amount as the total of all additions amount on each individual page for years 1995 through 2008. They should be the same amount. Please reconcile and correct.
- 1.11 Page 14, Plant Summary Schedule. Account number 330 Distribution Reservoirs and Standpipe is \$5,345 but on page 15, it is \$1,958. On page 14, account

number 330.1 Storage tanks is zero but on page 15, it is \$3,387. Please reconcile and correct.

- 1.12 Page 15, Utility Plant in Service Schedule. Account number 311 pumping equipment Original Cost Column A and minus Accumulated Depreciation Column B is not \$848 for OCLD Column C amount. The amount in OCLD Column is incorrect. Please correct.
- 1.12 Page 15, Utility Plant in Service Schedule. The OCLD column C is not footed correctly. Please correct.
- 1.13 Page 18, Water Use Data Sheet by Month for Test Year Schedule. Please provide the number of customers for each month during the test year. The monthly customers count is missing.
- 1.14 Page 21, Balance Sheet Schedule. Account number 108, accumulated depreciation is \$41,263. On page 15, utility plant in service Column B, accumulated depreciation is \$41,634. These two amounts should be the same. Please reconcile and correct.
- 1.15 Page 21 Balance Sheet Schedule. Total assets amount at the bottom of the schedule could change if the accumulated depreciation amount is changed. The balance on page 15 and page 21 should be the same. Please reconcile. Please make the appropriate change.
- 1.16 Page 22 Balance Sheet Schedule. Total Liabilities and Capital amount could change at the bottom of the page if the accumulated depreciation amount is change on page 21. Please make the appropriate change.
- 1.17 Page 24, Advances in Aid of Construction Schedule. Additions column is not footed correctly. Please correct.
- 1.18 The bill count for the test year generates a different amount of revenue than shown on page 19 of the application. They should be the same. Please reconcile.
- 1.19 The bill count proposed revenue generates a different amount of proposed revenue than the proposed revenue shown on page 6 of the application. They should be the same. Please reconcile.
- 1.20 Please include a detailed description of the testing and services provided and/or the work performed that are included in the charges listed on each invoice for Whetstone Environmental Services. What activities are covered by the monthly operator fee of \$175? What is the total charge attributable to the monthly coliform test?

- 1.21 Please explain why the gallons of water pumped and sold on Page 18 of the application is not consistent with the same data reported in the Company's 2008 Commission Annual Report.
- 1.22 Please provide meter and service line installation charges. These charges are missing from the application.
- 1.23 Please provide the population served by the 38 metered connections.
- 1.24 Using the water use data available the average peak day water usage per customer was 45 gallons. This amount seems very low according to Staff's experience. Does the Company believe that the well and customers meters are providing accurate reads? If so, how does the Company explain such a low water use number.

DATA REQUESTS FROM ENGINEERING

- 1.25 Please provide the Company's water testing schedule as required per Arizona Department of Environmental Quality ("ADEQ") regulations.
- 1.26 Please provide a simple schematic (hand drawn is sufficient) of your water system (PWS # 02-0450). This system schematic should show how the plant components are interconnected and should include, at minimum, the major plant items listed in the Company's plant summary (such as, all wells, storage tanks, booster systems, etc. by location or plant site). Be sure and label the name and location of each plant site.
- 1.27 Please provide several dates during the next 30 days period when a Company representative (preferable the certified operator) will be available to accompany Staff on its field inspection of the water system (a one-day inspection is anticipated).
- 1.28 Parker Springs Water Company recently filed a Project Technical Assistance Priority List Application with the Water Infrastructure Finance Authority of Arizona ("WIFA"). In Section 3.1 of the WIFA application the Company refers to water systems deficiencies identified by ADEQ. Please provide a list of the deficiencies referenced.
- 1.29 Using the water data provided in the application Staff calculated a 15.5 percent water loss which exceeds Staff's recommended threshold of 10 percent. The Company needs to provide a water loss reduction plan and also describe any specific action(s) taken by the Company to date to reduce lost water.