

ORIGINAL

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Arizona Corporation Commission
DOCKETED

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JUL - 8 2009

DOCKETED BY 

July 8, 2009

Via Hand-Delivery

Mr. Elijah Abinah
Assistant Director/Acting Chief Accountant
Financial & Regulatory Analysis Section
Utilities Division
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007

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2009 JUL - 8 P 3:46
AZ CORP COMMISSION
DOCKET CONTROL

**Re: Coronado Utilities, Inc. - Docket No. SW-04305A-09-0291
Response to Letter of Insufficiency**

Dear Mr. Abinah,

We are in receipt of Staff's Letter of Insufficiency dated July 6, 2009, in the above-captioned matter. Although we do not necessarily agree with Staff's findings, please accept this correspondence and the enclosed documents as Coronado Utilities, Inc.'s ("Coronado" or the "Company") response to the specific issues raised in your letter.

1. Schedule A-5 column for Prior year ended December 31, 2006 does not properly disclose the net cash flows from investing activities.

RESPONSE: Please find the attached revised A-5 which discloses the net cash flows from investing activities for Prior Year Ended December 31, 2006, attached hereto as Attachment 1.

2. On page two of Schedule C2, page 9 it shows the wrong adjustment number, it should be adjustment "7" not "6".

RESPONSE: Please find the attached revised C-2, page 9 with the correct adjustment number, attached hereto as Attachment 2.

FENNEMORE CRAIG, P.C.

Mr. Elijah Abinah
Utilities Division
Arizona Corporation Commission
July 8, 2009
Page 2

3. Adjustment no. 9 as shown on schedule C-2 page 10 shows a contractual services total of \$153,479. This does not reconcile to the Contractual Services balance as shown on schedule C-1 of \$177,286.

RESPONSE: The \$153,479 shown on Schedule C-2, page 10 is the basis for the affiliate profit adjustment and not the test year amount of \$177,286 for Contractual Services that is shown on Schedule C-1. No correction or revision is necessary to either Schedule. Coronado's consultant has discussed this matter.

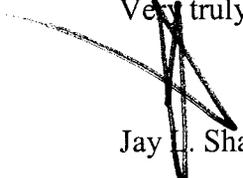
Additionally, Ms. Dorothy Hains from the Utilities Division requested Coronado provide additional plant description information for pages 11 and 12 of Attachment 2 of the Application. The Company is gathering the information requested by Ms. Dorothy Hains and will supplement its response to Staff's Letter of Insufficiency as soon as possible.

As with all our clients, Coronado prefers to process this application through cooperation with Staff. Towards that end, the enclosed responses and revised schedules address Staff's concerns to the extent possible without making any material changes to its filings or changing positions on issues that may be in dispute.

In that same spirit of cooperation, we urge Staff to accept the Company's responses to the insufficiency findings and **deem the filing sufficient as soon as possible**. Another 30-day sufficiency review period would surely send the wrong message to utilities that make an effort to cooperate with Staff notwithstanding legitimate concerns.

Should you have any further questions, please do not hesitate to call. Thank you for your time and assistance.

Very truly yours,



Jay J. Shapiro

Enclosures

cc: Docket Control
Ayesha Vohra, Legal Division
Gary McMurry, Utilities Division
Dorothy Hains, Utilities Division
Jason Williamson
Tom Bourassa

Attachment 1

Coronado Utilities, Inc.
 Test Year Ended December 31, 2008
 Summary Statements of Cash Flows

Exhibit
 Schedule A-5
 Page 1
 Witness: Bourassa
REVISED

Line No.	Prior Year Ended <u>12/31/2006</u>	Prior Year Ended <u>12/31/2007</u>	Test Year Ended <u>12/31/2008</u>	Projected Year Present Rates Proposed Rates <u>12/31/2009</u> <u>12/31/2009</u>	
5	Cash Flows from Operating Activities				
6	\$ 95,509	\$ 104,991	\$ 19,206	\$ (1,484)	\$ 104,316
7	Adjustments to reconcile net income to net cash provided by operating activities:				
9	53,919	110,482	180,888	186,095	186,095
10	-	(4,740)	(24,773)		
11	-	-	-		
12	Changes in Certain Assets and Liabilities:				
13	(20,167)	(62,070)	(24,735)		
14	-	-	-		
15	-	-	-		
16	-	(790)	-		
17	-	(32,996)	9,518		
18	580,133	(373,630)	95,593		
19	-	-	-		
20	191,008	(156,668)	(14,531)		
21	-	(36,744)	(25,108)		
22	(310,270)	60,857	312		
23	50,286	(137,964)	4,739		
24	<u>\$ 640,418</u>	<u>\$ (529,272)</u>	<u>\$ 221,109</u>	<u>\$ 184,611</u>	<u>\$ 290,411</u>
25	Cash Flow From Investing Activities:				
26	(2,505,183)	(1,724,718)	(146,147)	(30,000)	(30,000)
27	-	-	-		
28	-	-	-		
29	<u>\$ (2,505,183)</u>	<u>\$ (1,724,718)</u>	<u>\$ (146,147)</u>	<u>\$ (30,000)</u>	<u>\$ (30,000)</u>
30	Cash Flow From Financing Activities:				
31	-	-	-		
32	-	-	-		
33	295,676	307,525	-	-	-
34	-	-	-	-	-
35	2,650,000	-	(75,000)	(80,000)	(80,000)
36	-	-	-	-	-
37	-	-	-	-	-
38	-	-	-	-	-
39	886,288	-	-	-	-
40	<u>\$ 3,831,964</u>	<u>\$ 307,525</u>	<u>\$ (75,000)</u>	<u>\$ (80,000)</u>	<u>\$ (80,000)</u>
41	1,967,199	(1,946,465)	(38)	74,611	180,411
42	-	1,967,199	20,734	20,696	20,696
43	<u>\$ 1,967,199</u>	<u>\$ 20,734</u>	<u>\$ 20,696</u>	<u>\$ 95,307</u>	<u>\$ 201,107</u>
44	<u>SUPPORTING SCHEDULES:</u>				
45	E-3				
46	F-2				
47					

Attachment 2

Coronado Utilities, Inc.
Test Year Ended December 31, 2008
Adjustment to Revenues and Expenses
Adjustment Number 8

Exhibit
Schedule C-2
Page 9
Witness: Bourassa
Revised

Line No.		
1		
2	<u>Annualize Purchased Power</u>	
3		
4	Test Year Purchased Power plus Adjustment 7	\$ 54,783
5	Total Flow Gallons (in 1000's)	83,875
6	Cost per 1,000 gallons	\$ 0.65
7		
8	Additional Wastewater gallons (in 1,000's) from revenue annualization	(864)
9		
10	Additional cost based on revenue annualization	\$ (564)
11		
12	Increase (decrease) in Purchased Power	<u>\$ (564)</u>
13		
14		
15		
16		
17	Adjustment to Revenue and/or Expense	<u>\$ (564)</u>
18		
19		
20		