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ARIZONA CORPORATION COMMISSION

RECEIVED

2009 SEP -2 P 4:41

ORIGINAL

September 02, 2009

CERTIFIED MAIL

Mr. Matthew Lautebach
Granite Mountain Water Company, Inc.
2465 West Shane Drive
Prescott, Arizona 86305

RE: GRANITE MOUNTAIN WATER COMPANY, INC.'S APPLICATION FOR A RATE
INCREASE, DOCKET NO. W-02467A-09-0333 *and W-02467A-09-0334*

SECOND LETTER OF DEFICIENCY

Dear Mr. Lautebach:

In reference to your rate application received on June 30, 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 your application deficient on July 30, 2009. The information the Company submitted on August 14, 2009, did not sufficiently or completely address some 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 sixteen copies of the corrected pages.

You have 15 calendar days, or until September 17, 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.

Arizona Corporation Commission
DOCKETED

SEP - 2 2009

DOCKETED BY	
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Second Letter of Deficiency
September 02, 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,



Nancy Scott
Chief of Financial & Regulatory Analysis Section
Utilities Division

NS:CRM:kdh

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

GRANITE MOUNTAIN WATER COMPANY, INC.
DOCKET NO. W-02467A-09-0333
TEST YEAR ENDED DECEMBER 31, 2008

ATTACHMENT OF DEFICIENCIES (09/02/2009)

- 1.1 Page 15, utility plant in service schedule, Original Cost Column A, total water plant amount should be \$723,695 to reconcile with the amount on revised page 14 of the application. Please correct.
- 1.2 Page 15, utility plant in service schedule, OCLD Column C, total water plant amount should be \$365,850. This amount is Column A minus Column B. Please correct.
- 1.3 Page 21, balance sheet schedule, account number 101 utility plant in service at end of test year should \$723,695 to reconcile with the amount on revised page 14 of the application. Also the total assets amount should be \$407,251, not \$407,358. Please correct.
- 1.4 Page 22, balance sheet (continued) the balance at end of test year column total liabilities and capital should be the same amount as total assets on page 21 of the balance sheet. Please make the necessary adjustments.

DATA REQUESTS FROM ENGINEERING

- 1.5 This is a follow-up on question No. 1.11 from the first deficiency letter. The water usage data still reflects a 21 percent water loss for the system. The Company is seeking to install a replacement well to meet the demand created by a number of customers whose private wells have dried up. Thus, reducing the 21 percent water loss to an acceptable level is even more critical. Therefore, please provide a copy of the Company's water loss reduction plan.