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ARIZONA CORPORATION COMMISSION

2010 JAN 29 P 12:01

January 29, 2010

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

ORIGINAL

Mr. Mejia
PO Box 68
Sahuarita, Arizona 85629

RE: LAS QUINTAS SERENAS WATER COMPANY – APPLICATION FOR A RATE INCREASE,
DOCKET NO. W-01583A-09-0589

LETTER OF DEFICIENCY

Dear Mr. Mejia:

In reference to your rate application received on December 31, 2009, this letter is to inform you that your application has not met the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103.

Staff has 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 February 16, 2010, 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.

The Staff person assigned to your application is Crystal Brown. She can be reached at (602) 542-0564, 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

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

Mr. Thomas Bourassa
139 W. Wood Drive
Phoenix, Arizona 85029

Mr. Lawrence V. Robertson, Jr.
P.O. Box 1448
Tubac, Arizona 85646

Arizona Corporation Commission
DOCKETED

JAN 29 2010

DOCKETED BY
MST

LAS QUINTAS SERENAS WATER COMPANY – LIST OF DEFICIENCIES

1. Schedule A-4 net plant additions in the amount of \$2,346,991 does not agree to the \$2,195,737 adjusted plant additions shown on Schedule B-2, page 3.6 and the \$2,318,515 net plant additions shown on Schedule E-5, page 1.
2. Schedule C-2, page 2 adjusted original plant cost in the amount of \$3,797,062 does not agree to the adjusted plant cost of \$3,828,584 shown on Schedule B-2, page 2.
3. Please provide Schedule E-1 (i.e., the comparative balance sheet).
4. For Schedule E-7, please provide gallons sold by class of service.
5. For Schedule E-9, please provide a narrative discussing your accounting method, depreciation lives and methods employed by major classifications of utility property, income tax treatment – normalization or flow through, and interest rate used to charge interest during construction.
6. Please provide an annualized bill count which incorporates the bills you used in your revenue annualization.
7. Referring to Schedule H-3, on lines 4 through 13 of page 3, the Company shows 'N/A' for the present rate for 4 inch, 6 inch and Standpipe. Per Decision No. 67455 the actual rates are:

4 inch

| | |
|------------------------|--------|
| 0 to 400,000 gallons - | \$1.15 |
| Over 400,000 gallons- | \$1.35 |

6 inch

| | |
|------------------------|--------|
| 0 to 400,000 gallons - | \$1.15 |
| Over 400,000 gallons - | \$1.35 |

Standpipe

| | |
|---------------------------|--------|
| 0 to 4,000 gallons - | \$0.95 |
| 4,001 to 23,000 gallons - | \$1.15 |
| Over 23,00 gallons - | \$1.35 |

Please reflect the Commission authorized present rates.

8. Referring to Schedule H-3, page 2, the Company shows the correct present rates for the 4-inch, 6-inch and standpipe, but show 'N/A' as the proposed rate. Please provide the

Company's proposed rates unless the Company intended to show 'N/A' as the proposed rates.

9. Referring to Schedule H-3, page 2, the Company shows 'N/A' as the present rate on lines 15 through 30. Please reflect the Commission authorized present rates.
10. Referring to Schedule H-3, page 2, the Company shows a 3 inch meter; however Decision No. 67455 did not approve a 3 inch meter. Please correct.
11. Referring to Schedule H-3, page 2, the commodity tiers do not reflect the tariffs currently on file per Decision No. 67455. Please correct.
12. Referring to Schedule H-3, page 6 line 9, the correct present charge is \$5,575 not \$5,675. Please correct.
13. Referring to Schedule H-3, page 6, the Company has an approved 'Offsite Facilities Hook-up Fee' of \$250 per Decision No. 67455. Please reflect the charge.
14. Provide a completed Arizona Department of Environmental Quality ("ADEQ") compliance status report.
15. Provide the utility's most recent ADEQ annual sampling fee invoice for its Monitoring Assistance Program.