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ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION February 21, 2010
DOCKET CONTROL

CERTIFIED MAIL

Mr. Vern Denning
130 Bell Rd
Why, AZ 85321

Arizona Corporation Commission
DOCKETED

FEB 22 2010



RE: Why Utility Water Company- Application for the Sale and Transfer of Assets and Cancellation of the Certificate of Convenience and Necessity ("CC&N") Docket No. W-02052A-10-0020

INSUFFICIENCY LETTER

Dear Mr. Denning:

In reference to the above-mentioned application docketed on January 21, 2010, by Why Utility Company ("Applicant" or "Company"), this letter is to inform you that the application has not met the sufficiency requirements as outlined in the Arizona Administrative Code ("A.A.C") R14-2-602. The following information needs to be provided in order to determine sufficiency:

1. Provide the terms and conditions of the proposed sale and transfer and copies of any purchase and/or transfer agreements between the Company and the District that have been or will be executed concerning the transaction.
2. Provide a complete listing of the Company's assets and a description of utility property that are to be sold to the Why Domestic Water Improvement District ("District"). On the list provided, please indicate those assets, if there are any, that would not be sold to the District.
3. What is the total purchase price to be paid by the District and how was this price determined?
4. Provide documentation establishing the utility's financial condition, including at least the utility's current assets and liabilities, an income statement, the utility's revenue and expenses for the most recently completed 12-month accounting period, and the value of the utility's utility plant in service.
5. Provide the method by which the proposed transaction is to be financed.

6. Describe the District's (or its members) prior experience in owning and operating a water company.
7. Describe the organizational structure of the District and provide name and contact information for those individuals that will be primarily responsible for managing and operating the Company.
8. Provide the name and ADEQ certification number of the person who will be the certified operator of the water system upon the completion of the sale and transfer.
9. Has the District secured its Central Arizona Project allocation?
10. Provide the number of customers to be affected by the proposed transaction
11. Describe the effect of the proposed transaction upon the service of the applicant and any benefits that will be realized by customers if the proposed sale is approved.
12. Describe in what respect, if any, the proposed transaction will have on any other utility.
13. Describe any change to the operation and maintenance of the system that will occur if the proposed sale and transfer is approved.
14. List and estimate the cost of any additional upgrades needed to the water system.
15. Please provide a copy of Pima County's Resolution and Order establishing the District recorded on July 14, 2009.
16. Is the District planning on charging the same rates that the Company is now charging?
17. Will all the Company's liabilities, including but not limited to, refund obligations associated with main extension agreements and customer security deposits be assumed by the District? If not, how will those be handled?
18. Please identify any and all mechanics, tax or other liens that have been assessed against the Company or its owners/operators.
19. Please provide an updated Arizona Department of Environmental Quality ("ADEQ") Compliance Status Report for the Company's water system.
20. Is the Company currently in compliance with the Arizona Department of Water Resources' ("ADWR") water use and monitoring requirements?

Staff would like to use this opportunity to bring the following to your attention:

- Pursuant to the A.A.C. R-14-2-411(C), upon meeting sufficiency requirements, the Commission has 150 days for its substantive review. This includes conducting a hearing and preparing an Opinion and Order to present to the Commission at an Open Meeting; and
- Pursuant to A.A.C. R14-2-411(C) (3), Staff may terminate an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency.

If you have any questions, please do not hesitate to contact me at 602-542-0818.

Sincerely,

A handwritten signature in cursive script that reads "Vicki Wallace".

Vicki Wallace
Executive Consultant

VW:red

CC: Marlin Scott Jr.
Barb Wells
Al Amezcua
Lyn Farmer