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ARIZONA CORPORATION COMMISSION

ORIGINAL

June 30, 2010

CERTIFIED MAIL

Mr. Kevan Larson
Abra Water Company, Inc.
Post Office Box 515
Paulden, Arizona 86334

RE: ABRA WATER COMPANY, INC. - APPLICATION FOR A RATE INCREASE
DOCKET NO. W-01782A-10-0224

LETTER OF DEFICIENCY

Dear Mr. Larson:

In reference to your rate application received on June 4, 2010, 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 a number of deficiencies with the rate 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 15 copies of a corrected application.

You have 15 calendar days, or until July 17, 2010, to correct the deficiencies, or make other arrangements with Staff to remedy your rate application. If a corrected application is not filed or other arrangements are not made by that date, Staff will request the docket number be administratively closed. Docket Control will retain one copy of the original application for Commission records. You may file an original and 15 copies of an updated application at a later date.

The Staff person assigned to your application is Juan C. Manrique. He can be reached at (602) 542-0786, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,

Nancy L. Scott, Esq.
Chief, Financial & Regulatory Analysis Section
Utilities Division

NLS:JCM:tdp

CC: Docket Control Center (fifteen copies)
Connie Walczak, Consumer Services
Delbert Smith, Engineering
Lyn Farmer, Hearing Division

Arizona Corporation Commission

DOCKETED

JUN 30 2010

DOCKETED BY

AZ CORP COMMISSION
DOCKET CONTROL

2010 JUN 30 P 2:38

RECEIVED

ABRA WATER COMPANY, INC.
RATE APPLICATION
DOCKET NO. W-01782A-10-0224
TEST YEAR ENDED DECEMBER 31, 2009
LIST OF DEFICIENCIES

1. Arizona Administrative Code ("A.A.C.") R14-2-103 requires Public Utilities to file schedules A-1, A-2, A-4, B-1, B-2, B-3, B-4, B-5, C-1, C-2, C-3, D-1, E-1, E-2, E-5, E-7, E-8, E-9, F-1, F-4, G-1, G-2, G-3, G-4, G-5, G-6, G-7, H-1, H-3, H-4 and H-5 with a rate application. If not provided, the utility is to request a waiver of these requirements including the reason for the request. Please provide an appropriate waiver request.
2. The Notice provided informs customers that "the Commission may act upon the Application without a hearing." A.A.C. R14-2-103 requires a hearing a for all Class A, B and C Public Utility rate applications (Staff acceptance of the "short-form" application does not change the utility class nor does it change the requirement for a hearing). The Notice also represents to customers that the requested total revenue increase is 28 percent—apparently calculated using the proposed revenue as the denominator ($90,137 \div 321,722 = .28$). The actual requested increase over the test year revenue is approximately 39 percent, calculated using actual test year revenue as the denominator ($90,137 \div 231,584 = .39$). The Notice also states that the Company realized a \$37,071 operating loss. The statement of comparable income and expense (page 19) shows \$37,071 as the Net Loss and \$27,859 as the Operating Income (the amount to report in the Notice). Please re-send Notice to customers with these changes/corrections. Additionally, the Notice attached to the application is missing tariff pages. Please provide Staff with a copy of the entire revised Customer Notice, including all tariff pages.
3. The Advances In Aid of Construction ("AIAC") addition for the year 2009 on page 24 is a negative amount of \$39,648.94. Please explain why this amount is negative.
4. The Contributions In Aid of Construction ("CIAC") addition for the year 2009 on page 25 is a negative amount of \$14,294.40. Please explain why this amount is negative.
5. The bill count summary for 5/8" x 3/4" meter size has one bill over 100,000 gallons. Please list the actual gallon use for that bill.
6. There is no bill count summary for Standpipe. Please provide this bill count summary.
7. Twelve months of Purchased Power invoices have been provided. Staff requires thirteen months of Purchased Power invoices. Please provide the December 2008 APS Purchase Power invoices.
8. Refer to the Calculation of Depreciation Expense. The calculated amounts for Depreciation Expense (Column C) are mathematically incorrect for Account Nos. 301, 311, 340.1 and 343. Please correct and resubmit this form.