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ARIZONA CORPORATION COMMISSION

2003 JAN 13 P 3:58

January 13, 2003

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DOCKETED

JAN 13 2003

Norman D. James, Esq.
Jay L Shapiro, Esq.
Fennemore Craig
3003 North Central Avenue, Suite 2600
Phoenix, Arizona 85012

DOCKETED BY CAR

RE: ARIZONA-AMERICAN WATER COMPANY, INC. - APPLICATION FOR RATE
INCREASES, DOCKET NO. W-01303A-02-0908

LETTER OF DEFICIENCY

Dear Mr. James:

In reference to your rate application received on December 13, 2002, 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 thirteen copies of the corrected pages.

You have 15 calendar days, or until January 28, 2003, 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 thirteen copies of an updated application at a later date.

The Staff person assigned to your application is Darron W. Carlson. He can be reached at (602) 542-0834, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,

John S. Thornton, Jr.

Chief, Financial & Regulatory Analysis Section
Utilities Division

Enclosure

January 13, 2003

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CC: Docket Control Center (thirteen copies)
Robert Kennedy, Consumer Services
Delbert Smith, Engineering
Lyn Farmer, Hearing Division

ARIZONA CORPORATION COMMISSION
STAFF'S LIST OF ITEMS CAUSING
THE FILING TO BE INSUFFICIENT
JANUARY 13, 2003

ARIZONA-AMERICAN WATER COMPANY, INC.
DOCKET NO. W-01303A-02-0908

Tubac Valley Water Company

1. The plant in service on Schedule B-2, pages 1 & 2 does not tie to the plant in service on Schedules B-2, page 5 and E-1, page 1.
2. The accumulated depreciation on Schedule B-2, pages 1 & 2 does not tie to the accumulated depreciation on Schedules B-2, page 5 and E-1, page 1.
3. The presentation of advances in aid of construction and contributions in aid of construction on lines 13 - 17 of Schedule B-2, page 1 and Schedule B-3 do not clearly show the intended adjustments to the respective accounts.
4. The dollar values are not presented on all Schedules D.
5. The plant balance on Schedule E-5, page 1 does not tie to the total plant on Schedule B-2, pages 1 or 2.
6. The Schedule H-4, page 10 and the one-step Schedule H-4 pages 1 and 2 do not reflect the present and proposed rates.
7. Commission Decision No. 64002 ordered the Company to "perform an analysis that shows the savings resulting from having Capital Corp. provide financing compared to Arizona-American procuring financing from a non-affiliate. This analysis should be filed at the time of Arizona-American's next rate case." Staff does not find this analysis in the current rate filing.