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ARIZONA CORPORATION COMMISSION

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2010 SEP 27 P 2:02

September 27, 2010

AZ CORP COMMISSION  
DOCKET CONTROL

Ms. Sonn S. Rowell, CPA  
Desert Mountain Analytical Services PLLC  
PO Box 51628  
Ahwatukee, Arizona 85076

RE: ANTELOPE RUN WATER COMPANY - APPLICATION FOR A RATE INCREASE DOCKET  
NO. W-02327A-10-0169

**SECOND LETTER OF DEFICIENCY**

Dear Ms. Rowell:

In reference to your rate application received on April 30, 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 previously found that your application was deficient on May 28, 2010. The Company submitted information in response to that letter. The information submitted 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 15 copies of the corrected pages.

You have 16 calendar days, or until October 13, 2010, to correct the deficiencies, or make other arrangements with Staff to remedy your rate application.

The Staff person assigned to your application is Jeffrey M. Michlik. He can be reached at (602) 364-2034, 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  
Arizona Corporation Commission

DOCKETED

SEP 27 2010

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

DOCKETED BY

**ANTELOPE RUN WATER COMPANY**

**Rate Application**

**Docket No. W-02327A-10-0169**

**Test Year Ended December 31, 2009**

**List of Deficiencies**

**Engineering Issues**

1. Referring to a Preliminary Statement on page 2 of Finance Application, "The Company is seeking to finance improvements to **water production** and distribution systems, which will cost an estimated \$3,000,000.00." However, according to the Opinion of Probable Costs in Exhibit 1, there are no proposed improvements to water production. For clarification purposes please indentify those items that specifically enhance water production and those items that are related to distribution.
2. In order for Staff to accurately evaluate the Finance Application, please provide a report prepared by the Company's Engineer. The report should include a map (a map should identify respective CC&Ns, a layout of existing plant by system and proposed improvements), analysis of each system deficiencies and recommendations of the most efficient and appropriate improvements with detailed description of the proposed construction cost and timeline.