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ARIZONA CORPORATION COMMISSION

February 3, 2011

Arizona Corporation Commission
DOCKETED

FEB 3 2011

CERTIFIED MAIL

Arivaca Townsite Co-operative Water Company.
Post Office Box 398
Phoenix, Arizona 85601
Attention: Patricia O'Connor

DOCKETED BY
[Signature]

RE: ARIVACA TOWNSITE CO-OPERATIVE WATER COMPANY – APPLICATION FOR A RATE INCREASE (DOCKET NO. W-01546A-11-0004)

LETTER OF INSUFFICIENCY

Dear Ms. Jent:

This letter (per section R14-2-103.B.7 of the Arizona Administrative Code) is to inform you that your application, received on January 4, 2011; did not meet the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103. Staff has found a number of deficiencies with the 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 the original and 15 copies of the corrected pages.

You have 15 calendar days, or until February 18, 2011, to correct the deficiencies, or make other arrangements with Staff to remedy your rate application. If corrections or other arrangements are not made by that date, Staff will request that 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 Brendan Aladi. He can be reached at (602) 542-0785, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,

[Signature]

for

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

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2011 FEB - 3 P 3:10
AZ CORP COMMISSION
DOCKET CONTROL

NLS:BA:kdh

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

Arivaca Townsite Co-operative Water Company

Docket No. W-01546A-11-0004

For the test year ended December 31, 2009

Rate Application

List of Deficiencies

1. The bill count for the test year generates a different amount of revenue than that shown on page 19 of the application. Please reconcile.
2. The plant additions and retirements (page 13) does not provide plant additions and retirements by year information for all years from the prior decision test year (1989) to the ending test year used in this application (2009) as it should. Please explain.
3. The establishment, establishment (after hours), reconnection (delinquent), reconnection (delinquent) after hours, meter test, and deposit charges shown on page 11 of the application for the proposed rates are not completed. Please complete.
4. Pages 21 and 22 of the application, balance sheet, is out of balance. Total assets for the test year (\$104,908) is not equal to total liabilities and capital (\$733). Please correct.
5. Page 21 of the application shows a customer account receivable amount (\$3,387) as a negative balance. Please explain.
6. The application states that, over the years, the Company received community development block grants from Pima County and had fund raisers to obtain funds to operate the water system. However, the balance sheet does not show any balance for a contribution in aid of construction account. Please explain.
7. Page 32 of the application, customer notice, does not state the dollar amount of the revenue increase, shows an operating income of \$601 which does not agree with the operating loss of \$6,032 on the income statement for the test year on page 19. Please correct.
8. The tariff attached to the customer notice specifies 4,001 to 15,000 gallons for the proposed first tier usage and does not agree with the breakover point at 2,001 gallons on page 9. Please correct.
9. On page 14 of the application, the Company shows the balances per prior decision for distribution reservoir and standpipe (\$124,641) and transmission and distribution mains (\$15,593), they should be distribution reservoir and standpipe (\$15,593) and transmission and distribution mains (\$124,641). Please correct pages 14, 15, and 20.
10. Page 15, utility plant in service schedule. Column A original cost and page 20 Column A, original cost should be the same amounts. Please reconcile and correct.
11. Please provide copy of repairs and maintenance invoices over \$50 for the test year. No invoices were furnished with this application.
12. Please provide a copy of the current Arizona Department of Revenue certificate of compliance letter of good standing.