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March 3, 2011

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Arizona Corporation Commission

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MAR 3 2011

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



RE: BOB B. WATKINS DBA EAST SLOPE/ANTELOPE RUN/INDIADA
CONSOLIDATED - APPLICATION FOR A TRANSFER OF OWNERSHIP AND
CONSOLIDATION OF RATES
(DOCKET NOS. W-01906A-10-0171, W-02327A-10-0171 AND W-02031A-10-0171)

LETTER OF SUFFICIENCY

Dear Ms. Rowell:

On September 27, 2010, Staff issued a second letter of deficiency for your application citing insufficient engineering information. At the Procedural Conference held on February 8, 2011, the Administrative Law Judge encouraged Staff and the Company to resolve the sufficiency issue by finding a way to work around the absence of the engineering information that Staff deems necessary to evaluate the financing application. Despite the material impairment to Staff's ability to adequately evaluate the financing application due to the lacking engineering information, Staff desires to reasonably accommodate the Company's asserted difficulty providing this information at this time and to support the encouragement advocated by the Administrative Law Judge to resolve the sufficiency issue. Therefore, notwithstanding the intricate relationship between the rate and financing applications, Staff has determined to support the consolidation of the dockets in this matter and to grant sufficiency. Nevertheless, Staff encourages the Company to expedite delivery of the required engineering information as it is essential for Staff's ability to adequately evaluate the financing application and any related rate implication.

Hence, this letter (per section R14-2-103 B.7 of the Arizona Administrative Code) is to inform you that your rate application, originally received on April 30, 2010, and amended on August 27, 2010, has met the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103. Your utility has been classified as a Class C Utility due to the Company's proposed consolidation of all of its water systems. Staff's testimony is due to be docketed on or

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about July 13, 2011, and the ultimate due date of the Commission Order finalizing the case will be due on or about November 25, 2011.

Regarding a related issue, as noted at the Procedural Conference on February 8, 2011, Staff still has not received a response to the outstanding data request that was sent to you on September 29, 2010. Staff asks for your immediate attention to this matter. A duplicate copy of the request is enclosed for your convenience. Additionally, Staff has included its second set of data requests.

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 Scott
Chief, Financial & Regulatory Analysis Section
Utilities Division

NLS:JMM:tdp

CC: Docket Control Center (fifteen copies)
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