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0000132641

ARIZONA CORPORATION COMMISSION

ORIGINAL

December 5, 2011

Ms. Bonnie O'Conner
Southwestern Utility Management
PO Box 85160
Tucson, AZ 85754

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

RE: CLEAR SPRINGS UTILITY COMPANY, INC. - APPLICATION FOR A RATE INCREASE DOCKET NO. W-01689A-11-0402

LETTER OF DEFICIENCY

Dear Ms. Rowell:

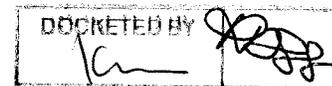
In reference to your rate application received on November 3, 2011, this letter is to inform you that your application has not met the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103.

Staff found that your application is deficient due to prior compliance issues related to Decision No. 68443. The information submitted does 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 December 21, to correct the deficiencies, or make other arrangements with Staff to remedy your rate application.

Arizona Corporation Commission

DOCKETED

DEC - 5 2011



RECEIVED
2011 DEC - 5 P 3: 03
AZ CORP COMMISSION
DOCKET CONTROL

CLEAR SPRINGS UTILITY COMPANY
Rate Application
Docket No. W-01689A-11-0402
Test Year Ended December 31, 2010
List of Deficiencies

Engineering Issues

1. In Decision No. 68443 (“Decision”), the Commission ordered Clear Springs Water Co. (“Clear Springs”) to reduce its water loss to 10% or less in Public Water system (“PWS”) #02-008 before filing its next rate case or, in the alternative, to demonstrate why it is not reasonable or economical to reduce water loss to 10 percent or less. (See page 14, lines 24-27 of the Decision.) The application indicates that PWS #02-008 experienced a 43% water loss during the test year. Clear Springs is in violation of the Decision and must correct this compliance item before a sufficiency determination can be made.

2. Also in Decision No. 68443, the Commission ordered Clear Springs to take action to resolve the storage deficiencies of PWS #02-048 and #02-050 before filing its next rate case. (See page 14, lines 18-20 of the Decision.) The water analysis results show inadequate storage capacities in both PWS #02-050 and #02-048. Clear Springs filed a financing application to purchase a 5,000 gallon tank for PWS #02-048; however, Clear Springs failed to address the storage problem in PWS #02-050. Clear Springs is in violation of the Decision and must correct this compliance item before a sufficiency determination can be made.