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RECEIVED ARIZONA CORPORATION COMMISSION

2012 SEP 26 P 3:38
September 26, 2012

Arizona Corporation Commission
DOCKETED

SEP 26 2012

Mr. Tim Sabo
Roshka Dewulf & Patten, PLLC
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, AZ 85004

AZ CORP COMMISSION
DOCKET CONTROL

DOCKETED BY JM

RE: IN THE MATTER OF THE APPLICATION OF WILLOW VALLEY WATER COMPANY FOR THE ESTABLISHMENT OF JUST AND REASONABLE RATES AND CHARGES FOR UTILITY SERVICE DESIGNED TO REALIZE A REASONABLE RATE OF RETURN ON THE FAIR VALUE OF ITS PROPERTY THROUGHOUT THE STATE OF ARIZONA, DOCKET NO. W-01732A-12-0315

LETTER OF DEFICIENCY

Dear Mr. Sabo:

In reference to your rate application received on July 9, 2012, supplemented by its revision of July 13, 2012, and revised schedules on August 27, 2012, and further supplemented by the second revised schedules provided informally to Staff on September 11, 2012, 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 sixteen copies of the corrected pages.

You have 15 calendar days, or until October 11, 2012, 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 sixteen copies of an updated application at a later date.

The Staff person assigned to your application is Gerald W. Becker. He can be reached at (602) 542-0831, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,

James R. Armstrong
Chief, Financial & Regulatory Analysis Section
Utilities Division

cc: Docket Control Center (sixteen copies)
Lyn Farmer, Hearing Division
Delbert Smith, Engineering
Consumer Services
Legal Division

1. Bill determinants provided do not support the Company's stated revenues for certain rate classes.
2. Based on on-going discussions with the Company, these differences relate to out of period adjustments recorded in the test year and signify a need to restate the Company's test year revenues and for the Company to file revised schedules in support of its restated position. These adjustments are presently estimated at approximately \$3,750 which is considered to be material for this Company.
3. In the disclaimers under Miscellaneous Service Charges, the last disclaimer refers to an AAC rule which is incorrect. The correct rule is R14-2-409(D)(5).