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July 10, 2013

AZ CORP COMMISSION
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Arizona Corporation Commission
DOCKETED

JUL 10 2013

Mr. Dave Grundy, General Manager
Cibola Mutual Water Company
4958 Levee Road, R.R. 2 Box 77
Cibola, Arizona 85328

RE: DOCKET NO. W-04106A-13-0228

DOCKETED BY *ASM*

Dear Mr. Grundy,

We are in receipt of your filing of a Rate Review received on July 1, 2013. This rate review filing brings your utility into compliance with Decision No. 65750 that required this filing within 3 years of serving your first customers.

The rate review process only includes Staff's review of your financial information and a determination of whether or not, in Staff's opinion, a rate increase request is indicated. You also included additional information to support a requested rate increase that you proposed with this filing. Unfortunately, your rate increase proposal cannot be considered in the rate review filing process. There is simply not enough information provided for the Commission to consider a permanent rate change.

However, in performing the rate review, Staff has determined that since your utility is currently operating at a loss, you should file an application for a permanent rate increase. Based on current revenue, your utility is classified as a class D utility and is eligible to file a short-form rate application. The short-form rate application is a 35 page document that is available at the Commission's website in the same area as where the rate review forms were found.

Staff will leave the current Docket open and asks that the utility file the short-form rate application under this referenced Docket number, no later than September 16, 2013. You can use calendar year 2012 as your test year or, if you prefer, you may use the fiscal year July 1, 2012 through June 30, 2013.

If you should have any questions or need any further help in filling out or filing your rate application, please feel free to contact me. My direct line telephone number is 602-542-0834 and my e-mail address is dcarlson@azcc.gov

Thank you for your prompt attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Darron W. Carlson".

Darron W. Carlson
Public Utilities Analyst Manager
Utilities Division

Cc: Brian Bozzo, Compliance Section