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ARIZONA CORPORATION COMMISSION
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2013 AUG 30 A 11: 29 August 30, 2013

AZ CORP COMMISSION
DOCKET CONTROL

CERTIFIED MAIL

Cibola Mutual Water Company, Inc.
Attn. Dave Grundy
RR 2 Box 77
5948 Levee Road
Cibola, AZ 85328

RE: CIBOLA MUTUAL WATER COMPANY – APPLICATION FOR A RATE
INCREASE. DOCKET NO. W-04106A-13-0266

LETTER OF INSUFFICIENCY

Dear Mr. Grundy:

This letter (per section R14-2-103.B.7 of the Arizona Administrative Code) is to inform you that your application, received on August 2, 2013; did not meet 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 September 13, 2013, 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 fifteen copies of an updated application at a later date.

Arizona Corporation Commission
DOCKETED

AUG 30 2013

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The Staff person assigned to your application is Christine Payne. She can be reached at (602) 542-0148, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read 'James Armstrong', with a stylized flourish extending to the right.

James Armstrong
Chief Accountant
Financial & Regulatory Analysis Section

JRA:CP:tdp

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

Cibola Mutual Water Company
Docket No. W-04106A-13-0266
Rate Application
For the Test Year Ended December 31, 2012

List of Deficiencies

1. Meter Water Revenue - The Company has not provided a sufficient bill count to support the test year Meter Water Revenue of \$102,980. Please reconcile the difference and provide a corrected bill count. As part of your response, please provide a copy of your general ledger for the test year in Excel format. Please be sure to provide the following:
 - a. Meter Water Revenue generated for the 3 /4" meter from the \$45 monthly minimum charges for the test year ending December 31, 2012.
 - b. Meter Water Revenue for the 3 /4 "meter from the commodity charges for test year ending December 31, 2012.
 - c. Meter Water Revenue generated for the 1" meter from the \$50 monthly minimum charge for the test year ending December 31, 2012.
 - d. Meter Water Revenue for the 1"meter from the commodity charges for test year ending December 31, 2012.
2. Depreciation Expense - On the "Calculation of Depreciation Expense for Current Year" (page 20 of the rate application) Depreciation Expense calculations are mathematically incorrect for every plant item shown on this page. Please reconcile the plant items (if needed) and/or correct the calculation of depreciation expense to the correct numbers. Please send an Excel worksheet supporting your calculations.
3. Depreciation Expense - On the Calculation of Depreciation Expense for Current Year (page 20 of the rate application) the Depreciation Expense column does not add up to \$166,879. Please correct the totals and resubmit
4. Plant Summary - The Plant Summary (page 14) is incomplete. The plant items shown on page 20 "Calculation of Depreciation Expense" should be listed on the "Plant Summary" (page 14). The "Plant In Service Per Prior Decision" (Column A) should be left blank since there is no prior decision relating to plant items for Cibola. Column B "Total Additions" minus Column C "Total Retirements" should equal Column D "Test Year End Total". Please fill out the Plant Summary page and resubmit.
5. Balance Sheet - The Total Deferred Credits does not add up to \$4,664,473 as shown on the Balance Sheet (page 22) "Balance At Beginning of Test Year" column. Please correct and resubmit.
6. Gross Contributions in Aid of Construction - The "Gross Contributions In Aid of Construction" (page 24) does not match the amount shown on the Balance Sheet (page 22) of \$4,948,642. Please correct and resubmit.

Cibola Mutual Water Company
Docket No. W-04106A-13-0266
Rate Application
For the Test Year Ended December 31, 2012

List of Deficiencies

7. Comparative Statement of Income and Expenses (page 19) - On the Comparative Statement of Income and Expense (page 19), the Net Loss amount of \$24,739 for the Test Year does not total correctly. Please recalculate the Test Year column and resubmit.

8. Plant Asset Invoices – On the Water Rate Application Checklist (page1), Item #4 states that “invoices for plant asset purchases in excess of \$150 for the intervening years since the utility’s prior Test Year itemized on page 13 (Plant Additions and Retirements) be included as part of the rate application”. Staff did not receive any plant invoices. Please complete the Plant Additions and Retirements by Year, (page 13) and send copies of invoices of plant asset purchases over \$150.00 as required.