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ARIZONA CORPORATION COMMISSION

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July 24, 2014

2014 JUL 24 P 2:42

CERTIFIED MAIL

Craig A. Marks
Attorney for Chino Meadows II Water Company, Inc.
Craig A. Marks, PLC
10645 N. Tatum Blvd.
Suite 200-676
Phoenix, AZ 85028

Paul D. Levie, President
Chino Meadows II Water Company, Inc.
501 N. Hwy 89
Chino Valley, AZ 86323

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
DOCKETED

JUL 24 2014

ORIGINAL

DOCKETED BY 

RE: CHINO MEADOW II WATER COMPANY, INC. - APPLICATION FOR A RATE INCREASE, DOCKET NO. W-02370A-14-0231

LETTER OF DEFICIENCY

Dear Mr. Marks and Mr. Levie:

In reference to your rate application received on June 30, 2014, 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 August 11, 2014, 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 Teresa B. Hunsaker. She can be reached at (602) 542-7190, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,

James Armstrong
Chief of Financial & Regulatory Analysis
Utilities Division

JRA:TBH:tdp

Chino Meadows II Water Company Inc.
Docket No. W-02370A-14-0231
Deficiency List

1. Current Short Form Application – The Company failed to adhere to the General Instructions provided in the Short Form Application. NO ENTRY SHOULD BE LEFT BLANK. Emphasis added. For example, the Company left information blank on pages 9, 11, 13 (for prior test year to the end of current test year), 14, 15, 19, 20, 21, 22, 26, 27, 28, 29, 30, 31 and 32. The Company indicated “See Attachment” and the required schedules were left blank. Additionally, the page numbers in the application have been changed by the Company.
2. Invoices for Plant Assets – The Company failed to provide invoices for each plant asset purchase in excess of \$150 for the Test Year, as well as all of the intervening years since the utility’s prior Test Year.
3. Metered Water Revenue – Based on the bill count provided, Staff calculated metered revenue of \$345,477.51. However, the Adjusted Test Year Income Statement for metered revenue on Attachment No. 2, Page 1 and Income Statement on Attachment No. 5, Page 1 shows metered revenue of \$339,618.00. Additionally, the Analysis of Revenues for metered revenue by Detailed Class on Attachment No. 4, Page 3 shows metered revenue of \$343,848.00. Please reconcile the differences and/or provide a corrected bill count.
4. Customers – Please explain the difference between the information from the Water Use Data Sheet (Page 18) shows an average number of customers of 903 and 10,836 total customer bills and the Analysis of Revenues by Detailed Class on Attachment No. 4, Page 3 shows an average number of customers of 893 and 10,721 total customer bills and Statements in Support of Rate Request (Page 6) shows 878 metered customers. There are three different number of customers used in the application, please explain the discrepancies and provide corrected information.
5. Test Year – On the Statements of Support of Rate Request (Page 6) indicates a Test Year ending 12/31/2014. Page 1 of the Application states a Test Year of ended on 12/31/2013. Please correct.
6. Depreciation – Please explain the difference in Depreciation (Calculated) on Attachment No. 1, Page 6.5 for 2013 of \$36,433 and the Depreciation Expense on Attachment No. 2, Page 3 of \$29,759.