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February 13, 2015

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Arizona Corporation Commission

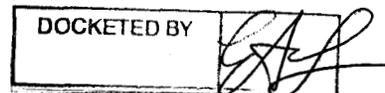
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FEB 13 2015

Steve Wene, Attorney for Applicant
Moyes Sellers & Hendricks
1850 N. Central Avenue, Ste. 1100
Phoenix, Arizona 85004



ORIGINAL

RE: APPLICATION OF ORANGE GROVE WATER COMPANY, INC. FOR APPROVAL
OF THE SALE OF ASSETS AND CANCELLATION OF THE CERTIFICATE OF
CONVENIENCE AND NECESSITY- DOCKET NO. W-02237A-15-0008

INSUFFICIENCY LETTER

Dear Mr. Wene:

In reference to the above-mentioned application by Orange Grove Water Company ("Orange Grove") docketed on January 15, 2015, this letter is to inform you that Staff of the Arizona Corporation Commission ("ACC") is still in need of further information to determine sufficiency requirements as outlined in the updated Arizona Administrative Code ("A.A.C.") R14-2-402. Please provide the following information:

1. Provide a historic income statement for the most recently completed 12-month accounting period, and a balance sheet as of December 31, 2014 for Orange Grove.
2. Decision No. 72734, issued January 6, 2012, required Orange Grove to file with Docket Control, by June 30 of each year until the WIFA Loan is paid off, a report reconciling all WIFA debt surcharge monies billed and collected, along with copies of the prior year's monthly bank statements for the WIFA debt surcharge account. Please provide a copy of the report for the period ending June 30, 2014 and the associated documentation, which has not yet been filed.
3. Does the City of Somerton ("City") plan to provide water to Orange Grove customers at the current tariffed rate of the Company or at some other rate as determined by the City? How many other water customers does the City have and how long has it been providing such services?
4. Does the City currently provide wastewater service? If not, who provides wastewater service to the Company's customers.

Steve Wene
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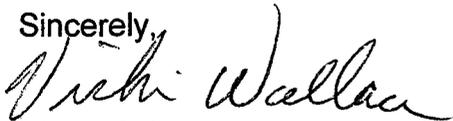
5. Provide a description of the effect that the proposed transaction will have (or may have) upon any other utility.
6. The Asset Purchase Agreement indicates that the sale is contingent upon the City obtaining "a financing plan that includes the City's receipt of a grant from the federal government". When does the City expect this grant to be received and is the grant the sole means of financing the purchase?
7. Does the City plan to serve all customers and prospective customers within the certificated area of Orange Grove? Please provide a map illustrating the City's town limits and the City's planning area as it relates to Orange Grove's CC&N area.

Staff would like to use this opportunity to bring the following to your attention:

- Pursuant to the A.A.C. R-14-2-411(C), upon meeting sufficiency requirements, the Commission has 150 days for its substantive review. This includes conducting a hearing and preparing an Opinion and Order to present to the Commission at an Open Meeting; and
- Pursuant to A.A.C. R14-2-411(C)(3), Staff may terminate an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency.

If you have any questions concerning this matter, please contact me at 602-542-0818 or e-mail me at vwallace@azcc.gov.

Sincerely,



Vicki Wallace
Executive Consultant

Attachments

Cc: Docket Control
Frank Smailia
Brendan Aladi
Lori Miller
Lyn Farmer