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CEDAR GROVE WATER, INC.  
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May 16, 2015

RE: Docket Number W-20541A-15-0119  
Cedar Grove Water, Inc. Response to Letter of Deficiency dated May 4, 2015

ARIZONA CORPORATION COMMISSION  
WATER SERVICE CONTROL

To Whom It May Concern,

In aforementioned Rate Application, Cedar Grove Water, Inc. provided metered water revenue on the Comparative Statement of Income and Expense of \$169,814; this amount was based on a cash basis. A spreadsheet sent to Arizona Corporation Commission Staff on April 27, 2015, that included the amount billed in 2014, provided the amount associated with the bill count as being \$175,885.30; this would be an accrual basis similar to Cedar Grove Water, Inc.'s understanding of how the bill count methodology works. Metered water revenue stated on the Comparative Statement of Income and Expense includes the amount collected as payment for water services rendered in 2014, not the amount billed for those services in 2014. The Balance Sheet on page 22 of the Rate Application identifies the Customer Accounts Receivable amount as being \$6,197. Subtracting the Customer Accounts Receivable amount of \$6,197 from the bill count amount of \$175,885.30, the remaining amount is \$169,688.30. This amount is \$125.70 difference from the metered water revenue reported on the Comparative Statement of Income and Expense. Therefore, the conclusion can be made that metered water revenues plus customer accounts receivable from the rate application will be approximately an accrual basis amount. Using the amount calculated, revenues according to an accrual basis are within 2% of the amount calculated by Arizona Corporation Commission Staff.

Cedar Grove Water, Inc. does not have access to the calculations Arizona Corporation Commission Staff used to determine that the bill count should provide metered water revenues of \$179,296.63; therefore, Cedar Grove Water, Inc. cannot reconcile to that amount. The bill count as submitted with the Rate Application is accurate and supporting documentation was sent to Arizona Corporation Commission Staff as an Excel attachment to an email on April 18, 2015.

Should Arizona Corporation Commission Staff desire Cedar Grove Water, Inc. to provide additional reconciliation, please provide the following:

- The spreadsheet used to calculate metered water revenues from the bill count.
- The acceptable discrepancy percentage plus/minus of metered water revenues forecast using the Arizona Corporation Commission bill count methodology as compared to amounts calculated by Cedar Grove Water, Inc. using actual amounts collected and actual amounts billed.

Cedar Grove Water, Inc. appreciates your assistance in resolving the bill count discrepancy and review of the Rate Application. Have a wonderful day!

Best Regards,  
Thomas Grapp

**ORIGINAL**

Arizona Corporation Commission

**DOCKETED**

**MAY 22 2015**

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