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ARIZONA CORPORATION COMMISSION
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DOCKET CONTROL

RECEIVED

August 25, 2015 AUG 25 AM 9 27

Mr. Joseph Cordova
Appaloosa Water Company
PO Box 3150
Chino Valley, AZ 86323

RE: APPALOOSA WATER COMPANY CORPORATION – APPLICATIONS FOR A RATE INCREASE
AND FINANCING, DOCKET NOS. W-03443A-15-0271

LETTER OF DEFICIENCY

Dear Mr. Cordova:

In reference to your rate application received on July 28, 2015, 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 September 7, 2015, 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 Christine L. Payne. She can be reached at (602) 542-0148, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,

James R. Armstrong
Chief, Financial & Regulatory Analysis Section
Utilities Division

Arizona Corporation Commission
DOCKETED

AUG 25 2015

cc: Docket Control Center (sixteen copies)
Dwight Nodes, Hearing Division
Delbert Smith, Engineering
Consumer Services
Legal Division

DOCKETED BY

Appaloosa Water Company
Docket No. W-03443A-15-0271
Rate Application
For the Test Year Ended December 31, 2012

List of Deficiencies

1. Water Rate Application Checklist - Staff has reviewed your application and found that the Water Rate Application Checklist (page 1 of the application) is missing. Please submit the checklist. In addition, please provide a list of the individual cost components as required for the following checklist items: Purchased Power (checklist item #7), Repairs and Maintenance (checklist item #8) and Outside Services (checklist item #9).
2. Bill Count - The bill count is producing more Metered Water Revenue than the \$141,176 stated on your income statement (page 19 of the rate application). Please reconcile the difference and provide a corrected bill count listing revenue by each meter size. As part of your response, please provide a copy of the general ledger for the test year of the rate application in Excel format with formulas intact.
3. Utility Plant in Service/ Accumulated Depreciation - - Please correct the accumulated depreciation error on the Utility Plant in Service (page 15 of the rate application) for Organization and Franchise Costs. Please recalculate the Accumulated Depreciation balance and resubmit a revised Utility Plant in Service worksheet with the corrected totals in the proper columns.
4. Balance Sheet - #1 Please correct the Accumulated Depreciation balance on the Balance Sheet. The Accumulated Depreciation total on the Balance Sheet (page 22) should be the same total on the Utility Plant in Service (page 15, column B of the application). #2 All of the Deferred Credit account balances at the end of the test year are showing \$0, while the beginning of the test year listed amounts totaling \$1,118,433. Please correct the test year totals in the Deferred Credits accounts and submit a revised Balance Sheet. (page 23 of the rate application).
5. Advances in Aid of Construction (AIAC)- Please revise and complete the AIAC worksheet to reflect any additions or refunds and the total AIAC at the end of the test year (page 25 of rate application). Please be sure that the total AIAC (page 25) is the same total on the Balance Sheet (page 23 of the rate application) for the test year.
6. Contributions in Aid of Construction (CIAC) - Please revise and complete the CIAC worksheet to reflect any additions and the total amount of CIAC at the end of the test year (page 26 of rate application). Please be sure that the total CIAC is the same total on the Balance Sheet (page 23 of the rate application) for the test year.
7. Monitoring Assistance Program (MAP) - Please send the Company's most recent Arizona Department of Environmental Quality's (ADEQ) annual sampling fee invoice as required as item #3 on the water rate application checklist.