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ARIZONA CORPORATION COMMISSION

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April 14, 2016

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Arizona Corporation Commission

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CERTIFIED MAIL

Mr. Narvol Bales
Sunizona Water Company
5416 East Hwy 181
Pearce, Arizona 85625

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RE: IN THE MATTER OF THE APPLICATION OF NARVOL D. BALES DBA SUNIZONA WATER COMPANY, TO SELL ITS ASSETS AND/OR TRANSFER ITS CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE WATER SERVICE TO GENE GREGORY. (DOCKET NOS. W-03912A-16-0108 and W-20958A-16-0108)

INSUFFICIENCY LETTER

Dear Mr. Bales:

In reference to the above-mentioned application by Narvol D. Bales d/b/a Sunizona Water Company, ("Sunizona" or "Company") docketed on March 21, 2016, for approval of the sale of its assets and transfer of its Certificate of Convenience and Necessity ("CC&N"), 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 per the most recent Arizona Administrative Code ("A.A.C") R14-2-402 (ACC Water Rules).

Please provide the following clarification/information in reference to your application:

1. Given that Mr. Gregory provides an out-of-state address, please clarify who will be responsible for overseeing the on-site day-to-day operations of the water Company?
2. Who will be the certified operator for the Company?
3. Please provide evidence that Mr. Gene Gregory possesses the financial, technical and managerial expertise to own and operate a water company in the State of Arizona. Please include any past experience Mr. Gregory in either owning and/or operating a water utility.
4. Will the name of this company post transfer remain Narvol D. Bales d/b/a Sunizona Water Company? If not, please indicate the complete new name of the company.
5. Please provide documentation establishing the utility's financial condition, including at least the utility's current assets and liabilities, an income statement, the utility's

revenue and expenses for the most recently completed 12-month accounting period, and the value of the utility's plant in service.

6. How many customers will be affected by this transfer?
7. Please provide a description of the effect of the transfer on these customers.
8. Please provide a description of the effect of the transfer on any other utility.
9. The copy of the Bill of Sale provided with the application includes a list of assets included with the sale of the Company. However, in Sunizona's 2011 Rate Case, Docket No. W-03912A-11-0014, Staff filed its Report (dated May 3, 2011) which included a detailed list of Company plant in Schedule GWB-2, a description of the water system and a Sunizona system schematic. Please provide a detailed description and list of all utility plant and facility included in the sale.
10. Please provide the terms and conditions of the transfer.
11. The above-referenced ACC Water Rules require that all landowners (not just customers) in a current CC&N area be notified of applications proposing any changes to the certified territory. If the Company has not already notified all landowners within the current Wayward Winds CC&N boundaries of proposed charges, please do so and provide Staff a copy of such notification.

Pursuant to 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 a Recommended Opinion and Order to present to the Commission at an Open Meeting.

If you have any questions concerning this matter, please feel free to contact me at 602.542.0856 or e-mail me at mconnolly@azcc.gov.

Sincerely,



Matt Connolly
Executive Consultant II

Cc: Docket Control