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DOCKET CONTROL

July 2, 2012 2012 JUL 2 PM 3 Arizona Corporation Commission

DOCKETED

JUL 02 2012

CERTIFIED MAIL

Ms. Patricia D. Olsen  
Montezuma Rimrock Water Company  
PO Box 10  
Rimrock, Arizona 86335

DOCKETED BY

RE: MONTEZUMA RIMROCK WATER COMPANY LLC – APPLICATION FOR A RATE INCREASE DOCKET NO. W-04254A-12-0207

**LETTER OF INSUFFICIENCY**

Dear Ms. Olsen:

This letter (per section R14-2-103.B.7 of the Arizona Administrative Code) is to inform you that your application, received on May 31, 2012; does not meet the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103. Staff has found a number of deficiencies with the application which are listed on the attached document. The 30-day sufficiency determination period will begin anew when the Company corrects the deficiencies and Docket Control receives the original and 15 copies of the corrected pages.

The Company acknowledges deficiencies in its application and Staff appreciates the Company's commitment to resolve the deficiencies. You have 15 calendar days, or until July 16, 2012, to correct the deficiencies, or make other arrangements with Staff to remedy your rate application.

Staff person assigned to your application is Gerald Becker. He can be reached at (602) 542-0831, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,

*Nancy Scott*

Nancy L. Scott  
Chief Accountant  
Financial & Regulatory Analysis Section  
Utilities Division

CC: Docket Control Center (fifteen copies)  
Connie Walczak, Consumer Services  
Delbert Smith, Engineering  
Lyn Farmer, Hearing Division

**Montezuma Rimrock Water Company**  
Docket No. W-04254A-12-0207  
For the test year ended December 31, 2011  
Rate Application

List of Deficiencies<sup>1</sup>

1. The bill counts, provided for the test year on the bill count summary pages of the application generate revenue of \$97,351, as compared with revenue of \$101,276 shown on page 8 of the application. Please reconcile.
2. Pages 3 and 4 of the application are not filled out completely. Please complete.
3. Please provide the following information that are missing on page 6 of the application:
  - a. Company's total test year operating revenue.
  - b. Amount of revenue increase requested.
  - c. Operating revenue if the company is granted the rate adjustment.
  - d. The date notice was sent to the Company's customers along with a copy of the notice.
4. Plant additions and retirement by year, since the last test year in the prior rate case and Plant summary schedules are missing from the application. Please file these schedules.
5. On Page 22, of the application, Advance in Aid of Construction ("AIAC"). The total balance of AIAC (\$20,415) does not tie out to AIAC amount on the balance sheet (\$30,986), on page 7 of the application.
6. Page 23 of the application, Gross Contribution in Aid of Construction ("CIAC). The balance of the CIAC account at the end of the test year is \$-38,185.77 and it is not equal to the balance of \$257,742 shown on page 7, of the Balance Sheet. Also the starting balance of \$6,299.09 on page 23, is not equal to the ending balance in this account of \$241,831 in the prior rate case. Please provide the corrected amounts.
7. Please provide the following documentation indicated as being stored off site:
  - a. Invoices for each plant asset purchase in excess of \$150 since the utility's prior test year.
  - b. Invoices for repairs and maintenance in excess of \$150 for the test year, and
  - c. Invoices for outside services in excess \$150 for the test year.
8. Please provide a copy of the Arizona Department of Revenue certificate of compliance letter of good standing.

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<sup>1</sup> The original page numbering of the application has been altered, please renumber according to the original application.

**Montezuma Rimrock Water Company**  
Docket No. W-04254A-12-0207  
For the test year ended December 31, 2011  
Rate Application

9. Please provide a break down by name, position, salary, and duties for the salaries and wages expense.
10. Please provide copy of water testing invoices during the test year.