

ORIGINAL



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2 1405 W. 16<sup>th</sup> Street, Ste. A  
3 Yuma, AZ 85364  
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6 Attorney for Applicant

2007 FEB 23 10 A 9 22

Arizona Corporation Commission  
DOCKETED

FEB 23 2007

AZ CORP COMMISSION  
DOCUMENT CONTROL

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BEFORE THE ARIZONA CORPORATION COMMISSION

8 In the Matter of the Application of  
9 Shepard Water Company for  
Financing Approval

Docket No. W-01537A-99-0100

10 In the Matter of the Application of  
11 Shepard Water Company for an  
12 Increase in Rates

Docket No. W-01537A-99-0296

**SUPPLEMENTAL RESPONSE  
TO  
PROCEDURAL ORDER  
DATED OCTOBER 13, 2006.**

13 On October 13, 2006, the Administrative Law Judge issued a Procedural  
14 Order in this matter provided in part:

**\* that the Company file both a financing application and a  
general rate application on or before December 31, 2006 , using  
a September 30, 2006 test year. . .**

17 The Company has not filed the financing application and general rate  
18 application as of this date.

19 The Company requests that it be granted an extension of time in which to  
20 file the financing application and general rate application for the following  
21 reasons:

22 1. The financing application and general rate application have been  
23 prepared.

24 2. One of the requirements of the general rate application is to submit a  
25 Certificate of Good Standing from the Arizona Department of Revenue. The  
26 Company timely requested a Certificate of Good Standing from the Arizona  
27 Department of Revenue. With regards to a previous application, the Arizona  
28 Department of Revenue had issued, in 2004, a Certificate of Good Standing for the

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1 Company. The 2004 Certificate of Good Standing is attached to this request as  
2 Exhibit "A". The Company anticipated that there would be no difficulty in  
3 obtaining a Certificate of Good Standing based upon the 2004 Certificate of Good  
4 Standing.

5 3. After some delay following the request for Certificate of Good Standing,  
6 the Arizona Department of Revenue notified the Company that it would not issue  
7 a Certificate of Good Standing because the Company had failed to file returns for  
8 a period of 1982 to 2000, Exhibit "B" attached. The current owners of the  
9 Company, Mr. and Mrs. John Guth, completed the acquisition of the Company on  
10 December 15, 2000. At the time of the purchase of the Company, Mr. and Mrs.  
11 Guth were informed that all taxes owing the Department of Revenue had been  
12 paid and that all returns were current.

13 4. Mr. and Mrs. Guth, upon learning that the Department of Revenue would  
14 not issue a current Certificate of Good Standing, notwithstanding the previous  
15 Certificate of Good Standing, contacted the predecessor owner and the accountant  
16 responsible for preparing returns. Currently, the predecessor owner and the  
17 accountant are taking such actions as may be required in order to resolve the  
18 issues with the Arizona Department of Revenue. It is anticipated that the  
19 problems will be resolved by the 1st day of May, 2007.

20 5. In all other respects, the general rate application and financing  
21 application are prepared and ready for filing.

22 6. Construction of the arsenic remediation project has begun. It was  
23 necessary to begin construction of the arsenic remediation project prior to 2007.  
24 Substantial progress has been made.

25 7. Construction of the rebuild of the water system has begun. The rebuild  
26 of the water system has been designed to be part of the construction of paved  
27 streets and underground utilities (electrical, water, sewer and communications)  
28 beneath the paved streets.



1 Christopher Kempley, Chief Counsel  
Legal Division  
2 Arizona Corporation Commission  
1200 W. Washington Street  
3 Phoenix, AZ 85007

4 Ernest G. Johnson, Director  
Utilities Division  
5 Arizona Corporation Commission  
1200 W. Washington Street  
6 Phoenix, AZ 85007

7 By *Murphy*

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# Certificate of Compliance Letter of Good Standing

## Shepard Water Company, Inc.

This Certificate of Compliance is issued pursuant to Arizona Revised Statutes, Section 4-170 and Section 43-1151. It certifies that, according to department records, the above named taxpayer has filed and paid the taxes under Title 43, and Title 43, specifically and only as to the following described business and license number:

### IDENTIFICATION

#### TAX TYPE

Federal Employers Identification Number: 8-049522  
Transaction Privilege Tax License: 037523

This certification is made conditionally and is subject to the findings of a subsequent audit.

#### Issued To:

Shepard Water Company, Inc.  
Attn Mr. John W. Guth  
Star Route 4, Box 41  
Yuma, AZ 85365

602-716-6785



480 699 6082  
Tad/Juan

**STATE OF ARIZONA**  
Department of Revenue



ARIZONA DEPARTMENT OF REVENUE  
1600 WEST MONROE  
PHOENIX AZ 85007 - 2650

*Janet Napolitano*  
**Governor**

*Gale Garriott*  
**Director**

November 15, 2006  
Shepard Water Company  
Attn: Mr. John W. Guth  
10430 N. Martinez Lake Rd.  
Yuma, AZ 85365

RE Letter of Good Standing for Shepard Water Company

Federal Employer Identification Number: 86-0426223

Dear Mr. Guth:

Your recent request for a Letter of Good Standing is denied because of the following:

There is no record of a 1982 - 2000 Arizona Corporation Tax Return (Arizona Form 120 or Form 120S) filed with the Department. If This corporation was included in combined or consolidated Arizona return, the parent corporation must submit a letter of assumption.

Please resubmit a new Tax Clearance Application once the deficiencies have been cleared.

If you have any questions regarding your Arizona corporate income tax returns, you must contact the Corporate Income Tax Audit Section at 602-716-6459. If you have returns to submit, the returns must be sent to the Corporate Income Tax Audit Section, Attn: Certificate of Compliance, 1600 West Monroe Street, Phoenix, AZ 85007-2612.

Sincerely,

*Christina Canisales*  
Christina Canisales

Revenue Officer

Special Operations Unit, 602-716-6234. [www.AZDOR.gov](http://www.AZDOR.gov)

EXHIBIT "B"