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BEFORE THE ARIZONA CORPORATION

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KRISTIN K. MAYES - Chairman
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SANDRA D. KENNEDY
BOB STUMP

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ARIZONA CORPORATION
DOCKET CONTROL

IN THE MATTER OF THE COMMISSION ON
ITS OWN MOTION INVESTIGATING THE
FAILURE OF TRUXTON CANYON WATER
COMPANY TO COMPLY WITH
COMMISSION RULES AND REGULATIONS.

DOCKET NO. W-02168A-10-0247

**STAFF'S NOTICE OF FILING DIRECT
TESTIMONY**

Staff of the Arizona Corporation Commission (Staff") hereby files the Direct Testimony of
Alexander I. Igwe, Dorothy Hains and Alfonso Amezcua of the Utilities Division in the above
docket.

RESPECTFULLY SUBMITTED this 10th day of November 2010.

Kimberly A. Ruht, Attorney
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Arizona Corporation Commission
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Original and thirteen (13) copies
of the foregoing filed this
10th day of November 2010 with:

Docket Control
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1200 West Washington Street
Phoenix, Arizona 85007

Mr. B. Marc Neal
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...

Arizona Corporation Commission
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NOV 10 2010

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BEFORE THE ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES
Chairman
GARY PIERCE
Commissioner
PAUL NEWMAN
Commissioner
SANDRA D. KENNEDY
Commissioner
BOB STUMP
Commissioner

IN THE MATTER OF THE APPLICATION OF)
THE ARIZONA CORPORATION COMMISSION)
ON ITS OWN MOTION INVESTIGATING THE)
FAILURE OF TRUXTON CANYON WATER)
COMPANY TO COMPLY WITH COMMISSION)
RULES AND REGULATIONS.)
_____)

DOCKET NO. W-02168A-10-0247

COMPLAINT AND PETITION
FOR AN ORDER TO SHOW CAUSE

DIRECT

TESTIMONY

OF

ALEXANDER IBHADE IGWE, CPA

EXECUTIVE CONSULTANT III

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

NOVEMBER 10, 2010

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EXECUTIVE SUMMARY
TRUXTON CANYON WATER COMPANY, INC.
DOCKET NO. W-02168A-10-0247

On June 23, 2010, the Arizona Corporation Commission ("Commission") issued its own motion investigating the failure of Truxton Canyon Water Company ("Truxton" or "Company") to comply with Commission rules and regulations. In this Complaint and Petition for an Order to Show Cause ("OSC"), Staff alleged sixteen (16) instances of Truxton's violation of Commission rules and regulations. The alleged violations range from engineering issues, lack of proper accounting system, issuance of long-term debt without prior Commission authorization, consistent poor quality of service, amongst others.

The Arizona Department of Environmental Quality ("ADEQ") has also issued a Notice of Violation ("NOV") against Truxton for failure to comply with its rules and regulations. Further, ADEQ reported that it cannot determine if Truxton is delivering water that meets water quality standards required by the Arizona Administrative Code ("A.A.C.") Title 18, Chapter 4.

Pursuant to Decision No. 41781, dated December 15, 1971, the Commission approved Truxton's application for a Certificate of Convenience and Necessity ("CC&N") to provide water service in areas of Mohave County, Arizona. The Company serves approximately 874 residential and commercial customers, based on rates and charges approved in Decision No. 63713, dated June 6, 2001. Truxton is wholly owned by the Claude K. Neal Family Trust ("Trust"). B. Marc Neal is the President of Truxton as well as the sole Trustee of the Trust. A Company representative indicated to Staff that Mr. Neal now acts as the Trust's sole Trustee, because Rita B. Neal (Mr. Neal's mother and Co-Trustee) is aged and no longer active in the management of the Trust.

Truxton is managed by the Trust under a Management Agreement (the "Agreement"), as amended on September 8, 1994. By this Agreement, the Trust is responsible for the day-to-day operations of the Company, including its compliance with regulatory agencies. Also, the Company purchases almost all its water supply from the Trust under a Water Supply Agreement ("WSA"), as amended on September 8, 1994. The WSA requires the Trust to test and treat its water supply to be in compliance with standards established by the Arizona Department of Health Services and other regulatory agencies. Further, the WSA provides that if it becomes necessary for the Trust to invest additional capital to bring its water supply in compliance with regulatory standards, it could recover such cost through a revision of the WSA.

The Utilities Division Staff ("Staff") of the Commission has reviewed the Commission's OSC as well as the Company's operations and accounting records. Staff concludes that Truxton was in violation of the Commission rules and regulations. Based on ADEQ reports and actions, Staff concludes the Company is also not in compliance with ADEQ's rules and regulations. Further, Staff found that because the Company engages in a series of affiliate transactions, under the common management of Mr. Neal, there appears to be no independent management protecting the best interest of the Company and its rate payers. For example, there is an entity

engaged in the provision of water service within Truxton's CC&N, without any protestation by its Manager, the Trust.

Since the filing of the OSC the Company has adopted new policies that could bring it into compliance with both Commission and ADEQ rules and regulations. For example, Mr. Neal has ceded management responsibilities under the Agreement, to Rick Neal and Chris Hopper. Mr. Hopper, an Accountant, has assumed responsibilities for bringing the Company's accounting books and records into compliance with NARUC Uniform Systems of Accounts ("NARUC USoA") and Generally Accepted Accounting Principles ("GAAP"). Also, the Company has significantly segregated its accounting records from the Trust, thus minimizing commingling. On the issue of customer service, the Company has repaired several leaks within its system and has relocated its corporate offices within its service territory. Finally, Truxton has represented to Staff that it is effectively cooperating with ADEQ on issues relating to ADEQ rules and regulations.

Based on these finding, Staff recommends as follows:

1. That the Commission order Truxton to be fully in compliance with Commission rules and regulations, no later than September 30, 2011.
2. That the Commission order Truxton to repair all leaks within its water systems, no later than June 30, 2011.
3. That the Commission order Truxton to maintain no less than 20 psi, under all flow conditions, within its certificated area, no later than June 30, 2011.
4. That the Commission order Truxton to record its long-term debt obtained from the Trust without prior Commission approval as additional paid-in capital by the Trust.
5. That the Commission order the Trust to immediately cease and desist from providing water service within Truxton's CC&N.
6. That the Commission order the Trust to transfer all its customers within Truxton's CC&N to Truxton, no later than 30 days from the effective date of the Commission's Order in this docket.
7. That the Commission order Truxton to file a report with Docket Control, no later than 30 days from date of the Commission Order in this proceeding, confirming that the Trust has transferred to Truxton all its customers within Truxton's CC&N, including but not limited to Valle Vista Property Owners Association and its Golf Course.

8. That the Commission order Truxton to bring its accounting books and records into compliance with National Association of Regulatory Utility Commissioners Uniform Systems of Accounts and Generally Accepted Accounting Principles, no later than 30 days from the date of Commission decision in this docket.
9. That the Commission order Truxton to file a rate case no later than September 30, no later than 2011, based on a Test Year ending June 30, 2011,
10. That the Commission order Truxton to have the Trust grant Staff access to the Trust's accounting books and records, for Staff's regulatory audit, during Truxton's rate case proceeding.
11. That the Commission authorize Staff to appoint an Interim Manager for Truxton, without further action of the Commission, if its rate case filing does not meet sufficiency requirements by November 30, 2011.
12. That the Commission order Truxton to be fully in compliance with ADEQ rules and regulations, no later than September 30, 2011, or by the date required in any ADEQ Consent Order, whichever date comes first.
13. That the Commission order Staff to appoint an Interim Manager for Truxton, without further action of the Commission, if Truxton is not fully in compliance with all Commission and ADEQ rules and regulations by September 30, 2011.
14. That the Commission order Truxton to file any Notice of Violation ("NOV") issued by ADEQ, with Docket Control within 7 days of receipt of such NOV. Subsequent to the transmission of such NOV, Truxton will continue to provide copies to Docket Control of all relevant documents, including but not limited to any documents or pleadings filed by ADEQ and/or by Truxton relating to the NOV and the steps Truxton takes to come in compliance, until the ultimate resolution of the NOV.
15. That if Truxton fails to file the required documentation from ADEQ within the required time frame, or fails to timely provide Docket Control with copies or any NOV as required herein, the Commission should order the Utilities Division Director to commence an OSC proceeding against Truxton, seeking such sanctions and Orders as the Director deems appropriate.
16. That the Commission order Truxton to comply with A.A.C. R14-2-411(A)(2) on the issue of timely response to its customers and the Commission.
17. That the Commission order Truxton to comply with R14-2-406 on the issue of Main Line Extension Agreement ("MXA").
18. That the Commission order Truxton to file all its future MXA's for Commission approval.

1 **INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Alexander Ihade Igwe. My business address is 1200 West Washington
4 Street, Phoenix, Arizona 85007.

5
6 **Q. What is your current employment position?**

7 A. I am employed with the Utilities Division of the Arizona Corporation Commission
8 (“Commission”) as an Executive Consultant III.

9
10 **Q. Briefly describe your responsibilities as an Executive Consultant.**

11 A. In my capacity as an Executive Consultant III, I perform complex financial analysis and
12 make recommendations to the Commission on rate base, revenue requirement and rate
13 design for water, wastewater, electric, and gas rate proceedings. I also provide
14 recommendations on financing, mergers and acquisitions, sales of assets, issuance and
15 extension of Certificate of Convenience and Necessity as well as other ancillary matters.

16
17 **Q. Please describe your educational background and professional experience.**

18 A. I received a Bachelor of Science degree in Accounting from the University of Benin,
19 Nigeria and a Master of Information Systems Management degree from Keller Graduate
20 School of Management of Devry University. I am a licensed Certified Public Accountant
21 in the State of Arizona. I have attended various training classes and courses regarding
22 regulatory audits, ratemaking, and other utility related matters. In addition, in my over
23 twelve years working for the Utilities Division, I have prepared Staff Reports and pre-filed
24 testimonies and presented oral testimonies in several proceedings before the Commission.

1 **PURPOSE OF TESTIMONY**

2 **Q. What is the purpose of your testimony in this proceeding?**

3 A. I am presenting the Utilities Division Staff's ("Staff") analysis and recommendations
4 regarding violations alleged in the Order to Show Cause ("OSC") regarding Truxton
5 Canyon Water Company, Inc.'s ("Truxton" or "Company") failure to comply with the
6 Arizona Corporation Commission's ("Commission") rules and regulations. My testimony
7 will focus primarily on the Company's violations of Commission rules and regulations
8 regarding maintenance of proper accounting records as well as its failure to comply with
9 other Commission rules and regulations.

10
11 **Q. What is the basis of your recommendations?**

12 A. I have reviewed the Company's financial statements and accounting records to determine
13 whether sufficient, relevant, and reliable evidence exists to support the violations
14 identified in the OSC. My review entailed examination of the Company's financial
15 information, accounting records and other supporting documentation, as well as verifying
16 that the accounting principles applied by the Company were in accordance with National
17 Association of Regulatory Utility Commissioners ("NARUC") Uniform System of
18 Accounts ("USoA") and Generally Accepted Accounting Principles ("GAAP")

19
20 **Q. Did your testimony incorporate recommendations from other Staff witnesses?**

21 A. Yes. My testimony incorporates the recommendations of Staff Engineer, Dorothy Hains
22 regarding engineering issues identified in the OSC. Also, my testimony reflects the
23 recommendations of Alfonso Almezcue, Staff Consumer Specialist, on Truxton's quality
24 of service and other related violations alleged in the OSC.

1 **Q. How is your testimony organized in this proceeding?**

2 A. First, my testimony provides an overview of the Company's ownership structure and
3 management. Second, my testimony discusses accounting violations raised in the OSC
4 and provides pertinent recommendations. Finally, my testimony provides
5 recommendations regarding the Company's consistent violations of Commission rules and
6 regulations.

7

8 **BACKGROUND**

9 **Q. Please provide a brief description of the Company.**

10 A. Pursuant to Decision No. 41781 (December 15, 1971), the Commission approved
11 Truxton's application for a Certificate of Convenience and Necessity ("CC&N") to
12 provide water service in areas of Mohave County, Arizona. The Company currently
13 serves approximately 874 residential and commercial customers, using rates and charges
14 approved in Decision No. 63713 (June 6, 2001). Truxton is wholly owned by the Claude
15 K. Neal Family Trust ("Trust"). B. Marc Neal is the President of Truxton as well as the
16 sole Trustee of the Trust. A Company representative has indicated to Staff that Mr. Neal
17 now acts as the Trust's sole Trustee, because Rita B Neal (Mr. Neal's mother and Co-
18 Trustee) is aged and no longer active in the management of the Trust.

19

20 **Q. Does Truxton rely on its infrastructure for provision of water service?**

21 A. Yes, to a very limited extent. As fully discussed by Ms. Hains, on page 2 of Staff's
22 Engineering Report, the Company owns distribution mains, two wells and two storage
23 tanks. Based on information provided in Truxton's 2009 Annual Report, Ms. Hains
24 concludes that the Company no longer relies on its own wells and storage tanks for
25 provision of service.

1 **Q. Please explain how the Company is able to provide adequate service based on its**
2 **limited infrastructure.**

3 A. Truxton relies primarily on infrastructure owned and managed by the Trust, such as wells,
4 transmission mains and storage tanks, for provision of service. Please see page 2 of
5 Staff's Engineering Report attached to Ms. Hains' direct testimony for a detailed analysis.
6

7 **RELATIONSHIP BETWEEN TRUXTON AND THE TRUST**

8 **Q. What is the relationship between Truxton and the Trust?**

9 A. Truxton is wholly owned by the Trust. Based on a Management Agreement (the
10 "Agreement") between Truxton and the Trust, the Trust is responsible for the management
11 of Truxton's day-to-day operations. In addition, Truxton purchases almost all of its water
12 supply from the Trust, based on a Water Supply Agreement ("WSA"). Finally, Mr. Neal,
13 acting in his capacity as the President of Truxton and the sole Trustee of the Trust, has
14 absolute management responsibilities for all the affiliate transactions between Truxton and
15 the Trust.
16

17 *Management Agreement*

18 **Q. Please describe the management agreement between Truxton and the Trust?**

19 A. On January 1, 1991, Truxton entered into management agreement with the Trust for its
20 day-to day operations. The Agreement was subsequently modified through an addendum
21 dated September 8, 1994. In the Agreement, attached herewith as Exhibit AII-1, Truxton
22 is referred to as "Owner" and the Trust is known as "Manager". The Addendum to the
23 Agreement requires Truxton to pay the Trust a monthly management fee of \$9.78 per
24 service connection. The Agreement defines the Trust responsibilities as follow:
25
26

1 “Manager shall operate Owner’s facilities, utilizing Manager’s
2 employees, in a manner consistent with the industry standards for the
3 operation of said facilities, and consistent with the requirements of
4 the appropriate health agencies. The operation shall include the right
5 to modify, remove and replace any and all facilities. Consistent with
6 the above standards and requirements, the day-to-day operation and
7 maintenance of the facilities shall be the responsibility and
8 prerogative of Manager; however, any maintenance or capital
9 expenditure exceeding \$1,000.00 will require specific approval of
10 Owner.”

11

12 Further, the Trust acting as Manager claims in the Agreement that it “has substantial
13 ability and experience enabling it to manage and operate Owner’s facilities.”

14

15 **Q Did Mr. Neal execute the Agreement on-behalf of both Truxton and the Trust?**

16 A. Yes. Mr. Neal acting as the President of Truxton as well as the Trust’s Co-Trustee signed
17 the Agreement on-behalf of both entities.

18

19 **Q Is Mr. Neal responsible for the management of both Truxton and the Trust?**

20 A. Yes. As the President of Truxton and the sole Trustee of the Trust, Mr. Neal is
21 responsible for management of both entities. This relationship devolves from the Trust
22 ownership of Truxton and Truxton’s execution of the Agreement with the Trust. In other
23 words, Mr. Neal directly or indirectly makes all management decisions on-behalf of
24 Truxton and the Trust.

25

26 **Q Is the Company adequately managed by the Trust under the Agreement?**

27 A. No. Truxton has been cited for several violations by the Commission and the Arizona
28 Department of Environmental Quality (“ADEQ”) for reasons attributable to poor or
29 ineffective management. These allegations range from poor quality of service, non-
30 compliance with safe water drinking standards, lack of appropriate accounting books and

1 records, amongst others. These alleged violations could have been avoided or minimized
2 under effective management.

3
4 **Q. Did Staff find that there could be a conflict of interest in the management of**
5 **Truxton?**

6 A. Yes. There appears to be a conflict of interest in the management of Truxton because Mr.
7 Neal acts as Truxton's President, the Trustee of its owner, and the Company's Manager
8 under the Agreement. In other words, there appears to be no independent management
9 acting in the best interest of Truxton and its rate payers.

10
11 **Q. What remedial measures has the Company recently implemented to enhance its**
12 **management?**

13 A. Mr. Neal has ceded Truxton's day-to-day management to Rick Neal and Chris Hopper.
14 The Company's new management is taking necessary measures to bring Truxton in
15 compliance with ADEQ and Commission rules on issues relating to water quality, quality
16 of service and accounting issues. For example, Mr. Hopper, an Accountant, is in the
17 process of implementing an accounting system conforms with NARUC USoA as well as
18 GAAP. Also, the new management appears is taking necessary steps, in collaborating
19 with ADEQ on ways to bring the Company in full compliance with ADEQ's rules and
20 regulations.

21
22 *Water Supply Agreement*

23 **Q. Please describe the Company's WSA with the Trust?**

24 A. The Company purchases its water supply from the Trust through a WSA executed on
25 January 1, 1991, as amended through an Addendum dated September 8, 1994. The WSA,
26 attached herewith as Exhibit AII-2, provides for the Trust to supply Truxton with a

1 maximum of 288,000-gallons per day, at the rate of \$0.75 per 1,000-gaollons. The WSA,
2 at page 3, section 6, requires the Trust to perform the following water treatment, prior to
3 its delivery point or its interconnection with Truxton:

4
5 “Family Trust shall test, or cause to be tested, and treat as necessary
6 all water subject to this agreement. Testing and treatment standards
7 shall be those established by the Arizona Department of Health
8 Services or other appropriate regulatory agency. In the event
9 treatment of water is required, Family Trust may, at its option,
10 undertake such treatment and make such capital investment as is
11 necessary to comply with the water quality of the appropriate
12 regulatory agency(s). In that event, Family Trust shall own and
13 operate or cause to be operated the necessary treatment facilities.
14 The capital, operating and maintenance cost associated with said
15 treatment will be recovered by adjustments in the water purchase
16 price set forth in paragraph 8 below. The testing and water quality
17 compliance beyond the point of delivery by Family Trust shall be
18 the responsibility of Truxton Canyon.”

19
20 **Q. Is the Company providing water that meets safe drinking water standards?**

21 A. No. ADEQ cannot determine if Truxton is delivering water that meets water quality
22 standards required by the Arizona Administrative Codes (“A.A.C.”) Title 18, Chapter 4.
23 Please see page 4, Section F of the Engineering Report attached to Ms. Hains’ direct
24 testimony for a detailed discussions of the Company’s violation of ADEQ rules and
25 regulation on water quality standards.

26
27 **Q. Is Truxton enforcing its rights under the WSA**

28 A. No. Because all management decisions are made by the Trust, the Company does not
29 have the ability to enforce its rights under the WSA. In other words, there is no arms-
30 length relationship between Truxton and the Trust, in the management of any of its
31 agreements with the Trust.

1 **Q. It is necessary for the Commission to appoint an Interim Manager to protect**
2 **Truxton's rights?**

3 A. Not at this time. Rick Neal and Mr. Hopper have committed to ensuring that Truxton is
4 properly managed and represented, on a going-forward basis. As a result, Staff has
5 recommended specific goals that Truxton's new management must accomplish within
6 definite timelines. In the event that Truxton fails to meet these goals, Staff has
7 recommended that the Commission authorize Staff to appoint an Interim Manager,
8 without further action of the Commission.

9
10 *Trust Provision of Water Service within Truxton's CC&N*

11 **Q. Does the Trust sell water within the Company's CC&N?**

12 A. Yes. The Trust sells irrigation water to the Valle Vista Property Owners Association (the
13 "Association"), based on an agreement dated April 24, 2002. As with all the other
14 agreements, this agreement was signed by Mr. Neal on behalf of Trust. The Trust's
15 agreement with the Association is attached as Exhibit AII-3.

16
17 **Q. Is Staff certain that the Trust does not sell water to other entities within Truxton's**
18 **CC&N?**

19 A. No. There have been allegations that the Trust sells water to other entities, such as a water
20 bottling company and through standpipes, within Truxton's CC&N. Staff could not
21 independently verify these allegations. However, Staff recommends that the Trust be
22 ordered to cease and desist from providing water service within Truxton's CC&N.

23
24 **Q. Is the Trust a certificated Public Service Corporation in Arizona?**

25 A. No. The Trust is not certificated as a Public Service Corporation ("PSC") in Arizona.

1 **Q. Under what authority does the Trust provide water service within Truxton's**
2 **certificated area?**

3 A. The Trust has not identified any federal or state regulatory agency that authorizes it to
4 provide water service within Truxton's service area. However, the Trust alleges through
5 its response to Staff's data request that the Commission was fully aware that it has been
6 providing water service to the Association.

7

8 **Q. It is typical for entities not certificated as a PSC to provide utility service within a**
9 **certificated territory?**

10 A. No.

11

12 **Q. Why does the Trust provide water service within Truxton's CC&N?**

13 A. Because there is no independent management protecting Truxton's rights against the
14 Trust.

15

16 **Q. Does Staff believe the Trust's provision of water service within Truxton's CC&N is**
17 **detrimental to the Company's financial condition?**

18 A. Yes. The Trust's contract with the Association precludes Truxton from generating
19 approximately \$200,000 in annual revenues. The Association has provided Staff with
20 documentary evidence, attached herewith as Exhibit AII-4, showing that in 2009, its water
21 purchases from the Trust aggregated to \$244,987.87. Yet, the Company and the Trust
22 contend that Truxton has been unable to enhance quality of service due to the Company's
23 precarious financial condition. Staff finds that the revenue generated from the Association
24 could significantly enhance Truxton's cash flow and its ability to adequately serve its
25 customers.

1 **Q. Does Staff recommend that the Commission order the Trust to cease and desist from**
2 **acting as a public service corporation within Truxton's CC&N?**

3 A. Yes.

4
5 **Q. If the Trust desires to continue to act as a PSC, could it request Commission**
6 **authorization to acquire Truxton's assets and assume its CC&N?**

7 A. This is certainly an option available to the Trust and any other legal entity in Arizona.
8 Without providing legal counsel to the Trust, it is imperative to note that if the
9 Commission approves such a request by the Trust, the Trust will be obligated to fulfill the
10 responsibilities of a PSC under the laws of Arizona.

11
12 **Q. Please state Staff's recommendation concerning the Trust's operations within**
13 **Truxton's CC&N.**

14 A. Staff recommends that the Commission order the Trust to cease and desist from providing
15 water service within Truxton's CC&N.

16 Additionally, Staff recommends that the Commission order the Trust to transfer its water
17 supply contract with the Association and all other such contracts to Truxton, within 30
18 days of the Commission decision in this proceeding.

19
20 Further, Staff recommends that the Commission order Truxton to file a report with Docket
21 Control, no later than 30 days from date of Commission Order in this proceeding,
22 confirming that the Trust has transferred all its water customers within Truxton's CC&N
23 to the Company, including but not limited to the Association.

1 **ACCOUNTING ISSUES**

2 *Compliance with NARUC Uniform System of Accounts*

3 **Q. Did the OSC allege that Truxton's accounting books and records are not maintained**
4 **in conformance with NARUC Uniform Systems of Accounts?**

5 A. Yes. The OSC alleges as follows:

6
7 *Pursuant to A.R.S §40-221, "the Commission is authorized to prescribe*
8 *the record keeping methods and accounts of public service corporations."*
9 *Pursuant to A.A.C. R14-2-411(D)(2), "[e]ach utility shall maintain its*
10 *books and records in conformity with the NARUC Uniform System of*
11 *Accounts for Class A, B, C and D Water Utilities."*

12
13 *The Commission has the authority to prescribe how a public service*
14 *corporation must keep its books and records. The Commission's Rules*
15 *requires utilities to conform to NARUC Uniform System of Accounts when*
16 *maintaining its records. Truxton does not maintain its books and records*
17 *in accordance with NARUC System. Truxton is in violation of A.R.S §40-*
18 *221 and A.A.C. R14-2-411(D)(2).*

19
20 Also, pursuant to the OSC:

21
22 *Truxton's accounting system does not conform to NARUC or GAAP*
23 *principles.*

24
25 **Q. Does the Company dispute the allegation that its accounting books and records are**
26 **not in conformance with NARUC USoA?**

27 A. No. In response to Staff data requests, the Company has not provided any evidence
28 contradicting the allegation that its accounting books and records are not in conformance
29 with NARUC USoA.

1 **Q. What actions has the Company implemented to bring its accounting books and**
2 **records in compliance with Commission rules and regulations?**

3 A. The Company, in its response to Staff's Data Request AII 3-2, reports that Mr. Hopper
4 was consulting with Mr. Bourassa, a licensed CPA familiar with regulatory accounting.
5 Mr. Bourassa has assisted the Company in obtaining NARUC USoA's prescribed chart of
6 accounts for a Class C water utility. Also, Mr. Bourassa has recommended NARUC
7 compliant software to the Company. The Company indicated that its new accounting
8 system would be implemented on November 1, 2010.

9
10 **Q. Does the Company anticipate migrating its historic records to the proposed**
11 **accounting system.**

12 A. The Company is not yet clear on this issue. However, Truxton suggests that it may be
13 necessary to transfer its historic records to the new accounting system for purposes of
14 filing its next rate case.

15
16 **Q. Is Staff recommending that the Company files a rate case?**

17 A. Yes. Staff recommends that the Company file a rate case no later than September 30,
18 2011, based on a Test Year ending June 30, 2011. Staff anticipates this recommendation
19 will allow the Company ample opportunity to have maintained proper accounting books
20 and records for at least six months during the test year.

21
22 **Q. Does Staff have other recommendations?**

23 A. Yes. Staff further recommends that if the Company does not meet sufficiency
24 requirements for a rate case by November 30, 2011, the Commission should authorize
25 Staff to appoint an Interim Manager for Truxton, without further action by the
26 Commission.

1 *Compliance with Generally Accepted Accounting Principles*

2 **Q. Does Staff allege that the Company's accounting books and records are not**
3 **maintained in accordance with GAAP?**

4 A. Yes. Under Counts Seven and Eight of this OSC, Staff alleges that Truxton's accounting
5 records do not conform to GAAP.

6
7 **Q. Does the Company disputes this allegation?**

8 A. Staff is not aware that the Company disputes this allegation.

9
10 **Q. Has the Company provided any evidence showing that its accounting books and**
11 **records are now in compliance with GAAP?**

12 A. No. Except as previously discussed, Mr. Hopper is in the process of implementing a
13 counting system that could bring the Company's books and records in conformance with
14 GAAP.

15
16 **Q. Has Staff recently reviewed the Company's accounting books and records?**

17 A. Yes. On May 6, 2010 (prior to issuance of the OSC), Staff visited the Company's
18 corporate offices in Kingman for the sole purpose of examining its accounting books and
19 records. Staff found that the Company's accounting books and records were neither in
20 compliance with NARUC USoA nor GAAP. For example, the Company's chart of
21 accounts was not consistent with NARUC USoA. Also, Staff found the Company's
22 accounting records had material misclassification of transactions. For example, customer
23 deposits and Advances in Aid of Construction, which should have been classified as
24 liabilities, were recorded as revenues.

25

1 **Q. Did Staff determine during this visit that the Company's representative does not**
2 **possess sufficient knowledge of accounting to appropriately maintain its accounting**
3 **books and records?**

4 A. Yes.

5
6 **Q. Has the Company effected necessary changes in accounting personnel?**

7 A. Yes. As previously discussed, Mr. Hopper has assumed responsibility for maintaining the
8 Company's accounting books and records. Because Staff has not reviewed the
9 Company's new accounting system and related records, Staff cannot confirm if Truxton's
10 accounting records are now in conformance with GAAP. However, Staff anticipates that a
11 detailed review of the Company's new accounting system will be performed during its rate
12 case.

13

14 *Truxton's Commingling of its Financial Records with the Trust*

15 **Q. Did Staff allege that the Company commingles its accounting records and funds with**
16 **the Trust.**

17 A. Yes.

18

19 **Q. Did Staff find evidence of commingling during its review of the Company's**
20 **accounting books and records?**

21 A. Yes. Staff found several instances of the Company commingling its accounting records
22 and funds with the Trust. For example, in 2008, the Company transferred \$287,360 of its
23 total revenues of \$396,940 to the Trust. Similarly, for the period January through
24 October, 2009, Truxton transferred \$237,710 of its recorded revenues of \$263,560 to the
25 Trust. These transfers represent 72 percent and 90 percent of the Company's revenues in
26 2008 and 2009, respectively.

1 **Q. Did the Company provide any justification for transferring a significant percentage**
2 **of its revenues to the Trust?**

3 A. No. The Company claims that amounts transferred to the Trust were primarily applied
4 toward its management fees and purchased water. Also, the Company states that the Trust
5 utilized a portion of transferred funds to pay for its operating expenses.

6
7 **Q. Did Staff find the Company's justifications appropriate?**

8 A. No. Staff did not find the Company's explanations credible because it could not provide
9 documentary evidence in support of its claims. For example, there were no invoices
10 issued by the Trust for purchased water and management fees as required by both its WSA
11 and Agreement. Also, the Company could not support the claim that a portion of its
12 transferred funds were expended by the Trust on its cost of service. Finally, Staff found
13 no justification why the Company would transfer a high percentage of its revenues to the
14 Trust when it has an independent bank account.

15
16 **Q. Did Staff also find that several operating expenses purportedly incurred for the**
17 **benefit of the Company were incurred in the name of the Trust.**

18 A. Yes. For example, purchased power accounts as well as repairs and maintenance accounts
19 established in the name of the Trust, but paid for by Truxton.

20
21 **Q. Has the Company implemented measures to segregate its accounting records from**
22 **the Trust.**

23 A. Yes. The Trust has commenced monthly billing for management fees based on customer
24 counts. Also, the Trust now bills for purchased water based on quantity of water received
25 by Truxton at the end of each month. As of the time of Staff's field review, invoices
26 issued for management fees and purchased water were paid through Truxton's bank

1 account. In other words, there no longer appears to be the inappropriate transfer of
2 Truxton's funds directly to the Trust account. However, Staff noted during its May 2010
3 review, that there could still be instances of commingling between the Company and the
4 Trust. Staff found an instance of repairs and maintenance cost incurred for the Trust's
5 water tanker recorded under the Company's account. The Company claims that the
6 specific transaction was recorded to Truxton because the water tanker is utilized to haul
7 water to its rate payers.

8
9 As to the issues of the Trust establishing expense accounts under its name, purportedly for
10 the benefit of the Company, Truxton has indicated that it was in the process of transferring
11 all such accounts to its name. Based on the Company's representation, it appears its cost
12 of service will now be billed under its name for pertinent cost of service.

13
14 **Q. Does Staff find that it might be necessary to examine the Trust accounting books and**
15 **records during Truxton's next rate case?**

16 A. Staff will not be opposed to a Commission order authorizing it to examine the Trust's
17 accounting books and records. Such Commission order could be appropriate because of
18 established instances of commingling and the Trust sale of water within Truxton's CC&N.

19
20 **Q. Is Staff recommending the Commission order the Trust to make its accounting books**
21 **and records available for Staff's examination during Truxton's rate proceeding?**

22 A. Only if the Commission concludes it is appropriate and necessary.
23

1 *Truxton's Issuance of Long-term Debt without prior Commission Authorization*

2 **Q. Did Staff allege that the Company has issued long-term debt without its prior**
3 **authorization?**

4 A. Yes. Staff alleges that the Company's actions are in violation of A.A.C. R14-2-407(C)
5 and A.R.S §40-301(B).

6
7 **Q. What is the basis of the allegation?**

8 A. The Company has recorded long-term debt reported on several of its filed Annual Reports.
9 A review of Commission Docket Control indicates that the Company neither sought nor
10 obtained Commission prior authorization for its recorded long-term debt.

11
12 **Q. Does the Company dispute this allegation?**

13 A. No. The Company contends that its recorded long-term debts were granted by the Trust
14 during emergencies. Further, the Company argues that if the Trust did not fund its
15 emergency needs, it would have been unable to provide service during such periods.

16
17 **Q. Does the Company explanation justify this violation?**

18 A. No.

19
20 **Q. What does Staff find to be appropriate treatment of the Company's long-term debt?**

21 A. Staff finds that the Company's recorded long-term debt obtained from the Trust should be
22 treated as additional paid-in capital by the Trust. Accordingly, Staff recommends that the
23 Commission order the Company to record its long-term debt as additional paid-in capital
24 by the Trust.

25

1 **Q. Does Staff, do you have any other remarks concerning Truxton at this time?**

2 A. Yes. The Company has asserted on numerous occasions, both in response to data request
3 and verbally to Staff, that they have made, or were planning to make, significant changes
4 so they would no longer be in violation of the Commission rules; such as correct their
5 accounting practices, repair the numerous outstanding leaks in the system, amongst others.
6 At this time, Staff has been informed of the Company's intent to effectuate changes
7 regarding these issues but has not had an opportunity to observe whether the changes have
8 occurred. Staff believes that the filing of Rebuttal Testimony would be an opportune
9 occasion for Truxton to provide documentation that substantiates the implementation of
10 the changes and improvements that they planned to make.

11

12 **CUSTOMER SERVICES ISSUES**

13 **Q. Did Staff receive customer complaints and evaluate Truxton's customer service**
14 **records in this proceeding?**

15 A. Yes. Mr. Amezcua reviewed customer service issues in this proceeding. Customer
16 complaints ranged from poor quality of service, consistent leaks within the system, and
17 issues relating to Main Line Extension. Mr. Amezcua's findings and recommendations
18 are incorporated into my testimony. Please see Mr. Amezcua's direct testimony for a
19 detailed analysis of these issues.

20

21 **Q. Please state Staff's recommendation regarding customer service issues.**

22 A. Staff recommends that Truxton repair any and all leaks within its water system no later
23 than June 30, 2011.

24

25 Staff recommends that the Commission order Truxton to comply with A.A.C. R14-2-
26 411(A)(2) on the issue of timely response to its customers and the Commission.

1 Staff recommends that the Commission order Truxton to comply with R14-2-406 on the
2 issue of MLX.

3
4 Staff recommends that the Commission order Truxton to file all its future MLX
5 agreements for Commission approval.

6
7 **RECOMMENDATIONS**

8 **Q. Please state Staff's recommendations in this proceeding.**

9 A. Staff recommends as follows:

- 10
11 1. That the Commission order Truxton to be fully in compliance with Commission
12 rules and regulations, no later than September 30, 2011.
13
14 2. That the Commission order Truxton to repair all leaks within its water systems, no
15 later than June 30, 2011.
16
17 3. That the Commission order Truxton to maintain no less than 20 psi, under all flow
18 conditions, within its certificated area, no later than June 30, 2011.
19
20 4. That the Commission order Truxton to record its long-term debt obtained from the
21 Trust without prior Commission approval as additional paid-in capital by the Trust.
22
23 5. That the Commission order the Trust to immediately cease and desist from
24 providing water service within Truxton's CC&N.
25
26 6. That the Commission order the Trust to transfer all its customers within Truxton's
27 CC&N to Truxton, no later than 30 days from the effective date of the
28 Commission's Order in this docket.
29
30 7. That the Commission order Truxton to file a report with Docket Control, no later
31 than 30 days from date of the Commission Order in this proceeding, confirming
32 that the Trust has transferred to Truxton all its customers within Truxton's CC&N,
33 including but not limited to Valle Vista Property Owners Association and its Golf
34 Course.
35
36 8. That the Commission order Truxton to bring its accounting books and records into
37 compliance with National Association of Regulatory Utility Commissioners

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- Uniform Systems of Accounts and Generally Accepted Accounting Principles, no later than 30 days from the date of Commission decision in this docket.
9. That the Commission order Truxton to file a rate case no later than September 30, no later than 2011, based on a Test Year ending June 30, 2011,
 10. That the Commission order Truxton to have the Trust grant Staff access to the Trust's accounting books and records, for Staff's regulatory audit, during Truxton's rate case proceeding.
 11. That the Commission authorize Staff to appoint an Interim Manager for Truxton, without further action of the Commission, if its rate case filing does not meet sufficiency requirements by November 30, 2011.
 12. That the Commission order Truxton to be fully in compliance with ADEQ rules and regulations, no later than September 30, 2011, or by the date required in any ADEQ Consent Order, whichever date comes first.
 13. That the Commission order Staff to appoint an Interim Manager for Truxton, without further action of the Commission, if Truxton is not fully in compliance with all Commission and ADEQ rules and regulations by September 30, 2011.
 14. That the Commission order Truxton to file any Notice of Violation ("NOV") issued by ADEQ, with Docket Control within 7 days of receipt of such NOV. Subsequent to the transmission of such NOV, Truxton will continue to provide copies to Docket Control of all relevant documents, including but not limited to any documents or pleadings filed by ADEQ and/or by Truxton relating to the NOV and the steps Truxton takes to come in compliance, until the ultimate resolution of the NOV.
 15. That if Truxton fails to file the required documentation from ADEQ within the required time frame, or fails to timely provide Docket Control with copies or any NOV as required herein, the Commission should order the Utilities Division Director to commence an OSC proceeding against Truxton, seeking such sanctions and Orders as the Director deems appropriate.
 16. That the Commission order Truxton to comply with A.A.C. R14-2-411(A)(2) on the issue of timely response to its customers and the Commission.
 17. That the Commission order Truxton to comply with R14-2-406 on the issue of Main Line Extension Agreement ("MXA").
 18. That the Commission order Truxton to file all its future MXA's for Commission approval.

1 **Q.** **Does this conclude your testimony?**

2 **A.** **Yes.**

ADDENDUM

THIS ADDENDUM, dated this 8th day of September, 1994, to the Management Agreement, dated January 1, 1991, between the CLAUDE K. NEAL FAMILY TRUST, an Arizona corporation ("Family Trust") and TRUXTON CANYON WATER COMPANY, an Arizona Corporation ("Truxton") (the "Agreement") amends the Agreement as follows:

1. The first sentence of Paragraph 3 of the Agreement is deleted and the following sentence inserted:

"The Owner shall pay to the Manager a fee of \$9.78 per service, per month, for services rendered pursuant to this Agreement."
2. The provision of Paragraph 1 shall become effective on January 1, 1995.
3. All other terms and conditions of the Agreement remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to be executed as of the day and year first set forth above.

CLAUDE K. NEAL FAMILY TRUST, an Arizona corporation

TRUXTON CANYON WATER COMPANY, an Arizona corporation

By: B Marc Neal
B. Marc Neal

By: B Marc Neal
B. Marc Neal

Its: Co-Trustee

Its: President

By: Rita B. Neal
Rita B. Neal

Its: Co-Trustee

MANAGEMENT AGREEMENT

THIS AGREEMENT, made as of the 1st day of January, 1991, by and between TRUXTON CANYON WATER COMPANY, an Arizona corporation, hereinafter referred to as "Owner" and CLAUDE K. NEAL FAMILY TRUST, hereinafter referred to as "Manager."

WITNESSETH:

WHEREAS, Owner is a public service corporation operating a water utility system in Hackberry and the Hualapai Valley area, and

WHEREAS, Owner is desirous of delegating the day-to-day operation and management functions to professional management, and

WHEREAS, Manager has substantial ability and experience enabling it to manage and operate Owner's facilities.

NOW, THEREFORE, the parties enter into this Agreement and for and in consideration of the mutual covenants, warranties and representations, and agree as follows:

1. Manager shall operate Owner's facilities, utilizing Manager's employees, in a manner consistent with the industry standards for the operation of said facilities, and consistent with the requirements of the appropriate health agencies. The operation shall include the right to modify, remove and replace any and all facilities. Consistent with the above standards and requirements, the day-to-day operation and maintenance of the facilities shall be the responsibility and prerogative of Manager; however, any maintenance or capital expenditures exceeding \$1,000.00 will require the specific approval of Owner. Such management and

operation shall include but not be limited to the following:

- A. Provision of a certified operator in accordance with the rules of the State of Arizona and Mohave County.
- B. Inspection and operation of the water plants, including disinfection, if necessary. Checking for proper operation of the well pumps, booster pumps, air compressors, tank levels and pressures.
- C. 24 hour a day availability to assist in emergencies.
- D. Regular inspection of the distribution system for leaks or other problems.
- E. Arrange for repairs to the system by qualified parties.
- F. Arrange for installation of water meters for new service connections within the Owner's service area.
- G. Monthly reading of the water meters as prescribed by the Arizona Corporation Commission.
- H. Bill customers monthly for water service, according to the rate schedule set by the Arizona Corporation Commission.
- I. Collect past-due water bills by turn-offs if necessary. The legal expenses associated with the prosecution and defense of collection matters involving the Commission or courts shall be borne by the Owner.
- J. Deposit payments to the water company account and provide full accounting to Owner.

Additionally, Manager shall provide to the Owner:

- K. Information regarding emergency repair; however, the Manager may at his sole discretion commit Owner to expenditures not to exceed \$1,000.00 without prior consent Owner.
- L. Bid comparative information for non-emergency materials to be purchased.

- M. Information for annual reports as required by the Arizona Corporation Commission.
- N. Monthly revenue, expense and sales data.
- O. Recommendations regarding approval of bills for payment.
- P. A non-exclusive water company office in which normal customer service and payment can be conducted.
- Q. Cost accounting for petty cash expenditures.
- R. Data for annual A.D.W.R. withdrawal reports.

2. Owner and Manager agree that certain of the work contemplated to be performed by the Manager cannot be defined sufficiently at the time of execution of the Agreement, and that substantial additional work related to the operation and not covered in Paragraph 1 may be needed during performance of this Agreement. It is intended that such categories of work classified as special services for which Manager shall be paid by Owner at the rate of \$40.00 per man-hour, plus all direct costs to Manager as supported by invoice from the provider. These special services may include, but are not limited to, the following:

- A. Assist Owner in arbitration, litigation, public hearing, or other legal or administrative proceedings involving the water system.
- B. Services and costs necessitates by out-of-town travel required of the Manager.
- C. Consultation, review of plans contract and bid preparation, inspection and supervision of additions or construction, contract repairs or significant changes in the size or complexity of the water system.
- D. Meter installations and other construction projects requested by the Owner.

- E. Consultation or other services on matters not otherwise provided in the Agreement.
- F. Equipment repair services.

All special services except for emergencies and regulatory requirements must be authorized in writing by the Owner before work can progress and be billed per the current rate schedule.

3. The Owner shall pay to the Manager a fee of \$8.50 per service, per month, for services rendered pursuant to this Agreement. Special services performed pursuant to Paragraph 2 of this Agreement shall be paid monthly. If Owner fails to make any payment due Manager for services and expenses within 15 days after due date, an additional charge shall be 1.5 percent per month on the unpaid fees from the due date until fully paid.

4. The Owner is responsible for, and will arrange the funding of, all costs, expenses and capital improvements of the Company including but not limited to the following:

- A. Electric power and energy for the operation of the water system within the certificated area.
- B. All chemicals required to treat the water.
- C. Required testing performed by a laboratory.
- D. Insurance as may be required on the water system.
- E. Replacement of and repairs to the water system.
- F. All plant additions and improvements.
- G. Legal counsel for the water system.
- H. Engineering services.

Additionally, Owner shall:

- I. Assist Manager by placing at his disposal all available information pertinent to the water system, including all reports, as-built plans, specifications and any other data relative to the water system.
- J. Examine all information and reports presented by the Manager and render in writing decision or directives within a reasonable time.
- K. Give prompt notice to the Manager whenever the Owner becomes aware of any problem relating to the water system.
- L. Furnish or direct Manager to provide necessary special services as stipulated to in Paragraph 2 of the Agreement or other services as required.

5. Payment for the services performed under this Agreement shall be made monthly by Owner to Manager at its offices in Kingman, Arizona, within 15 days from date of receipt of the billing therefor.

6. Owner shall have the right to review the charges and billing procedure under Paragraph 3, including the man-hours assigned to the facilities, billings for services performed, and capital expenditures.

7. Owner shall be responsible for filing, maintaining, and reporting all regulatory, health, tax and corporate documents necessary for the continued operation of the plant.

8. Owner agrees that to the extent it is capable, and in its sole discretion, consistent with sound utility and management practices, it will provide the capital, or Commission approved funding mechanism, necessary to provide needed capital improvements as agreed upon by the Owner and Manager.

9. Owner shall arrange to have Manager named as an

additional insured on its liability insurance coverage and shall maintain reasonable amounts of liability insurance during the term hereof. Owner shall indemnify and hold Manager harmless from any and all liability for acts or omissions related to the operation of the facilities occurring during the term of this Agreement.

10. Manager shall not be liable to Owner nor to any of Owner's consumers, nor to any other person, firm or corporation whatsoever, for or on account of any claim resulting from any condition on the system that existed prior to the date of this Agreement, or for any interruption or failure in delivery of water in accordance with this Agreement, or for any substandard quality water supplied, or for or on account of any loss, injury or damage occasioned thereby, where such interruption or failure, either directly or indirectly, is caused by or results from any of the following:

- A. Fire, lightning, flood, windstorm, Act of God, invasion or force majeure.
- B. Compliance with any orders, rules or regulations, whether valid or invalid, or any governmental authority or agency.
- C. Strikes, lockouts or labor disputes.
- D. Interruption in supply or delivery, or any other failure to perform by any person under any contracted supplier of water to Owner.
- E. Breakdown, repair or replacement of any machinery, equipment, pipeline or other facility.
- F. Shortage of power, supplies, material or labor, or where such interruption or failure is directly or indirectly due to any cause not reasonably preventable by Manager or not reasonably within its control.

In case such interruption or failure shall be occasioned by any

cause specified under E or F above, Manager will endeavor to remedy or eliminate such cause as expeditiously as is reasonably possible. In the event claims or causes of action are instituted by third parties as a result of the interruptions or substandard quality water supplied as hereinabove specified, Owner shall indemnify and defend Manager against all liability or loss.

11. Manager shall perform no public service corporation functions or services as a result of this Agreement. If, at any time, the Arizona Corporation Commission, or any other state or federal commission or body having authority to regulate public utilities, should attempt or threaten to exercise jurisdiction over Manager for the purpose of regulating the operation of the facilities for Owner, or for the purpose of examining the books, accounts or other internal affairs of Manager in connection with such services, Manager may notify Owner of such facts, and this Agreement shall be deemed terminated fifteen (15) days following receipt of such notice by Owner.

12. By terms of this Agreement, Manager shall not obtain and Owner does not surrender any ownership rights in the subject facilities.

13. This Agreement shall remain in full force and effect for the term of one year from the effective date and thereafter until terminated by either party hereto by giving written notice of such termination to the other. Such notice must specify the date of termination and shall be given not less than sixty (60) days prior to such date.

IN WITNESS WHEREOF, the parties hereto have caused this

Agreement to be executed as of the day and year first written above.

CLAUDE K. NEAL FAMILY TRUST

By _____
CO-TRUSTEE

By _____
CO-TRUSTEE

TRUXTON CANYON WATER COMPANY

By _____
OWNER

ADDENDUM

THIS ADDENDUM, dated this 8th day of September, 1994, to the Water Supply Agreement, dated January 1, 1991, between the CLAUDE K. NEAL FAMILY TRUST, an Arizona Corporation ("Family Trust") and TRUXTON CANYON WATER COMPANY, an Arizona corporation ("Truxton") (the "Agreement") amends the Agreement as follows:

1. The first sentence of Paragraph 8 of the Agreement is deleted and the following sentence inserted:

"Truxton shall pay to Family Trust for all metered water deliveries at the agreed upon delivery points at the rate of \$.75 per 1,000 gallons delivered."
2. The provisions of Paragraph 1 shall become effective on January 1, 1995.
3. All other terms and conditions of the Agreement remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this addendum to be executed as of the day and year set forth above.

CLAUDE K. NEAL FAMILY TRUST, an Arizona corporation

TRUXTON CANYON WATER COMPANY, an Arizona corporation

By: B Marc Neal
B. Marc Neal

By: B Marc Neal
B. Marc Neal

Its: Co-Trustee

Its: President

By: Rita B. Neal
Rita B. Neal

Its: Co-Trustee

WATER SUPPLY AGREEMENT

This Agreement, made as of the 1st day of January, 1991, by and between CLAUDE K. NEAL FAMILY TRUST, an Arizona corporation (hereinafter referred to as "Family Trust"), and TRUXTON CANYON WATER COMPANY, an Arizona corporation (hereinafter referred to as "Truxton Canyon").

WITNESSETH:

WHEREAS, Family Trust has certain water rights and owns and operates water production, collection, transmission and certain pressure facilities in the vicinity of the ^{Mohave County} ~~community~~ of Truxton Canyon, and

WHEREAS, Truxton Canyon owns and operates a public water distribution system in and near Hackberry and the Hualapai Valley area.

NOW, THEREFORE, in consideration of the premises and mutual covenants of the parties hereto, respectively, the parties hereby agree as follows:

1. During the term of this Agreement, Family Trust will furnish and deliver potable water to Truxton Canyon for the requirements of Truxton Canyon's customers located within Truxton Canyon's service area as hereinafter defined.

2. Delivery of the water under this Agreement shall be to mutually agreed upon delivery points through Family Trust owned and operated non-utility facilities.

3. Service under this Agreement shall be provided by Family Trust through an existing sixteen inch service line at peak

delivery rate of 200 gallons per minute, not to exceed 288,000 gallons per day. Truxton Canyon shall utilize said water only within its service area. That area is defined to be the lesser of: (1) Truxton Canyon's certificated area as authorized by the Arizona Corporation Commission; or (2) Truxton Canyon's service area as defined by the Arizona Department of Water Resources, as those areas may be modified from time to time. All water used by Truxton Canyon shall be consistent with Arizona law.

4. Family Trust is not obligated to provide any water storage for Truxton Canyon under this Agreement. Family Trust will use its best effort to maintain a continuous water supply to Truxton Canyon consistent with Paragraph 3 above. Truxton Canyon agrees to maintain adequate storage to meet its service obligations. In determining that storage request, Truxton Canyon recognizes the normal operational outages on the Family Trust system. In the event Truxton Canyon needs water quantity, quality or reliability greater than set forth in the Agreement, it shall give written notice of those requirements to Family Trust not less than one year prior to the anticipated need. Family Trust will endeavor to provide that service if, in the sole opinion of Family Trust, such service is technically, legally, and commercially feasible. Nothing in this Agreement shall be interpreted to prohibit Truxton Canyon from obtaining its own replacement or supplemental water supply. .

5. Family Trust, at its expense, shall install and maintain water meters at mutually agreed upon delivery points. The meters shall be calibrated to the satisfaction of both parties and shall

be recalibrated within a reasonable time after request made by either party, in accordance with the following procedures:

(a) The recalibration shall be done in the presence of the authorized representative of each party and the cost shall be borne equally by both parties.

(b) If the recalibration discloses inaccuracy exceeding 3%, the consumption recorded during the previous 30 days, or the part thereof which may be subsequent to the last preceding recalibration, shall be corrected using the recalibration data.

(c) In the event any meter ceases registration or it is evident that the inaccuracy has existed for a period shorter than 30 days, correction shall be made based upon estimates from other meters or from other proper data.

(d) Corrections so made shall be accepted by both parties as adjusting all claims arising out of such inaccuracy.

6. Family Trust shall test, or cause to be tested, and treat as necessary all water subject to this Agreement. Testing and treatment standards shall be those established by the Arizona Department of Health Services or other appropriate regulatory agency. In the event treatment of the water is required, Family Trust may, at its option, undertake such treatment and make such capital investment as is necessary to comply with the water quality requirements of the appropriate regulatory agency(s). In that event, Family Trust shall own and operate or cause to be operated the necessary treatment facilities. The capital, operating and maintenance cost associated with said treatment will be recovered by adjustments in the water purchase price as set forth in

Paragraph 8 below. The testing and water quality compliance beyond the point of delivery by Family Trust shall be the responsibility of Truxton Canyon.

7. Family Trust retains the right to take bulk water deliveries at any standpipe adjacent to delivery points under this Agreement. Family Trust agrees that 1) it will not take such water deliveries for use within Truxton Canyon's service area or if Truxton Canyon needs the available water for its fixed or standpipe customers, 2) all water taken by Family Trust shall be metered and not billed to Truxton Canyon, and 3) the water price to Truxton Canyon under Paragraph 8, as adjusted from time to time, shall not reflect any increase in capital, operation or maintenance costs caused by the volume of water used by Family Trust.

8. Truxton Canyon shall pay to Family Trust all metered water deliveries at the agreed upon delivery points at the rate of \$.65 per 1,000 gallons delivered. That price shall be subject to review on each anniversary date of the Agreement, but will not be changed except upon 90 days written notice to Truxton Canyon. Said price will be based upon the market value of the water considering the operation, maintenance and capital cost to Family Trust, plus a return on the value of the equipment and facilities necessary to provide service under this Agreement.

9. On or before the 10th day of each month, Family Trust shall furnish to Truxton Canyon a statement for the water delivered during the preceding month. Payment for all said deliveries shall be made monthly by Truxton Canyon to Family Trust at its general offices in Winslow, Arizona, within 15 days from the receipt of the

statement therefore, which payment shall be in conformity with the charges provided for in this Agreement.

10. In the event either party, by reason of an uncontrollable force as hereinafter defined, is rendered unable, wholly or in part to perform its obligations under this Agreement (other than its obligations under this Agreement to pay money), then upon said party giving notice and particulars of such uncontrollable force in writing to the other party promptly after learning thereof, the obligations of said party so far as they are affected by such uncontrollable force shall be suspended during the continuance of any inability so caused but for no longer period and the effects of such cause shall, so far as possible, be remedied with all reasonable dispatch. However, nothing contained herein shall be so construed as to require a party to settle any strike or labor dispute in which it may be involved. The affected party shall not be responsible for its delay in performance under this Agreement during delays caused by an uncontrollable force nor shall such uncontrollable force give rise to a claim for damages or constitute default, except for the obligation to make payment for bills rendered pursuant to Paragraph 9 hereof.

An "uncontrollable force" shall mean an act of God, act or omission of government, government priority, failure of or threat of failure of facility, scheduled or unscheduled maintenance and repair, labor or material shortage, act or omission of civil or military authority, labor dispute, strike, lockout or other industrial disturbance, act of the public enemy, war, blockade, insurrection, riot, epidemic, landslide, earthquake, fire, storm,

lightning, flood, washout, civil disturbance, restraint by court order or public authority, action or nonaction by or inability to obtain necessary authorization or approval from any governmental agency or authority, and any other act or omission similar to the kind herein enumerated not within the control of the affected party and which by the exercise of due diligence said party is unable to overcome.

11. Family Trust, its officers, directors and employees shall not be liable to Truxton Canyon or to any other person whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever for the provision, or failure to provide any water or service under this Agreement, unless caused by the willful misconduct of Family Trust, its officers, directors or employees. Truxton Canyon shall indemnify and hold Family Trust, its officers, directors and employees, harmless from and defend them and each of them against any and all claims, losses or judgments for a death of, or injury to, any person, or for damage to any property whatsoever incurred in the provision, or failure to provide, any water or service under this Agreement, unless caused by the willful misconduct of Family Trust, its officers, directors or employees. In the event any action or proceeding is brought against Family Trust, its officers, directors or employees, by reason of any such claim, Truxton Canyon, upon notice from Family Trust, shall resist or defend such action or proceeding at its expense.

13. Family Trust shall not be required to perform any public service corporation functions or services as a result of this

Agreement. If, at any time, the Arizona Corporation Commission, or any other state or federal commission or body should attempt or threaten to exercise jurisdiction over Family Trust for the purpose of regulating sales of water made by it, whether to Truxton Canyon or any other person, firm or corporation, or for the purpose of examining the books, accounts or other internal affairs of Family Trust in connection with such sales or any thereof, Family Trust may, notwithstanding Paragraph 14, notify Truxton Canyon of such facts, and this Agreement shall be deemed terminated sixty (60) days following receipt of such notice by Truxton Canyon. Waiver by Family Trust of the exercise of jurisdiction by any regulatory commission or body shall not be deemed a waiver with respect to any subsequent or additional regulation.

14. This Agreement shall remain in full force and effect for a term of one year from the date hereof and shall be automatically extended from year to year thereafter until terminated by either party hereto by giving written notice of such termination to the other. Such notice shall specify the date of termination and shall be given not less than sixty (60) days prior to the termination date.

15. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona.

16. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but each such counterpart shall together constitute but one Agreement.

17. Written notice to either party concerning this Agreement

shall be sent by certified mail, except that invoices may be sent by first class mail. Written notice and communications to Truxton Canyon shall be addressed to:

TRUXTON CANYON WATER COMPANY
Manager
2409 Ricca Drive
Kingman, Arizona 86401

18. Written notices and communications to Family Trust shall be addressed as follows:

CLAUDE B. NEAL FAMILY TRUST
President
2409 Ricca Drive
Kingman, Arizona 86401

19. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Assignment shall only be upon written approval of the other party, which approval shall not be withheld or delayed unreasonably.

IN WITNESS WHEREOF, the parties hereto have caused this Water Supply Agreement to be executed as of the day and year first written.

CLAUDE K. NEAL FAMILY TRUST

TRUXTON CANYON WATER COMPANY

By _____

By _____

Its Co-Trustee

Its _____

By _____

Its Co-Trustee

FAX FAX FAX FAX FAX FAX

Company Name: Valle Vista Property Owners Assoc.
 Phone: 928-757-3213
 FAX: 928-757-3094
 Address: 9686 Concho Dr., Kingman AZ 86401

TO: Alphonso Amezcua
 FAX #: 602-542-2129
 DATE: Dec. 1, 2009

FROM: VVPOA / Shirley Alvitre-Johnson
 FAX #:
 # OF PAGES: 19 includes cover

MESSAGE:

CONFIDENTIAL

AI
 As per your request; the first four pages are the contract; the next14 are bill statements.

Shirley Alvitre-Johnson
 Shirley Alvitre-Johnson



AGREEMENT

This Agreement, made and entered into at Valle Vista, Subdivision Units 1, 2 and 3 within Mohave County, Arizona, this 24 day of April, 2002 by, and between, the CLAUDE K. NEAL FAMILY TRUST, hereinafter referred to as, "NEAL" and the VALLE VISTA PROPERTY OWNERS ASSOCIATION, INC., hereinafter referred to as, "VVPOA";

WITNESS

NEAL is the owner of certain wells and pipelines located within the Hackberry Area and the Hualapai Valley and is able to provide for the irrigation needs of the VVPOA, and is desirous of selling such water from these wells and to provide TWO HUNDRED MILLION (200,000,000) gallons of water annually.

The VVPOA is in need of a reliable source of water for irrigation of the Valle Vista Country Club Golf Course and other areas described within Paragraph 2(a), and for which they are willing to pay pursuant to the terms of this agreement.

In consideration of the above mutual covenants, the parties agree as follows:

1. TERM:

This agreement is for a period of FIVE YEARS, commencing the First day of January, 2002 and ending the Thirty-first day of December, 2006. The VVPOA may extend this agreement for an additional FIVE YEARS by exercising the OPTION, within the terms of its provisions, as included within Paragraph 4 of this agreement.

2. NEAL OBLIGATION:

(a) NEAL shall provide the VVPOA a minimum of TWO HUNDRED MILLION (200,000,000) gallons of water annually during the term of this agreement for use in irrigating the VVPOA golf course, park area, swimming pool, entry way, highway landscaping, and other common areas within the subdivision.

(b) All the water produced in the Hackberry Area Well Field, which is metered at each well head or at the system entry point, less ten percent (10%) of the water produced for line loss, shall be credited to the VVPOA even though the actual water may be physically used before it reaches the various VVPOA meters. The price for the water from the Hackberry Area Well Field is included under paragraph 3(a) below.

(c) If the VVPOA demand for water is greater than can be accommodated on a first right to use basis from the Hackberry area, water can be provided by NEAL from other sources subject to the total available production of the NEAL system. The price for water from other than the Hackberry area well field is included under Provisions 3(b) and 3(c) below. In the event that NEAL is unable to provide the minimum amount of TWO HUNDRED MILLION (200,000,000) gallons of water for any year that this agreement is in effect, due to circumstances beyond his control, the VVPOA shall be required to pay for only the actual quantity of gallons delivered through the meters.

6

(d) NEAL will submit a Monthly Invoice when the VVPOA daily average for each month's usage exceeds the Hackberry Area Well Field production as described in Paragraph 2(b) which covers the water usage in accordance with the payment process of this agreement. Water delivered from the Hackberry Area Well Field will be subject to the rate schedule included within Paragraph 3(a) below and based upon the TWO HUNDRED MILLION (200,000,000) gallons annual minimum usage. Water delivered from other sources will be paid at the "added cost rate" defined under 3(b) below or "adjusted added cost rate" defined under 3(c) below at the conclusion of each applicable month after receipt of invoice.

3. VVPOA OBLIGATION:

(a) The VVPOA will pay for TWO HUNDRED MILLION (200,000,000) gallons of water annually at a rate of \$0.7213 plus all applicable taxes per THOUSAND (1,000) gallons as may be adjusted annually, based upon adjustments within the Consumers Price Index (CPI) as prepared by the Bureau of Labor Statistics (BLS) of the U.S. Department of Labor (USDOL). Such adjustments, if any, will be determined during the month of December each year and go into effect as of the January payment of each year. Additional price adjustments based upon electric power rate fluctuations, as defined under Paragraph 3(e) below, may be imposed. Payments shall be made on or before the last day of each month, one month in advance, pursuant to an Annual Schedule of Payment mutually agreed upon.

(b) The VVPOA will pay an "added cost rate" of THIRTY-FIVE CENTS (\$0.35), plus all applicable taxes, per THOUSAND (1,000) gallons of water delivered from sources other than the Hackberry Area Well Field, as described in Paragraph 2(b), in addition to that described in Paragraph 3(a). This "added cost rate" extends from June 1, 2001 to December 31, 2006 and is not subject to adjustment based upon fluctuation of the CPI. Payment will be made within ten days following receipt of any applicable invoice from NEAL. The effective date of this sub-paragraph (b) is June 1, 2001.

(c) If the cost of natural gas is other than forty one and one half cents (\$0.4150) per therm (the "base rate"), an "adjusted added cost rate" will be computed as follows:

The "added cost rate" will increase or decrease at the rate of 74% of the difference between the actual cost per therm and the base rate per therm. For example, if the gas usage rate is \$0.3801 and the purchased gas adjustment is \$0.3435, the actual cost per therm is \$0.7236. This represents an increase of \$0.3086 per therm from the base rate. The difference of the base rate of \$0.4150 subtracted from the actual cost of \$0.7236 is equal to \$0.3086. Seventy four percent (74%) of \$0.3086 is equal to \$0.2284 which will be added to the "added cost rate" of \$0.3500 for a total of \$0.5784 which will then be the "adjusted added cost rate" for that month. Cost of a therm may include a wheeling fee if natural gas is purchased from a vendor other than Citizens' Gas.

Evidence supporting the actual cost per therm will be submitted along with the applicable invoice by NEAL.

(d) In the event the VVPOA demand exceeds the TWO HUNDRED MILLION (200,000,000) gallons within any calendar year, the excess gallons will be paid for at the conclusion of that year at the same base rate within this agreement as may be adjusted by fluctuations in the CPI. Payment will be made within ten days following receipt of any applicable invoice from NEAL. In the event NEAL, for reasons beyond his control, is unable to deliver the minimum demand for TWO HUNDRED MILLION (200,000,000) gallons during any year this agreement is in effect, the amount of overpayment shall be deducted from the ensuing years payment schedule.

(e) If electric power rate fluctuates by FIVE PERCENT (5%) or more, the cost of water to the VVPOA shall increase or decrease by a factor of SIXTY PERCENT (60%) of the total electric power rate change times the existing price of water. Changes (increases or decreases) made pursuant to this provision shall be reflected in the total price of water per THOUSAND (1,000) gallons of water delivered subsequent to the price adjustment. The base rate multiplier upon which adjustments will be considered is Mohave Electric Cooperative Small Commercial Base Rate 503 and 504 and the multiplier at the date of this agreement is \$0.053174 KWH.



4. Option:

The VVPOA, by providing to NEAL not less than sixty (60) days notice prior to the termination date of this agreement may, except as provided within the following sentence, extend this agreement for FIVE (5) additional years at the same terms and conditions included within this agreement. The "added cost rate", included within paragraphs 3(b) and 3(c) above, is subject to change by mutual agreement if this option is exercised.

5. ARBITRATION:

In the event that NEAL and the VVPOA cannot agree on all or any issue within this agreement, they shall submit to arbitration. NEAL and the VVPOA shall each appoint their own arbitrator and the two appointed arbitrators shall mutually appoint a third arbitrator. NEAL and the VVPOA shall pay their own arbitrator and split the cost for the third arbitrator and any additional costs for arbitration equally.

This agreement is entered into on this 24 day of April, 2002

Claude K. Neal Family Trust

Valle Vista Property Owners Association, Inc.

By: B Marc Neal

B. Marc Neal, Co-Trustee

By: Len Druian

Len Druian, President

By: Rita B. Neal

Rita B. Neal, Co-Trustee

8



Valle Vista

Property Owners Association, Inc.

COPY

(928) 757-3213

*9686 Concha Drive
Kingman, AZ 86401
Fax (928) 757-3094*

October 20, 2006

B. Mark Neal, Co-Trustee
Rita B. Neal, Co-Trustee
Claude K. Neal Family Trust
2409 Ricca Drive
Kingman, AZ 86401

To Whom It May Concern:

This letter is to confirm that the Valle Vista Property Owners Association, Inc. intends to exercise the Option contained in paragraph 4 of the Agreement entered into with your Trust on April 24, 2002 in order to renew this contract.

Respectfully,

Beth Snyder, Board President
Valle Vista Property Owners Association, Inc.

Claude K. Neal Family Trust
 2409 Ricca Dr.
 Kingman, AZ., 86401

Valle Vista Property Owners Association
 9686 Concho Dr.
 Kingman, AZ., 86401

SEPTEMBER 2009

<u>Description</u>	<u>Totals</u>	<u>Water used</u>	<u>Amount due</u>
Meter Reading dates are August 31 2009 to September 31 2009			
Golf course main meter-----	13,228,500		
Park-----	650,300		
Walapai 3-----	4,330,800		
South Ironwood-----	169,000		
Northwest Ironwood-----	155,900		
Northeast Ironwood-----	199,000		
Entrance-----	98,000		
Golf course tank meter-----	88,300		
Tin shed-----	64,750		
V.V.P.O.A. total water usage-----		18,984,550	
Davis 1 well-----	11,225,500		
Valentine well-----	1,798,800		
Davis 2 well-----	1,001,000		
Gross water production from hackberry-----	14,025,300		
Less ten percent line loss-----	1,402,530		
Net production from Hackberry-----		12,622,770	
Net overage-----		6,361,780	
Natural gas usage rate-----	\$0.7800		
Natural gas delivery charge-----	\$0.3192		
DSM surcharge-----	\$0.0076		
Gross charge per therm of natural gas-----	\$1.1068		
Less base rate-----	\$0.4150		
Net rate-----	\$0.6918		
Multiplied by seventy four percent-----	\$0.5119		
Plus added cost-----	\$0.3500		
Total added cost rate per one thousand gallons-----	\$0.8619		
Overage charge for July 2009-----			\$5,483.22
Sales tax-----			\$320.77
Please pay this amount-----			\$5,803.99



Claude K. Neal Family Trust
 2409 Ricca Dr.
 Kingman, AZ., 86401

Valle Vista Property Owners Association
 9686 Concho Dr.
 Kingman, AZ., 86401

August 2009

Description	Totals	Water used	Amount due
Meter Reading dates are July 31 2009 to August 31 2009			
Golf course main meter-----	17,512,200		
Park-----	769,600		
Walapai 3-----	3,988,000		
South Ironwood-----	173,500		
Northwest Ironwood-----	154,600		
Northeast Ironwood-----	197,800		
Entrance-----	39,700		
Golf course tank meter-----	5,150,600		
Tin shed-----	0		
V.V.P.O.A. total water usage-----		27,986,000	
Davis 1 well-----	13,463,200		
Valentine well-----	2,246,400		
Davis 2 well-----	1,124,000		
Little Hackberry-----	2,192,000		
Gross water production from hackberry-----	19,025,600		
Less ten percent line loss-----	1,902,560		
Net production from Hackberry-----		17,123,040	
Net overage-----		10,862,960	
Natural gas usage rate-----	\$0.7800		
Natural gas delivery charge-----	\$0.3192		
DSM surcharge-----	\$0.0076		
Gross charge per therm of natural gas-----	\$1.1068		
Less base rate-----	\$0.4150		
Net rate-----	\$0.6918		
Multiplied by seventy four percent-----	\$0.5119		
Plus added cost-----	\$0.3500		
Total added cost rate per one thousand gallons-----	\$0.8619		
Overage charge for ^{AUG} July 2009-----			\$9,362.79
Sales tax-----			\$547.72
Please pay this amount-----			\$9,910.51

PAID
 10/6/09

OK per Patrick
 10/6/09

Claude K. Neal Family Trust
 2409 Ricca Dr.
 Kingman, AZ., 86401

Valle Vista Property Owners Association
 9686 Concho Dr.
 Kingman, AZ., 86401

July 2009

<u>Description</u>	<u>Totals</u>	<u>Water used</u>	<u>Amount due</u>
--------------------	---------------	-------------------	-------------------

Meter Reading dates are June 30 to July 31 2009

Golf course main meter-----	16,788,900		
Walapai 3-----	3,744,000		
Park-----	592,200		
South Ironwood-----	177,300		
Northwest Ironwood-----	141,600		
Northeast Ironwood-----	190,200		
Entrance-----	35,700		
Golf course tank meter-----	2,714,400		
Tin shed-----	40,070		
V.V.P.O.A. total water usage-----		29,754,181	

Davis 1 well-----	14,463,200		
29 well-----	4,536,000		
Valentine well-----	4,071,200		
Davis 2 well-----	963,500		
Little Hackberry-----	2,592,000		
Gross water production from hackberry-----	26,626,900		
Less ten percent line loss-----	2,662,590		
Net production from Hackberry-----		23,963,310	

Net overage-----5,790,871

Natural gas usage rate-----	\$0.7800
Natural gas delivery charge-----	\$0.3192
DSM surcharge-----	\$0.0076
Gross charge per therm of natural gas-----	\$1.1068
Less base rate-----	\$0.4150
Net rate-----	\$0.6918
Multiplied by seventy four percent-----	\$0.5119
Plus added cost-----	\$0.3500
Total added cost rate per one thousand gallons-----	\$0.8619

Overage charge for July 2009-----	\$4,991.15
Sales tax-----	\$291.98

Please pay this amount-----\$5,283.13



Board of Directors
 Valle Vista Property
 Owners Association
 December 21, 2008
 Page two

The following chart will clarify the cost for water and list a payment schedule for 2009.

200,000,000 gallons of water at \$1.1511	\$230,220.00
Five point eight five percent .0585 (5.85%) sales tax	\$ 13,467.87
Sixty five mil superfund tax	\$ 1,300.00
Total cost of water for the year	\$244,987.87

MONTH	WATER	SALES TAX	SUPERFUND	TOTAL PAYMENT
JAN	\$ 19,185.00	\$1,122.33	\$ 108.33	\$ 20,415.66
FEB	\$ 19,185.00	\$1,122.33	\$ 108.33	\$ 20,415.66
MAR	\$ 19,185.00	\$1,122.33	\$ 108.33	\$ 20,415.66
APR	\$ 19,185.00	\$1,122.33	\$ 108.33	\$ 20,415.66
MAY	\$ 19,185.00	\$1,122.33	\$ 108.33	\$ 20,415.66
JUN	\$ 19,185.00	\$1,122.33	\$ 108.33	\$ 20,415.66
JUL	\$ 19,185.00	\$1,122.33	\$ 108.33	\$ 20,415.66
AUG	\$ 19,185.00	\$1,122.33	\$ 108.33	\$ 20,415.66
SEP	\$ 19,185.00	\$1,122.33	\$ 108.33	\$ 20,415.66
OCT	\$ 19,185.00	\$1,122.33	\$ 108.33	\$ 20,415.66
NOV	\$ 19,185.00	\$1,122.33	\$ 108.33	\$ 20,415.66
DEC	\$ 19,185.00	\$1,122.24	\$ 108.37	\$ 20,415.61
	\$ 230,220.00	\$13,467.87	\$ 1,300.00	\$ 244,987.87

The agreement is still in effect as written except for the changes noted above.

If you have any questions please call me at 757-2403.

Sincerely,



B. Marc Neal, Trustee

Claude K. Neal Family Trust

2409 Ricca Drive Kingman, Az. 86401 (928) 753-1121

March 30, 2009

Board of Directors
Valle Vista Property
Owners Association

RE: Golf Course Water Agreement April 2009 Payment Adjustments

Dear Board Members,

I have agreed to take the April 2009 payment in two equal payments two weeks apart. The first payment is due on or before March 31, 2009 and the next one is due on or before April 15, 2009.

This change in the payment schedule is only for April 2009.

If any payment is not received on time we will have no alternative but to shut off all meters that are using water under this agreement. Service will not resume until all payments are brought up current.

Sincerely,



B. Marc Neal, Trustee

Claude K. Neal Family Trust

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
4/1/2009	Bill	1st half 4/09 Water	10,207.83	10,207.83		10,207.83
					Check Amount	10,207.83

PAYMENT RECORD

Bank- Gen. Checking

10,207.83

555543 (9/07)

Valle Vista Property Owners Association, Inc.

26599

Claude K. Neal Family Trust

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
4/15/2009	Bill	2nd half 4/09 water	10,207.83	10,207.83		10,207.83
					Check Amount	10,207.83

PAYMENT RECORD

Bank- Gen. Checking

10,207.83

555543 (9/07)

Claude K. Neal Family Trust

2409 Ricca Drive Kingman, Az. 86401 (928) 753-1121

December 23, 2008

Board of Directors
Valle Vista Property
Owners Association

RE: Golf Course Water Agreement January 2009 Monthly Payment Adjustments

Dear Board Members,

I have agreed to take the January 2009 payment in two equal payments two weeks apart. The first payment is due on or before December 31, 2008 and the next one is due on or before January 15, 2009.

The January payments must reflect the new C.P. I. annual adjustment for the 2009 monthly payments thus each payment shall be \$10,207.83.

This change in the payment schedule is only for January 2009.

If any payment is not received on time we will have no alternative but to shut off all meters that are using water under this agreement. Service will not resume until all payments are brought up current.

Sincerely,



B. Marc Neal, Trustee

RECEIVED DEC 31 2008

@ 4:00 pm dlh

P-11

Claude K. Neal Family Trust

2409 Ricca Drive Kingman, Az. 86401 (928) 753-1121

December 21, 2008

Board of Directors
Valle Vista Property
Owners Association

RE: Golf Course Water Agreement Annual Adjustment

Dear Board Members,

To address the yearly adjustment in the agreement as noted in paragraph 3(a) of the agreement, the consumer price index increase for the period of December 2007 through November 2008 is as follows:

Dec 2007	.0408	Jun 2008	.0502
Jan 2008	.0428	Jul 2008	.0560
Feb 2008	.0402	Aug 2008	.0537
Mar 2008	.0398	Sep 2008	.0493
Apr 2008	.0393	Oct 2008	.0365
May 2008	.0417	Nov 2008	.0113

The average increase in the cost of living index for the twelve month period is .0418.

The .0418 increase in the cost of living times \$1.1049 is .0462 cents. Therefore the adjusted price for one thousand gallons of water will be \$1.1511 based on the two hundred million (200,000,000) gallons of water per year minimum.

P-12

Claude K. Neal Family Trust

2409 Ricca Drive Kingman, Az. 86401 (928) 753-1121

October 6, 2008

Board of Directors
Valle Vista Property
Owners Association

RE: WATER AGREEMENT DATED APRIL 24, 2002 PARAGRAPH 3e

Dear Board Members,

MEC electric power costs have increased more than 5% and the cost of water for VVPOA under the water agreement will be increased accordingly.

The rate for the 503 and the 504 commercial rates as stated in the agreement are wrong, consequently the increase will be less. By rechecking with MEC I found that in 2002 the 503 KWH rate was .05374 and the 2002 504 KWH rate was .08160. Apparently the information I received from MEC in 2002 was mistaken.

The 503 and 504 KWH rates have increased by an average of \$0.0350.

I will explain the math as follows.

The 2002 503 and 504 KWH rates are added together and divided by 2 to get the average for the rates at that time.

$$\begin{aligned} .05374 + .08160 &= .13534 \\ .13534 / 2 &= .06767 \end{aligned}$$

The average rate increase is then divided by average for the 2002 rates to equal the actual increase.

$$.0350 / .06767 = .51721$$

To derive the multiplier for the new rate for water multiply the actual increase in KWH by 60%.

$$.51721 \times .60 = .310326$$

Then multiply the existing rate for water (\$0.8432 per one thousand gallons) by the multiplier to get the amount by which the water rate per one thousand gallons will be increased rounded to four places to the right of the decimal point.

$$\$0.8432 \times .3103 = \$0.26167 (\$0.2617)$$

Add the old rate for water to the increase thus arriving at the rate for one thousand gallons of water.

$$\$0.8432 + \$0.2617 = \$1.1049$$

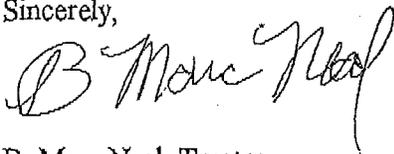
Board of Directors
Valle Vista Property
Owners Association
October 6, 2008
Page two

The following chart will clarify the cost for water for November and December of this year.

200,000,000 gallons of water at \$1.1049	\$220,980.00
Five point eight five percent sales tax	\$ 12,927.33
Sixty five mil superfund tax	\$ 1,300.00

MONTH	WATER	SALES TAX	SUPERFUND	TOTAL
NOV	\$18,415.00	\$1,077.28	\$108.33	\$19,600.61
DEC	\$18,415.00	\$1,077.28	\$108.33	\$19,600.61

Sincerely,



B. Marc Neal, Trustee

234²

Claude K. Neal Family Trust

2409 Ricca Drive Kingman, Az. 86401 (928) 753-1121

December 17, 2007

Board of Directors
Valle Vista Property
Owners Association

RE: Golf Course Water Agreement Annual Adjustment

Dear Board Members,

To address the yearly adjustment in the agreement as noted in paragraph 3(a) of the agreement , the consumer price index increase for the period of December 2006 through November 2007 is as follows:

Dec 2006	.0254	Jun 2007	.0271
Jan 2007	.0207	Jul 2007	.0236
Feb 2007	.0242	Aug 2007	.0196
Mar 2007	.0280	Sep 2007	.0276
Apr 2007	.0258	Oct 2007	.0401
May 2007	.0272	Nov 2007	.0432

The average increase in the cost of living index for the twelve month period is .0227.

The .0277 increase in the cost of living times 82.05 cents is .0227 cents. Therefore the adjusted price for one thousand gallons of water will be \$0.8432 based on the two hundred million (200,000,000) gallons of water per year minimum.

//

Board of Directors
 Valle Vista Property
 Owners Association
 December 17, 2007
 Page two

The following chart will clarify the cost for water and list a payment schedule for 2008.

200,000,000 gallons of water at \$0.8432	\$168,640.00
Five point eight five percent .0585 (5.85%)	\$ 9,865.44
Sixty five mil superfund tax	<u>\$ 1,300.00</u>
Total cost of water for the year	\$179,805.44

MONTH	WATER	SALES TAX	SUPERFUND	TOTAL PAYMENT
JAN	\$ 14,053.33	\$ 822.12	\$ 108.33	\$ 14,983.78
FEB	\$ 14,053.33	\$ 822.12	\$ 108.33	\$ 14,983.78
MAR	\$ 14,053.33	\$ 822.12	\$ 108.33	\$ 14,983.78
APR	\$ 14,053.33	\$ 822.12	\$ 108.33	\$ 14,983.78
MAY	\$ 14,053.33	\$ 822.12	\$ 108.33	\$ 14,983.78
JUN	\$ 14,053.33	\$ 822.12	\$ 108.33	\$ 14,983.78
JUL	\$ 14,053.33	\$ 822.12	\$ 108.33	\$ 14,983.78
AUG	\$ 14,053.33	\$ 822.12	\$ 108.33	\$ 14,983.78
SEP	\$ 14,053.33	\$ 822.12	\$ 108.33	\$ 14,983.78
OCT	\$ 14,053.33	\$ 822.12	\$ 108.33	\$ 14,983.78
NOV	\$ 14,053.33	\$ 822.12	\$ 108.33	\$ 14,983.78
DEC	\$ 14,053.37	\$ 822.12	\$ 108.37	\$ 14,983.86
	<u>\$ 168,640.00</u>	<u>\$ 9,865.44</u>	<u>\$ 1,300.00</u>	<u>\$ 179,805.44</u>

The agreement is still in effect as written except for the changes noted above.

If you have any questions please call me at 757-2403.

Sincerely,



B. Marc Neal, Trustee

Claude K. Neal Family Trust
2409 Ricca Dr.
Kingman, AZ., 86401

Valle Vista Property Owners Association
9686 Concho Dr.
Kingman, AZ., 86401

September 2007

<u>Description</u>	<u>Totals</u>	<u>Water used</u>	<u>Amount due</u>
--------------------	---------------	-------------------	-------------------

Meter Reading dates are August 31 to October 2, 2007

Golf course main meter-----	21,657,600		
Walapai 3-----	2,514,800		
Park-----	918,900		
South Ironwood-----	0		
Northwest Ironwood-----	494,490		
Northeast Ironwood-----	0		
Entrance-----	21,300		
Golf course tank meter-----	102,800		
Tin shed-----	500		
V.V.P.O.A. total water usage-----		25,710,390	

ENTERED
10-22-07

4875

29 well-----	11,520,000		
Valentine well-----	670,950		
Davis 2-----	1,436,600		
Little Hackberry-----	3,263,130		
Gross water production from hackberry-----	16,890,680		
Less ten percent line loss-----	1,689,068		
Net production from Hackberry-----		15,201,612	
Net overage-----		10,508,778	

Natural gas usage rate-----	\$0.6876		
Natural gas P.G.A. rate-----	\$0.3779		
Gross charge per therm of natural gas-----	\$1.0655		
Less base rate-----	\$0.4150		
Net rate-----	\$0.6505		
Multiplied by seventy four percent-----	\$0.4814		
Plus added cost-----	\$0.3500		
Total added cost rate per one thousand gallons-----	\$0.8314		

Overage charge for June 2007-----			\$8,737.00
Sales tax-----			\$511.11

Please pay this amount-----\$9,248.11

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
12/27/2007	Bill	December water	14,583.32	14,583.32		14,583.32
				Check Amount		14,583.32

PAYMENT
RECORDED

Bank- Gen. Checking December water 14,583.32

555543 (0/07)

Valle Vista Property Owners Association, Inc.

25324

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
1/30/2008	Bill	January water	14,983.32	14,983.32		14,983.32
				Check Amount		14,983.32

1/30/2008

PAYMENT
RECORDED

Bank- Gen. Checking January Water 14,983.32

555543 (0/07)

Valle Vista Property Owners Association, Inc.

25482

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
3/31/2008	Bill	March Bill	14,983.32	14,983.32		14,983.32
				Check Amount		14,983.32

3/31/2008

PAYMENT
RECORDED

6:36 AM

12/11/09

Accrual Basis

TRUXTON CANYON WATER CO.

Profit & Loss

January through December 2008

	Jan - Dec 08
Ordinary Income/Expense	
Income	
ADVANCES IN AID OF CONSTRUCTION	49,975.00
DEPOSIT	1,230.50
LATE FEE INCOME	665.00
METER ESTABLISHMENT FEES	4,675.00
METER INSTALLED	6,500.00
METERED WATER REVENUE	333,570.39
REESTAB FEE	325.00
Total Income	396,940.89
Expense	
BAD DEBT EXPENSE	30.00
CHEMICALS	
TESTING	3,868.89
Total CHEMICALS	3,868.89
CLAUDE K NEAL FAMILY TRUST	287,360.00
COMPLIANCE FEE	2,262.97
CONTRACTUAL SERVICES	
BASE RATE FEES	38.00
LEGAL AND ACCOUNTING	5,122.00
Total CONTRACTUAL SERVICES	5,160.00
EXTENSION	975.00
LOAN	49,975.00
MISC. EXPENSE	
DUES AND SUBSCRIPTIONS	837.18
MISC. EXPENSE - Other	62.35
Total MISC. EXPENSE	899.53
MOHAVE CTY FRANCHISE TAX	6,271.32
PROPERTY TAX	18,412.06
PURCHASED POWER	50.20
SALES TAX	26,061.10
SERVICE CHARGE	29.68
TAX OTHER THAN PROPERTY AND INC	
TAX--ESTIMATED	2,040.00
Total TAX OTHER THAN PROPERTY AND INC	2,040.00
UTILITIES - 71433-000	139.70
UTILITIES - 71433-001	139.70
VOID CHECKS	0.00
Total Expense	403,675.15
Net Ordinary Income	-6,734.26
Other Income/Expense	
Other Income	
INCOME	
MISC. INCOME	97.17
Total INCOME	97.17
Total Other Income	97.17
Net Other Income	97.17
Net Income	-6,637.09

→ 222,000.00
mg Agreement

5:53 AM

12/11/09

Accrual Basis

TRUXTON CANYON WATER CO.

Profit & Loss

January through October 2009

	<u>Jan - Oct 09</u>
Ordinary Income/Expense	
Income	
DEPOSIT	1,391.00
METER ESTABLISHMENT FEES	6,300.00
METER INSTALLED	3,775.00
METERED WATER REVENUE	252,094.52
Total Income	<u>263,560.52</u>
Expense	
CHEMICALS	
TESTING	845.00
Total CHEMICALS	845.00
CLAUDE K NEAL FAMILY TRUST	237,710.00
CONTRACTUAL SERVICES	
LEGAL AND ACCOUNTING	11,349.00
Total CONTRACTUAL SERVICES	11,349.00
EXTENSION	50.00
MATERIALS AND SUPPLIES	
OFFICE EXPENSE	67.50
Total MATERIALS AND SUPPLIES	67.50
MISC. EXPENSE	
DUES AND SUBSCRIPTIONS	500.00
MISC. EXPENSE - Other	648.68
Total MISC. EXPENSE	1,148.68
MOHAVE CTY FRANCHISE TAX	4,976.72
PROPERTY TAX	14.86
SALES TAX	15,138.93
SERVICE CHARGE	191.73
UTILITIES - 71433-000	101.60
UTILITIES - 71433-001	126.70
Total Expense	<u>271,720.72</u>
Net Ordinary Income	<u>-8,160.20</u>
Net Income	<u><u>-8,160.20</u></u>

BEFORE THE ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES

Chairman

GARY PIERCE

Commissioner

PAUL NEWMAN

Commissioner

SANDRA D. KENNEDY

Commissioner

BOB STUMP

Commissioner

THE COMMISSION ON ITS OWN MOTION)
INVESTIGATING THE FAILURE OF TRUXTON)
CANYON WATER COMPANY TO COMPLY)
WITH COMMISSION RULES AND)
REGULATIONS)
_____)

DOCKET NO. W-02168A-10-0247

DIRECT TESTIMONY

OF

DOROTHY HAINS, P. E.

UTILITIES ENGINEER

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

NOVEMBER 10, 2010

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Engineering Report for Truxton Canyon Water Company	DMH-1
---	-------

1 **INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Dorothy Hains. My business address is 1200 West Washington Street,
4 Phoenix, Arizona 85007.

5
6 **Q. By whom and in what position are you employed?**

7 A. I am employed by the Arizona Corporation Commission (“Commission” or “ACC”) as a
8 Utilities Engineer - Water/Wastewater in the Utilities Division.

9
10 **Q. How long have you been employed by the Commission?**

11 A. I have been employed by the Commission since January 1998.

12
13 **Q. What are your responsibilities as a Utilities Engineer - Water/Wastewater?**

14 A. My main responsibilities are to inspect, investigate and evaluate water and wastewater
15 systems. This includes obtaining data, preparing reconstruction cost new and/or original
16 cost studies, cost of service studies and investigative reports, interpreting rules and
17 regulations, and to suggest corrective action and provide technical recommendations on
18 water and wastewater system deficiencies. I also provide written and oral testimony in
19 rate cases and other cases before the Commission.

20
21 **Q. How many companies have you analyzed for the Utilities Division?**

22 A. I have analyzed more than 90 companies fulfilling these various responsibilities for
23 Utilities Division Staff (“Staff”).

24
25 **Q. Have you previously testified before this Commission?**

26 A. Yes, I have testified on numerous occasions before this Commission.

1 **Q. What is your educational background?**

2 A. I graduated from the University of Alabama in Birmingham in 1987 with a Bachelor of
3 Science degree in Civil Engineering.

4
5 **Q. Briefly describe your pertinent work experience.**

6 A. Before my employment with the Commission, I was an Environmental Engineer for the
7 Arizona Department of Environmental Quality ("ADEQ") for ten years. Prior to that time,
8 I was an Engineering Technician with C. F. Hains, Hydrology in Northport, Alabama for
9 approximately five years.

10
11 **Q. Please state your professional membership, registrations, and licenses.**

12 A. I have been a registered Civil Engineer in Arizona since 1990. I am a member of the
13 American Society of Civil Engineering ("ASCE"), American Water Works Association
14 ("AWWA") and Arizona Water & Pollution Control Association ("AWPCA").

15
16 **PURPOSE OF TESTIMONY**

17 **Q. What was your assignment in this order to show cause?**

18 A. My assignment was to provide Staff's engineering evaluation of Truxton Canyon Water
19 Company ("Truxton" or "Company") for the order to show cause.

20
21 **Q. What is the purpose of your testimony in this proceeding?**

22 A. To present the findings of Staff's engineering evaluation of operations for the Company.
23 The findings are contained in the Engineering Report that I have prepared for this
24 proceeding. The report is included as Exhibit DMH-1 in this pre-filed testimony.

1 **ENGINEERING REPORT**

2 **Q. Would you briefly describe what was involved in preparing your Engineering Report**
3 **for this rate proceeding?**

4 A. I contacted ADEQ to determine if the water system was in compliance with the Safe
5 Drinking Water Act water quality requirements. I also collected relevant data from
6 ADEQ on Truxton's compliance history. After I obtained information from the Company
7 regarding plant improvements, a copy of 1994 water supply agreement between the
8 Company and the Claude K. Neal Family Trust, and water usage data, I analyzed that
9 information. I also contacted the Arizona Department of Water Resources ("ADWR") to
10 determine if the water system was in compliance with the ADWR's requirements
11 governing water providers. Based on all the above, I prepared the attached Engineering
12 Report.

13
14 **Q. Please describe the information contained in your Engineering Report.**

15 A. The Report is divided into three general sections: 1) Executive Summary; 2) Engineering
16 Report Discussion, and 3) Engineering Report attachments. The Discussion section for
17 Truxton can be further divided into ten subsections: A) Introduction and Background; B)
18 Location of System; C) Description of the Water Systems Serving Truxton Customers;
19 D) System Analysis; E) Water Usage; F) ADEQ Compliance; G) Arizona Department of
20 Water Resources ("ADWR") Compliance; H) ACC Compliance; I) Curtailment Tariff;
21 and J) Cross Connection or Backflow Tariff. These subsections provide information about
22 the water system serving the Company's customers.

1 **RECOMMENDATIONS AND CONCLUSIONS**

2 **Q. What are Staff's conclusions and recommendations regarding the Company's**
3 **operations?**

4 **A. Staff's conclusions and recommendations regarding the Company's operations are listed**
5 **below.**

6 **Recommendations:**

7 I. Staff recommends that Truxton install a meter at each interconnection location so
8 that the level of non-account water for the Truxton water system can be determined.
9 Staff further recommends that Truxton file documentation showing that the meters
10 have been installed and are in-service within ninety (90) days of the effective date of
11 the Commission's Decision in this matter. The documentation shall be filed with
12 Docket Control as a compliance item under this same docket number for Staff's
13 review and certification.

14
15 II. The level of non-account water for the Truxton water system cannot be determined
16 until meters have been installed at the interconnection points where water enters the
17 Truxton distribution system, as recommended above. Staff recommends that once
18 these meters have been installed that the Company record the water entering its
19 water system and the water purchased by its customers on a monthly basis and
20 include this water use data in the Company's 2011 Annual Report filed with the
21 Commission. The Company should coordinate when it reads the "source" meters
22 each month with when it reads the "customer" meters so that an accurate accounting
23 of the water pumped and the water delivered to customers is determined. If the
24 reported water loss is greater than 10%, Staff further recommends that the Company
25 shall prepare a report containing a detailed analysis and plan to reduce water loss to
26 10% or less. If Truxton believes it is not cost effective to reduce the water loss to
27 less than 10%, it should submit a detailed cost benefit analysis to support its opinion.
28 In no case shall Truxton allow water loss to be greater than 15%.

29
30 III. Staff recommends that Truxton file all ADEQ documentation necessary to
31 demonstrate that it has complied with the requirements of the consent order by
32 September 30, 2011, or by the ADEQ Consent Order compliance due date
33 whichever is first. The evidence shall be filed with Docket Control as a compliance
34 item under this same docket number for Staff's review and certification.

35
36 IV. Staff recommends that in the event Truxton receives an NOV from ADEQ it will
37 within seven days from the receipt of such notice, provide a copy of such NOV to
38 Staff. Subsequent to the transmission of such NOV, Truxton will continue to
39 provide copies to Staff of all relevant documents, including but not limited to any

1 documents, or pleadings filed by ADEQ and or by Truxton relating to the NOV and
2 the steps Truxton takes to come into compliance, until the ultimate resolution of the
3 NOV.

4
5 V. Staff recommends that Truxton file a Drinking Water Compliance Status Report
6 indicating that PWS No. 08-035 is in full compliance with ADEQ requirements and
7 is delivering water that meets water quality standards required by Arizona
8 Administrative Code, Title 18, Chapter 4 by September 30, 2011, or by the ADEQ
9 Consent Order compliance due date whichever is first. The Report shall be filed
10 with Docket Control as a compliance item under this same docket number for Staff's
11 review and certification.

12
13 VI. Staff recommends that Truxton file a curtailment tariff as soon as possible, but no
14 later than forty-five (45) days after the effective date of the Commission Decision in
15 this matter. The tariff shall be filed with Docket Control as a compliance item under
16 this same docket number for Staff's review and certification. Staff further
17 recommends that the tariff shall generally conform to the sample tariff found on the
18 Commission's web site at:

19 <http://www.azcc.gov/Divisions/Utilities/forms/Curtailment%20Consecutive%202009.doc>.

20
21 **Conclusions:**

22 I. Staff concludes that the Trust has adequate production and storage capacities to
23 serve Truxton's existing customers and reasonable growth.

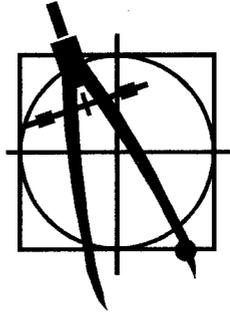
24
25 II. Staff received a compliance status report from ADWR dated October 5, 2010, in
26 which ADWR has determined that the Company is currently in compliance with
27 departmental requirements governing water providers and/or community water
28 systems.

29
30 III. The Company has an approved cross connection and backflow tariff.

31
32 IV. A check of the Commission's Compliance Section database dated October 20, 2010,
33 indicated that Truxton had no delinquent compliance items.

34
35 **Q. Does this conclude your Direct Testimony?**

36 **A.** Yes, it does.



**Engineering Report
Truxton Canyon Water
Company
Prepared By
Dorothy Hains, P. E.
Docket Nos. W-02168A-10-0247**

November 10, 2010

EXECUTIVE SUMMARY

RECOMMENDATIONS:

1. Arizona Corporation Commission (“ACC” or “the Commission”) Staff of the Utilities Division (“Staff”) recommends that Truxton Canyon Water Company (“Truxton”) install a meter at each interconnection location so that the level of non-account water for the Truxton water system can be determined. Staff further recommends that Truxton file documentation showing that the meters have been installed and are in-service within ninety (90) days of the effective date of the Commission Decision in this matter. The documentation shall be filed with Docket Control as a compliance item under this same docket number for Staff’s review and certification.
2. The level of non-account water for the Truxton water system cannot be determined until meters have been installed at the interconnection points where water enters the Truxton distribution system, as recommended above. Staff recommends that once these meters have been installed that the Company record the water entering its water system and the water purchased by its customers on a monthly basis and include this water use data in the Company’s 2011 Annual Report filed with the Commission. The Company should coordinate when it reads the “source” meters each month with when it reads the “customer” meters so that an accurate accounting of the water pumped and the water delivered to customers is determined. If the reported water loss is greater than 10%, Staff further recommends that the Company shall prepare a report containing a detailed analysis and plan to reduce water loss to 10% or less. If Truxton believes it is not cost effective to reduce the water loss to less than 10%, it should submit a detailed cost benefit analysis to support its opinion. In no case shall Truxton allow water loss to be greater than 15%.
3. Staff recommends that Truxton file all ADEQ documentation necessary to demonstrate that it has complied with the requirements of the consent order by September 30, 2011, or by the ADEQ Consent Order compliance due date whichever is first. The evidence shall be filed with Docket Control as a compliance item under this same docket number for Staff’s review and certification.
4. Staff recommends that in the event Truxton receives an NOV from ADEQ it will within seven days from the receipt of such notice, provide a copy of such NOV to Staff.

Subsequent to the transmission of such NOV, Truxton will continue to provide copies to Staff of all relevant documents, including but not limited to any documents, or pleadings filed by ADEQ and or by Truxton relating to the NOV and the steps Truxton takes to come into compliance, until the ultimate resolution of the NOV.

5. Staff recommends that Truxton file a Drinking Water Compliance Status Report indicating that PWS No. 08-035 is in full compliance with ADEQ requirements and is delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4 by September 30, 2011, or by the ADEQ Consent Order compliance due date whichever is first. The Report shall be filed with Docket Control as a compliance item under this same docket number for Staff's review and certification.
6. Staff recommends that Truxton file a curtailment tariff as soon as possible, but no later than forty-five (45) days of the effective date of the Commission Decision in this matter. The tariff shall be filed with Docket Control as a compliance item under this same docket number for Staff's review and certification. Staff further recommends that the tariff shall generally conform to the sample tariff found on the Commission's web site at <http://www.azcc.gov/Divisions/Utilities/forms/Curtailment%20Consecutive%202009.doc>

CONCLUSIONS:

1. Staff concludes that Trust has adequate production and storage capacities to serve Truxton's existing customers and reasonable growth.
2. Staff received a compliance status report from Arizona Department of Water Resources ("ADWR") dated October 5, 2010, in which ADWR has determined that the Company is currently in compliance with departmental requirements governing water providers and/or community water systems.
3. A check of the Commission's Compliance Section database dated October 20, 2010, indicated that Truxton had no delinquent compliance items.

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**ENGINEERING REPORT
TRUXTON CANYON WATER COMPANY
DOCKET NO. W-02168A-10-0247 (Order To Show Cause)**

A. INTRODUCTION AND BACKGROUND

On June 23, 2010, Arizona Corporation Commission (“ACC” or “the Commission”) Staff of the Utilities Division (“Staff”) filed a Complaint and Petition for an Order to Show Cause (“OSC”) against Truxton Canyon Water Company (“Truxton”). This report presents Staff’s engineering review and analysis of the Truxton water system. Truxton has a history of non-compliance with Arizona Department of Environmental Quality (“ADEQ”) Monitoring and Reporting and Operation and Maintenance requirements. Staff listed sixteen violations in the Complaint and Petition for an OSC. Four violations were related to past and present deficiencies in these areas.¹ On August 10, 2010, the Commission issued an OSC against Truxton in Decision No. 71837. On September 2, 2010, a Procedural Order was issued in this matter, in which Staff was ordered to file its Staff Report or direct testimony and associated exhibits on or before October 18, 2010. On October 14, 2010, an Amended Procedural Order was issued in this matter, Staff was granted an extension to file its Staff Report or direct testimony and associated exhibits on or before November 10, 2010.

B. LOCATION OF SYSTEM

The Company is located approximately nine miles north of the City of Kingman (“City”) along US Highway 66 in Mohave County. Attached Attachments 1 and 2 detail the location of the service area in relation to other Commission-regulated companies in Mohave County and in the immediate area. The Company serves an area approximately five and one-half square miles in size that includes portions of Sections 1, 3, 10, 11, 14, 15, 22, 28 and 29 of Township 23 North, Range 15 West, portions of Sections 34 and 36 of Township 24 North, Range 15 West, portions of Sections 31 and 32 of Township 24 North, Range 14 West and portions of Sections 3, 11, 13, 14, and 24 of Township 23 North, Range 14 West.

¹ They are: (1) Truxton has been unable to to maintain compliance with ADEQ standards or follow the rules and regulations of the Commission, its equipment and facilities are inadequate, insufficient and unsafe. (2) Truxton has failed to perform adequate testing, monitoring, or reporting to demonstrate that it is providing potable water to the customer’s point of delivery. Truxton’s water pressure has intermittently been below 20 psi for some customer for multiple years. The arsenic level in the water system has consistently exceeded the maximum contamination level set by the Environmental Protection Agency. Truxton’s numerous leaks, coupled with the low pressure, could lead to back flow and/or additional contamination issues. (3)Truxton is not, nor has it been, providing water at a continuous pressure of 20 psi to some customers. (4) Truxton has been out of compliance with ADEQ disinfection by-product levels and ADEQ standards and Truxton does not comply with required monitoring and reporting.

C. DESCRIPTION OF WATER SYSTEMS SERVING TRUXTON CUSTOMERS

I. Truxton Water System

The Truxton Public Water System (ADEQ PWS #08-035) consists of a distribution system serving approximately 1,070 metered customers as of July 2010.² Two wells and two Storage tanks are also listed as water company plant in Truxton's 2009 Annual Report. However, it is Staff's understanding that these plant items are not in use at the present time.

II. Trust Water System

Truxton is interconnected with a system of wells and tanks owned and operated by the Claude K. Neal Family Trust ("Trust"). The facilities that belong to the Trust that are used to supply water to Truxton's customers include primarily six wells, two storage tanks and a transmission main, the transmission main is used to deliver water from a remote site where the Trust's wells are located to Truxton's distribution system. A water supply agreement ("Agreement") was signed between the Trust and Truxton in September 1994. In the Agreement, the Trust agreed to deliver water not to exceed 288,000 gallons per day ("GPD") to Truxton. The water delivered to Truxton is not metered at the interconnection points where the water enters the Truxton distribution system.

Staff recommends that Truxton install a meter at each interconnection location so that the level of non-account water for the Truxton water system can be determined. Staff further recommends that Truxton file documentation showing that the meters have been installed and are in-service within ninety (90) days of the effective date of the Commission Decision in this matter. The documentation shall be filed with Docket Control as a compliance item under this same docket number for Staff's review and certification.

D. SYSTEM ANALYSIS

Truxton reported water use data for the period from July 2009 to July 2010, during this period peak water use was 231,774 GPD. The Trust wells can produce a total of 1,889,280 GPD therefore Staff concludes that Trust has adequate production and storage capacities to serve Truxton's existing customers and reasonable growth.

² The Truxton distribution system consists of distribution mains, customer meters and fire hydrants.

E. WATER USAGE

Table 2 summarizes water usage in Truxton's service area.

Table 2 Water Usage in the System (Truxton – PWS No. 08-035)

Month	Number of Customers	Water Sold (in gallons)	Water pumped (in gallons)	Water purchased (in gallons)	Daily Water Usage (in GPD)	Daily Average (in GPD/customer)
Jul 09	926	7,185,000	0	7,185,814	231,774	250
Aug 09	966	6,586,000	0	6,586,928	212,452	220
Sep 09	964	6,439,000	0	6,439,565	214,633	223
Oct 09	972	5,568,000	0	5,568,401	179,613	185
Nov 09	1,011	4,493,000	0	4,493,026	149,767	148
Dec 09	1,049	4,920,000	0	4,920,785	158,710	151
Jan 10	1,057	4,056,000	0	4,056,669	130,839	124
Feb 10	1,065	4,052,000	0	4,052,454	144,714	136
Mar 10	1,066	3,856,000	0	3,856,329	124,387	117
Apr 10	1,066	4,495,000	0	4,495,611	149,833	141
May 10	1,068	4,911,000	0	4,911,425	158,419	148
Jun 10	1,068	4,681,000	0	4,681,195	156,033	146
Jul 10	1,068	7,159,000	0	7,159,276	230,935	216
total		68,401,000		68,407,478		
maximum					231,774	250
Average						170

I. Non-account Water

Non-account water should be 10 percent or less and never more than 15 percent. It is important to be able to reconcile the difference between the water sold and the water produced by the source. A water balance will allow a water company to identify water and revenue losses due to leakage, theft, and flushing.

The level of non-account water for the Truxton water system cannot be determined until meters have been installed at the interconnection points where water enters the Truxton distribution system, as recommended in the previous section. Staff recommends that once these meters have been installed that the Company record the water entering its water system and the water purchased by its customers on a monthly basis and include this water use data in the Company's 2011 Annual Report filed with the Commission. The Company should coordinate when it reads the "source" meters each month with when it reads the "customer" meters so that an accurate accounting of the water pumped and the water delivered to customers is determined. If the reported water loss is greater than 10%, Staff further recommends that the Company shall prepare a report containing a detailed analysis and plan to reduce water loss to 10% or less. If Truxton believes it is not cost effective to reduce the water loss to less than 10%, it should submit a detailed cost benefit analysis to support its opinion. In no case shall Truxton allow water loss to be greater than 15%.

F. ADEQ COMPLIANCE

I. History of non-compliance with ADEQ

May 24, 2007, ADEQ Issues Compliance Order with Civil Administrative Penalty (see Attachment 3)

On May 24, 2007. ADEQ issued a Compliance Order with Civil Administrative Penalty to Truxton for being in violation of the Arizona Revised Statutes or the rules adopted by ADEQ. The violations included:

- Violation of A.A.C. R14-5-502(B) for failure to maintain a pressure of at least 20 pounds per square inch ("psi") at ground level at all points in the potable water distribution system under all conditions of flow;
- Violation of A.A.C. R18-5-505(B) for failure to obtain an Approval to Construct from ADEQ prior to making alterations;
- Violation of A.A.C. R18-4-124 for failure to maintain and keep in proper operating condition a facility used in the production, treatment, or distribution of a water supplier;
- Violation of R18-4-214.02 for failure to monitor TTHMs (trihalomethanes) and HAA5s (halo acetic acids) under the requirements of R18-4-214.01 or R18-4-214.02 on a quarterly or more frequent basis. The Company also failed to monitor TTHMs and HAA5s during 2004 and 2005;
- Violation of A.A.C. R18-4-105(E)(1)(Table 3)(2) for failure to provide public notification for failure to monitor TTHMs and HAA5s. The Company also failed to provide notice for failure to monitor TTHMs and HAA5s in 2004 and 2005;
- Violation of A.A.C. R18-4-104(L) for failure to notify ADEQ within 48 hours of the discovery of a failure to comply with a monitoring requirement. The Company also failed to comply with this requirement in 2004 and 2005;
- Violation of A.A.C. R18-4-214.02(I)(1) for failure to monitor for chlorine in the distribution system when total coliform are sampled. The Company failed to monitor for residual chlorine on a monthly basis over the period of January 2004 through September 2006;
- Violation of A.A.C. R18-4-105(E)(1)(Table3)(2) for failure to provide public notification for failure to monitor residual chlorine, from January 2004 to September 2006;
- Violation of A.A.C. R18-4-104(L) for failure to notify ADEQ within 48 hours of the discovery of a failure to comply with a monitoring requirement;
- Violation of A.A.C. R18-4-214.02(E) for failure to collect disinfection by-product and residual disinfection level samples at sites that are representative of water throughout the distribution system according to a written monitoring plan. ADEQ concluded that the samples have not been collected because no plan was developed and/or made available for review.

September 10, 2007, ADEQ Issues Consent Order (see Attachment 4)

ADEQ issued a Consent Order (No. DW-49-07) against Truxton on September 10, 2007. The Consent Order incorporates, supersedes, and replaces the Compliance Order from May 24, 2007. The Consent Order was acknowledged and signed by then President Marc Neal on August 24, 2007.

December 2008, ADEQ Issues Notice of Violation ("NOV") (see Attachment 5)

In December of 2008, Truxton was issued an NOV by ADEQ – one for exceeding the arsenic limit and another for not providing public notice of exceeding the arsenic limit. According to ADEQ System Reviews, Truxton did not perform quarterly monitoring for arsenic or disinfection by-product (chlorine), and did not provide public notice that it was not appropriately monitoring for arsenic or disinfection by-product.

April 21, 2009, ADEQ cites Truxton (see Attachment 6)

ADEQ issued an Inspection Report on April 21, 2009. ADEQ cited Truxton for failure to maintain a minimum of 20 pounds per inch throughout the water system (A.A.C. R14-5-502(B)), air gaps needed for standpipes at both Colorado and Apache Roads locations, and failure to submit and/or have a Backflow Prevention Plan.

October 14, 2009, ADEQ issues Sanitary Survey Report listing non-compliant Items (see Attachment 7)

ADEQ issued a Sanitary Survey Report dated October 14, 2009, listing Truxton as non-compliant with ADEQ requirements in the categories of Physical Facilities and Monitoring and Reporting. Major deficiencies included:

- failure to maintain a pressure of at least 20 pounds psi at ground level at all points in the potable water distribution system under all conditions of flow;
- continued violation of the maximum contaminant levels for arsenic since 2007;
- no acceptable quarterly monitoring or sampling methodology to resolve the arsenic violation;
- no monitoring samples submitted in 2007, 2008 or 2009 for disinfection by-products (chlorination);
- a continued outstanding violation for radio chemicals, and
- the existence of at least twenty (20) separate leaks or potential cross connections within the distribution system. ADEQ noted the leaks are a potential source of contamination due to backflow and fluctuating pressure and requests that they be repaired immediately.

On February 5, 2010, Commission Staff sent Truxton a letter requesting the Company submit documentation within ten (10) days demonstrating it is in compliance with ADEQ standards, or if it is not in compliance, it must submit a detailed plan that addresses and proposes remedies for the deficiencies in the ADEQ Sanitary Survey Report dated October 14, 2009.

On February 17, 2010, Staff received Truxton's response letter, in email form, which provided minimal explanation. Staff contacted Truxton to verify if the remaining documentation that was originally requested was included in the mailed version of the letter. Truxton indicated it was not. Staff concluded that Truxton's response was inadequate because it did not provide any documentation to substantiate the claims nor did it provide a plan.

On February 24, 2010, Staff requested additional documentation to verify what Truxton had done and what it plans to do to remedy the deficiencies listed in the ADEQ Sanitary Report. The requested documentation would include invoices or photographs for work completed on leaks, estimates for work to be completed, correspondence with consultants for arsenic and pressure issues, as well as scheduled time frames for the testing. Truxton responded that it would send the requested documentation to Staff by Friday, February 26, 2010. On February 26, Truxton contacted Staff claiming it was having trouble collecting certain documents, but would provide them to Staff during Staff's visit the following Monday, March 1, 2010. Truxton did not provide the documents to Staff on March 1, 2010. To date, Staff still has not been provided with the requested documentation, or an adequate explanation as to why Truxton has not been able to provide it.

September 9, 2010, ADEQ Sends Company Draft of Consent Order (see Attachment 8)

Staff understands that Truxton representatives have been working closely with ADEQ to develop a schedule for resolving all of the Company's non-compliance items. This consent order with minor modifications is expected to be issued on November 8, 2010. The Company will be given two weeks to sign the issued consent order. The Company will be given one year to comply with all the requirements of the consent order.³

Staff recommends that Truxton file all ADEQ documentation necessary to demonstrate that it has complied with the requirements of the consent order by September 30, 2011, or by the ADEQ Consent Order compliance due date whichever is first. The evidence shall be filed with Docket Control as a compliance item under this same docket number for Staff's review and certification.

³ Based on verbal discussions between Staff and an ADEQ compliance representative which took place on November 4, 2010. Staff was informed that the Company has hired an attorney with experience in the area of environmental law to assist it in complying with ADEQ's requirements.

Staff recommends that in the event Truxton receives an NOV from ADEQ it will, within seven days from the receipt of such notice, docket a copy of such NOV. Subsequent to the transmission of such NOV, Truxton will continue to docket copies of all relevant documents, including but not limited to any documents, or pleadings filed by ADEQ and or by Truxton relating to the NOV and the steps Truxton takes to come into compliance, until the ultimate resolution of the NOV.

II. Drinking Water Compliance Status Report dated October 1, 2010 (see Attachment 9)

Staff received a water quality compliance status report from ADEQ dated October 1, 2010, in which ADEQ reported that PWS No. 08-035 has major monitoring and reporting deficiencies, due to arsenic and disinfection by-products. Because of the reported deficiencies, ADEQ cannot determine if the system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4 and whether the PWS is in compliance. Attached as Attachment 3 is the ADEQ compliance status report.

Staff recommends that Truxton file a Drinking Water Compliance Status Report indicating that PWS No. 08-035 is in full compliance with ADEQ requirements and is delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4 by September 30, 2011, or by the ADEQ Consent Order compliance due date, whichever is first. The Report shall be filed with Docket Control as a compliance item under this same docket number for Staff's review and certification.

G. ARIZONA DEPARTMENT OF WATER RESOURCES ("ADWR") COMPLIANCE

Truxton is not located in any Active Management Area ("AMA") as designated by ADWR. Staff received a compliance status report from ADWR dated October 5, 2010, in which ADWR has determined that the Company is currently in compliance with departmental requirements governing water providers and/or community water systems.

H. ACC COMPLIANCE

A check of the Commission's Compliance Section database dated October 20, 2010, indicated that Truxton had no delinquent compliance items.

I. CURTAILMENT TARIFF

Truxton does not have an approved Curtailment Tariff. Staff recommends that Truxton file a curtailment tariff as soon as possible, but no later than forty-five (45) days of the effective date of the Commission Decision in this matter. The tariff shall be filed with Docket Control as a compliance item under this same docket number for Staff's review and certification. Staff further recommends that the tariff shall generally conform to the sample tariff found on the Commission's web site at:

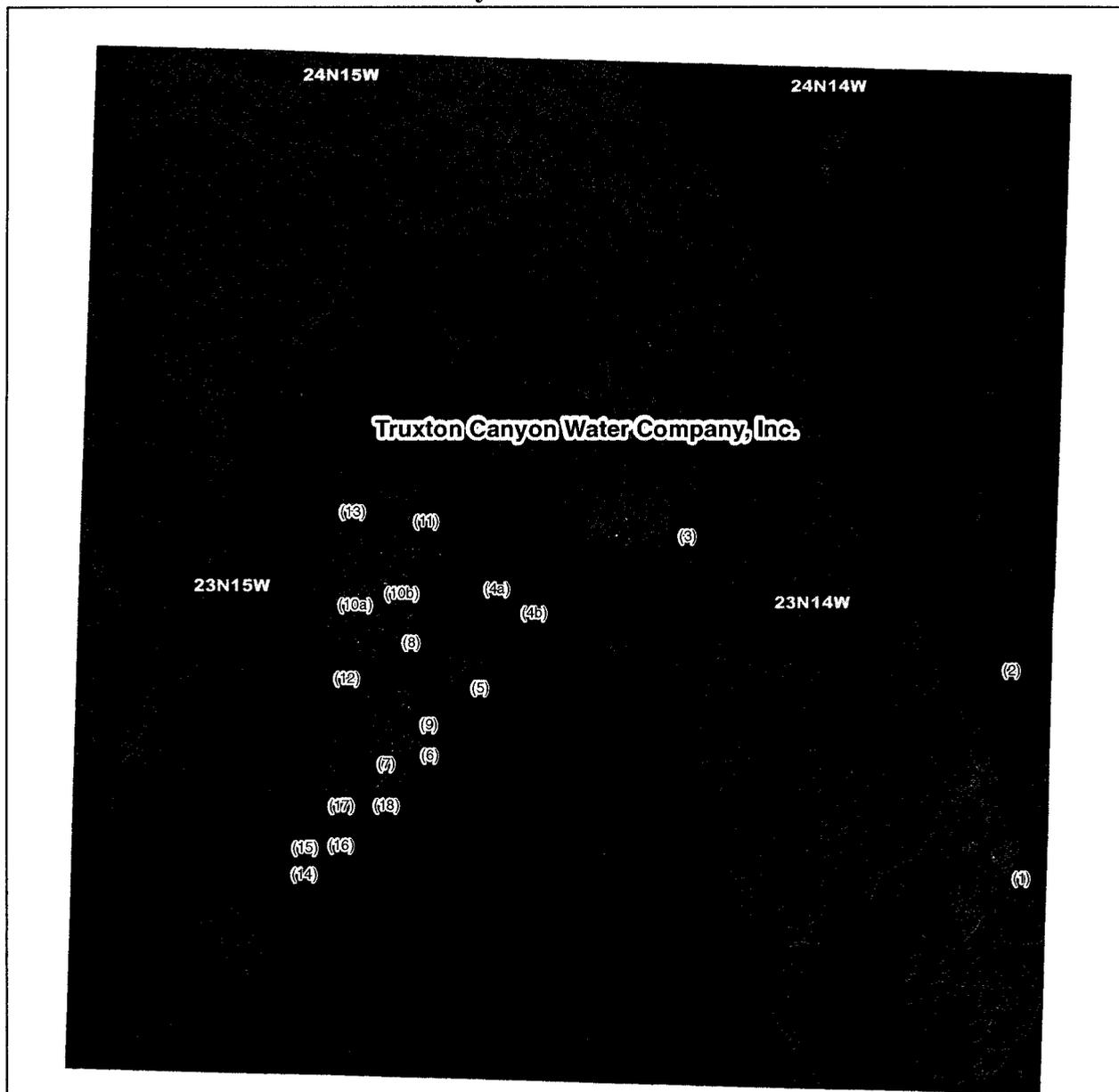
<http://www.azcc.gov/Divisions/Utilities/forms/Curtailment%20Consecutive%202009.doc>.

J. CROSS CONNECTION OR BACKFLOW TARIFF

Truxton has an approved backflow prevention tariff on file with the Commission.

ATTACHMENT 1

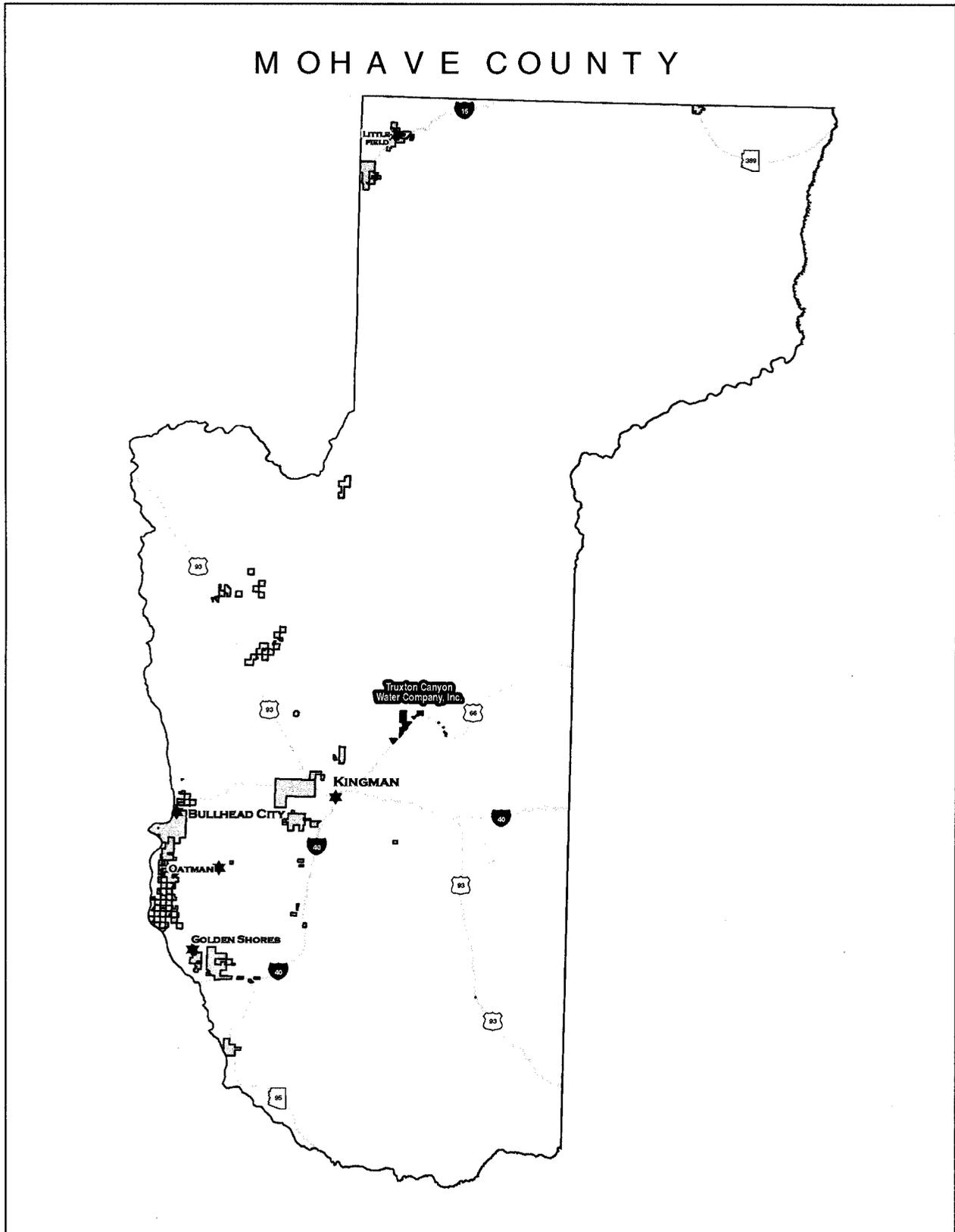
Truxton Canyon Certificate Service Area



1. Leak #1 is on the east side of Hackberry, just off Main Street. There are two concrete valve boxes, one contains a control valve and is dry. The other is full and overflowing with water. It is not possible to determine any existing control mechanism in this box as it is covered with water and aquatic vegetation. 35° 21' 59.7" x 113° 43' 27.8". (Outside Service Area)
2. Number 2 is not a leak; however, it is a potential cross connection. There is a stock trough located on the delivery line right of way at 35° 23' 58.1" x 113° 43' 49.7". The end of the fill line is below the water level in the trough. This is a potential cross connection. The fill line should be elevated high enough to ensure a 6" air gap. (Outside Service Area)
3. Lake Mead Rancheros Est.; there is one leak on Kingman Rd. The leak is North from the intersection of Kingman Street and Western St. at 35° 25' 16.5" x 113° 47' 58.0". (Inside Service Area)
4. South from Antarras Tank; there are 2 leaks, a small leak located at (a) 35° 24' 35.5" x 113° 49' 52.6". The larger leak is located at (b) 35° 24' 25.7" x 113° 49' 52.6". (Outside Service Area)
5. Primary supply main valve box leak located adjacent to the Outpost Saloon in Arizona West; 35° 23' 39.6" x 113° 50' 30.8". This leak has remained unrepaired for several years. (Inside Service Area)
6. New leak south of Flying A Market, in valve box, near Concho Dr. 35° 22' 52.5" x 113° 51' 09.2" in valve box. (Outside Service Area)
7. Leak from pipe at wash crossing, note repair plate that has re-opened; near the end of Tower Dr. 35° 22' 47.2" x 113° 51' 15.4". (Outside Service Area)
8. Street main line leak in vacant lot next to 7662 Sugarloaf, Valley Vista. 35° 24' 03.8" x 113° 51' 26.7". (Inside Service Area)
9. Leak at rear of lot between 7333 and 7315 Ironwood Dr. 35° 23' 11.6" x 113° 51' 09.2". (Inside Service Area)
10. Two leaks behind 7700 Larkspur and 7717 Concho, next door neighbors. Larkspur (a) 35° 24' 29.6" x 113° 51' 35.9"; Concho (b) 35° 24' 29.7" x 113° 51' 35.5". Note: the control box located within the leak area at the Concho leak. It has previously been partially submerged. You can hear water running at both leaks. (Inside Service Area)
11. Leak in vacant lot, within curve of Curvo, Sawmill and Wood Camp streets 35° 25' 19.3" x 113° 51' 22.0". (Inside Service Area)
12. Leak near end of Rio Verde Dr. Note: semi-submerged control box in the leak also 35° 23' 41.3" x 113° 51' 40.8". (Outside Service Area)
13. Leak in main line set into major area drainage ditch berm. Main is probably intended to furnish water to household connections from rear of the dwellings on the north side of the ditch. 35° 25' 23.0" x 113° 51' 40.8". (Inside Service Area)
14. Probable leak due to heavy vegetation. Unable to penetrate to confirm. Earlier inspection determined an active leak. 35° 21' 46.9" x 113° 52' 17.3". (Outside Service Area)
15. Active leak at 35° 21' 50.7" x 113° 52' 13.7". (Outside Service Area)
16. Active leak at 35° 21' 52.6" x 113° 52' 11.8". Water is flowing out the rear of the trench to prevent it from covering the leaking pipe. (Inside Service Area)
17. Active leak at 35° 22' 20.7" x 113° 51' 45.2". (Inside Service Area)
18. Very active leak at 35° 22' 23.0" x 113° 51' 42.6". Even though the rear of the trench has been cut, the water flow is sufficient to raise the level of the fluid over the top of the pipe. (Inside Service Area)

ATTACHMENT 2

LOCATION OF TRUXTON CANYON SERVICE AREA



REPALED BY 2007 CONSENT ORDER



BEFORE THE DIRECTOR OF THE
ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

In the Matter of:

Truxton Canyon Water Company, Inc.
located at 2409 Ricca Drive, Kingman,
Mohave County, Arizona, 86401

Public Water System #08-035

COMPLIANCE ORDER WITH CIVIL
ADMINISTRATIVE PENALTY

Docket No. DW-49-07

To: Truxton Canyon Water Company, Inc. (the Water Supplier), located at 2409 Ricca Drive, Kingman, Mohave County, Arizona, 86401.

RECITALS

The Director of the Arizona Department of Environmental Quality ("ADEQ") has determined that the Water Supplier is in violation of the Arizona Revised Statutes ("A.R.S.") or the rules adopted pursuant to the A.R.S. As a result, the Director is issuing this Order requiring compliance within a reasonable time and imposing a civil administrative penalty, as described below.

I. AUTHORITY

The Director is authorized to issue this Order pursuant to A.R.S. § 49-354.

II. NATURE OF VIOLATION(S)

The Director has reason to believe that the Water Supplier has violated the following provisions set forth in the A.R.S., or the Arizona Administrative Code (A.A.C.):

A. A.A.C. R18-5-502(B)

Failure to maintain a pressure of at least 20 pounds per square inch (psi) at ground level at all points in the potable water distribution system under all conditions of flow.

During an inspection conducted on December 14, 2005, ADEQ determined that

1 the Water Supplier was distributing water with pressure in the distribution system of less than 10
2 pounds per square inch (psi). Between March 9, 2006 and March 17, 2006 ADEQ installed a
3 pressure gauge in the distribution system. The highest pressure recorded by the gauge during
4 this time was 8.6 psi during the evening, and the lowest pressure recorded was 1.4 psi during the
5 day. Based on a review of its records and a site inspection conducted January 5, 2007, ADEQ
6 has determined that the Water Supplier has not corrected this deficiency.

7 B. A.A.C. R18-5-505(B)

8 Failure to obtain an Approval to Construct from ADEQ prior to making an alteration
9 which will affect treatment, capacity water quality, flow, distribution, or operational performance
10 of a public water system.

11 During the January 2007 site visit, ADEQ observed a booster station installed, but not in
12 use, at the northern end of the subdivision. ADEQ's records show that the Water Supplier has
13 not submitted an application for Approval to Construct the booster station which is intended to
14 increase distribution line pressure.

15 C. A.A.C. R18-4-124

16 Failure to maintain and keep in proper operating condition a facility used in the
17 production, treatment, or distribution of a water supplier.

18 The Water Supplier failed to maintain and operate PWS #08-035 by:

- 19 1. Failing to repair or replace and reinforce the concrete well box for the Reda Well;
- 20 2. Failing to repair or replace the Little Hackberry Well after storm damage;
- 21 3. Failing to repair the loose side air vent, repair the non-functioning top "fan" vents,
22 screen or seal all possible entry points for insects or rodents at the Antares Tank site.
- 23 4. Failing to repair the leaking distribution line just inside the cattle guard entry to
24 the ranch headquarters.

1 D. A.A.C. R18-4-214.02

2 Failure to monitor for TTHMs and HAA5s, under the requirements of R18-4-214.01 or
3 R18-4-214.02 on a quarterly or more frequent basis.

4 The Water Supplier failed to monitor for trihalomethanes (TTHMs) and halo acetic acids
5 (HAA5s) during the years 2004 and 2005.

6 E. A.A.C. R18-4-105(B)(1) (Table 3)(2)

7 Failure to provide Nonacute Level 1 (30 day) public notice for violation of a monitoring
8 requirement, when ADEQ has determined that a Nonacute Level 1 (30 day) public notice rather
9 than a Nonacute Level 2 (12 month) public notice was required.

10 The Water Supplier failed to provide public notification of the failure to monitor for
11 TTHMs and HAA5s during the years 2004 and 2005.

12 F. A.A.C. R18-4-104(L)

13 Failure to notify ADEQ within 48 hours of the discovery of a failure to comply with a
14 monitoring requirement.

15 The Water Supplier failed to notify ADEQ within 48 hours of the failure to monitor for
16 TTHMs and HAA5s during the years 2004 and 2005.

17 G. A.A.C. R18-4-214.02(I)(1)

18 Failure to monitor for residual chlorine in the distribution system when total coliform are
19 sampled.

20 The Water Supplier failed to monitor for residual chlorine on a monthly basis, when total
21 coliform samples are collected, over the period January 2004 through September 2006.

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1 H. A.A.C. R18-4-105(E)(1) (Table 3)(2)

2 Failure to provide Nonacute Level 1 (30 day) public notice for violation of a monitoring
3 requirement, when ADEQ has determined that a Nonacute Level 1 (30 day) public notice rather
4 than a Nonacute Level 2 (12 month) public notice was required.

5 The Water Supplier failed to provide public notification of the failure to monitor for
6 residual chlorine on a monthly basis, when total coliform samples are collected, over the period
7 January 2004 through September 2006.

8 I. A.A.C. R18-4-104(L)

9 Failure to notify ADEQ within 48 hours of the discovery of a failure to comply with a
10 monitoring requirement.

11 The Water Supplier failed to notify ADEQ within 48 hours of the failure to monitor for
12 residual chlorine on a monthly basis, when total coliform samples are collected, over the period
13 January 2004 through September 2006.

14 J. A.A.C. R18-4-214.02(E)

15 Failure to collect disinfection by-product and residual disinfection level samples at sites
16 that are representative of water throughout the distribution system according to a written
17 monitoring plan.

18 ADEQ has determined that the Water Supplier does not collect disinfection byproduct
19 and residual chlorine samples according to a written monitoring plan, as the Water Supplier has
20 not developed such a monitoring plan, and made it available to the department for review.

21 **III. TIME FOR COMPLIANCE**

22 **IT IS ORDERED** that the Water Supplier achieve compliance by taking the specific actions set
23 forth below:

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1 A. Within forty five (45) calendar days of the effective date of this Order, the Water
2 Supplier shall implement the necessary administrative and engineering measures to ensure that a
3 minimum pressure of 20 psi is maintained throughout the distribution system at all times, and
4 submit documentation to ADEQ that verifies this task has been completed. At a minimum, the
5 Water Supplier shall submit to ADEQ applications for the Approval to Construct and Approval
6 of Construction for the booster station. The Water Supplier shall address any deficiency in its
7 applications by the deadline provided by ADEQ. The Water Supplier shall not commence
8 operation of the booster station until such time as an Approval of Construction is issued by
9 ADEQ.

10 B. Within thirty (30) calendar days of the effective date of this Order; the Water Supplier
11 shall perform the following:

- 12 1. Repair or replace and reinforce the concrete well box at the Reda Well;
- 13 2. Remove all galvanized pipe from the system;
- 14 3. Screen all discharge lines with expanded metal end caps to prevent rodent
15 intrusion;
- 16 4. Repair the loose side air vent and the non-functioning top "fan" vents, screen or
17 seal all other possible entry points for insects or rodents at the Antares Tank site;
- 18 5. Repair or replace the leaking distribution line located just inside the cattle guard
19 entry to the ranch headquarters.

20 C. Within fifteen (15) calendar days of the effective date of this Order, the Water Supplier
21 shall develop and submit to ADEQ a written monitoring plan (Monitoring Plan) describing how
22 representative disinfection byproduct and residual chlorine samples will be collected, pursuant
23 to A.A.C. R18-4-214.02(E).

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1 D. Within thirty (30) calendar days of ADEQ's approval of the "Monitoring Plan," the
2 Water Supplier shall monitor for TTHMs and HAA5s and residual chlorine, and submit
3 analytical results to ADEQ on forms approved by the department pursuant to A.A.C. R18-4-
4 104(S).

5 E. Within fifteen (15) calendar days of the effective date of this Order, the Water Supplier
6 shall provide public notification of the failure to monitor for TTHMs, HAA5s and residual
7 chlorine, pursuant to A.A.C. R18-4-105(D)(1)(Table 2)(3), and within ten (10) calendar days
8 thereafter, submit to ADEQ a copy of the public notice and an affidavit that describes how the
9 public notice was provided to customers of the Water Supplier.

10 **IV. CIVIL ADMINISTRATIVE PENALTY**

11 After performing the appropriate calculations pursuant to A.R.S. § 49-354(C), and upon
12 consideration of all the factors outlined in A.R.S. § 49-354(D), ADEQ is hereby imposing a civil
13 administrative penalty in the amount of \$5,000. Payment shall be made within 30 calendar days
14 of the effective date of this Order by cashier's check made payable to "Arizona Department of
15 Environmental Quality" and shall be hand-delivered or mailed post marked prior to the due date,
16 postage prepaid to:

17 Arizona Department of Environmental Quality
18 Accounts Receivable
19 Attention: Michael D. Clark, Chief Financial Officer, 5615B-1
1110 West Washington Street
Phoenix, Arizona 85007-2935

20 Payment shall be made with a letter tendering the check. The letter shall identify this case by the
21 docket number. A copy of both the letter and the check shall also be sent to ADEQ's Water
22 Quality
23 Division as described in Section VII (Correspondence).

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1 Arizona Department of Environmental Quality
Northern Regional Office
2 Attention: Buck Olberding, Field Services Manager
1801 West Route 66
3 Suite 117
Flagstaff, AZ 86001
4

5 Any such correspondence shall be deemed submitted when received by the ADEQ at the above
6 address.

7 **VIII. RESERVATION OF RIGHTS**

8 By issuing this Order the Arizona Department of Environmental Quality does not waive its right
9 to seek appropriate penalties or injunctive relief in Superior Court for violations of the Arizona
10 Revised Statutes, or any rule, permit or order promulgated or issued thereunder, or any other
11 applicable environmental statute or legal authority.

12 ISSUED this 24th day of May, 2007.

13 *Jean Card, Deputy Director*
14 Jean Card, Director
Water Quality Division
15 Arizona Department of Environmental Quality
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ORIGINAL of the foregoing Compliance Order was filed this 24 day of May,

2007, with:

Judith A. Fought, Hearing Administrator
Office of Administrative Counsel
Arizona Department of Environmental Quality
1110 West Washington Street
Phoenix, Arizona 85007-2935

COPY of the foregoing Compliance Order was sent certified mail, return receipt requested,

this 24 day of May, 2007.

Marc Neal, President
Truxton Canyon Water Co, Inc.
2409 Ricca Dr.
Kingman, AZ 85401

Richard Sallquist, Statutory Agent
Truxton Canyon Water Co, Inc.
2525 E. AZ Biltmore Cir., Suite #117
Phoenix, AZ 8501602129

COPY of the foregoing Compliance Order was sent regular or interdepartmental mail this

24 day of May, 2007, to:

Patty Mead, Director
Mohave County Health & Social Services
P.O. Box 7000
Kingman, AZ 86401

Cynthia Campbell, Manager, WQCS, ADEQ
Robert Casey, Manager, WQEU, ADEQ
Buck Olberding, NRO, ADEQ
Laurie Gehlsen, DWS, ADEQ
Michael Clark, Chief Financial Officer, ADEQ

THMS



BEFORE THE DIRECTOR OF THE ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

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In the Matter of:

TRUXTON CANYON WATER CO.
2409 Ricca Drive
Kingman, Arizona 86401
Mohave County

Public Water System #08-035

CONSENT ORDER
WITH CIVIL ADMINISTRATIVE
PENALTY

Docket No. DW-49-07

Truxton Canyon Water Co., Inc. ("Truxton") (Water Supplier) in its capacity as owner and operator of public water system (PWS) #08-035, located at 2409 Ricca Drive, Kingman, Mohave County, Arizona 86401.

RECITALS

The Water Supplier acknowledges that no promise of any kind or nature whatsoever was made to induce it to enter into this Consent Order, and the Water Supplier has done so voluntarily.

By entering into this Consent Order, the Water Supplier does not admit to any civil or criminal liability. Further, the Water Supplier does not admit, and the Water Supplier retains the right to controvert in any subsequent proceeding, except a proceeding to implement or enforce this Consent Order, the validity of any Findings of Fact or Conclusions of Law contained in this Consent Order.

The undersigned representative, Marc Neal, certifies that he is executing this Consent Order on behalf of the Water Supplier and legally binds the Water Supplier to this Consent Order.

The Water Supplier admits to the jurisdiction of the Director of ADEQ.

The Water Supplier consents to the terms and entry of this Consent Order and agrees not to contest the validity or terms of this Consent Order in any subsequent proceeding.

09-10-07

1 **THEREFORE, IT IS HEREBY ORDERED** as follows:

2 **I. JURISDICTION**

3 The Director of ADEQ has jurisdiction over the subject matter of this action and is authorized to
4 issue this Consent Order pursuant to the Arizona Revised Statutes ("A.R.S.") §§ 49-354 and 41-
5 1092.07(F)(5).
6

7 **II. FINDINGS**

8 **THE DIRECTOR HEREBY MAKES THE FOLLOWING FINDINGS OF FACT AND**
9 **CONCLUSIONS OF LAW:**

10 **A. Findings of Fact**

11 1. During its January, 2007 site inspection, ADEQ observed that Truxton had commenced
12 construction of a booster station at the northern end of the subdivision. ADEQ's records show that the
13 Water Supplier has not submitted an application for Approval to Construct (ATC) for the booster
14 station, which is intended to increase distribution line pressure.
15

16 2. ADEQ inspections have revealed that Truxton has failed to screen or seal all possible
17 entry points for insects or rodents at the Antares Storage Tank site.

18 3. ADEQ has determined that the Water Supplier has not collected disinfection byproduct
19 and residual chlorine samples according to a written monitoring plan, and that the Water Supplier has
20 not developed such a monitoring plan and made it available to the department for review.
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22 4. ADEQ's records show the Water Supplier did not submit monitoring results for residual
23 chlorine in the distribution system on forms approved by the department, during the years 2004, 2005,
24 2006, and January through June 2007.
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1 Arizona Department of Environmental Quality
2 Attention: Accounts Receivable
3 P.O. Box 18228
4 Phoenix, Arizona 85005-8228

5 together with a letter tendering the payment. The letter shall identify this Consent Order by the parties
6 and docket number. A copy of the check shall also be sent to ADEQ pursuant to Section IX.

7 C. The Water Supplier shall pay interest and penalties on any amount not paid by the due
8 date at the rate established pursuant to A.R.S. § 49-113. If the Water Supplier fails to pay the full
9 amount of the civil administrative penalty as required by this Consent Order, ADEQ may terminate this
10 Consent Order and take action to seek penalties for any and all violations covered by this Consent Order.

11 **VI. COMPLIANCE WITH OTHER LAWS**

12 A. This Consent Order does not encompass issues regarding releases, contamination,
13 sources, operations, facilities or processes not expressly covered by the terms of this Consent Order, and
14 is without prejudice to the rights of the State of Arizona or the Water Supplier, arising under any federal
15 or Arizona environmental statutes and rules, with regard to such issues.

16 B. Nothing in this Consent Order shall constitute a permit of any kind, or a modification of
17 any permit of any kind, or an agreement to issue a permit of any kind under federal, state or local law, or
18 relieve the Water Supplier in any manner of its obligation to apply for, obtain, and comply with all
19 applicable permits. Nothing in this Consent Order shall in any way alter, modify or revoke federal,
20 state, or local law, or relieve the Water Supplier in any manner of its obligation to comply with such
21 laws. Compliance with the terms of this Consent Order shall not be a defense to any action to enforce
22 any such permits or laws.
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VII. FORCE MAJEURE

A. The Water Supplier shall perform all the requirements of this Consent Order according to the time limits set forth herein, unless performance is prevented or delayed by events which constitute a *force majeure*. *Force majeure*, for the purposes of this Consent Order, is defined as any event, arising from causes beyond the control of the Water Supplier or its authorized representatives, which delays or prevents the performance of any obligation under this Consent Order and which could not have been overcome or prevented by the Water Supplier. The financial inability of the Water Supplier to comply with the terms of this Consent Order shall not constitute a *force majeure*.

B. In the event of a *force majeure*, the time for performance of the activity affected by the *force majeure* shall be determined by ADEQ and extended for a period no longer than the delay caused by the *force majeure*. The time for performance of any activity dependent on the delayed activity shall be similarly extended. In the event of a *force majeure*, the Water Supplier shall notify ADEQ in writing within five (5) calendar days after the Water Supplier or its agents become aware of the occurrence. The written notice provided to ADEQ shall describe in detail the event, the anticipated delay, the measures taken and to be taken by the Water Supplier to prevent or minimize delay, and a proposed timetable under which those measures will be implemented. The Water Supplier shall take all reasonable measures to prevent or minimize any delay caused by the *force majeure*. Failure of the Water Supplier to comply with any requirements of this paragraph for a particular event shall preclude the Water Supplier from asserting any claim of *force majeure* for that event.

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VIII. SITE ACCESS

ADEQ may at any time, upon presentation of credentials to authorized personnel on duty, enter upon the premises of any facility of the Water Supplier, for the purpose of observing and monitoring

1 compliance with the provisions of this Consent Order. This right of entry shall be in addition to, and not
2 in limitation of or substitution for, ADEQ's rights under applicable law.

3
4 **IX. CORRESPONDENCE**

5 All documents, materials, plans, notices, or other items submitted as a result of this Consent
6 Order shall be transmitted to the addresses specified below:

7 To ADEQ:

8 Arizona Department of Environmental Quality
9 Water Quality Division
10 Attention: Robert Casey, Manager
11 1110 West Washington Street
12 Phoenix, Arizona 85007-2935
Telephone: (602) 771-4614
Email: rc2@azdeq.gov

13 To Truxton:

14 Marc Neal, President
15 Truxton Canyon Water Co., Inc.
16 2409 Ricca Drive
Kingman, AZ 86401

17 Richard L. Sallquist
18 Sallquist, Drummond & O'Connor, PC
19 4500 S. Lakeshore Drive, Ste. 339
20 Tempe, AZ 85282
Telephone: (480) 839-5202
Email: dick@sd-law.com

21 Submissions to ADEQ as a result of this Consent Order shall be deemed submitted upon receipt.

22 **X. RESERVATION OF RIGHTS**

23 A. This Consent Order is based solely upon currently available information. If additional
24 information is discovered which indicates that the actions taken under this Consent Order are or will be
25
26

1 inadequate to protect human health, safety, or the environment, or to conform with applicable federal or
2 state laws, ADEQ shall have the right to require further action.

3 B. ADEQ shall have the right: to disapprove of work performed by the Water Supplier that
4 fails to comply with this Consent Order, to take enforcement action for any and all violations of this
5 Consent Order; and to take enforcement action for any and all violations of A.R.S. Title 49, or the rules
6 promulgated thereunder, occurring after the entry of this Consent Order.
7

8 **XI. SEVERABILITY**

9 The provisions of this Consent Order are severable. If any provision of this Consent Order is
10 declared by a court of law to be invalid or unenforceable, all other provisions of this Consent Order shall
11 remain in full force and effect.
12

13 **XII. RELEASE**

14 Pursuant to A.R.S. § 49-354(G), upon payment of the full amount of the civil administrative
15 penalty set forth in Section V, the Water Supplier and its past, present, and future directors, officers,
16 members, employees, agents, and successors and assigns are released from any and all civil penalty
17 liability to the State for the violations covered by this Consent Order.
18

19 **XIII. MODIFICATIONS**

20 Any modifications of this Consent Order shall be in writing and must be approved by both the
21 Water Supplier and ADEQ.
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XIV. EFFECTIVE DATE

The effective date of this Consent Order shall be the date this Consent Order is signed by ADEQ and the Water Supplier. If such signatures occur on different dates, the later date shall be the effective date of this Consent Order.

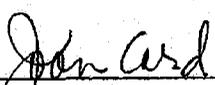
XV. PARTIES BOUND

No change in ownership, corporate status, or partnership status relating to the subject of this Consent Order will in any way alter the responsibilities of the Water Supplier under this Consent Order. The Water Supplier will be responsible, and will remain responsible, for carrying out all activities required under this Consent Order.

XVI. TERMINATION

The provisions of this Consent Order shall be deemed satisfied and this Consent Order shall be terminated upon receipt of written notification from ADEQ that the Water Supplier has demonstrated, to the satisfaction of ADEQ, that all of the terms of this Consent Order have been completed. ADEQ reserves the right to terminate this Consent Order unilaterally at any time for any reason.

ISSUED this 16th day of September, 2007.



Joan Card, Director
Water Quality Division
Arizona Department of Environmental Quality

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CONSENT TO ORDER

The undersigned, on behalf of the Water Supplier, hereby acknowledges that he has read the foregoing Consent Order in its entirety, agrees with the statements made therein, consents to its entry and issuance by the Arizona Department of Environmental Quality, agrees that the Water Supplier will abide by the same, and waives any right to appeal therefrom.

DATED this 24 day of August, 2007.

Marc Neal
Marc Neal
President, Truxton Canyon Water Co., Inc.
PWS# 08-035



Janet Napolitano
Governor

ARIZONA DEPARTMENT
OF
ENVIRONMENTAL QUALITY

1110 West Washington Street • Phoenix, Arizona 85007
(602) 771-2300 • www.azdeq.gov



Stephen A. Owens
Director

CERTIFIED MAIL

Return Receipt Requested

December 17, 2008

Case ID: 101195

TRUXTON CANYON WATER COMPANY

Attention: Marc Neal
2409 Ricca Dr.
Kingman, AZ 86401

Re: Notice of Violation issued to TRUXTON CANYON WATER COMPANY - PWS #08-035

Dear Mr. Neal:

Based upon a recent file review of analytical results from this public water system, ADEQ is issuing the attached Notice of Violation ("NOV").

The attached NOV is an informal compliance assurance tool used by ADEQ to put a responsible party (such as a facility owner or operator) on notice that the Department believes a violation of an environmental requirement has occurred. It describes the facts known to ADEQ at the time of issuance and cites the requirement that ADEQ believes the party has violated.

Although ADEQ has the authority to issue appealable administrative orders compelling compliance, an NOV has no such force or effect. Rather, an NOV provides the responsible party an opportunity to do any of the following before ADEQ takes formal enforcement action: (1) meet with ADEQ and discuss the facts surrounding the violation, (2) demonstrate to ADEQ that no violation has occurred, or (3) document that the violation has been corrected.

ADEQ reserves the right to take a formal enforcement action, such as issuing an administrative order or filing a civil lawsuit, regardless of whether the Department has issued an NOV. Neither ADEQ's issuance of an NOV nor its failure to do so precludes the Department from pursuing these remedies. However, the timeliness of a complete response to this notice will be considered by ADEQ in determining if and how to pursue such remedies.

Sincerely,

Cynthia S. Campbell

Cynthia S. Campbell, Manager
Water Quality Compliance Section

Northern Regional Office
1801 W. Route 66 • Suite 117 • Flagstaff, AZ 86001

Southern Regional Office
400 West Congress Street • Suite 433 • Tucson, AZ 85701
(520) 628-6733

Cc:

Ben Chou, ADEQ ENVMTL PRG SPCT

Mojave County Department of Public Health
Patty Mead, Director
700 W. Beale Street
Kingman, AZ 86401

Patrick Chan,
US EPA Regional Office IX
75 Hawthorne St.
San Francisco, CA 94105



Janet Napolitano
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

1110 West Washington Street Phoenix, Arizona 85007
(602) 771-2300 www.azdeq.gov



Stephen A. Owens
Director

CERTIFIED MAIL
Return Receipt Requested

Case ID #: 101195

December 17, 2008

Truxton Canyon Water Company Inc
Attention: Marc Neal
2409 Ricca Dr
Kingman, AZ 86401-4250

Subject: Truxton Canyon Water Company, Place ID 22548
2409 Ricca Dr / Kingman, AZ 86401-4250

NOTICE OF VIOLATION

The Arizona Department of Environmental Quality (ADEQ) has reason to believe that Truxton Canyon Water Company Inc as the owner/operator of Truxton Canyon Water Company has violated a requirement of the Arizona Revised Statutes (A.R.S.), a rule within the Arizona Administrative Code (A.A.C.), or an applicable permit/license, administrative order or civil judgment. ADEQ discovered the violations alleged below during a file review completed on September 18, 2008.

I. LEGAL AUTHORITY and NATURE OF ALLEGED VIOLATION(S)

1. **40 CFR § 141.62(b) / A.A.C. R18-4-109**

Distribution of water in excess of the MCL for an inorganic chemical

According to ADEQ records, analytical results submitted for the above referenced water system indicate an exceedance of the Maximum Contaminant Level (MCL) for arsenic. The sample taken at the Entry Point to the Distribution System (EPDS) #001, on January 18, 2007 indicates an arsenic level of 0.015 mg/L. The MCL for arsenic is 0.010 mg/L.

2. **40 CFR § 141.203 / A.A.C. R18-4-119**

Failure to provide Tier 2 public notice as soon as practical, but no later than 30 days after learning of an MCL violation

According to ADEQ records, public notice was not provided for exceeding the MCL for arsenic as alleged in this Notice.

II. DOCUMENTING COMPLIANCE

1. Within 30 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or describe the measures that have been or will be taken to resolve the arsenic exceedance. These must include a specific proposal for treatment or elimination of the source of the exceedance and a plan to provide an alternate source of safe

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1801 West Route 66 Suite 117 Flagstaff, AZ 86001

Southern Regional Office
400 West Congress Street Suite 433 Tucson, AZ 85701
(520) 628-6733

drinking water to be used by the Water System until the Plan is fully implemented (i.e. bottled water, a point of use (POU) treatment device, hauling water, blending or another water source). The Plan shall include a schedule of implementation to begin no later than 30 days after ADEQ approval.

2. Within 10 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or provide a copy of a Public Notice issued to customers of PWS #08-035, for exceedance of the MCL for arsenic, pursuant to A.A.C. R18-4-105(E)(1)(Table 3)(1) along with a notarized affidavit describing the method used to provide the Public Notice. For assistance with preparing the Public Notice, please contact Ben Chou at (602) 771-4526.
3. Within 60 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or please submit laboratory results indicating that the MCL for arsenic is no longer being exceeded at the appropriate point of compliance for this drinking water system. Submitting results for sampling performed after receipt of this Notice will not alter the monitoring and reporting schedule set in rule.

III. SUBMITTING COMPLIANCE DOCUMENTATION

Please send all compliance documentation and any other written correspondence regarding this Notice to ADEQ at the following address:

Arizona Department of Environmental Quality, Attention: Vivian J. Burns, Water Quality Compliance Enforcement Unit, 1110 W Washington St, Phoenix, AZ 85007 MC: 5415B-1

IV. STATEMENT OF CONSEQUENCES

1. The time frames within this Notice for achieving and documenting compliance are firm limits. Failure to achieve or document compliance within the time frames established in this Notice will result in an administrative compliance order or civil action requiring compliance within a reasonable time frame, substantial civil penalties, and/or the suspension or revocation of an applicable permit/license. ADEQ will agree to extend the time frames only in a compliance schedule negotiated in the context of an administrative consent order or civil consent judgment.
2. Achieving compliance does not preclude ADEQ from seeking civil penalties, and/or suspending or revoking an applicable permit/license for the violation(s) alleged in this Notice as allowed by law.

V. OFFER TO MEET

Notice of Violation
Truxton Canyon Water Company
December 17, 2008
Page 3

ADEQ is willing to meet regarding this Notice. To obtain additional information about this Notice or to schedule a meeting to discuss this Notice, please contact Vivian J. Burns at (602) 771-4608.

Cynthia S. Campbell
Cynthia S. Campbell, Manager
Water Quality Compliance Section

Vivian J. Burns
Vivian J. Burns
Water Quality Compliance Enforcement Unit



Janice K. Brewer
Governor

ARIZONA DEPARTMENT
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Patrick J. Cunningham
Acting Director

May 19, 2009

Inspection ID: 138464

Truxton Canyon Water Co
2509 Ricca Dr.
Kingman, AZ, 86401

RE: Truxton Canyon W. C., PWS: 08-035, Place ID: 22548

Dear Mr. Neal:

Please find enclosed a copy of a Sanitary Survey report for the above referenced facility. The inspection was performed on April, 21, and May 14, 2009, in accordance with Arizona Administrative Code R18-4-101, et sequi, R18-5-101, et sequi, and Arizona Revised Statutes 49-101, et sequi. The report may include a summary of inspection, checklist and inspection rights form, or other information regarding the facility.

If there are any questions please contact A. T. Wilson at the referenced address, or at 928-773-2708.

Sincerely,

Robert E. "Buck" Olberding
Field Services Manager
Northern Regional Office
Arizona Department of Environmental Quality

cc: ADEQ/WQCS, Attn. V. Burns
MCHD/B. S. 3675 E. Hwy 66, 86401

Northern Regional Office
1801 W. Route 66 • Suite 117
Flagstaff, AZ 86001
(928) 779-0313

Southern Regional Office
400 West Congress Street • Suite 433
Tucson, AZ 85701
(520) 628-6733

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ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

Northern Regional Office

1801 West Route 66, Suite 117, Flagstaff, Arizona 86001

SANITARY SURVEY REPORT

Facility: Truxton Canyon Water Co.	System # 08-035	PID: 22548
Inspected By: A. T. Wilson	Date: 4/21/2009	
Accompanied By: Mike Neal	County: Mohave	
Recommendations By: A. Wilson	Report Date: 5/14/2009	
Number of Plants: 8, 6 production, 2 treatment	Wells: 6	
Population: 1500	Service Connections: 770	

The water system is in compliance with the following ADEQ requirements:

	YES	NO
Certified Operator (System Grade)	x	
Physical Facilities		x
Monitoring and Reporting		x

INSPECTION SUMMARY

The survey of the above referenced facility included:

An inspection of the physical facilities	x
Interview with personnel	x
A review of ADEQ monitoring and reporting databases	x
A review of the NRO files	x
A review of files at the facility	

The following observations and recommendations were based upon the criteria checked above:

Major Deficiencies;

1. The system currently has 10 (assorted) outstanding Monitoring and Reporting Violations. These include IOCS-CWS DBPS, RADS, and six ARSENIC (MCL) violations. ADEQ requests that you contact Ms. Donna Calderon of the Water Quality Monitoring and Protection Unit at 1110 W. Washington St., Phoenix, 85007,

or (602) 771-46xx to resolve these issues. Please copy the NRO on all related correspondence.

2. The inspection determined that system leaks within the active distribution system are still occurring, creating the possibility of backflow (cross-connection) contamination of the system. There is one leak between Antares Tank and the Subdivision, located at 35° 24' 25.8" x 113° 49' 52.5". The ongoing leak in the valve box behind "The Outpost" is still active. A third leak is on Sugar Loaf St. next to lot # 7662. The main line between the Valentine well field and Antares Tank was not surveyed for leaks but should be included in repairs as needed. ADEQ requests that within 10 days of receipt of this report a complete distribution system survey be conducted and all system leaks be repaired.
3. Failure to maintain a minimum of 20 psi at all times within the system. On May 14, 2009 a survey was conducted of several residences and other establishments from the North end of the subdivision to the South end.
 - a.) At one residence on Arrow circle, pressure was found to be 11 psi at 11:52 a.m.
 - b.) At a commercial establishment on Highway 66, water pressure was 0 at 12:14 p.m. During the test, water dropped from a trickle only to no water available at all.
 - c.) At a residence on Concho Dr. pressure measured 60 psi at 12:32 p. m. However, the resident reported that during the hours of 6:30 a.m. to 8:00 a.m. and 7:00 p.m. to 8:00 p.m. the available water drops to a trickle every day. (These are the hours of highest demand on the system.)
 - d.) Other tests varied from 20 psi to 34 psi with the occupants reporting situations similar to those on Concho.

ADEQ requests that the pump station for which the system has already obtained an ATC be completed and brought on line within 30 days of receipt of this report. This must include the submittal of As-Built drawings and an ECOC by the contracted engineer before the station can be used.

The system should also consider bringing the storage/pressure facility near the subdivision entrance online to raise available pressure and additional supply near the southern end of the system.

4. The system failed to file Consumer Confidence Reports for 2005 and 2007. The Report for 2008 is still pending, due, at the Department, by Sept 2009. ADEQ requests that the missing reports be submitted immediately upon receipt of this Report.

Minor Deficiencies;

Both the Standpipes located on Colorado and Apache lack constructed air gaps. ADEQ requests that the devices be installed. (See attached diagram and photo).

Inspection Recommendations;

1. ADEQ recommends that the (probable) Africanized Bees nest be removed from the insulation on the Little Hackberry well. This prevented a close inspection of the well.
2. ADEQ recommends/requests that the water company furnish a complete system map to the NRO. This map should include the line from the Valentine well field to Antares Tank, the line from the tank to the subdivision and all main lines internal to the subdivision; particularly those lines connecting the unused facility to the system. The Line from the Ranch well to where it connects to the distribution should be included.

Facility Response Guidelines:

- 1) Within 30 days please bring to the attention of ADEQ any determinations you believe are in error.
- 2) Major Deficiencies are subject to a Notice of Violation (NOV), whereas Minor Deficiencies are subject to a Notice of Opportunity to

Correct (NOC). Inspection recommendations may be implemented at the discretion of the facility in order to improve system operation. NOC's may be escalated to NOV's, where it is judged to be appropriate, such as, but not limited to, situations where repeated violations have occurred or it is deemed necessary for public health.

SYSTEM DESCRIPTION

This is a community system consisting of 6 wells; five are located within the Valentine well field near Hackberry and one is located SW of the subdivision on the Neal Ranch. There is one 500,000 gallon reservoir near Antares Road that has recently been repaired and 2, 40,000 gallon tanks located at the SW well site. There is one valve house with a continuous feed chlorinator located in the Valentine field and another chlorination station at the Ranch well.

The system also feeds a 500,000 gallon reservoir belonging to the Valle Vista Golf Course which is used for irrigation and fire flow to the clubhouse. There is also an additional storage reservoir located near the main entrance for the subdivision. It is currently not in use; its' purpose is to serve as a feed reservoir for a co-located booster pump and pressure tanks which are also not in use. The booster station for the North end of the system has still not been built although the required pumps are already on site.



Janice K. Brewer
Governor

ARIZONA DEPARTMENT
OF
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Benjamin H. Grumbles
Director

October 14, 2009

Inspection ID:147758

Truxton Canyon Water Co.
Attn: Mark Neal
2509 Rica Dr.
Kingman, AZ, 86401

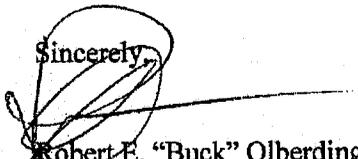
RE: Truxton Canyon Water Co., PWS: 08-035, Place ID: 22548

Dear Mr. Neal:

Please find enclosed a copy of a Sanitary Survey report for the above referenced facility. The inspection was performed on September 30, 2009, in accordance with Arizona Administrative Code R18-4-101, et sequi, R18-5-101, et sequi, and Arizona Revised Statutes 49-101, et sequi. The report may include a summary of inspection, checklist and inspection rights form, or other information regarding the facility.

If there are any questions please contact A. T. Wilson at the referenced address, or at 928-773-2708.

Sincerely,


Robert E. "Buck" Olberding
Field Services Manager
Northern Regional Office
Arizona Department of Environmental Quality

cc: ADEQ/WQCS

ACC/ Utilities Div.-Attn A. Amezcua- 1200 W. Washington St., Phx., AZ, 85007
MCHD/Ev-Svcs- 3675 E. Hwy 66, Kingman, 86401

Northern Regional Office
1801 W. Route 66 • Suite 117
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(928) 779-0313

Southern Regional Office
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ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
Northern Regional Office
1801 West Route 66, Suite 117, Flagstaff, Arizona 86001

SANITARY SURVEY REPORT

Facility: Truxton Canyon Water Co.	System # 08-035, PID: 22548
Inspected By: A. Wilson	Date: 9/30/09 IID: 147758
Accompanied By: unaccompanied	County: Mohave
Recommendations By: A. Wilson	Report Date: 10/14/09
Number of Plants: 8, 6 production, 2 treatment	Wells: 6
Population: 1500	Service Connections: 770

The water system is in compliance with the following ADEQ requirements:

	YES	NO
Certified Operator (System Grade)	x	
Physical Facilities		x
Monitoring and Reporting		x

INSPECTION SUMMARY

The survey of the above referenced facility included:

An inspection of the physical facilities	x
Interview with personnel	
A review of ADEQ monitoring and reporting databases	x
A review of the NRO files	x
A review of files at the facility	

The following observations and recommendations were based upon the criteria checked above:

Major Deficiencies:

1. Violation of R18-5-502.B; "failure to maintain a minimum of 20 psi at ground level at all points in the distribution system under all conditions of flow."

From Wed. Sept 23, 2009 through Wed. Sept 30, 2009 the Department placed a recording pressure gauge at a residence on East Western St. (see the attached graph). The recorded readings indicate that the

connection never achieved a pressure greater than 10 psi and frequently dropped to less than 0, indicating a water outage.

1a. R18-4-201.A Enforcement; "A water supplier who constructs, operates or maintains a public water system contrary to the provisions of this chapter, ___ is subject to the actions provided in A.R.S. §§ 49-142 and 49-354."

Also R18-4-208.D " Proper operation and maintenance means operating and maintaining the public water system in compliance with this chapter, 18 A.A.C. 5, Article 5; and in conformance with the applicable portions of Engineering Bulletin 10, incorporated by reference in R18-5-502."

An earlier conversation with water company personnel indicated that all four residences in this area may be served by a single 2" main line. ADEQ requests that the system determine if this is correct. If so, upgrade the main to a minimum of 4" and preferably a 6" main in compliance with ADEQ Engineering Bulletin 10, in order to deliver adequate pressure to all four connections.

2. Monitoring and Reporting;

a.) The system lacks sufficient follow-up samples for DBPS to resolve the current 2007 violation . Quarterly samples are lacking for 2008 and 2009.

b.) The system has an unresolved MCL violation for Arsenic in 2007. There has been no acceptable quarterly monitoring to resolve the issue. The system is currently using incorrect sampling methodology. Composite samples are being submitted from EPDS # 1 and # 2. Separate samples must be submitted for each point.

c.) The system still has an outstanding violation for Rads for 2008.

ADEQ requests that you contact Ms. Donna Calderon at (602) 771-4641 to resolve the monitoring issues. Please copy the NRO on all related correspondence.

3. Violations of R18-4-303; Operation and Maintenance, "A water supplier shall maintain and keep in proper operating condition all facilities used in production, treatment and distribution of the water supply so as to comply with the requirements of this Chapter (4) and Chapter 5."

The September 30, 2009 inspection confirmed the existence of 20 separate leaks or potential cross connections within the distribution system. Note the following:

Leaks and related items are reported beginning at the Valentine Well field to Antares Tank; then from Antares to Lake Mead Rancheros Estates from there to and through the Arizona West and Valley Vista subdivisions, ending at the Neal Ranch Road intersection.

From Well Field to Antares Tank

1. Leak # 1 is on the East side of Hackberry, just off Main Street. There are two concrete valve boxes, one contains a control valve and is dry. The other is full and overflowing with water. It is not possible to determine any existing control mechanism in this box as it is covered with water and aquatic vegetation. 35° 21' 59.7" x 113° 43' 27.8".
2. Number 2 is not a leak, however, it is a potential cross connection. There is a stock trough located on the delivery line right of way at 35° 23' 58.1" x 113° 43' 49.7". The end of the fill line is below the water level in the trough. This is a potential cross connection. The fill line should be elevated high enough to ensure a 6" air gap.

Leaks fed from Antares tank. Lake Mead Rancheros Estates to AZ West.

3. Lake Mead Rancheros Est.; there is one leak on Kingman Rd. The leak is North from the intersection of Kingman Street and Western St. at 35° 25' 16.5" x 113° 47' 58.0".
4. South from Antares Tank; There are 2 leaks, a small leak located at 35° 24' 35.5" x 113° 49' 52.6". The larger leak is located at 35° 24' 25.7" x 113° 49' 52.6".
5. Primary supply main valve box leak located adjacent to the Outpost Saloon in Arizona West; 35° 23' 39.6" x 113° 50' 30.8". This leak has remained unrepaired for several years.

6. New leak South of flying A Market, in valve box, near Concho Dr. 35' 22' 52.5" x 113' 51' 09.2" in valve box.
7. Leak from pipe at wash crossing, note repair plate that has re-opened; near the end of Tower Dr. 35' 22' 47.2" x 113' 51' 15.4

Leaks Internal to Valley Vista Subdivision; Street mains, not the primary service main.

8. Street main line leak in vacant lot next to 7662 Sugarloaf, Valley Vista. 35' 24' 03.8" x 113' 51' 26.7".
9. Leak at rear of lot between 7333 and 7315 Ironwood Dr. 35' 23' 11.6" x 113' 51' 09.2"
10. Two leaks behind 7700 Larkspur and 7717 Concho, next door neighbors. Larkspur; 35' 24' 29.6" x 113' 51' 35.9, Concho; 35' 24' 29.7 x 113' 51' 35.5".
Note: the control box located within the leak area at the Concho leak. It has previously been partially submerged. You can hear water running at both leaks.
11. Leak in vacant lot within curve of Curvo, Sawmill and Wood Camp streets; 35' 25' 19.3" x 113' 51' 22.0".
12. Leak near end of Rio Verde Dr., Note semi submerged control box in this leak also. 35' 23' 41.3" x 113' 51' 40.8".
13. Leak in main line set into major area drainage ditch berm. Main is probably intended to furnish water to household connections from rear of the dwellings on the North side of the ditch. 35' 25' 23.0" x 113' 51' 40.8".

Leaks on the Primary Main, South of Valle Vista, North of Neal Ranch Road.

14. Probable leak due to heavy vegetation. Unable to penetrate to confirm. Earlier inspection determined an active leak. 35' 21' 46.9" x 113' 52' 17.3".
15. Active Leak at 35' 21' 50.7" x 113' 52' 13.7".
16. Active leak at 35' 21' 52.6" x 113' 52' 11.8", Water is flowing out the rear of the trench to prevent it from covering the leaking pipe.
17. Active leak at 35' 22' 20.7" x 113' 51' 45.2.
18. Very active leak at 35' 22' 23.0 x 113' 51' 42.6". Even though the rear of the trench has been cut, the water flow is sufficient to raise the level of the fluid over the top of the pipe.

19. Leak at the "Ranch Rd." intersection. Previous visits showed a spray leak around the valve shaft. The box has been back filled with soil and vegetative debris to significantly cover the leak; however, the leak could still be heard through the covering soil.
20. There was a new significant repair trench noted immediately North of the Ranch Road leak. Because it is less than 50 ' North of the Ranch Road, It was not GPS'd for this report,

There are other, reported, uncharted leaks within the system known to local residents. There was no time available to chart them for this Report.

Leaks are a potential source of contamination due to backflow and fluctuating pressure. ADEQ requests that all the leaks be immediately repaired.

Minor Deficiencies:

Monitoring and Reporting: The Department has not yet received the Consumer Confidence Report for 2008. ADEQ requests that the report be submitted forthwith.

Inspection Recommendations:

ADEQ recommends/requests that the water company furnish a complete system map to the NRO. The map should commence at the Valentine well field and include all lines and connections between the wells and the intersection of the 16" main with the Neal Ranch Road. It should particularly include all of Mohave Rancheros, Arizona West and Valle Vista subdivisions.

Facility Response Guidelines:

- 1) Within 30 days please bring to the attention of ADEQ any determinations you believe are in error.

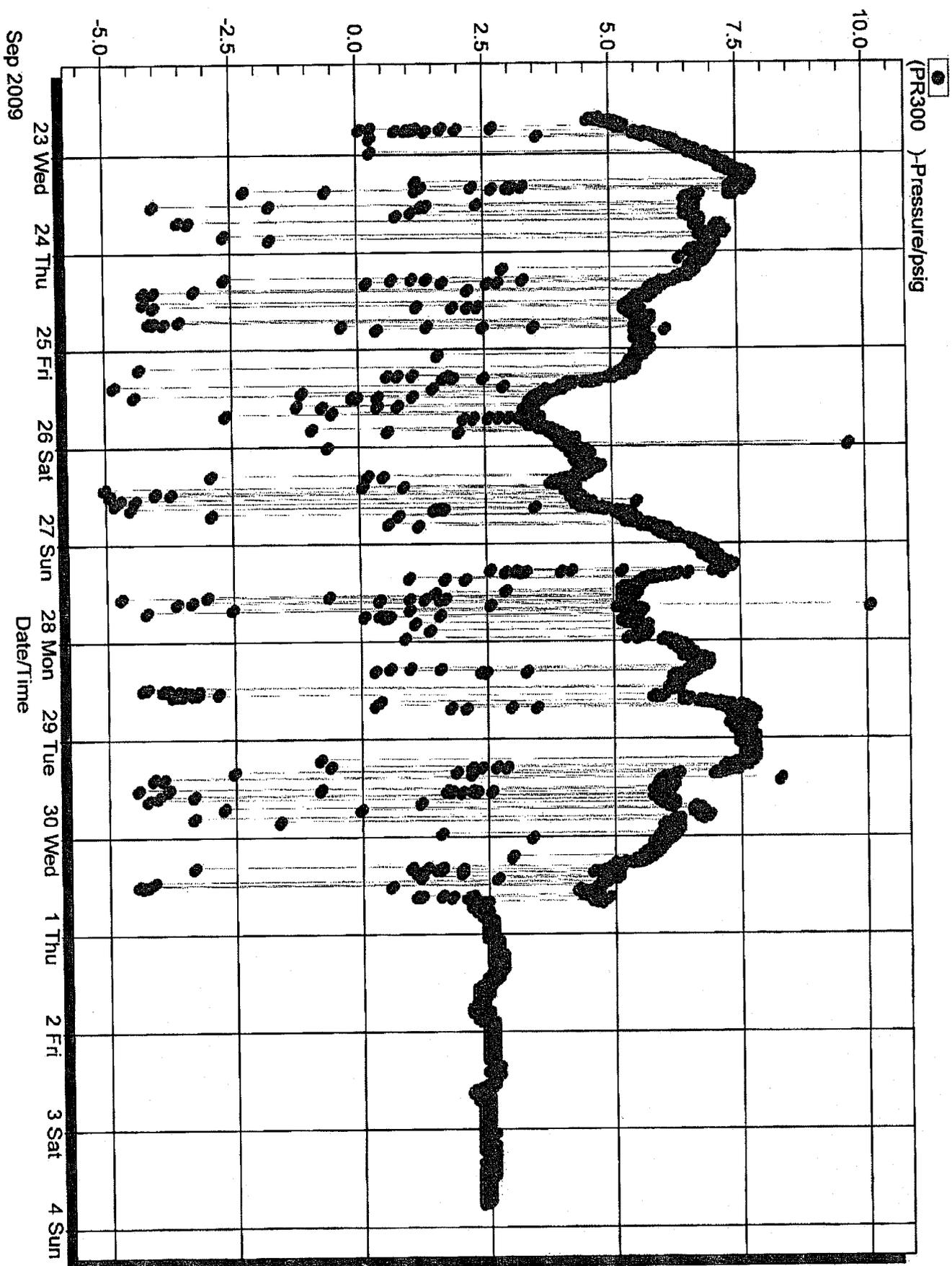
- 2) Major Deficiencies are subject to a Notice of Violation (NOV), whereas Minor Deficiencies are subject to a Notice of Opportunity to Correct (NOC). Inspection recommendations may be implemented at the discretion of the facility in order to improve system operation. NOC's may be escalated to NOV's, where it is judged to be appropriate, such as, but not limited to, situations where repeated violations have occurred or it is deemed necessary for public health.

SYSTEM DESCRIPTION

This is a community system consisting of 6 wells; five are located within the Valentine well field near Hackberry and one is located SW of the subdivision on the Neal Ranch. There is one 500,000 gallon reservoir near Antares Road that has recently been repaired and 2, 40,000 gallon tanks located at the SW well site. There is one valve house with a continuous feed chlorinator located in the Valentine field and another chlorination station at the Ranch well.

The system also feeds a 500,000 gallon reservoir belonging to the Valle Vista Golf Course which is used for irrigation and fire flow to the clubhouse. There is also an additional storage reservoir located near the main entrance for the subdivision. It is currently not in use. Its' purpose is to serve as a feed reservoir for a co-located booster pump and pressure tanks which are also not in use. The booster station for the North end of the system has still not been built although the required pumps are already on site.

Downloaded Data - Saturday, October 03, 2009





BEFORE THE DIRECTOR OF THE
ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

In the Matter of:

Truxton Canyon Water Company, Inc.
located at 2409 Ricca Drive, Kingman,
Mohave County, Arizona, 86401

Public Water System #08-035

COMPLIANCE ORDER WITH CIVIL
ADMINISTRATIVE PENALTY

Docket No. DW-49-07

To: Truxton Canyon Water Company, Inc. (the Water Supplier), located at 2409 Ricca Drive, Kingman, Mohave County, Arizona, 86401.

RECITALS

The Director of the Arizona Department of Environmental Quality ("ADEQ") has determined that the Water Supplier is in violation of the Arizona Revised Statutes ("A.R.S.") or the rules adopted pursuant to the A.R.S. As a result, the Director is issuing this Order requiring compliance within a reasonable time and imposing a civil administrative penalty, as described below.

I. AUTHORITY

The Director is authorized to issue this Order pursuant to A.R.S. § 49-354.

II. NATURE OF VIOLATION(S)

The Director has reason to believe that the Water Supplier has violated the following provisions set forth in the A.R.S., or the Arizona Administrative Code (A.A.C.):

A. A.A.C. R18-5-502(B)

Failure to maintain a pressure of at least 20 pounds per square inch (psi) at ground level at all points in the potable water distribution system under all conditions of flow.

During an inspection conducted on December 14, 2005, ADEQ determined that

1 the Water Supplier was distributing water with pressure in the distribution system of less than 10
2 pounds per square inch (psi). Between March 9, 2006 and March 17, 2006 ADEQ installed a
3 pressure gauge in the distribution system. The highest pressure recorded by the gauge during
4 this time was 8.6 psi during the evening, and the lowest pressure recorded was 1.4 psi during the
5 day. Based on a review of its records and a site inspection conducted January 5, 2007, ADEQ
6 has determined that the Water Supplier has not corrected this deficiency.

7 B. A.A.C. R18-5-505(B)

8 Failure to obtain an Approval to Construct from ADEQ prior to making an alteration
9 which will affect treatment, capacity water quality, flow, distribution, or operational performance
10 of a public water system.

11 During the January 2007 site visit, ADEQ observed a booster station installed, but not in
12 use, at the northern end of the subdivision. ADEQ's records show that the Water Supplier has
13 not submitted an application for Approval to Construct the booster station which is intended to
14 increase distribution line pressure.

14 C. A.A.C. R18-4-124

15 Failure to maintain and keep in proper operating condition a facility used in the
16 production, treatment, or distribution of a water supplier.

17 The Water Supplier failed to maintain and operate PWS #08-035 by:

- 18 1. Failing to repair or replace and reinforce the concrete well box for the Reda Well;
- 19 2. Failing to repair or replace the Little Hackberry Well after storm damage;
- 20 3. Failing to repair the loose side air vent, repair the non-functioning top "fan" vents,
21 screen or seal all possible entry points for insects or rodents at the Antares Tank site.
- 22 4. Failing to repair the leaking distribution line just inside the cattle guard entry to
23 the ranch headquarters.

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1 D. A.A.C. R18-4-214.02

2 Failure to monitor for TTHMs and HAA5s. under the requirements of R18-4-214.01 or
3 R18-40214.02 on a quarterly or more frequent basis.

4 The Water Supplier failed to monitor for trihalomethanes (TTHMs) and halo acetic acids
5 (HAA5s) during the years 2004 and 2005.

6 E. A.A.C. R18-4-105(E)(1) (Table 3)(2)

7 Failure to provide Nonacute Level 1 (30 day) public notice for violation of a monitoring
8 requirement, when ADEQ has determined that a Nonacute Level 1 (30 day) public notice rather
9 than a Nonacute Level 2 (12 month) public notice was required.

10 The Water Supplier failed to provide public notification of the failure to monitor for
11 TTHMs and HAA5s during the years 2004 and 2005.

12 F. A.A.C. R18-4-104(L)

13 Failure to notify ADEQ within 48 hours of the discovery of a failure to comply with a
14 monitoring requirement.

15 The Water Supplier failed to notify ADEQ within 48 hours of the failure to monitor for
16 TTHMs and HAA5s during the years 2004 and 2005.

17 G. A.A.C. R18-4-214.02(I)(1)

18 Failure to monitor for residual chlorine in the distribution system when total coliform are
19 sampled.

20 The Water Supplier failed to monitor for residual chlorine on a monthly basis, when total
21 coliform samples are collected, over the period January 2004 through September 2006.

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1 H. A.A.C. R18-4-105(E)(1) (Table 3)(2)

2 Failure to provide Nonacute Level 1 (30 day) public notice for violation of a monitoring
3 requirement, when ADEQ has determined that a Nonacute Level 1 (30 day) public notice rather
4 than a Nonacute Level 2 (12 month) public notice was required.

5 The Water Supplier failed to provide public notification of the failure to monitor for
6 residual chlorine on a monthly basis, when total coliform samples are collected, over the period
7 January 2004 through September 2006.

8 I. A.A.C. R18-4-104(L)

9 Failure to notify ADEQ within 48 hours of the discovery of a failure to comply with a
10 monitoring requirement.

11 The Water Supplier failed to notify ADEQ within 48 hours of the failure to monitor for
12 residual chlorine on a monthly basis, when total coliform samples are collected, over the period
13 January 2004 through September 2006.

14 J. A.A.C. R18-4-214.02(E)

15 Failure to collect disinfection by-product and residual disinfection level samples at sites
16 that are representative of water throughout the distribution system according to a written
17 monitoring plan.

18 ADEQ has determined that the Water Supplier does not collect disinfection byproduct
19 and residual chlorine samples according to a written monitoring plan, as the Water Supplier has
20 not developed such a monitoring plan, and made it available to the department for review.

21 **III. TIME FOR COMPLIANCE**

22 **IT IS ORDERED** that the Water Supplier achieve compliance by taking the specific actions set
23 forth below:

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1 A. Within forty five (45) calendar days of the effective date of this Order, the Water
2 Supplier shall implement the necessary administrative and engineering measures to ensure that a
3 minimum pressure of 20 psi is maintained throughout the distribution system at all times, and
4 submit documentation to ADEQ that verifies this task has been completed. At a minimum, the
5 Water Supplier shall submit to ADEQ applications for the Approval to Construct and Approval
6 of Construction for the booster station. The Water Supplier shall address any deficiency in its
7 applications by the deadline provided by ADEQ. The Water Supplier shall not commence
8 operation of the booster station until such time as an Approval of Construction is issued by
9 ADEQ.

10 B. Within thirty (30) calendar days of the effective date of this Order; the Water Supplier
11 shall perform the following:

- 12 1. Repair or replace and reinforce the concrete well box at the Reda Well;
- 13 2. Remove all galvanized pipe from the system;
- 14 3. Screen all discharge lines with expanded metal end caps to prevent rodent
15 intrusion;
- 16 4. Repair the loose side air vent and the non-functioning top "fan" vents, screen or
17 seal all other possible entry points for insects or rodents at the Antares Tank site;
- 18 5. Repair or replace the leaking distribution line located just inside the cattle guard
19 entry to the ranch headquarters.

20 C. Within fifteen (15) calendar days of the effective date of this Order, the Water Supplier
21 shall develop and submit to ADEQ a written monitoring plan (Monitoring Plan) describing how
22 representative disinfection byproduct and residual chlorine samples will be collected, pursuant
23 to A.A.C. R18-4-214.02(E).

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1 D. Within thirty (30) calendar days of ADEQ's approval of the "Monitoring Plan," the
2 Water Supplier shall monitor for TTHMs and HAA5s and residual chlorine, and submit
3 analytical results to ADEQ on forms approved by the department pursuant to A.A.C. R18-4-
4 104(S).

5 E. Within fifteen (15) calendar days of the effective date of this Order, the Water Supplier
6 shall provide public notification of the failure to monitor for TTHMs, HAA5s and residual
7 chlorine, pursuant to A.A.C. R18-4-105(D)(1)(Table 2)(3), and within ten (10) calendar days
8 thereafter, submit to ADEQ a copy of the public notice and an affidavit that describes how the
9 public notice was provided to customers of the Water Supplier.

10 IV. CIVIL ADMINISTRATIVE PENALTY

11 After performing the appropriate calculations pursuant to A.R.S. § 49-354(C), and upon
12 consideration of all the factors outlined in A.R.S. § 49-354(D), ADEQ is hereby imposing a civil
13 administrative penalty in the amount of \$5,000. Payment shall be made within 30 calendar days
14 of the effective date of this Order by cashier's check made payable to "Arizona Department of
15 Environmental Quality" and shall be hand-delivered or mailed post marked prior to the due date,
16 postage prepaid to:

17 Arizona Department of Environmental Quality
18 Accounts Receivable
19 Attention: Michael D. Clark, Chief Financial Officer, 5615B-1
1110 West Washington Street
Phoenix, Arizona 85007-2935

20 Payment shall be made with a letter tendering the check. The letter shall identify this case by the
21 docket number. A copy of both the letter and the check shall also be sent to ADEQ's Water
22 Quality
23 Division as described in Section VII (Correspondence).

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Arizona Department of Environmental Quality
Northern Regional Office
Attention: Buck Olberding, Field Services Manager
1801 West Route 66
Suite 117
Flagstaff, AZ 86001

Any such correspondence shall be deemed submitted when received by the ADEQ at the above address.

VIII. RESERVATION OF RIGHTS

By issuing this Order the Arizona Department of Environmental Quality does not waive its right to seek appropriate penalties or injunctive relief in Superior Court for violations of the Arizona Revised Statutes, or any rule, permit or order promulgated or issued thereunder, or any other applicable environmental statute or legal authority.

ISSUED this 24th day of May, 2007.

A. Hunt, Deputy Director
Joan Card, Director
Water Quality Division
Arizona Department of Environmental Quality

ORIGINAL of the foregoing Compliance Order was filed this 24 day of May, 2007, with:

Judith A. Fought, Hearing Administrator
Office of Administrative Counsel
Arizona Department of Environmental Quality
1110 West Washington Street
Phoenix, Arizona 85007-2935

COPY of the foregoing Compliance Order was sent certified mail, return receipt requested, this 24 day of May, 2007.

Marc Neal, President
Truxton Canyon Water Co, Inc.
2409 Ricca Dr.
Kingman, AZ 85401

Richard Sallquist, Statutory Agent
Truxton Canyon Water Co, Inc.
2525 E. AZ Biltmore Cir., Suite #117
Phoenix, AZ 8501602129

COPY of the foregoing Compliance Order was sent regular or interdepartmental mail this 24 day of May, 2007, to:

Patty Mead, Director
Mohave County Health & Social Services
P.O. Box 7000
Kingman, AZ 86401

Cynthia Campbell, Manager, WQCS, ADEQ
Robert Casey, Manager, WQEU, ADEQ
Buck Olberding, NRO, ADEQ
Laurie Gehlsen, DWS, ADEQ
Michael Clark, Chief Financial Officer, ADEQ

Sent to R. Party 09/09/2010
Not signed by R.P. Yet



BEFORE THE DIRECTOR OF THE
ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

In the Matter of:

CONSENT ORDER

Truxton Canyon Water Company,
Incorporated, located at 8163 E. Hwy 66,
Kingman, Mohave County, Arizona 86401

Public Water System Number 08-035

Docket No. _____

To: Truxton Canyon Water Co., Inc. (Truxton Canyon), an Arizona corporation, in its capacity
as owner and/or operator of Truxton Canyon Water Co., Inc., located at 8163 E. Hwy 66,
Kingman, Mohave County, Arizona 86401.

RECITALS

Truxton Canyon acknowledges that no promise of any kind or nature whatsoever was made
to induce it to enter into this Consent Order, and Truxton Canyon, has done so voluntarily.

Truxton Canyon acknowledges that by entering into this Consent Order, it does not resolve
any liability it may have for civil penalties for violations of any State or Federal environmental law.

By entering into this Consent Order, Truxton Canyon does not admit to any civil or criminal
liability, or waive any right including but not limited to the assertion of any defense available to
Truxton Canyon under applicable law. Further, Truxton Canyon does not admit, and both the
Arizona Department of Environmental Quality (ADEQ) and Truxton Canyon retain the right to
controvert in any subsequent proceeding to implement or enforce this Consent Order, the validity of
any Findings of Fact or Conclusions of Law contained in this Consent Order.

The undersigned representative of Truxton Canyon certifies that he is fully authorized to
execute this Consent Order on behalf of Truxton Canyon and to legally bind Truxton Canyon to this
Consent Order. Truxton Canyon admits to the jurisdiction of the Director of ADEQ.

Initials _____

1 Except as to the right to controvert the validity of any Findings of Fact or Conclusion of
2 Law contained in this Consent Order in a proceeding other than to enforce this Consent Order,
3 Truxton Canyon consents to the terms and entry of this Consent Order and agrees not to contest the
4 validity or terms of this Consent Order in any subsequent proceeding.

5 **THEREFORE, IT IS HEREBY ORDERED** as follows:

6 **I. JURISDICTION**

7 The Director of ADEQ has jurisdiction over the subject matter of this action and is
8 authorized to issue this Consent Order pursuant to the Arizona Revised Statutes (A.R.S.) §§ 49-354
9 and 41-1092.07(F)(5).

10 **II. FINDINGS**

11 **THE DIRECTOR HEREBY MAKES THE FOLLOWING FINDINGS OF FACT AND**
12 **CONCLUSIONS OF LAW:**

13 **A. Findings of Fact**

14 1. Truxton Canyon Water Co., owns and/or operates Truxton Canyon Water
15 Co., located at 8163 E. Hwy 66, Kingman, Mohave County, Arizona 86401.

16 2. Truxton Canyon is a community water system serving a population of
17 Approximately 2,205 with 960 water connections, has six (6) wells, two (2) Entry Points to the
18 Distribution System (EPDS), two (2) chlorinators and a distribution system. ADEQ has assigned
19 this water system Public Water System (PWS) #08-035.

20 3. Analytical results submitted by Truxton Canyon to ADEQ for a sample taken
21 at EPDS #001 on September 28, 2009 indicated an arsenic level of 0.015 mg/l, and a sample taken
22 on November 17, 2009 indicated an arsenic level of 0.015 mg/l.

23 4. According to ADEQ records, Truxton Canyon has not submitted arsenic
24 quarterly monitoring samples for EPDS #001 since November 2009.

1 5. According to ADEQ records, a public notice was not issued to customers of
2 PWS #08-035 for exceeding the MCL for arsenic from July 2008 through June 2010.

3 6. According to ADEQ records, Truxton Canyon submitted one disinfection-by-
4 product monitoring sample from January 2008 through June 2010, when two (2) monitoring
5 samples are required.

6 7. According to ADEQ records, a public notice was not provided to customers
7 for PWS #08-035 for failure to collect the required number of samples for disinfection-by-products
8 from January 2008 through June 2010.

9 8. During an inspection conducted on December 14, 2005, it was discovered
10 that the water pressure at one of the businesses served by PWS #08-035 was less than 10 pounds per
11 square inch (psi). An Opportunity to Correct Deficiencies (NOC) was issued by ADEQ to
12 Truxton Canyon. Truxton Canyon did not respond to the NOC. From March 9, 2006 to March
13 17, 2006 ADEQ placed a recording pressure gauge on the distribution system of PWS #08-035.
14 The highest pressure recorded by the gauge during this time was 8.6 psi, and the lowest pressure
15 recorded was 1.4 psi.

16 9. During inspections conducted on May 19, 2009 and October 14, 2009,
17 ADEQ found the water pressure throughout the system was below 20 psi. From September 23,
18 2009 to September 30, 2009 ADEQ placed a recording pressure gauge on the distribution system of
19 PWS #08-035 at East Western Street. The recorded readings indicated that the connection never
20 achieved a pressure greater than 10 psi, and frequently dropped to less than 0, indicating a water
21 outage.

22 10. During inspections conducted on May 19, 2009 and October 14, 2009 the
23 ADEQ inspector observed multiple leaks, missing well numbers, missing emergency contact
24 information, missing public water system numbers posted at the wells, and observed general
25 disrepair problems.

1 11. In September 2007, Truxton Canyon and ADEQ entered into Consent
2 Order (DW-49-07), which required the water system to submit a written monitoring plan for the
3 collection of disinfection-by-product and residual disinfection level samples at representative sites
4 throughout the distribution system. ADEQ does not have a record of a monitoring plan being
5 submitted by Truxton Canyon.

6 B. Conclusions of Law

7 1. Truxton Canyon is a public water system as defined in A.R.S. § 49-352(B)
8 and 40 C.F.R. § 141.2 (incorporated by reference at A.A.C. R18-4-103).

9 2. Truxton Canyon is a community water system as defined in 40 C.F.R. §
10 141.2 (incorporated by reference at A.A.C. R18-4-103).

11 3. Truxton Canyon Water Co., as owner and operator of Truxton Canyon, is a
12 supplier of water as defined in 40 C.F.R. § 142.2 (incorporated by reference as A.A.C. R18-4-103).

13 4. The Maximum Contaminant Level (MCL) as defined in 40 C.F.R. § 141.2
14 (incorporated by reference as A.A.C. R18-4-103) means the maximum permissible level of a
15 contaminant in water which is delivered to any user of a public water system. The MCL for arsenic
16 is 0.010 mg/l as established in 40 C.F.R. § 141.62(b)(16) (incorporated by reference as A.A.C. R18-
17 4-109).

18 5. By distributing water in excess of the MCL for arsenic, Truxton Canyon
19 violated 40 C.F.R. § 141.62(b) (incorporated by reference as A.A.C. R18-4-109).

20 6. By failing to submit quarterly arsenic monitoring results since November
21 2009 after exceeding the MCL, Truxton Canyon violated 40 C.F.R. § 141.23(c)(7) (incorporated by
22 reference as A.A.C. R18-4-105).

23 7. By failing to issue a Public Notice to customers of PWS #08-035 for arsenic
24 exceedances that occurred between July 2008 and June 2010, Truxton Canyon violated 40 C.F.R. §
25 141.203 (incorporated by reference as A.A.C. R18-4-119).

1 4-119), and submit a copy of each repeat notice to ADEQ within ten (10) calendar days after the
2 notice is issued.

3 B. Within thirty (30) calendar days of the effective date of this Order, Truxton Canyon
4 shall collect an arsenic monitoring sample from EPDS #001. Results shall be submitted to ADEQ
5 on ADEQ approved forms within ten (10) days of receiving results. All future monitoring and
6 reporting is required pursuant to 40 C.F.R. § 141.23(c) (7) (incorporated by reference as A.A.C.
7 R18-4-105).

8 C. Within thirty (30) calendar days of the effective date of this Order, Truxton Canyon
9 shall collect a chlorine monitoring sample from EPDS #001 and from EPDS #002. Results shall be
10 submitted to ADEQ on ADEQ approved forms within ten (10) days of receiving results. All future
11 monitoring and reporting is required pursuant to 40 C.F.R. § 141.32(c)(1)(i) (incorporated by
12 reference as A.A.C. R18-4-214.02(I)(1)).

13 D. Within sixty (60) calendar days of the effective date of this Order, Truxton Canyon
14 shall develop a monitoring plan in accordance with 40 C.F.R. § 141.132(f) (incorporated by
15 reference as A.A.C. R18-4-114), and submit to ADEQ for approval. Truxton Canyon shall respond
16 to any deficiencies noted in the plan within the time prescribed by ADEQ, and implement the plan
17 when ADEQ issues approval.

18 E. Within sixty (60) calendar days of the effective date of this Order, Truxton Canyon
19 shall conduct an engineering study of the complete water system and submit a report prepared and
20 signed by a professional engineer registered in the State of Arizona to ADEQ for approval. The
21 report shall detail upgrades and modifications required to bring the water system into compliance
22 with monitoring and reporting requirements as well as operation and maintenance standards in
23 accordance with A.A.C. R18-4-203. The engineering study shall include evaluation of an arsenic
24 treatment system.

1 F. Within forty-five (45) calendar days after ADEQ's approval of the engineering study
2 pursuant to Section III (D) of this Order, Truxton Canyon shall submit to ADEQ an administratively
3 complete application for an Approval to Construct (ATC) required by A.A.C. R18-5-505 for all
4 modifications or alterations that will affect the treatment capacity, water quality, flow, distribution
5 or operational performance, and the arsenic exceedance issue. Truxton Canyon shall respond to any
6 deficiencies noted by ADEQ within the time prescribed by ADEQ.

7 G. Within one-hundred eighty (180) calendar days after ADEQ issues the ATC, Truxton
8 Canyon shall complete all modifications or alterations approved by ADEQ and submit an
9 administratively complete application for an Approval of Construction (AOC), pursuant to R18-5-
10 507.

11 **IV. STATUS REPORTS**

12 A. Truxton Canyon agrees to submit a written status report to ADEQ every thirty (30)
13 calendar days beginning thirty (30) days from the effective date of this Consent Order, until
14 termination of this Consent Order. Each written status report shall describe what measures have
15 been taken under Section III, of this Consent Order, and shall certify when compliance with the
16 requirements of Section III of this Order has been achieved. Each report shall be accompanied by
17 evidence of compliance including, as appropriate, submittal of documents, photographs or copies of
18 any other supporting information that Truxton Canyon deems necessary.

19 B. ADEQ will review the status reports and relay any disputes in writing to Truxton
20 Canyon. Truxton Canyon shall incorporate all required modifications, changes or other alterations,
21 as requested by ADEQ, within a reasonable time specified by ADEQ.

22 **V. VIOLATIONS OF ORDER/STIPULATED PENALTIES**

23 A. ADEQ and Truxton Canyon agree that if Truxton Canyon commits civil violations
24 of A.R.S. Title 49, Chapter 2, Article 9 or rules adopted thereunder and fails to comply with this
25 Consent Order after the applicable compliance dates provided in Section III of this Order, ADEQ in

1 its sole discretion, but subject to Article 9, shall have the option of either collecting stipulated
2 administrative penalties pursuant to this Section, or pursuing statutory penalties.

3 B. Notwithstanding the foregoing, Truxton Canyon shall be entitled to exercise the right
4 to respond to any claimed violation by ADEQ and provide evidence to ADEQ that it is in
5 compliance and that said violation does not exist. If ADEQ determines after reviewing such
6 evidence that there is no violation of applicable laws, no stipulated administrative penalties shall be
7 collected.

8 C. If ADEQ elects to collect stipulated administrative penalties, Truxton Canyon agrees
9 to pay a penalty of \$100.00 per day per violation, up to \$1,000.00 per violation.

10 D. Except as otherwise provided herein, stipulated penalties shall begin to accrue on the
11 day that performance is due or that a violation of this Consent Order occurs and shall continue to
12 accrue until correction of the act of noncompliance is completed. Neither issuance by ADEQ nor
13 receipt by Truxton Canyon of a Notice of Violation of the terms and conditions of this Consent
14 Order are conditions precedent to the accrual of stipulated penalties.

15 E. The payment of stipulated penalties shall not relieve Truxton Canyon from
16 compliance with the terms and conditions of this Consent Order or Federal or State laws, nor limit
17 the authority of the State to require compliance with the Consent Order or State law.

18 **VI. COMPLIANCE WITH OTHER LAWS**

19 A. This Consent Order does not encompass issues regarding releases, contamination,
20 sources, operations, facilities or a process not expressly covered by the terms of this Consent Order,
21 and is without prejudice to the rights of the State of Arizona or Truxton Canyon arising under any
22 federal or Arizona environmental statutes and rules with regard to such issues.

23 B. Nothing in this Consent Order shall constitute a permit of any kind, or a modification
24 of any permit of any kind, or an agreement to issue a permit of any kind under federal, state or local
25 law, or relieve Truxton Canyon in any manner of its obligation to apply for, obtain, and comply

1 with all applicable permits. Nothing in this Consent Order shall in any way alter, modify or revoke
2 federal, state, or local law, or relieve Truxton Canyon in any manner of its obligation to comply
3 with such laws. Compliance with the terms of this Consent Order shall not be a defense to any
4 action to enforce any such permits or laws.

5 **VII. FORCE MAJEURE**

6 A. Truxton Canyon shall perform all the requirements of this Consent Order according
7 to the time limits set forth herein, unless performance is prevented or delayed by events which
8 constitute a *force majeure*. *Force majeure*, for the purposes of this Consent Order, is defined as any
9 event, arising from causes beyond the control of Truxton Canyon or its authorized representatives
10 which delays or prevents the performance of any obligation under this Consent Order and which
11 could not have been overcome or prevented by Truxton Canyon the financial inability of Truxton
12 Canyon to comply with the terms of this Consent Order shall not constitute a *force majeure*.

13 B. In the event of a *force majeure*, the time for performance of the activity affected by
14 the *force majeure* shall be determined by ADEQ and extended for a period no longer than the delay
15 caused by the *force majeure*. The time for performance of any activity dependent on the delayed
16 activity shall be similarly extended. In the event of a *force majeure*, Truxton Canyon shall notify
17 ADEQ in writing within five (5) calendar days after Truxton Canyon or its agents become aware of
18 the occurrence. The written notice provided to ADEQ shall describe in detail the event, the
19 anticipated delay, the measures taken and to be taken by Truxton Canyon to prevent or minimize
20 delay, and a proposed timetable under which those measures will be implemented. Truxton Canyon
21 shall take all reasonable measures to prevent or minimize any delay caused by the *force majeure*.
22 Failure of Truxton Canyon to comply with any requirements of this paragraph for a particular event
23 shall preclude Truxton Canyon from asserting any claim of *force majeure* for that event.

1 **VIII. SITE ACCESS**

2 ADEQ may at any time, upon presentation of credentials to authorized personnel on duty,
3 enter upon the premises at the Facility for the purpose of observing and monitoring compliance with
4 the provisions of this Consent Order. This right of entry shall be in addition to, and not in limitation
5 of or substitution for, ADEQ's rights under applicable law.

6 **IX. CORRESPONDENCE**

7 All documents, materials, plans, notices, or other items submitted as a result of this Consent
8 Order shall be transmitted to the addresses specified below:

9 To ADEQ:

10 Arizona Department of Environmental Quality
11 Water Quality Division
12 Attention: Vivian Burns, Case Manager
13 1110 West Washington Street
14 Phoenix, Arizona 85007-2935
15 Telephone: (602) 771-4608
16 Email: burns.vivian@azdeq.gov

17 To Truxton Canyon:

18 B. Mark Neal, President
19 Truxton Canyon Water Co., Inc.
20 8163 E. Hwy 66
21 Kingman, AZ 86401

22 Submissions to ADEQ as a result of this Consent Order shall be deemed submitted upon receipt.

23 **X. RESERVATION OF RIGHTS**

24 A. This Consent Order is based solely upon currently available information. If
25 additional information is discovered, which indicates that the actions taken under this Consent
26 Order are or will be inadequate to protect human health, safety, or the environment, or to conform
27 with applicable federal or state laws, ADEQ shall have the right to require further action.

28 B. ADEQ shall have the right: to pursue civil penalties for violations of any and all
29 violations of A.R.S. Title 49, or the rules promulgated thereunder; to disapprove of work performed

1 Truxton Canyon that fails to comply with this Consent Order; to take enforcement action for any
2 and all violations of this Consent Order; and to take enforcement action for any and all violations of
3 A.R.S. Title 49, or the rules promulgated thereunder, occurring after the entry of this Consent
4 Order.

5 **XI. SEVERABILITY**

6 The provisions of this Consent Order are severable. If any provision of this Consent Order
7 is declared by a court of law to be invalid or unenforceable, all other provisions of this Consent
8 Order shall remain in full force and effect.

9 **XII. MODIFICATIONS**

10 Any modifications of this Consent Order shall be in writing and must be approved by both
11 Truxton Canyon and ADEQ.

12 **XIII. EFFECTIVE DATE**

13 The effective date of this Consent Order shall be the date this Consent Order is signed by
14 ADEQ and Truxton Canyon. If such signatures occur on different dates, the later date shall be the
15 effective date of this Consent Order.

16 **XV. TERMINATION**

17 The provisions of this Consent Order shall be deemed satisfied and this Consent Order shall be
18 terminated upon receipt of written notification from ADEQ that Truxton Canyon has demonstrated,
19 to the satisfaction of ADEQ, that all of the terms of this Consent Order have been completed. Any
20 denial of a request for termination from Truxton Canyon will be in writing and describe which
21 terms of the Consent Order have not been completed to the satisfaction of ADEQ. ADEQ reserves
22 the right to terminate this Consent Order unilaterally at any time for any reason. Any termination
23 will include a written explanation of the reason(s) for termination.

1 ISSUED this ___ day of _____, 20__.

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Michael A. Fulton, Director
Water Quality Division
Arizona Department of Environmental Quality

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CONSENT TO ORDER

The undersigned, on behalf of Truxton Canyon, hereby acknowledges that he has read the foregoing Consent Order in its entirety, agrees with the statements made therein, consents to its entry and issuance by the Arizona Department of Environmental Quality, agrees that Truxton Canyon will abide by the same and waive any right to appeal therefrom.

DATED this ___ day of _____, 20__.

TRUXTON CANYON WATER CO., INC.

By: _____
B. Mark Neal, President

ORIGINAL of the foregoing Consent Order was sent certified mail, return receipt requested, this ____ day of _____, 20 ____, to:

B. Mark Neal, President
Truxton Canyon Water Co., Inc.
8163 E. Hwy 66
Kingman, AZ 86401

COPY of the foregoing Consent Order was filed this ____ day of _____, 20____, with:

Arizona Department of Environmental Quality
Office of Administrative Counsel
Attention: Hearing Administrator
1110 West Washington Street
Phoenix, Arizona 85007-2935

COPIES of the foregoing Consent Order were sent by regular/interdepartmental mail, this ____ day of _____, 20 ____, to the following:

Mike Neal, Statutory Agent
Truxton Canyon Water Co.
7313 E. Concho Dr., Suite B
Kingman, AZ 86401

Steve Wene, ESQ
Attorney of Record, Truxton Canyon Water Co., Inc.
1850 N. Central Ave., #1100
Phoenix, AZ 85004

Marcia Colquitt, Manager Water Quality Enforcement Unit
Vivian Burns, Case Manager Water Quality Enforcement Unit
Vivian Adams, ADEQ Drinking Water Section
Sybil Smith, Northern Regional Office

Mohave County Department of Public Health
Patty Mead, Director
700 W. Beale Street
Kingman, AZ 86401

Steve Olea, Utilities Division
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007-2996

Patrick Chan EES-WTR-6
USEPA Region IX
75 Hawthorne Street
San Francisco, CA 94105

ATTACHMENT 9

Arizona Department of Environmental Quality
 Drinking Water Monitoring and Protection Unit
 Mail Code 54158-2
 1110 West Washington Street
 Phoenix, AZ 85007

Drinking Water Compliance Status Report

System Name	System Type	Is system consecutive?
TRUXTON CANYON WATER CO	<input checked="" type="checkbox"/> Community	<input type="checkbox"/> Yes, to PWS #
System ID #	<input type="checkbox"/> Non-transient Non-community	<input checked="" type="checkbox"/> No
08035	<input type="checkbox"/> Transient Non-community	

Overall compliance status	<input type="checkbox"/> No major deficiencies	<input checked="" type="checkbox"/> Major deficiencies
Monitoring and Reporting status	<input type="checkbox"/> No major deficiencies	<input checked="" type="checkbox"/> Major deficiencies

Comments: **Arsenic:** PWS exceeds the arsenic MCL at EPDS 001, and is required to take individual (not composite) quarterly samples at the EPDS until either treatment is installed, or the system meets the MCL for 4 consecutive quarters. **DBP:** PWS is required to take 2 disinfection by-product (DBP) samples per year since 2007, but has only turned in one DBP sample for 2008. **MRDL:** PWS is required to sample for the Maximum Residual Disinfection Levels (MRDL) each month and report quarterly, but has not submitted the correct number of samples. PWS is required to take the same number of MRDLs as the required number of Total Coliform samples which is two/month since August of 2008.

Operation and Maintenance status	<input checked="" type="checkbox"/> No major deficiencies	<input type="checkbox"/> Major deficiencies
Date of last Sanitary Survey	4-5-10	Inspector
		Craig Beeson, NRO

Major unresolved/ongoing operation and maintenance deficiencies:

- | | |
|---|---|
| <input type="checkbox"/> unable to maintain 20psi | <input type="checkbox"/> inadequate storage |
| <input type="checkbox"/> cross connection/backflow problems | <input type="checkbox"/> surface water treatment rule |
| <input type="checkbox"/> treatment deficiencies | <input type="checkbox"/> ATC/AOC |
| <input type="checkbox"/> certified operator | <input type="checkbox"/> other = |

Comments: Significant deficiencies for M&R

Is an ADEQ administrative order in effect?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No
---	-------------------------------------	-----	--------------------------	----

Comments: DW-47-07 Open Consent Order - did not submit monitoring results for residual chlorine in the distribution system for 2004, 2005, 2006 and 1/1/2007 through 1/30/2007.

System Information	
Population Served	2205
Service Connections	960
Number of Entry Points to the Distribution System	2
Number of Sources	6
Initial Monitoring Year	1994
Monitoring Assistance Program (MAP) System	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Evaluation completed by	Donna Calderon, Manager		
	Drinking Water Monitoring and Protection Unit		
Phone	602-771-4641	Date	October 1, 2010

- | | |
|-------------------------------------|--|
| <input type="checkbox"/> | Based upon data submitted by the water system, ADEQ has determined that this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and PWS is in compliance. |
| <input checked="" type="checkbox"/> | Based upon the monitoring and reporting deficiencies noted above, ADEQ cannot determine if this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and/or PWS is not in compliance. |
| <input checked="" type="checkbox"/> | Based upon the operation and maintenance deficiencies noted above, ADEQ cannot determine if this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and/or PWS is not in compliance. |

This compliance status report does not guarantee the water quality for this system in the future, and does not reflect the status of any other water system owned by this utility company.
 Revised March 2009

BEFORE THE ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES
Chairman
GARY PIERCE
Commissioner
PAUL NEWMAN
Commissioner
SANDRA D. KENNEDY
Commissioner
BOB STUMP
Commissioner

IN THE MATTER OF THE APPLICATION OF)
THE ARIZONA CORPORATION COMMISSION)
ON ITS OWN MOTION INVESTIGATING THE)
FAILURE OF TRUXTON CANYON WATER)
COMPANY TO COMPLY WITH COMMISSION)
RULES AND REGULATIONS.)
_____)

DOCKET NO. W-02168A-10-0247

DIRECT
TESTIMONY
OF
ALFONSO AMEZCUA
CONSUMER ANALYST II
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

NOVEMBER 10, 2010

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1 **INTRODUCTION**

2 **Q. Please enter your name and business address.**

3 A. My name is Alfonso Amezcua. My business address is 1200 West Washington Street,
4 Phoenix, Arizona 85007.

5
6 **Q. By whom are you employed and in what capacity?**

7 A. I am employed by the Arizona Corporation Commission (“Commission”) in the Utilities
8 Division as a Public Utilities Consumer Analyst II. I have been in this position since
9 January 2006, and with the Commission since February 1997.

10

11 **Q. What is the purpose of your testimony in the proceeding?**

12 A. The purpose of my testimony is to present Staff’s review of customer complaints received
13 by Consumer Services from January 1, 2007 to November 4, 2010. I will discuss water
14 leaks, untimely company responses, and main line extension agreement notices.

15

16 **BACKGROUND**

17 **Q. In general, what is the responsibility of the Consumer Services Section of the Utilities**
18 **Division in the Commission?**

19 A. Consumer Services Staff investigates complaints and disputes concerning rates, charges,
20 installations, disconnections, billing, deposit issues, quality of service in addition to issues
21 regarding a utilities policies and procedures.

1 **WATER LEAK COMPLAINTS**

2 **Q. Has Staff received complaints regarding water leaks from Truxton Canyon Water**
3 **("Truxton" or "Company") customers?**

4 A. Yes. Since January 1, 2007 Consumer Services has received six complaints regarding
5 water leaks. Staff received one complaint in May 2007 and five in September/October
6 2009. These have been attached as Exhibit AA-1. Additionally, customers have
7 contacted Commissioner's Offices with complaints, concerns or comments, which are
8 then forwarded on to Consumer Services. A Utility Complaint Form is created utilizing
9 the email or phone call, and Consumer Services follows up with the customer.

10
11 **Q. Did Staff observe leaks on Truxton's system?**

12 A. Yes. On October 29, 2009, I visited the Truxton system with Dorothy Hains, Staff
13 Engineer and Company representatives Marc B. Neal, Marcus Neal and Rick Neal.
14 Additionally, Andy Wilson from Arizona Department of Environmental Quality
15 ("ADEQ") was present. During the visit, we viewed and verified 20 separate leaks, as
16 were previously documented in the ADEQ sanitary report, or as complained of by
17 customers.

18
19 **Q. What was the Company's response?**

20 A. Based on discussions during the visit, Truxton agreed to a repair timeline. The Company
21 stated it would begin the repair work on Monday, November 2, 2009, and anticipated it
22 would take approximately two weeks before all leaks were repaired. It was agreed upon
23 by both Staff and the Company that once all repairs were made, the Company would
24 supply Staff with a written report asserting such, and it would include pictures of the
25 repaired leaks.

1 **Q. Did Truxton complete the repairs discussed during the November 2, 2009 visit,**
2 **within the agreed upon timeline? Did the Company supply Staff with a written**
3 **report, including pictures?**

4 A. No. To staff's knowledge, it is unknown how many leaks may have been repaired during
5 this time since a status report was not provided.
6

7 **Q. Was a second field investigation scheduled to review the leak repair progress?**

8 A. Yes. I returned to Truxton with Del Smith, Chief Engineer with the Utilities Division, on
9 March 1, 2010, to check on the Company's progress.
10

11 **Q. By March 1, 2010, had Truxton repaired all the leaks it had previously claimed it**
12 **would repair?**

13 A. No, some leaks remained. However Staff was able to verify that many of the previously
14 outstanding leaks had been repaired. During the visit, the Company agreed to continue
15 repairing leaks and again promised to submit a written report to Staff within the next two
16 weeks on the status of the leak repairs.
17

18 **Q. Did Truxton send Staff a written report within two weeks of the March 1, 2010 site**
19 **visit?**

20 A. No, Truxton did not respond to Staff in writing or by telephone.
21

22 **Q. What is the Company's current situation regarding leak repair?**

23 A. According to the Company's response to Staff's First Set of Data Requests, dated October
24 1, 2010, Truxton has repaired the ADEQ reported leaks. No other information or
25 documentation has been provided. Staff would find it helpful, given the history of the
26 Company and leak repairs, to see documentation in the Company's Rebuttal Testimony,

1 substantiating the Company's assertion that the leaks have been repaired. Such
2 documentation could include, but is not limited to, invoices for labor or materials,
3 photographs, or communications with engineers or other experts.
4

5 **UNTIMELY AND/OR INADEQUATE RESPONSES FROM TRUXTON**

6 **Q. What duties does a utility have to investigate and respond to utility complaints?**

7 A. According to the Arizona Administrative Code ("A.A.C."), "each utility shall make a full
8 and prompt investigation of all service complaints made by its customers, either directly
9 or through the Commission," and "the utility shall respond to the complaint and/or the
10 Commission representative within five (5) working days as to the status of the utility
11 investigation of the complaint." A.A.C. R14-2-411(A)(1)&(2).
12

13 **Q. Has it been Staff's experience that the Company has adequately investigated**
14 **complaints, or promptly responded to ratepayers or Commission Staff concerning**
15 **complaints or other Commission Staff requests?**

16 A. That has not been Staff's experience. Truxton often takes much longer than five business
17 days to respond to both customers and Commission Staff. Also, once they do respond,
18 Staff often concludes their response is inadequate or does not properly address the issue.
19

20 **Q. Has Staff received untimely and/or inadequate responses to complaints filed by**
21 **Truxton customers?**

22 A. Yes, from January 1, 2007 to present, Consumer Services received 12 complaints
23 concerning either an untimely and/or inadequate response from Truxton. The A.A.C.
24 requires a Company to respond to customer and/or Commission Staff within five working
25 days of the complaint. Staff received three of these complaints in 2007, three in 2008, and
26 six in 2009. I have attached as Exhibit AA-1 the relevant customer complaints.

1 **Q. Has Staff attempted to contact Truxton concerning these untimely and/or inadequate**
2 **responses?**

3 A. Yes, Staff made numerous attempts to address these issues with Truxton. Staff's attempts
4 are documented in the customer complaints.

5

6 **Q. Has the Company provided untimely and/or inadequate responses to Staff inquiries?**

7 A. Yes. The Company's apparent inability to timely respond to Staff is documented in the
8 informal utility complaint forms.

9

10 **MAIN LINE EXTENSION ("MXA")**

11 **Q. What is the rule for filing main line extension agreements with the Commission?**

12 A. According to the A.A.C. provisions on main line extension agreements, "all agreements
13 entered into under this rule shall be evidenced by a written statement, and signed by the
14 Company and the parties advancing the funds for advances in aid under this rule of the
15 duly authorized agents of each." Additionally "all agreements under this rule shall be
16 filed with and approved by the Utilities Division of the Commission. No agreement shall
17 be approved unless accompanied by a Certificate of Approval to Construct as issued by
18 the Arizona Department of Health Services. Where agreements for main extension are not
19 filed with the Utilities Division, the refundable advance shall be immediately due and
20 payable to the person making the advance." A.A.C. R14-2-406(G)&(M)

21

22 **Q. Has the Company made a practice of following this rule?**

23 A. No, it has not. On at least three occasions, the Company has entered into an agreement
24 with a customer, funds have been exchanged, but no main line extension agreement was
25 submitted to the Utilities Division of the Commission.

1 **Q. If no main line extension agreement was submitted to the Utilities Division, how does**
2 **the Commission know of this behavior?**

3 A. Two separate customer complaints have been filed with the Consumer Services Division
4 over the last three years, specifically Mr. James Bacus and the Northern Arizona
5 Consolidated Fire District. To Staff's knowledge, no agreement was ever filed with, or
6 approved by, the Utilities Division. The informal and formal complaints are attached as
7 Exhibit AA-2.

8

9 **Q. Do you have anything else to add concerning Mr. James Bacus' Complaint?**

10 A. Mr. Bacus has filed a formal complaint against Truxton Canyon. Staff is not requesting
11 his formal complaint be consolidated into this docket. To Staff's knowledge, Mr. Bacus
12 and the Company are currently working on a settlement plan, which is to be filed in that
13 docket.

14

15 **Q. Do you have anything else to add concerning the Northern Arizona Consolidated**
16 **Fire District?**

17 A. While the Fire District never filed a formal complaint against Truxton Canyon, both the
18 Company and the Fire District did utilize the mediation process here at the Commission.
19 An installation and maintenance agreement was entered into as a result of the mediation;
20 the Company did not install the fire hydrants in accordance with the timeline set out in
21 that agreement. However, as of July 26, 2010, the hydrants have been installed. Please
22 see Exhibit AA-3 for the correspondence concerning the Northern Arizona Consolidated
23 Fire District.

1 **RECOMMENDATIONS**

2 **Q. Please state Staff's recommendations in this proceeding.**

3 A. Staff recommends as follows:

- 4
- 5 1. That the Commission order Truxton to repair any and all leaks in a timely manner and
6 provide Consumer Services Staff with a monthly status report to be filed as a
7 compliance item.
- 8
- 9 2. That the Commission order Truxton to comply with A.A.C. R14-2-411(A)(2) on the
10 issue of timely response to its customers and the Commission.
- 11
- 12 3. That the Commission order Truxton to comply with R14-2-406 on the issue of Main
13 Line Extension Agreement ("MXA").

14

15 **Q. Does this conclude your testimony?**

16 A. Yes.

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

Investigator: Guadalupe OrtizPhone: (602) 542-2406Fax: (602) 542-2129Priority: Respond Within Five DaysComplaint No. 2007 - 57427Date: 1/3/2007Complaint Description: 03A New Service - Installation Delays
N/A Not ApplicableComplaint By: First: Connie Last: JensonAccount Name: Jenson Custom BuildersHome: [REDACTED]Street: [REDACTED]Work:City: KingmanCBR: 9 [REDACTED]State: AZ Zip: 86401is: BusinessUtility Company: Truxton Canyon Water Company, IncDivision: WaterContact Name: B. Marc NealContact Phone: (928) 757-2403Nature of Complaint:

Customer requested and paid in full \$7,900.00 for service line extension and service establishment. Truxton Canyon Water informed the customer that the installation and establishment would be completed within 30days.

Since then the customer has called on numerous occasions to inquire of the status and has repeatedly been informed they will take care of it and complete this job as soon as possible, although the company has failed to follow through with their indications each time. During customer last call Truxton she spoke the owner who has now indicated the customer will be required to wait an additional 30 days from date for service installation to other pending jobs that are priority.

Customer feels this is unacceptable and far from fair as she has been mis-informed continuously of the time frame for service installation and now can not proceed in completing the home until Truxton install the service.

Truxton Canyon Water:

On what date did customer request and pay for service line extension?

What was the amount of customer's payment and what service will be provided for payment?

Was customer informed service installation would be completed within 30 days?

What is the status of Service line extension and establishment?

End of Complaint

Utilities' Response:

1/31/2007 - Faxed Response Received:

Truxton Canyon Water Company
2409 Ricca Dr. Kingman, AZ., 86401
Phone 928-753-1121

To: Guadalupe Ortiz

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

From: Mike Neal
Re: complaint #2007-57427
Date: 1/25/2007

In response to your questions of the above listed complaint, the customer applied for and paid for and paid for the water meter installation on 02-10-06. On 02-15-2006 the customer cancelled the meter installation request and was refunded the fee of \$545.00. On 10-09-2006 the customer requested and paid for a service line extension. The customer paid \$7,900.00 to bore under a road and run a service line to the residence. The customer was not given a date of completion. He was advised that it would be completed as soon as possible. The service line is almost completed and is estimated to be established in the next fifteen days.

Sincerely,

Michael Neal
End of Response

Investigator's Comments and Disposition:

1/4/06 - Faxed to Truxton Canyon.

1/17/2007 - Called Truxton Canyon Water regarding status of company response. Spoke to Mark Neal, who indicated that his son Mike Neal is the proper individual to discuss the company response with as he is in charge of handling consumer complaints related to these issues.

Advised Mark Neal that the company has exceeded the allowable time frame per the AAC Rules of five business days for a response, and that it is extremely important they provide their response as soon as possible.

Per Mr. Neal, he will be sure to inform his son of the Commission's requests and have him call me today.

1/18/2007 - No return call or Voice Mail received from Mr. Neal.

1/18/2007 - Called Truxton Canyon Water regarding status of company response, spoke to Marc Neal. Per Mr. Neal he did relate the message to his son. Mr. Neal provided a different number (928) 716-4788 for his son Mike.

Left Message Called Mike Neal, provided my name and telephone number and requested a return call as soon as possible regarding company response.

1/18/2007 - Received Return call from Mike Neal. Inquired of the status for Truxton's response. Per Mr. Neal he has not received this complaint. Advised Mr. Neal I do have a fax confirmation reflecting fax was received.

Mike will contact office to inquire if it is there, if not he will call me back to refax.

1/25/2007 - Called customer to inquire of any status she may be aware of. Per customer, there has been some trenching done although she is not sure if that is for the water lines. Customer will call with any updated information.

1/25/2007 - Left Message - Called Mike Neal, provided my name and telephone number and requested a return call as soon as possible regarding status of our 1/18 conversation and company response.

1/29/2007 - Called Mike Neal, to inquire of company response that still has not been received. Per Mr. Neal it will be faxed today. Company has began working on the extension which will be completed fairly soon.

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

1/31/2007 - Left Message - Called Mike Neal, provided my name and telephone number and requested a return call as soon as possible, regarding the status of company responses that he advised me would be faxed on 1/29.

1/31/2007 -Received a Voicemail Message from Customer, David Jenson requesting a return call regarding the status of the complaint. Per Mr. Jenson's voicemail the company is not doing anything to install the service line/meter. Customer stated he is going to go bankrupt if this does not get taken care of as soon as possible.

1/31/2007 - Left Message - Returned customer David Jenson's call left my name and telephone number and requested a return call. Advised Mr. Jenson that I spoke with his wife on the 25th at that time she indicated that there had been some trenching done although she is not sure if that is for the water lines. Mrs. Jenson advised me she would call me with an update. As of date, no follow-up from Mrs. Jenson.

1/31/2007 - Called Mike @Truxton Canyon regarding faxed response. Questioned if this is a main line extension. Per Mike NO, this is a service line although the company is charging \$7,900.00 due to being required to bore through a road. Inquired what the additional \$545.00 fee was for, per Mike for service line/meter installation per tariff \$500.00 and \$45.00 establishment charge per tariff.

Requested Mike call me when he returns to the office, as he is currently in the field to direct me to the company's tariffs or Rule that supports his charge of the additional \$7,900.00 to extend the line from the main to the customers property. Mike agreed to call when he gets into the office.

2/12/2007 - Left Message - Called Mike @Truxton Canyon regarding our last conversation on 1/31. Advised I have not received a return call regarding the company's additional charges. Left my name and number and requested a return call as soon as possible.

2/20/2007 - Left Message - Called Mike @Truxton Canyon regarding our last conversation on 1/31. Requested a return call.

2/26/2007 - Left Message - Called Mike Neal @ Truxton Water. Contact number rang continuously, and did not provide the option for leaving a voicemail message.

*Called Truxton Canyon office and left a message with Kira, office receptionist. I requested she have him contact me at his earliest convenience regarding the status of this complaint.

3/1/2007 - Left Message @10:00am - Called Mike @Truxton Canyon regarding our last conversation on 1/31. Requested a return call immediately.

3/9/2007 - Left Message @2:53 pm - Called Truxton Canyon, spoke to Leslie regarding my prior voicemail messages and message left with Kira requesting a return call from Mike. Per Leslie Kira did give the message to Mike. I provided my contact number to Leslie and asked her to give my contact information to Mike and ask him to call me. I also requested that Leslie inform Mike if I do not receive a call by 3/13 I will seek assistance from higher management as he is not cooperating with me.

Leslie agreed to inform Mike.

3/13/2007 @4:56pm - Received a call from Mike Neal in response to my 3/9/2007 message left with the company receptionist. Per Mike he will call me tomorrow at 10 am to discuss complaint tariff regarding the cost charged to customer for boring under the road.

3/14/2007 (I was out of the office due to unexpected F/S/L) @ 10:20am - Received a voicemail from Mike Neal as agreed during 3/13 call.

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

*** @2:03pm - Received a second voicemail from Mike Neal

3/15/2007 - @ 8:30am called Mike Neal at Truxton Canyon. Left Message with receptionist, Leslie for Mike requesting a return call and apologizing for missing his prior calls. I advised I was out of the office due to an unexpected family issue. I left my contact number and requested he call me at his earliest convenience.

3/21/2007 - @ 10:29am called Mike Neal at Truxton Canyon. Left Message with receptionist, Leslie for Mike requesting a return call as soon as possible, left my contact number again.

3/21/2007 - @ 2:56pm Leslie at Truxton Canyon called on behalf of Mike Neal, to inform me that he will call me at 10 am on Friday, March 23rd. Advised Leslie I will be sure to be available.

3/23/2007 - Mike Neal at Truxton Canyon called to discuss ACC Complaint on behalf of Jenson. Questioned Mike of what approved tariff supports the company's charge for the line ext. Per Mike, Truxton Canyon Approved Tariff for Permitted Costs allows the company to charge the customer for the additional cost that the company would be imposed with.

After discussing Truxton Canyon's approved tariff for Permitted Cost's with management, the company does have the authority to charge the customer any cost that the company may be imposed with.

3/23/2007 - Left message - Called Truxton Canyon, spoke to Leslie. Requested Leslie inform Mike I will need a copy of the final invoice and a copy of the plans that reflects what service was performed and what road the company was required to bore under.

3/28/2007 @11:15am - Called customer, advised of information provided by the company and also company's Permitted Cost approved tariff. I explained the company has the authority per this tariff to charge any cost that the company may be imposed with which in his case is the necessary fees for boring under a road.

Customer understands although would like a final invoice reflecting the actual cost and the plans applicable for job performed. Informed customer these documents have been requested and once received she will be provided a copy.

4/2/2007 - No Return Call from Mike - Left Message - Called Mike requested a return call regarding status.

4/24/2007 - No Return Call from Mike - Called Truxton Canyon, spoke with Leslie inquired if prior message was issues to mike. Leslie confirmed she did ask him to call me. Requested she inform him of my call and request for an immediate return call.

Leslie will inform Mike.

4/26/2007 - Called Mike at Truxton, and was advised he is on the field. Spoke to Leslie, requested status of the plans, invoice, ect.. Per Leslie, she will fax what she does have although is waiting for a copy of the plans and invoice for labor from Mike. She will have those documents Monday, April 30th.

Informed her I will call her again on Monday.

4/27/2007 FAX RECEIVED:
Invoice statements for materials and boring

4/27/2007 @1:25pm - Left Message - Called Leslie or Mike Neal at Truxton Canyon Water and requested a return call in regard to a fax received (invoice statements for materials and boring). Specified within my voicemail that I am in need of an explanation of the invoice for the boring as the date of the invoice does not correspond with then date of customer's service request.

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

4/30/2007 @4:16pm - Called Leslie to check status of the invoice and plans. Per Leslie she spoke with Mike this morning and informed him of my calls and voicemail. Leslie still has not received the invoice & plans from Mike.

Leslie suggests I call Marc Neal and discuss my problem of no cooperation from Mike as he does not respond or provide the necessary documents of my request. Leslie indicated that she is confident that Marc will be able to resolve this issue as she as well is not receiving any cooperation from Mike.

4/30/2007 @4:30pm - Left Message for Marc Neal on his cell phone number (928-716-1888) and requested a return call regarding this complaint and the numerous issues encountered by Mike Neal.

6/6/2007 @11:15am - Called Marc Neal at 928-716-1888 (cell) in regard to complaint status.

Informed Marc that I have made numerous attempts to reach Mike Neal and obtain the necessary documentation for closing this matter, although as of this date he has not returned my voicemail messages left on his cell phone or messages left with the Truxton Canyon staff.

Per Marc, he will request this file and provide the necessary information within two days.

6/12/2007 - Faxed to Truxton Canyon Water Co.:

ATTN: Mike Neal
%Truxton Canyon Water Company

RE: A.C.C. Complaint No. 57427 on behalf of Connie Jenson:

The customer is questioning if the amount charged for the service line extension/water meter installation.

Please provide the following:

- A copy of the invoice for the estimated cost
- A copy of the Final invoice for the actual cost
- A copy of the plans that reflect the service was performed and the road that the company was required to bore under

If you have any questions please feel free to call me at (602) 542-2406.

Thank you,

Guadalupe Ortiz
Public Utilities Consumer Analyst
Arizona Corporation Commission
Utilities Division
(602) 542-2406

6/28/2007 @1:30pm - Received a voicemail from Mike Neal of Truxton Canyon Water, stating that he did receive my fax and is in the process of gathering all the necessary documentation.

6/29/2007 @4:30pm - Received a call from Mike Neal. Per Mike he will submit the remaining documentation on Monday, July 2nd.

7/12/2007 @10:22AM - Called Marc Neal, spoke with his wife. Per Marc's wife he is in the hospital, although will be going home very soon.

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Advised Marc's wife of the continued lack of cooperation I have experienced in receiving the remaining documentation for this complaint. Marc's wife will inform Marc Neal and also discuss this with Mike and request he call me immediately.

8/3/2007 @10:09am - Left Message - Called Mike Neal, left my name and contact number requested a return call as soon as possible regarding the status of the final invoices.

8/22/2007 - Called Marc Shaffer, questioned status of additional information requested from the company. Also informed Marc that this ongoing complaint is due to company's lack of response after numerous requests and if the company continues to handle this complaint in this manner, a Formal Complaint will be offered to the customer.

Per Marc he will call Mike immediately for the status and follow up.

8/23/2007 @10:25am - Received a voicemail; message from Mike Neal stating he has experienced difficulty in retrieving one invoice although should have it by the end of business day and would send the information at that time.

8/23/2007 @4:06pm - Left Message - Called Mike, verified receipt of his voicemail and questioned status as we are nearly at the end of the business day.

9/7/2007 - Left Message - Called Mike, requested a return call asap regarding status of documents.

9/18/2007 - Left Message - Called Mike, requested a return call asap regarding status of documents.

10/2/2007 - Left Message - Called Mike on his cell 928-716-4788, left my name, number and requested a return call.

Also Called Truxton Canyon office at 928-753-1121, spoke with Kira requested she inform Mike of my attempts to reach him and request that he call me.

10/5/2007 @10:35am ***Brad Morton*** Left Message for Mike Neal on his cell 928-716-4788, and at the Truxton Canyon office, requesting a return call and explaining that he is assisting Lupe Ortiz with this complaint.

10/5/2007 @10:40am ***Brad Morton*** Left Message for Dick Salquist requesting a return call regarding Truxton Canyon's failure to response to ACC Complaint.

10/11/2007 @9:45am ***Brad Morton*** Left Message for Mike Neal on his cell 928-716-4788, and at the Truxton Canyon office. Brad also informed Truxton Canyon's secretary that this is his second call and message left for Mike Neal, and he is giving Mike until this afternoon to call Brad back.

10/11/2007 @9:50am ***Brad Morton*** Left Message for Dick Salquist requesting a return call regarding Truxton Canyon's failure to response to ACC Complaint, and explained that he has personally left voicemail messages and has received no return calls.

10/11/2007 - Mike Neal returned Brad's call. Brad informed Mike Neal of what he must provide to the Commission to resolve the complaint. Brad authorized Mike 2 weeks to submit the required documentation to the Commission.

10/29/2007 @2:29pm - Called customer, advised of complaint status. Requested a fax number where I can fax the invoices that Truxton has sent and explained if the remaining documents are not received by Truxton I will close this complaint and mail her forms for filing a formal complaint. Customer appreciated the information and

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

requested the invoices be faxed to [REDACTED] and that the forms be mailed to [REDACTED]

10/29/2007 @2:40pm - Faxed invoices and copy of Truxton Tariff regarding Permitted Costs.

11/6/2007 - Truxton Canyon failed to provide the remaining documents supporting cost.

CLOSED - Mailed formal complaint forms to customer.
End of Comments

Date Completed: 11/6/2007

Complaint No. 2007 - 57427

Substantiated

Notes: Truxton Canyon failed to respond and provide documentation supporting cost to customer.

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

Investigator: Trish Meeter

Phone: (602) 542-0622

Fax: (602) 542-2129

Priority: Respond Within Five Days

Complaint No. 2007 - 58196

Date: 2/5/2007

Complaint Description: 05F Quality of Service - Can't Reach Company
N/A Not Applicable

Complaint By: First: Stan Last: Franch

Account Name: Stan Franch

Home: [REDACTED]

Street: n/a

Work:

City: n/a

CBR:

State: AZ Zip: n/a

is:

Utility Company: Truxton Canyon Water Company, Inc

Division: Water

Contact Name: B. Marc Neal

Contact Phone: (928) 757-2403

Nature of Complaint:

02/05/07

Customer has been trying to contact company for two days and has been unsuccessful in reaching anyone. He has left a voice message 3 separate times on the number provided.

Questions to utility:

Has there been difficulty in reaching the company and the line 928-753-1121?

If so, what steps are being taken to address this issue?

What is the reason for the non-return of a call?

Please contact the customer concerning this issue and address the questions he was contacting you about initially.

End of Complaint

Utilities' Response:

Investigator's Comments and Disposition:

02/05/07

I made an attempt to contact the company on the number provided by the customer. It did go to voice mail after quite a few rings, but the voice mail was not identified as being that of the company.

02/05/07

Called contact number for company and left a voice message requesting an e-mail address.

02/05/07

Called customer to give status of complaint. Advised him that voice message was left with company and when

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

they make the return call I will forward his need to speak with them.

02/28/07

Called company. No record on file of Mr. Franch having called.

02/28/07

Called customer. He is and has been in contact with the company. CLOSED

End of Comments

Date Completed: 3/1/2007

Complaint No. 2007 - 58196

Substantiate [REDACTED]

Notes: Caller never received a return call from the company after leaving 3 messages reagrding his bill.

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Investigator: Brad Morton

Phone: (602) 542-0836

Fax: (602) 542-2129

Priority: Respond Within Five Days

Complaint No. 2007 - 60322

Date: 5/14/2007

Complaint Description: 05Z Quality of Service - Other
N/A Not Applicable

Complaint By: First: Jamie Last: Mortenson

Account Name: Jamie Mortenson

Home: [REDACTED]

Street: [REDACTED]

Work:

City: [REDACTED]

CBR:

State: [REDACTED] Zip: 86401

is:

Utility Company: Truxton Canyon Water Company, Inc

Division: Water

Contact Name: B. Marc Neal

Contact Phone: (928) 753-1121

Nature of Complaint:

Complainant complains that utility has a faulty valve which is leaking causing a large area of standing water which is causing concerns about health issues. It has been in existence for about 18 months.

End of Complaint

Utilities' Response:

Investigator's Comments and Disposition:

5/24/07 refaxed to utility after confirming fax # 928-753-1963. called consumer and left voicemail.

6/5/07

Called consumer and left voicemail.

6/7/07

Voicemail from consumer claiming Blue Stake has been out but nothing more. Also claiming problem with quality of water.

6/11/07

Consumer called to advise problem is corrected and saying "Thanks" Closed.

End of Comments

Date Completed: 6/11/2007

Complaint No. 2007 - 60322

ARIZONA CORPORATION COMMISSION
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Substantiated

Notes: Delayed repairs are utility fault.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Investigator: Deb Reagan

Phone: (602) 364-0236

Fax: (602) 542-2129

Priority: Respond Within Five Days

Complaint No. 2007 - 64269

Date: 11/1/2007

Complaint Description: 05G Quality of Service - Pressure/Voltage
N/A Not Applicable

Complaint By: First: Diane Last: Callis

Account Name: Diane Callis #837

Home: [REDACTED]

Street: [REDACTED]

Work: [REDACTED]

City: Kingman

CBR: x [REDACTED]

State: AZ Zip: 86401

is:

Utility Company: Truxton Canyon Water Company, Inc

Division: Water

Contact Name: B. Marc Neal

Contact Phone: (928) 753-1121

Nature of Complaint:

Customer says she has very low water pressure. She says it is the worst in the early morning around 7AM. Customer says she has reported this to the company but has received no response and she is still having the low pressure problem.

What is causing the low pressure problem? When will this be resolved? Has the company tested the pressure at this customer's residence? If so, is this customer receiving water at 20 psi per Rule R14-2-407.E? Please contact this customer regarding her concerns and provide a resolution to Commission staff.

End of Complaint

Utilities' Response:

7/16/08 - Received the following fax from utility -

The water company uses a gravity flow system. The area that the customer lives at is at an altitude just below the holding tank. This being the reason of lower pressure during peak usage hours. We are in the process of getting the required "approval to construct" to add a booster pump to our system from ADEQ. The field supervisor does random pressure testing in this area with results at an average of 25 psi.

End of Response

Investigator's Comments and Disposition:

Faxed to 928-753-1963.

2/25 - No response received. Confirmed fax number w/utility and requested a response.

5/14/08 - No response received. Spoke with Leslie and faxed again to her.

7/16/08 - Spoke with Leslie regarding a response to this complaint. She promised to have a response to me by end of day today.

End of Comments

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Date Completed: 7/16/2008

Complaint No. 2007 - 64269

Substantiated

Notes: See Utility Response.

██████████

██████████

████████████████████

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Investigator: Guadalupe Ortiz

Phone: (602) 542-2406

Fax: (602) 542-2129

Priority: Respond Within Five Days

Complaint No. 2009 - 81955

Date: 9/22/2009

Complaint Description: 05G Quality of Service - Pressure/Voltage

19I Other - ADEQ/EPA Questions

First:

Last:

Complaint By: Harry

Hoyler

Account Name: Harry Hoyler

Home: [REDACTED]

Street: [REDACTED]

Work:

City: Kingman

CBR: [REDACTED]

State: AZ Zip: 00000

is: Other

Utility Company: Truxton Canyon Water Company, Inc

Division: Water

Contact Name: B. Marc Neal

Contact Phone: (928) 753-1121

Nature of Complaint:

9/22/09 - EMAIL RECEIVED:

From: Valorie Nimmo On Behalf Of Utilities Div - Mailbox
Sent: Tuesday, September 22, 2009 10:00 AM
To: Guadalupe Ortiz
Subject: FW: Complaint

Hey Lupe, I have some emails from yesterday that I'm sending you. Sorry for the delay.

From: Harry Hoyler [mailto:[REDACTED]]
Sent: Saturday, September 19, 2009 9:06 AM
To: Utilities Div - Mailbox
Subject: Complaint

I am a customer of the Truxton Water Company.

I live at [REDACTED] Dr., Kingman. We are located off of Az 66 near Anteras Rd. We have several problems with this system:

Low water pressure
Intermittent service
Cloudy water
Particles in the water

There is some concerns as to the size of line feeding this house and three others. I have to have a pump just to get enough pressure to take a shower. This concerns me especially in the case of a fire.

Recently the water was off for a couple of hours. I was told that is was because of "hot weather". This is

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obviously a lack of planning on behalf of Truxton.

When service was restored we let the water run for 30 minutes, at my expense. The next day both of us in the household were ill.

The water is currently cloudy and has visible particles. Once the water sets I could use the sediment to plant a garden.

I appreciate your help in this matter.

Harry Hoyler


TRUXTON:

HAS CUSTOMER REPORTED WATER PRESSURE ISSUES? IF SO, ON WHAT DATE AND HOW? HOW DID TRUXTON CANYON RESPOND TO SUCH REPORT? HAS TRUXTON PERFORMED A PRESSURE TEST TO VERIFY THE WATER PRESSURE AT THE POINT OF DELIVEREY IS IN COMPLAINE WITH AAC RULE R14-2-407.E? IF SO, ON WHAT DATE AND PLEASE PROVIDE THE COMMISSION WITH A COPY OF THE TEST RESULTS.

DID TRUXTON RECENTLY EXPERIENCE AN OUTAGE? IF SO, ON WHAT DATE AND WHAT WAS THE CAUSE? WAS THE OUTAGE REPORTED TO THE COMMISSION? IF SO WHEN AND HOW? IF NOT PLEASE EXPLAIN WHY? HOW DID TRUXTON CANYON REPAIR AND RESTORE SERVICE TO ITS CUSTOMER'S?

HAS CUSTOMER REPORTED PARTICULES IN THE WATER? IF SO WHEN AND HOW? IS TRUXTON IN COMPLAINE WITH ADEQ WATER QUALITY STANDARDS?

End of Complaint

Utilities' Response:

FAX RECEIVED FROM TRUXTON CANYON WATER:

COVER SHEET
FROM TRUXTON CANYON WATER Co.
2409 RICCA DRIVE
KINGMAN AZ 86401
928-753-1121
928-753-1963 FAX

TO GUADALUPE ORTIZ
1-602-542-2129 FAX
SUBJECT HARRY HOYLER 2009-81955
PAGES -2- INCLUDES COVER

UTILITY RESPONSE:

Truxton Canyon Water Co.
2409 Ricca Drive
Kingman, Az 86401
Phone (928) 753-1121
Fax (928) 753-1963

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

October 12, 2009

Complaint No. 2009-81955

Complaint By Harry Hoyler

Customer reported low water pressure issues on October 7th, 2009. A service request was sent to the field and the customer was contacted and was told Truxton would repair his pressure problem.

Sincerely,

Mike Neal

End of Response

Investigator's Comments and Disposition:

9/22/09 - Faxed to Truxton Canyon.

9/22/09 - Faxed to ADEQ due to Nature of Complaint reflecting concern of water quality.

9/22/09 @10:39AM - Called customer, confirmed receipt of his email. Advised the customer that a complaint has been filed on his behalf to investigate the water pressure issues. Further advised the customer that a copy of the complaint has been forwarded to ADEQ for further investigation of his water quality concerns. Customer appreciates staffs assistance in this matter. ,,

10/7/09 @ 1:35 p.m. (notes by Carmen Madrid)

Mr. Hoyler called and stated that he has no water. He had contacted the company and they told him that there was air in the line. They instructed him to turn on the faucet and let the air escape through the line and then he would get water. He has had the faucet on for some time now and no water. He states then when the water does come through he will have to deal with the sediment coming through the line. He states that he had to purchase an electric pump to keep the water pressure high enough to come through his line.

I contacted Laura @ Truxton Canyon and she states that they are not experiencing any outages or low pressure. She did say that one person had called to let the company know that there was no water. She stated that it was Mr. Hoyler and that he had contacted them about 5 minutes ago. They have dispatched a tech to the well site but it will take him 30 minutes to get there.

I contacted Mr. Hoyler and relayed the information to him that I had received from the company. He states that he is within sight of the well and nobody has shown up. I asked that he contact me when the water has been restored. He agreed to do that.

10/27/09 @2:25pm - Called Truxton Canyon Water, spoke to Kiara. Requested to speak with Marc Neal. Mr. Neal is unavailable. Requested that Mr. Neal be provided my contact information and return my call to provide status of Truxton's response to this complaint. Kiara will provide Mr. Neal the message.

11/2/09 @10:57AM - Called Truxton Canyon Water Company, spoke to Laura. I explained that I need more information related to the pressure issues found by the Company during its field investigation, what the status is of the repairs to the pressure problem and lastly what type of work the Company intends to perform to correct the issue. Laura states that she will request the report from Mike and follow up with detailed information.

11/17/09@9:38AM - Called Truxton, spoke to Laura requested status of the additional information requested of Truxton on 11/2. Laura said that she has not received the report from the field so she will check with them again and follow up.

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

12/4/09 - Fax from Truxton:

The status of the meter relocation and the service line extension will not be started until the owner of the property a Miss Linda Khachatoorian agrees and gives permission for the repairs to be done. Mr. Hoyler is the renter of the property and is not on the account. CLOSED

End of Comments

Date Completed: 12/30/2009

Complaint No. 2009 - 81955

Un-Substantiated

Notes:

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Investigator: Al Amezcua

Phone: (602) 542-0842

Fax: (602) 542-2129

Priority: Respond Within Five Days

Complaint No. 2009 - 82068

Date: 9/28/2009

Complaint Description: 04B Service - Defective Equipment
05F Quality of Service - Can't Reach Company

First:

Last:

Complaint By:

Butch

Martin

Account Name:

Butch Martin

Home:

Street:

Work: (000) 000-0000

City:

Kingman

CBR:

State:

AZ Zip: 86401

is:

Utility Company:

Truxton Canyon Water Company, Inc

Division:

Water

Contact Name:

B. Marc Neal

Contact Phone: (928) 753-1121

Nature of Complaint:

9/28/09 Referred by Steve Olea's office.

Per Mr. Martin, he wanted to report several water breaks through-out his community. The name of the Water company is Truxton Canyon Water co. He lives in Valley Vista right off Rte 66. There is currently 6-10 leaks that have been reported to the utility company. They do not return calls and are a very unresponsive company. They need to tend to the needs of the their customers (872). He contacted ADEQ already regarding the quality of the water and they recommended he call the ACC.

Is there currently water breaks and or outages?

What is the company doing to repair and fix these breaks?

How many breaks or outages has Truxton had in the last couple of months?

End of Complaint

Utilities' Response:

10/7/09 Via fax

Truxton Canyon Water Co
2409 Ricca
Kingman AZ

Complaint No 2009-82068

Complaint By Butch, Martin

Kingman, AZ 86401

Response:

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

There have been no breaks and or outages that have been reported to Truxton Canyon Water Co. Truxton has not received any reports of water break and or outages. Truxton would need to know where they are to repair them. Truxton has had no breaks or outages in the last couple months.

Best regards,

Michael Neal
End of Response

Investigator's Comments and Disposition:

9/28/09 Faxed to 928-753-1963.

9/28/09 From: Butch Martin [REDACTED]
Sent: Monday, September 28, 2009 2:54 PM
To: Al Amezcua
Subject: Re: Test!

Mr. Amezcua,

Here are the pictures that I mentioned. The water wasted is significant and the leaks could be effecting the water quality as well. Please let me know the next step.

Thank you,

Butch Martin

9/28/09 Email 3:55 PM, Al Amezcua wrote:
Good afternoon Mr. Martin,

Your complaint has been filed and faxed to Truxton Canyon Water Co. I will follow up with you once I have received a response.

Thank you,

Alfonso Amezcua
Arizona Corporation Commission
Utilities Division
Consumer Services
(602) [REDACTED]
(602) [REDACTED]
[REDACTED]

9/28/09 I spoke with Laura at Truxton Canyon. She has not received nor heard about water breaks in the system. Their field supervisor has not mentioned anything to her or Kara. They have not received any calls today nor over the week end regarding breaks. She will look into this and report back to the ACC.

9/28/09 Email
From: Butch Martin [REDACTED]
Sent: Monday, September 28, 2009 5:16 PM
To: Al Amezcua
Subject: Re: Test!

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Mr. Amezcua,

Thank you for your reply. Please move this up the line in your office. Truxton Canyon will do nothing about this. We have been told by ADEQ that you will investigate this in person.

Butch Martin

9/29/09 11:34 AMA
email from Mr. Martin

Mr. Amezcua,

This I believe is the file number as told to me by others here in Valle Vista that applies to this inquiry #0060940-0.

Butch Martin

9/30/09 Emailed received

From: Rachel Patterson [mailto:Rachel.Patterson@co.mohave.az.us]
Sent: Monday, September 28, 2009 12:22 PM
To: Utilities Div - Mailbox
Subject: Truxton Canyon Water

September 28, 2009

Arizona Corporation Commission
Utilities Division
1200 West Washington
Phoenix, AZ 85007-2996

Re: Truxton Canyon Water

To Whom It May Concern:

The Mohave County Environmental Health Division (EHD) was recently asked by ADEQ to indicate the type of complaints that have been received regarding the above-mentioned water company.

The EHD is not delegated water systems, therefore, when these calls are received, the EHD won't usually take the complaint. These calls are always referred to ADEQ. Because of this, it is difficult to specifically state the number, dates and times, but the calls are usually related to low water pressure, water outages/shortages, and leaks in the lines. We do have record of a complaint in April 2009 regarding a water shortage that lasted at least two days. In addition, we had a complaint in June 2009 regarding leaks in the water lines. I can comfortably state that the EHD has received numerous calls over the past few years related to this water company that have been referred to ADEQ.

Thank you for this opportunity to comment.

Sincerely,

Rachel C. Patterson, RS/REHS

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Environmental Health Manager
Mohave County Department of Public Health

Rachel Patterson, REHS/RS
Environmental Health Manager
Mohave County Dept. of Public Health
3675 E. Hwy 66
Kingman, AZ 86401
P: 928.757.0901
F: 928.757.0902

10/01/09 I spoke with Rachel at the Mohave County Department of Public Health. She mentioned that per ADEQ calls she receives regarding the water company are referred right back to ADEQ. She just wanted us to be aware that they do not have any authority or delegation over water systems. I thanked her for the letter and information.

10/01/09 Voice mail

I left Andy Wilson of ADEQ (928) 773-2708, to please give me a call regarding Truxton Canyon Water. I was told by another complaint that he was out there a day or so ago taking pictures of the water breaks. Provided him with my name and direct telephone number.

10/13/09 I spoke with Mr. Martin and he advised me that he is meeting with Mr. Neil tomorrow at noon to go over the leaks. I wanted to let him know that I was calling him back as I had left him a message last week. He will let me know what the outcome of the meeting is like.

10/15/09 Voice mail message.

Mr. Martin called to report that the meeting took place and the leaks were identified for Mr. Neal.

10/15/09 I spoke with Mr. Martin, he advised me that leaks were brought up and we showed him. He advised me that Mr. Neil would take care of them now that he knows about them.

10/23/09 Via fax

Truxton Canyon Water Co
2409 Ricca
Kingman AZ 86401
Phone (928) 753-1121
Fax (928) 753-1963

Complaint By Butch, Martin

[REDACTED]
Kingman, AZ 86401

Utilities follow up: 2009-82068

I met with Mr. Martin on October 14, 2009 along with a handful of Valle Vista residents. During this meeting we discussed and addressed some of his concerns about the leaks he reported on our system. Mr. Martin and I did come to agreement that the leaks in question would be repaired.

Best Regards,

Mike Neal

10/23/09 I spoke with Laura and asked her to please provide me with an update on the leaks in questioned. She mentioned she would pass this on.

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

10/26/09 Email

From: Butch Martin [REDACTED]
Sent: Monday, October 26, 2009 4:44 PM
To: Steven Olea; Carolyn Buck; Al Amezcua; Guadalupe Ortiz; Wilson Andy
Cc: Hoag Vicki & Glenn; Snyder Beth
Subject: Valle Vista water leak problems...Truxton Canyon Water

This is a request for someone from the Arizona Corporation Commission to come to Valle Vista to personally view our water leaks situation. We as a group of Valle Vista residents will pay for the expenses for an individual to come up here. You have received a variety of either email complaint forms and or written complaints from us. Several of us have telephoned as well. We have sent you a series of photographs of our concerns. Nothing in my opinion speaks to the situation like viewing it in person. We would be able to meet with you at your convenience. Please don't hesitate to contact me or others about our ongoing situation here in Valle Vista.

Thank you for your consideration,

Butch Martin
[REDACTED]

10/26/09 I left a voice mail message asking for an update on the leaks that were reported to Mr. Neil. I would like an update first thing in the morning.

10/30/09 Update from my memo to supervisor and Consumer Services
Truxton

The issues with Truxton stemmed from customer complaints regarding several water leaks/breaks throughout the system. The Company has made a number of repairs eliminating several major leaks. Staff requested a date specific that the Company would commit to having all leaks/breaks repaired. Marcus Neil stated that they would begin the repairs Monday and anticipated it will be approximately two weeks before all leaks are repaired. Once all repairs are made they will follow-up with Staff providing a written report with pictures.

I advised the customer on a voice mail message. CLOSED.
End of Comments

Date Completed: 11/2/2009

Complaint No. 2009 - 82068

Substantiated

Notes: See Complaint.

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Investigator: Deb Reagan

Phone: (602) 364-0236

Fax: (602) 542-2129

Priority: Respond Within Five Days

Complaint No. 2009 - 82133

Date: 10/1/2009

Complaint Description: 05E Quality of Service - Outage/Interruptions
05G Quality of Service - Pressure/Voltage

Complaint By: First: Sue Last: Wilkin

Account Name: Sue Wilkin

Home: [REDACTED]

Street: [REDACTED]

Work:

City: Kingman

CBR: [REDACTED]

State: AZ Zip: 86401

is: Cellular

Utility Company: Truxton Canyon Water Company, Inc

Division: Water

Contact Name: B. Marc Neal

Contact Phone: (928) 753-1121

Nature of Complaint:

Customer sent the following -

- (1) Low water pressure: This has been an ongoing problem for at least five years. The water pressure has been to the point of being impossible to shower or flush a toilet. I have called Truxton Canyon Water Company many times and their usual reply is: "We're working on it".
- (2) No water: Periodically for no known reason, there is no water, sometimes for several hours. When contacted, Truxton Canyon Water Company has the usual reply "we're working on it".
- (3) According to ADEQ, Truxton Canyon Water Company is over limit on arsenic content in their wells. Truxton Canyon Water has not provided their customers with notification of this.
- (4) On any given day, there are over twenty (20) water leaks in the water system: The pipeline was installed by the U.S. ARMY CORP. OF ENGINEERS IN 1942. This pipe has been patched many times in many places, however the patches have failed over time and we now have cat-tails growing in the desert where the leaks are located.
- (5) Lack of response from Truxton Canyon Water Company: I have called them numerous times in regard to the above and nothing has changed in four years time and our system is in worse condition.

For the past three years, I have been working with Andy Wilson, ADEQ Northern Regional Office. During this time, I have shown him every leak that I am aware of in the system. He was here in Valle Vista today inspecting the system again and he found that Truxton Canyon Water has not made any repairs to the system as requested by ADEQ. Andy has pictures and GPS Location of ALL leaks located in this area.

Hope this answers any questions you may have and if you need any further information, please let me know.

Sincerely,

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Sue Wilkin

[REDACTED]
Kingman, AZ 86401

Phone: [REDACTED]

Cell: [REDACTED]

1. What is the water pressure being provided at customer's address? Has the pressure been measured at or near the time of customer's calls? If so, what were the results?
2. What is the reason customer has experienced no water at the time of her calls?
3. Has Truxton Canyon been notified by ADEQ that the arsenic content is above the EPA recommended amount? When was the company notified by ADEQ that it was exceeding the recommended arsenic amount? Were customers notified? If so, how?
4. What has Truxton Canyon done about the reported leaks? What are the company's plans to repair these leaks? When will the leaks be repaired? How many leaks has the company discovered?
5. What plans does Truxton Canyon have in response to customer's calls/complaints re low/no pressure, arsenic and leaks?

Please provide a written response to Commission staff answering all above questions.

End of Complaint

Utilities' Response:

10/7 - Received the following fax response -

The water pressure at customer's address is 30+ psi. The pressure had been measured at the time of the customer's calls. The result is 30+ psi. Truxton has had no outages in over one year. Yes, one sampling at one point of entry. Subsequent samples have been under the limit in 2008. Yes, customer's have been notified in our yearly consumer confidence report. Truxton has quarterly sampling in reference to Arsenic. No water leaks or outages have been reported to Truxton Canyon Water Co. by Sue Wilkin. Truxton does not believe there is a pressure issue at Mrs. Wilkin's address. She lives in a Four Plex with a 1" meter. Truxton feels she has a volume problem due to inadequate size of plumbing. All pressure checks have shown pressure in excess of 30 psi.

Best regards,

Michael Neal

10/7 - 10/7 - Received the following fax response from company -

Deb,

Truxton Canyon Water has no reported leaks on the system.

Thank you,

Michael Neal

End of Response

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

Investigator's Comments and Disposition:

Faxed to Truxton Canyon.

Utility response noted.

10/7 - Sent the following fax to utility -

Michael,

Thank you for the response. In your response, you say no leaks have been reported by Sue Wilkin. Does the Truxton Canyon Water system have any leaks? If so, please respond to the following -

How many leaks has the company discovered? What are the company's plans to repair these leaks? When will the leaks be repaired?

Thank you,

Deb Reagan
Public Utilities Consumer Analyst II
Utilities Division
AZ Corporation Commission

10/7 - Received the following fax response from company -

Deb,

Truxton Canyon Water has no reported leaks on the system.

Thank you,

Michael Neal

10/30 - E-mail from Al Amezcua -

Truxton

The issues with Truxton stemmed from customer complaints regarding several water leaks/breaks throughout the system. The Company has made a number of repairs eliminating several major leaks. Staff requested a date specific that the Company would commit to having all leaks/breaks repaired. Marcus Neil stated that they would begin the repairs Monday and anticipated it will be approximately two weeks before all leaks are repaired. Once all repairs are made they will follow-up with Staff providing a written report with pictures.

11/3 - 2 pm - Customer called to report low pressure. She was going to call company and would keep me advised.

No further contact by customer. Al Amezcua is doing follow-up with company regarding leaks. See above note.
End of Comments

Date Completed: 6/2/2010

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

Investigator: Carmen Madrid

Phone: (602) 542-0848

Fax: (602) 542-2129

Priority: Respond Within Five Days

Complaint No. 2009 - 82379

Date: 10/15/2009

Complaint Description: 19I Other - ADEQ/EPA Questions

N/A Not Applicable

Complaint By: First: Patricia L. Last: Lewis

Account Name: Patricia L. Lewis

Home: (000) 000-0000

Street: [REDACTED]

Work: (000) 000-0000

City: Kingman

CBR:

State: AZ Zip: 86409

is:

Utility Company: Truxton Canyon Water Company, Inc

Division: Water

Contact Name: B. Marc Neal

Contact Phone: (928) 753-1121

Nature of Complaint:

Patricia L. Lewis
[REDACTED]
Kingman, AZ 86409

10/05/2009

Arizona Corporation Commission
Utilities Division
1200 W. Washington St.
Phoenix, AZ 85007

Ref. #0060940-0

Dear Sirs:

First: I own two vacant lots in the Valle Vista subdivision. I decided I wanted to list those lots for sale. I went out to the Valle Vista Club House and inquired about the utility services. It was brought to my attention that I would have to disclose on my sales offer, the fact that the water system, supplied by Truxton Canyon Water Company, was not safe.

I know that the problem is basically sri ADEQ problem, but they say ADEQ has failed to get it solved in over three years.

Could you please work with ADEQ to get these leaks repaired and make the water system safe before someone's baby gets nitrite poisoning?

Second: I have a friend who lives in the Fountain Hills subdivision near Kingman. Her water was off for over 3 days and she is getting yellow colored water in her sinks now. I understand this water company is run by the

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

same guy who has Truxton Canyon Water Company.

While you are fixing, could you get this fixed too?

Thanks,
Sincerely,

Patti Lewis

Enclosures (pictures)

Did the consumer contact the utility company?
When was the last time that the water was tested by ADEQ?
Do you have nitrates in the system?
Has the company been told that the water is unsafe to consume?
How many leaks does the company have?
Have you experienced any water outages?
When was the water off for more than 3 days?
Why wasn't this reported to the ACC?
End of Complaint

Utilities' Response:

October 15, 2009

Complaint No. 2009 82379

Complaint By: Patricia L. Lewis

[REDACTED]
Kingman, Az. 86409

Utilities Response:

Patricia L. Lewis is not a customer on our system. Patricia Lewis has not contacted Truxton Water Company to discuss any water system issues. The water system 08-03 5 is monitored by ADEQ and the last performed inspection was on April 21, and on May 14, 2009, in accordance with Arizona Administrative Code r18-4-10, et sequi, and Arizona Revised Statutes 49-101, et sequi. Truxton also performs monthly water testing of Bacteria and Residual Chlorine and is in compliance. Truxton also performs quarterly Arsenic reports and is in compliance. Yearly Map testing is performed for, Radiochemical, Inorganic, Volatile, Asbestos, and Synthetic's in May 2008. The Nitrates are below the MCL requirements. The water is not unsafe to consume, There was three leaks reported on the system by ADEQ in May of 09 and are currently being repaired. There have been no other water leaks reported as of the date Patricia Lewis filed her complaint. We have had no water outages on this system. The service was not out for three days- Cerbat Water Co. System 08-341 did experience a mechanical failure on 9/30/09 and was repaired immediately on 10/01/09. The ACC was notified and the customer's of that water system were notified as well. Truxton Water Company feels that all questions regarding our system should be directed to us by our customers and potential customers and not a third party.

Best regards:
End of Response

Investigator's Comments and Disposition:

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

10/15/09 faxed to utility company @ 928-753-1963 and faxed to ADEQ 602-207-4634

**

10/22/09 response received and a copy of the letter that was received from utility was sent to consumer. closed

**

End of Comments

Date Completed: 10/23/2009

Complaint No. 2009 - 82379

Un-Substantiated

Notes: see utility's response

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Investigator: Guadalupe Ortiz

Phone: (602) 542-2406

Fax: (602) 542-2129

Priority: Respond Within Five Days

Complaint No. 2009 - 82457

Date: 10/19/2009

Complaint Description: 05G Quality of Service - Pressure/Voltage
N/A Not Applicable

Complaint By: First: Victoria S Last: Hoag

Account Name: Victoria S Hoag

Home: [REDACTED]

Street: [REDACTED]

Work:

City: N/A

CBR:

State: AZ Zip: 00000

is:

Utility Company: Truxton Canyon Water Company, Inc

Division: Water

Contact Name: B. Marc Neal

Contact Phone: (928) 753-1121

Nature of Complaint:

CORRESPONDENCE RECEIVED:

10/6/09

Victoria S Hoag
[REDACTED]

Phone: [REDACTED]
Email: [REDACTED]

Name of Utility Co.: Truxton Canyon Water Company

Name on Bill: Victoria S Hoag

Account Number: 983

Company Contacted: Yes

We have a newly built home, completed mid-April 2009. In July of 2009, a spike in the water pressure caused us to have to contact our plumber to repair a toilet and faucet, which were spraying water in our home due to over 100 PSI "blowing" our gaskets. This repair cost us an additional 165.00 to purchase and have installed a water pressure meter. We were not informed at the time of building by the water company that this would be necessary. At this same time, a new leak in the water system in our neighborhood, across the road at the top of a wash, appeared. (see photos dated 8-25-09). These were recorded and sent in under file number #0060949-0. In addition to this, we found an established leak with mature cattails surrounding it down the utility easement from our home; (see photos dated 10-05-09). There are many leaks in our subdivision of Valle Vista, and we were told that unless the leaks were of a certain magnitude, that Truxton Canyon would not fix them. It is of great concern to us due to water being in short commodity, and being such a precious resource that the Neal family and Truxton Canyon Water Company would have such incredible disregard for this situation. Your prompt attention to this matter would be greatly appreciated. Please feel free to contact me with any questions. Thank you.

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

TRUXTON CANYON:

HAS TRUXTON RECEIVED REPORTS OF THE LEAK REFERRED TO BY CUSTOMER? IF SO, ON WHAT DATE AND HOW. HOW DID TRUXTON RESPOND TO THESE REPORTS. WHAT IS THE STATUS OF REPAIR?

End of Complaint

Utilities' Response:

10/21/2009 - FAX RECEIVED:

10/19/2009

Truxton Canyon Water Company
2409 Ricca Drive
Kingman, Az. 86401
Phone (928) 753-1121
Fax (928) 753-1963

Complaint No: 2009 82457

Complaint By: Victoria S. Hoag

Kingman, Az 86401

Utilities Response:

No leaks have been reported to us by the customer. Truxton Canyon Water does take all reports seriously and does respond to them immediately. Truxton feels that the complaint in question is unwarranted and we have never refused to repair or ignore any problems with our system they are simply put on a priority list the addressed accordingly.

Best Regards,

Mike Neal
End of Response

Investigator's Comments and Disposition:

10/22/2009 - Email to Customer:

Victoria,

The following response was received by Truxton Canyon in response to the Complaint filed on your behalf. Please let me know, if you have any further questions related to this matter:

10/21/2009 - FAX RECEIVED - TRUXTON CANYON RESPONSE:

10/19/2009

Truxton Canyon Water Company
2409 Ricca Drive
Kingman, Az. 86401
Phone (928) 753-1121
Fax (928) 753-1963

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Complaint No: 2009 82457

Complaint By: Victoria S. Hoag
[REDACTED]
Kingman, Az 86401

Utilities Response:

No leaks have been reported to us by the customer. Truxton Canyon Water does take all reports seriously and does respond to them immediately. Truxton feels that the complaint in question is unwarranted and we have never refused to repair or ignore any problems with our system they are simply put on a priority list the addressed accordingly.

Best Regards,

Mike Neal

Thank You,

Guadalupe Ortiz
Public Utilities Consumer Analyst
Arizona Corporation Commission
Utilities Division
(602) [REDACTED]
CLOSED

10/22/09 Email from Customer:

-----Original Message-----

From: [REDACTED]
To: [REDACTED]
Sent: Thu, Oct 22, 2009 3:28 pm
Subject: Re: ACC Complaint No: 2009 82457

Guadalupe

I (along with several others) met with Mr. Neal on Wednesday October 14, at which time we physically visited the site. Mr. Neal is well aware of the leak, and he promised to be on the job Monday or Tuesday, October 19/20 to repair it. At the time of this writing, he nor anyone from his company has been out to start repairs. I do have witnesses' that Mr. Neal was made aware of the two leaks near my home, as well as 18 others in our subdivision.

Please let me know if anything further is required from me.

Thank you for your assistance.

Sincerely
Victoria S. Hoag

10/23/09 Email from Customer to ADEQ:

From: [REDACTED]
Sent: Friday, October 23, 2009 11:12 AM
To: Andy T. Wilson
Subject: Fwd: ACC Complaint No: 2009 82457

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Hi Andy

My name is Vicki Hoag, I met you when you stopped at our house on Wednesday to review the leaks in the Truxton Canyon water system here in Valle Vista. I was with my husband Glenn, and Rich Roback, our Valle Vista POA President.

I have filed a formal complaint with the ACC (see below) and received a response as indicated below. I am copying you on how I responded, so that you have a chain of events from your perspective.

Please feel free to contact me with any questions.

Thank you for your many efforts to help with this matter.

Sincerely

Vicki Hoag

[REDACTED]
Kingman AZ 86401
[REDACTED]

10/23/09 Email from ADEQ to Customer and ACC:

From: Andy T. Wilson [mailto:Wilson.Andy@azdeq.gov]
Sent: Friday, October 23, 2009 12:58 PM
To: [REDACTED], Guadalupe Ortiz
Subject: RE: ACC Complaint No: 2009 82457

The water co. response is standard. We have made them aware of many leaks in the past. They tend to ignore them, and us. Check with Al Amezcua in your Dept. for copies of prior inspection reports. Their latest ploy is to claim that the main supply line for the water co. belongs to the Neal Trust, not the water co. and they have no responsibility for it. The Trust is not a licensed water supplier.

10/27/2009 * ADDITIONAL QUESTIONS TO TRUXTON CANYON:

PLEASE SEE ABOVE, CUSTOMER RESPONSE TO TRUXTON CANYON INFORMATION RECEIVED IN RESPONSE TO CUSTOMER COMPLAINT AND COMMENTS FROM ADEQ.

HAS TRUXTON PERFORMED A SITE VISIT TO DETERMINE IF THERE ARE LEAKS THAT NEED TO BE REPAIRED? IF SO, ON WHAT DATE AND WHAT WERE TRUXTON CANYON'S FINDINGS? IF NOT, PLEASE EXPLAIN WHY? IF LEAKS WERE LOCATED, WHAT IS THE STATUS OF REPAIR?

HAS ADEQ MADE TRUXTON CANYON AWARE VARIOUS LEAKS? IF SO, PLEASE EXPLAIN HOW TRUXTON CANYON RESPONDED AND WHAT ACTION WAS TAKEN TO REMEDY THESE LEAKS.

10/26/2009 - Email from Customer:

Hello Andy and Guadalupe

This past weekend there were two kids playing in the leak across from our house. I have attached two pictures that are date and time stamped for you to review. It is now an "attractive nuisance" and since they pulled out the small pipe that was there, it is leaking more now.

I plan on calling Mr. Neal this morning informing him of this situation, and reminding him that he promised to get to work repairing this.

Thank you for your time.

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Vicki Hoag
End of Comments

Date Completed: 10/22/2009

Complaint No. 2009 - 82457

Un-Substantiated

Notes:

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Investigator: Al Amezcua

Phone: (602) 542-0842

Fax: (602) 542-2129

Priority: Respond Within Five Days

Complaint No. 2009 - 82512

Date: 10/20/2009

Complaint Description: 04B Service - Defective Equipment
05Z Quality of Service - Other

First:

Last:

Complaint By: Virginia Snyder

Account Name: Virginia Snyder

Home: [REDACTED]

Street: [REDACTED]

Work: (000) 000-0000

City: Kingman

CBR:

State: AZ Zip: 86401

is:

Utility Company: Truxton Canyon Water Company, Inc

Division: Water

Contact Name: B. Marc Neal

Contact Phone: (928) 753-1121

Nature of Complaint:

Virginia Snyder
[REDACTED]

Phone (Home): [REDACTED]

Email: [REDACTED]

Name of Utility: Truxton Canyon Water Company

Name on Bill: Beth Snyder

I have lived in this community of Valle Vista for 10 years. In all of that time, I have not observed our water company, Truxton Canyon Water Company, file #0060940-0, repair the obvious leaks throughout our community. They are quite obvious because in our desert area, they can be found at stands of cattails which do not grow without a constant source of water. There are several of these stands of cattails in Valle Vista.

I bring this to your attention because I wonder if there is water coming OUT of the water pipes which supply our households, what could there be going INTO those pipes and therefore into our homes (dirt, insects, rodents, etc.)? I hope that you will check on this situation for us.

End of Complaint

Utilities' Response:

10/21/09 Utility response via fax
Truxton Canyon Water Company
2409 Ricca Drive
Kingman, AZ 86401
Phone (928) 753-1121
Fax (928) 753-1963

October 21, 2009

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Complaint No: 2009-82512

Complaint By: Virginia Snyder
[REDACTED]
Kingman, AZ 86401

Utilities response:

Truxton Canyon Water company is currently repairing leaks that have been brought to our attention by ADEQ.

Best regards:

Mike Neal
End of Response

Investigator's Comments and Disposition:

10/20/09 Faxed to Truxton Canyon for a utility response at 928-753-1963.

11/2/09
Truxton

The issues with Truxton stemmed from customer complaints regarding several water leaks/breaks throughout the system. The Company has made a number of repairs eliminating several major leaks. Staff requested a date specific that the Company would commit to having all leaks/breaks repaired. Marcus Neil stated that they would begin the repairs Monday and anticipated it will be approximately two weeks before all leaks are repaired. Once all repairs are made they will follow-up with Staff providing a written report with pictures.

I advised the customer on a voice mail message. CLOSED.
End of Comments

Date Completed: 11/2/2009

Complaint No. 2009 - 82512

Substantiated

Notes: See Complaint.

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Investigator: Al Amezcua

Phone: (602) 542-0842

Fax: (602) 542-2129

Priority: Respond Within Five Days

Complaint No. 2009 - 82583

Date: 10/22/2009

Complaint Description: 07A Repair Issues - Delays
N/A Not Applicable

Complaint By: First: Vicky Last: Hoag

Account Name: Vicky Hoag

Home: [REDACTED]

Street: [REDACTED]

Work: (000) 000-0000

City: Kingman

CBR:

State: AZ Zip: 86401

is:

Utility Company: Truxton Canyon Water Company, Inc

Division: Water

Contact Name: B. Marc Neal

Contact Phone: (928) 753-1121

Nature of Complaint:

10/22/09 Per Ms. Hoag she is a resident of Valley Vista. She was one of the other residents who meet with Mr. Neil in Oct. (14). The leaks are getting worst. She has not seen or heard from Mr. Neil at all. She was promised that by Monday or Tuesday of this week (10/19 or 20th) the leaks would be repaired.

What is the status of the leak repairs?

End of Complaint

Utilities' Response:

10/28/09 Utility response via fax

Truxton Canyon Water Co
2409 Ricca Drive
Kingman AZ 86401
Phone (928) 753-1121
Fax (928) 753-1963

October 28, 2009

Complaint No 2009-82583

Complaint By
Victoria Hoag

[REDACTED]
Kingman, AZ 86401

Utilities Response:

Truxton has performed a site visit to determine if there are leaks that need to be repaired. Truxton will repair all the leaks and did promise to star this week. But we were unable to start due to a engine failure at our other

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

water system Cerbat Water co. 08-341. We are limited by field personal who are capable of doing repairs. Truxton still plans to repair all leaks as soon as the field personal is available. We are sorry if this has inconvenienced Mrs. Hoag or any other residents it is still a priority and we will get to the repairs as soon as possible.

Sincerely,

Mike Neal

End of Response

Investigator's Comments and Disposition:

10/22/09 Faxed complaint to 928-753-1963.

11/2/09

Truxton

The issues with Truxton stemmed from customer complaints regarding several water leaks/breaks throughout the system. The Company has made a number of repairs eliminating several major leaks. Staff requested a date specific that the Company would commit to having all leaks/breaks repaired. Marcus Neil stated that they would begin the repairs Monday and anticipated it will be approximately two weeks before all leaks are repaired. Once all repairs are made they will follow-up with Staff providing a written report with pictures.

I advised the customer on a voice mail message. CLOSED.

****NOTES BY LUPE****

11/19/2009 - Email from Customer:

Andy & Guadalupe

It has been over four weeks since we met in the field with Mike Neal regarding the leaks in the water system by our home in Valle vista. Nothing has been done to correct with of these, or any of the other leaks within the Valle Vista subdivision. The Neals are currently having problems with their Cerbat Water Comapny, as you well know, and while that system feeds about 250 + customers, ours community is over 800 homes. If this family has to rob Peter to pay Paul, which is what they are doing with the charges the Calude K Neal Trust is charging our golf course for watering, it seems like over sight by a higher entity is in order. They have the ability to change systems and charge whatever they wish for our golf course supply, in order to gain monies to pay for the repairs to the Cerbat system. We really wish you would take a much closer look at this situation. Leading them by the hand to gain an increase in water rates to update a system that is 40 + years old, and overcharging other customers to fund it is simply wrong, and bad business to boot. We are tired of being ingnored and held over the barrel for the lack of good business scumen being exhibited by the Neal family. PLEASE, take a closer look at this situation.

Thank you for your time, I anxiously wait to hear back from you.

Sincerely,

Vicki S Hoag

11/24/09 - Email to Customer (Cc: Commission):

Vicki

I am forwarding your email to Al Amezcua as he was the Analyst who performed the site visit and assisted you with your most recent complaint, ACC Complaint No. 2009 - 82583.

Thank You,

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Guadalupe Ortiz
Public Utilities Consumer Analyst
Arizona Corporation Commission
Utilities Division
(602) 542-2406

11/24/09 Notes by Al Amezcua

I spoke with Ms. Hoag and advised her of the meeting that is scheduled this afternoon in regards to the Truxton Canyon situation. I will follow up with her once I have more information as to the direction the Utilities Director will be taking. She appreciated this very much and will wait for a call back.

1/17/10

From: vhoag556@aol.com [REDACTED]
Sent: Sunday, January 17, 2010 12:21 PM
To: Barry@BarryWong.com
Cc: Al Amezcua; nancym3@frontiernet.net
Subject: Valle Vista Water issues

Hi Barry

Thank you again for coming out to speak with our albeit small but determined Republican group. You have asked Nancy Moschau to bring you up to date about our water issues. I have been dealing with Alphonso Amezcua at the ACC, he has been following our case and was present during our field meeting with Mike Neal from Truxton Canyon Water Company (he is also the rep for Cerbat Water Company and the Claude K Neal Trust waer group). Andy Wilson from the ADEQ was also present; however I understand that Andy retired in Decemeber. Al has all the details going back to August. Alphonso's email address is Aamezcua@azcc.gov, and I am copying him on this email so that he knows we are in touch regarding the water issues we have in Valle Vista.

Al, please feel free to give Mr. Wong any info that you may have collected concerning this issue, and thank you for your cooperation.

If you have any questions, please feel free to contact me. My cell number is [REDACTED] and you now have my email address.

Than you again for your interest, good luck with the election!

Sincerely,

Vicki Hoag

1/31/10

From: [REDACTED]
Sent: Sunday, January 31, 2010 11:30 AM
To: Barry@BarryWong.com
Cc: Al Amezcua; senburns@aol.com; Pierce-Web; jlesuer@azcc.gov; Brnzbaby440@aol.com
Subject: Independant Water test Valle Vista

Hello Barry and Brenda

I know that my husband Glenn has been in contact with both of you, and I am attaching the results of an independent water test run on our house last November 2009. I am also attaching a letter we received from

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Truxton Canyon Water Company in June 2008, indicating similar results back then. It is obvious that they have done nothing to rectify the situation.

To say that I am concerned for my health is an understatement. We need accountability for this issue NOW. 18 months is a ridiculous amount of time for this to have slipped through the cracks. Who will step up and make this happen? On top of all of this, we have two leaks near our home in the water system, and I fear that we are open to cross contamination from those also. Truxton Canyon does not seem to be stepping up to take care of these either.

In October of 2009, when we met in the field with Alphonso Amezcua, Andy Wilson, Mark Neal (Mike Neal's son) and another representative from the ACC, I felt we would see some response. To date, NOTHING has taken place, nothing is repaired, our water still has above state and federal legal levels of arsenic, and we are considering what our options are, including putting in a very expensive water filtration system. If we are buying our water from Truxton, why is it my responsibility to see that my water is safe to drink? Due to our diligence and willingness to test for ourselves, we now know the risk that Truxton wilfully puts upon us.

Enough is enough folks, tell me what we have to do to get this moved off the fence, and we will do it. Tell us what you need from us, and we will provide it. Alphonso and Andy know that I will follow through on this. I have more information if required.

Please help us!
Sincerely
Vicki S Hoag

[REDACTED]
Kingman AZ 86401
[REDACTED]
[REDACTED]

5/21/10 Email from Vicky

From: [REDACTED]
Sent: Friday, May 21, 2010 11:37 PM
To: Gary Pierce
Cc: Steven Olea; Al Amezcua; Del Smith; John LeSueur; senburns@aol.com
Subject: Water issues

Hi Folks

It has been six weeks since the field crew has been here. I was told by Alphonso to watch the web site for a filing date for the show cause hearing,

I HAVE SEEN ANYTHING, NOR HAVE I RECEIVED AN UPDATE. When I spoke with Alphonso, he told me to watch the website. So I have, and it appears that nothing is progressing.

That being said, as I have put myself in the position of being in the limelight (read cross hairs), most folks want to know the following (at the least)

1. What is the status of our complaint?
2. Should we have our water re-tested? And if so, should we file for reimbursement, and from whom?
3. Are we entitled to bottled drinking water and who is going to pay for this?
4. When is the AZCC going to stand up for us, according to their responsibilities?
5. If the AZCC does nothing, can we sue them???????

I want to let you know that the natives are restless, to borrow an old movie adage.

Can someone please let me know what the heck is going on?

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Thank you,
Sincerely, really!
Vicki Hoag

5/24/10 I spoke with Vicky regarding her email. She mentioned that she spoke with John LeSueur earlier today and he provided her with an update. She is good for now and will not waste my time because she knows how busy we are.

I was prepared to answer her questions but I did clarify her question 1. This OSC is not theres but the Commission's filing. She understood and thanked me for the clarification.
End of Comments

Date Completed: 11/2/2009

Complaint No. 2009 - 82583

Substantiated

Notes: See Complaint.

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

Investigator: Trish Meeter

Phone: (602) 542-0622

Fax: (602) 542-2129

Priority: Respond Within Five Days

Complaint No. 2009 - 82698

Date: 10/27/2009

Complaint Description: 05E Quality of Service - Outage/Interruptions
05C Quality of Service - Customer Service Contact

Complaint By: First: Harry Last: Hoyler

Account Name: Harry Hoyler

Home: [REDACTED]

Street: n/a

Work:

City: n/a

CBR:

State: AZ Zip: n/a

is:

Utility Company: Truxton Canyon Water Company, Inc

Division: Water

Contact Name: B. Marc Neal

Contact Phone: (928) 753-1121

Nature of Complaint:

10/27

Received call from customer stating he is without water again today. When he made a call to the company he was told they did not know why he was without service.

Customer stated they were without service on Sunday for 8 hours.

Customer is angry that the service is terrible and expects the Commission to come down on this company.

11/19

Rec'vd email from customer.

From: Harry Hoyler [REDACTED]

Sent: Wednesday, November 18, 2009 12:38 PM

To: Newman-Web

Cc: Mayes-WebEmail; Pierce-Web; Kennedy-Web; Stump-Web; Admin Div - Mailbox; Hearings Division; Legal Div - Mailbox; Utilities Div - Mailbox

Subject: Truxton Canyon Water / Cerbat Water

Ladies and Gentleman,

I find it interesting that Cerbat Water is applying for a rate increase. This is a company that mismanages everything it touches.

What guarantees do the people have that this money will go to the repair and continued maintenance of the system? There are no guarantees.

I am in the Truxton Canyon part of their system and I suspect they will ask for a rate increase here as well. I don't know why they ask. There are several cases where they just tacked on their own increase because someone complained about a water problem.

Thirty years ago when the A.C.C. got involved companies literally were scared to death. The A.C.C. had teeth and they were sharp. I don't know what has happened.

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

The A.C.C. was once the most feared agency in Arizona and certainly the most feared by truckers. I have lived out of the state for many years and have returned to find a great deal of disappointment in my Arizona government. I have always bragged on Arizona government as being honest, fair and always representative of the people.

This company is playing the A.C.C. and other agencies, including Mohave County, like a violin and from the consumers standpoint an out of tune violin.

I fully expected to have a face to face conversation with someone from the A.C.C. concerning our problems where I live. That did not happen and I understand as you were busy with the people in north Kingman without water. I pray these people won't have interruptions again but that will be a wasted prayer.

I have horses, chickens and gardens and pets. When my animals start suffering then I feel compelled to make someone else suffer.

I will not rest until this company comes out and runs new lines for me and several of my neighbors at Truxton's expense.

I will look forward to hearing from you.

Thank you,
Harry Hoyler

Questions to the company:

Have customers been billed the approved tariff charges for service?

Please address the issues of billed charges and address his outage concerns and the steps being taken by the company.

Please provide the Commission with a written response.

End of Complaint

Utilities' Response:

Investigator's Comments and Disposition:

10/27

Called customer. No answer.

Called M. Neal at company. Called the two emergency numbers provided on the voice answering machine (928-303-4213 and 925-716-4788).

Left voice message on the second number for M. Neal to provide us with an update as to the status of the outage, provide a report for Sunday's outage and advise of steps being taken to get service restored.

11/19

Faxed to company at 928-753-1963

11/19

Filed as an Opinion in W 02391A-09-0516 docket

11/30

Commission staff looking into outages.

End of Comments

Date Completed: 12/2/2009

Complaint No. 2009 - 82698

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Investigator: Lynn Combs

Phone: (602) 542-0488

Fax: (602) 542-2129

Priority: Respond Within Five Days

Complaint No. 2007 - 58894

Date: 3/6/2007

Complaint Description: 01Z Billing - Other
06Z Disconnect/Terminations - Other

Complaint By: First: Robert Last: Tadlock

Account Name: Robert & Amber Tadlock

Home: [REDACTED]

Street: [REDACTED]

Work: [REDACTED]

City: Kingman

CBR: [REDACTED]

State: AZ Zip: 86401

is: [REDACTED]

Utility Company: Truxton Canyon Water Company, Inc

Division: Water

Contact Name: B. Marc Neal

Contact Phone: (928) 757-2403

Nature of Complaint:

03/06/07

Customer called to say that they received a shut-off notice that stated if the bill was not paid by 03/15 the water would be shut off but yesterday a representative from the utility came to their home and told them if they did not pay the bill then the water would be turned off.

The customer also received a bill for a property that they own and told to pay the bill even though their tenant was responsible for the bill. The customers rental address is [REDACTED]. When the customer called the utility to ask about the bill they were told they did not have the right to ask questions and the water company did not provide them with any information on the bill but [REDACTED] them to pay it.

Questions to the utility :

Is it customary for a representative to come to a home to collect payment for a water bill?

Why didn't the customer have until 03/15 to pay the bill as the statement stated?

Why was the customer given the bill for the [REDACTED]

What period of time does the bill cover?

End of Complaint

Utilities' Response:

shut off NO NOT

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

03/09/07 Received Utility Response

TRUXTON CANYON WATER CO
LESLIE MESTAYER-OFFICE MANAGER
2409 RICCA DRIVE
KINGMAN AZ 86401
928-753-1121
928-753-1963

MARCH 9 2007

COMPLAINT # 2007 58894

RE: ROBBIE TADLOCK

[REDACTED] - SERVICE ADDRESS

[REDACTED] - BILLING ADDRESS

KINGMAN AZ 86401

ON MARCH 3 2007 A TURN OFF NOTICE HAD BEEN ISSUED TO THE FIELD FOR THE ADDRESS OF 8 [REDACTED] NON PAY THE LAST PAYMENT RECEIVED ON THAT ACCOUNT WAS DEC 18 2006 FOR \$ 71.00 LEAVING A BALANCE OF \$ 167.

BEFORE TURNING THE WATER OFF, OUR REPRESENTATIVE WENT TO THE DOOR OF THE CUSTOMER TO LET THEM KNOW THAT THEY WERE TO BE TURNED OFF FOR NON-PAYMENT. AFTER TALKING TO THE WOMAN OF THE HOUSE AND CALLING THE OFFICE, IT WAS AGREED UPON THAT SHE WOULD HAVE IT PAID IN FULL BY 12:00 NOON THAT DAY WITH NO INTERRUPTION OF SERVICE OR RECONNECTION FEE. MRS. TADLOCK CALLED THE OFFICE TO CONFIRM THAT SHE WOULD BE IN THE OFFICE NO LATER THAN 12:00 NOON ON MARCH 5 2007. MRS. TADLOCK DID PAY THE BILL IN FULL BEFORE 12:00 NOON MARCH 5 2007

RESPONSE TO QUESTIONS:

NO IT IS NOT CUSTOMARY FOR A REPRESENTATIVE TO COLLECT PAYMENT FROM CUSTOMERS AT THEIR HOMES

WATER BILLS ARE DUE UPON RECEIPT AS POSTED ON THE BILLING. THE DATE OF THE 15 IS WHEN A LATE FEE WILL BE APPLIED FOR THAT MONTHS BILLING.

RE: ROBBIE TADLOCK

[REDACTED] - SERVICE ADDRESS

[REDACTED] - BILLING ADDRESS

KINGMAN AZ 86401

ROBBIE TADLOCK HAS BEEN ESTABLISHED ON THE ADDRESS OF 7707 P SUGARLOAF SINCE JUNE 2005 AND HAS BEEN RECEIVING ALL BILLS ON THAT ADDRESS SINCE ESTABLISHMENT OF SERVICE.

THE TADLOCKS REQUESTED THE SERVICE TO BE TURNED OFF ON JANUARY 3 2007 WHEN MRS. TADLOCK CALLED THE MORNING OF MARCH 5 2007 SHE TOLD ME HER RENTERS STILL OWED HER MONEY ON THE WATER BILL. I REMINDED HER THAT THE ACCOUNT WAS ESTABLISHED IN HER HUSBANDS NAME AND THAT THEY WERE RESPONSIBLE FOR THE BILL. SHE ACKNOWLEDGED THAT THE ACCOUNT WAS IN THEIR NAME BUT THAT THEY WERE STILL TRYING TO COLLECT FROM THEIR PAST TENANTS.

WHEN MRS TADLOCK WAS IN THE OFFICE TO PAY HER BILL FOR ACCT# 602 ON MARCH 5 2007, SHE TOLD ME THAT THERE WOULD ALSO BE ANOTHER PAYMENT MADE ON ACCT# [REDACTED] (CLOSED ACCT) TUESDAY MARCH 6 2007.

THE MAN THAT WAS WITH MRS TADLOCK ON MARCH 5 2007 DID COME BACK TO THE OFFICE ON MARCH 6 2007 TO APPLY ANOTHER \$ 50.00 TO THE CLOSED

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

ACCOUNT AND STATED THAT THE CLOSED ACCOUNT WOULD BE PAID IN FULL AFTER THE FIRST OF APRIL.

TIME COVERAGE ON RECENT WATER BILL FOR ACCOUNT [REDACTED]

PAST DUE AMOUNT OF \$ 168.15 IS:

BALANCE CARRIED FORWARD \$ 1-67

SERVICE FROM 11-27-06 TO 12-26-06

DECEMBER 06 BILL \$ 92.66-WATER CHARGES

7.33-TAXES

JANUARY 15th 5.00-LATE FEE

SERVICE FROM 12-26-06 TO 1-29-07

JANUARY07 HILL 56.89 WATER CHARGES

4.51-TAXES

FEBRUARY 1 5" 5.00-LATE FEE

TOTALPAST DUE \$ 168.15

SERVICE FROM 1-29-07 TO 2-28-07

FEBRUARY 07 DILL 190.33 WATER CHARGF

1 5.06-TAXES

TOTAL DUE \$378.54

End of Response

Investigator's Comments and Disposition:

03/06/07 Faxed to the utility

03/06/07 10:50 am Spoke to B. Marc Neal at utility to make aware that the complaint has been faxed to the utility.

03/09/07 Received utility response and called to speak to utility regarding dates of statements. I left a message for Leslie to call me back when she returns to the office.

03/13/07 8:45 am - Received a call from the utility contact - Leslie - I asked for clarification on the dates of statements- I asked if the customer received a shut off notice in February and she said no- no notices went out in February. I explained that when the utility representative came to the house telling the customer they would be shut off if payment was not made immediately - the utility was in violation of their tariff. The customer should have received a shut off notice specifying the amount due and due date. Leslie says the customer made payment on the outstanding balance and they were not shut off.

03/13/07 9:15 am I called back to the utility and spoke to Leslie Mestayer to let her know that the utility is in violation of their tariff and they will be fined for this complaint. I also explained that I will be letting the customer know that to avoid having services terminate the bill must be paid within the time as designated on the bill.

03/13/07 9:20 am I left a message with the customer to call back regarding the utility response.

03/13/07 9:22 am Customer called back and I explained that there was not a shut off notice and there should have been one. Also that the customer has 15 days from the date of the bill to make payment and the utility had billed for 3 months without receiving payment. I explained that just as the utility has a responsibility to send the bill to the customer timely , the customer has a responsibility to pay the bill within the 15 days of the bill.

Complaint closed.

End of Comments

Date Completed: 3/13/2007

Complaint No. 2007 - 58894

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Substantiated

Notes: 03/13/07 Customer called to complain that the utility was terminating service and they did not receive a shut off notice. The utility said the notice was not sent. The utility was in violation of not sending a notice yet going to the customers home to communicate that payment should be made that day or services will be shut off. The customers account is paid in full and services were not disconnected. Compliant closed

late

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Investigator: Guadalupe Ortiz

Phone: (602) 542-2406

Fax: (602) 542-2129

Priority: Respond Within Five Days

Complaint No. 2007 - 60687

Date: 5/31/2007

Complaint Description: 03A New Service - Installation Delays
N/A Not Applicable

Complaint By: First: Ed Last: Shaw - Project Coordin

Account Name: Robert Goldstein, Owner/REICM #3 Home: (000) 000-0000

Street: [REDACTED] Work:

City: [REDACTED] CBR: (918) 000-0000

State: CA Zip: 91303 is: Business

Utility Company: Truxton Canyon Water Company, Inc

Division: Water

Contact Name: B. Marc Neal Contact Phone: (928) 753-1121

Nature of Complaint:

5/31/2007 - CORRESPONDENCE RECEIVED:

TRUXTON CANYON WATER:

On what date did customer request service establishment?

What is the status of the request for service?

Is this request for a main line extension? If so, has the main line extension agreement been entered into and/or filed with the ACC? If so, on what date?

What is the status of the customers request for the following documentation:

Commitment of Water Service (Will Serve Letter)

Estimate to install water for Sunny Highlands Estates (including water treatment resolutions)

Phase 2 Estimate

Provide anticipated start and completion time

Also, what the residual pressure is at or as near as possible to the connection of the water line

Robert Goldstein-Owner/REICM #3

Ed Shaw - Project Coordinator

[REDACTED]
[REDACTED]
[REDACTED]

theeshawyahoo.com

OK

May 29, 2007

Arizona Corporation Commission
Consumer Services Section
1200 Washington St.

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Phoenix, AZ 85007

I have been unsuccessful, since my in-person meeting on January 29, 2007, with the Truxton Water Company, in obtaining a response to a commitment of water service in Kingman, AZ.

Attached is a copy of the most recent letters for request of services.

Any assistance with this matter would be sincerely appreciated.

Thank you,

Ed Shaw - Project Coordinator

5/23/2007 CORRESPONDENCE MAILED FROM CUSTOMER TO TRUXTON CANYON:

Robert Goldstein-Owner/REICM #3
Ed Shaw - Project Coordinator

[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

May 23, 2007

Truxton Canyon Water
2409 Ricca Drive
Kingman, AZ 86411

REF: REQUEST FOR YOUR SERVICES

Dear Mike Neal,

Please provide a Commitment of Water Service (WILL Serve Letter) needed to complete the document submittal requirement to apply to the Arizona Real Estate Board for a Public Report.

Please provide a estimate to install water service, including water treatment resolutions for Sunny Highlands Estates, Tract 1132, Book 313, Map 46, 23N, 14W, 3, Mohave County, Kingman, Arizona.

Phase 1 includes lots 216-221, 234-241, 321 and 322. (see attached plat map).

Additionally, Phase 2 estimate would be helpful. Please provide anticipated start time and completion time so we could get started as soon as possible.

Please contact Ed Shaw-Project Coordinator, at 818-883-7043 for any additional information.

As noted below:

Please note the following request from Civil Engineer – Ray Stadler whom you have been working with on this project this year.

What I need from Mike Neal is the residual pressure at or as near as possible to the location that we are connecting to his water line to supply the Sunny Highlands project. This is needed so that we can show ADEQ that the pressure to the residences will exceed the minimum 20 psi during peak flow conditions.

**ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM**

Ray Stadler- Civil Engineer

Thank You,

Ed Shaw

12/07/2006 CORRESPONDENCE MAILED FROM CUSTOMER TO TRUXTON CANYON:

Robert Goldstein-Owner
Ed Shaw - Project Manager

[REDACTED]
[REDACTED]
[REDACTED]

December 7, 2006

Truxton Canyon Water
2409 Ricca Drive
Kingman, AZ 86411

RE: REQUEST FOR YOUR SERVICES

Dear Mike Neal,

Please provide a estimate to install water service for the Sunny Highlands Estates, Tract 1132, Book 313, Map 46, 23N, 14W, 3,. Phase 1 includes lots 216-221, 234-241, 321 and 322. (see attached plat map). Additionally, Phase 2 estimate would be helpful. Please provide anticipated start time and completion time so we could get started as soon as possible. Please contact Ed Shaw at [REDACTED] for any additional information. Please note the following request from Civil Engineer - Ray Stadler whom you have been working with on this project this year.

What I need from Mike Neal is the residual pressure at or as near as possible to the location that we are connecting to his water line to supply the Sunny Highlands project. This is needed so that we can show ADEQ that the pressure to the residences will exceed the minimum 20 psi during peak flow conditions.

Ray Stadler

Thank You,

Ed Shaw
End of Complaint

Utilities' Response:

6/7/2007 @1:54pm - Marc Neal at Truxton Canyon Water called to advise the area that the customer has requested to establish service in is not with Truxton Canyon Water Company's CC&N area.

Advised Marc, that I will verify his information with the appropriate Commission staff member and provide that information to the customer.

6/11/2007 - Fax Received from Truxton Canyon:

June 11, 2007

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Guadalupe Ortiz
Arizona Corporation Commission

RE: Complaint 2007 60687

Dear Ms. Ortiz:

Mr. Shaw's property is not in Truxton Canyon Water Companies certificated area and there is not an agreement at this time to provide Mr. Shaw with water for his subdivision.

Sincerely,

B. Marc Neal, President
End of Response

Investigator's Comments and Disposition:

6/12/2007 @10:00am - Spoke to Barb Wells regarding Truxton Canyon Water Co. information and the area that the customer has requested service in.

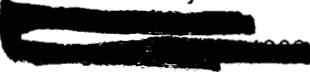
Per Truxton Canyon's Maps on file with the ACC the area that the customer is requesting service in is not with Truxton's CC&N area. Per Barb, there is no water company that serves this area.

6/12/2007 @10:30am - Called customer, advised of company response and also informed the customer that I have verified in the Commission records that the area he is requesting service for is not in Truxton Canyon Water Company's CC&N area.

Customer is upset although understands that we can not require the company to service him due to his CC&N.

6/12/2007 - CORRESPONDENCE MAILED TO CUSTOMER:

June 12, 2007

Ed Shaw - Project Coordinator


Dear Ed Shaw,

Per your request, I have attached a copy of the Arizona Corporation Commission map on file for Truxton Canyon Water Company's reflecting the company's approved certificated area.

If you have any additional questions or concerns please feel free to call me at (602) 542-2406.

Thank you,

Guadalupe Ortiz
Public Utilities Consumer Analyst
Arizona Corporation Commission
Utilities Division
(602) 542-2406

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

MAP OF TRUXTON CANYON WATER COMPANY'S CC&N AREA

CLOSED

6/15/2007 - Customer called stating that Barb Wells was incorrect and that after reviewing the map he has found that the area that he is requesting service in is within Truxton Canyon's CCN area.

Provided customer, Barb Wells telephone number so he may further discuss this matter with her.

6/28/2007 - Per Barb Wells, the customer is requesting service for a subdivision of a number of homes. Of the subdivision there is only one residential lot that is in Truxton Canyon's CCN area.

Barb also explained to the customer that the company is only required to serve the one residential lot in Section 3, which is within Truxton Canyon's CCN area.

6/28/2007 - Customer understands and is requesting service to only the one residential lot within Truxton Canyons CCN area.

6/29/2007 @11:38am - Called Mike Neal of Truxton Canyon and advised of the information received from Barb Wells. Per Mike he is familiar with the company's CCN territory in Section 3 although the customers request is not in the Company's CCN area.

Mike will arrange for an Engineer to go out and evaluate the area that the customer is requesting service in to determine if any of the residential lots are in the company's CCN area. Mike indicated that in some cases it takes up to a week to get a engineer out to the sight although he will follow up with me on Friday, July 6th with the status.

7/05/2007 @10:45am - Marc Neal of Truxton Canyon Water called requesting the legal description for his CCN area in section 3. Requested he contact Barb Wells to obtain that information as she handles the utility companies maps.

Marc will contact Barb. Per Marc he has contacted a surveyor and will seek further assistance after he obtains the legal description from Barb.

7/12/2007 @9:00am - Customer called, to check status of his complaint for Truxton Canyon. Provided the customer the most recent information obtained from the company regarding the scheduling of a Surveyor to evaluate the site and verify the lot in question is actually in the company's CCN area.

8/02/2007 - Called Marc Neal to question status of the scheduling of the surveyor for the land in question.

Per Marc, last week he contacted a surveyor who informed him it would be up to 3 weeks before the surveyor can go out due to previous scheduling obligations. Marc experienced delays in obtaining the legal description from Barb Wells which delayed his scheduling of the surveyor.

8/2/2007 - Called customer, advised of status of the scheduling of a survey to be performed in about two weeks. Agreed to follow up once I have further information.

8/23/2007 - Marc called, indicating that he would mail the Survey and fax his letter for review. Marc further explained that the survey reflects three lots which fall completely within the company's CC&N, and several that are partially in the company's CC&N. Marc is questioning if the company would be responsible for serving the lots that are partially in their CC&N since the company never had any intention to include this area in their CCN although was requested to b y the Commission.

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Marc further explained that the customer would be required to enter into a main line extension agreement as the line that is currently in this area is not adequate for serving customers it is only sufficient for livestock at this time.

Advised Marc once I receive the survey, I will review it and seek assistance if necessary from my supervisor to determine which lots the company will be required to serve.

8/24/2007 - Fax Received from Truxton:

Truxton Canyon Water Company
2409 Ricca Drive
Kingman, AZ 86401
(928) 753-1121

August 24, 2007

Guadalupe Ortiz
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

RE: Complaint #2007-60687

Dear Ms. Ortiz,

This service was in place before the Claude K. Neal Family Trust, owners of the pipeline, acquired the pipeline from the city of Kingman. In an agreement with the prior owners, made when the easement was granted for the pipeline with the X-Bar One ranch in approximately 1945, the owners of the pipeline are required to provide water for the livestock watering purposes at then existing main line, to the ranch along the line within the ranch boundaries.

The Commission requested that Truxton Canyon Water Company obtain a CCN for those remote service areas. Due to the cost the ten acre CC&N was not surveyed just estimates to the closest ten acres. The CCN was never intended to serve a subdivision, just the existing livestock watering trough.

The owner is obviously asking the company for a "Will Serve Letter" to enhance the value of his property. We have no difficulty with that concept. However, because we do not have a CC&N for the entire area, which we only know is part of a larger subdivision, we cannot provide that letter at this time. Further, we do not presently have the production, storage, or pressure capacity to serve the subdivision. I have enclosed a copy of the survey of the ten acre CC&N in Section 3, T.23N., R.14W., G&S.R.B.&M.,.

If the developer will enter into the Company's standard form Line Extension Agreement based on the developer's engineering drawing's and cost estimates for the on-site distribution facilities, provide evidence from the Arizona Department of Water Resources that there is an Adequate Water Supply for the area as required by the Commission, and advance the cost to the Company for the increase to its production, storage and pressure facilities necessary to serve the subdivision, as well as the Company's cost of extending the CC&N before the Commission, the Company will file a CC&N application and issue the requested will serve letter. We believe this is the normal requirement for any development pursuant to the Commission's regulations.

Thank You for your consideration in this matter.

Sincerely,

B Marc Neal, President

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

9/5/2007 - Mail Received (Letter dated August 24, 2007 from Truxton Canyon Water Company), previously faxed on 8/24/82007.

ATTACHED:

SURVEY of the ten acre CC&N in Section 3, T.23N., R.14W., G&S.R.B.&M.,.

9/11/2007 - Reviewed ACC Decision No. 60170, effective 4/17/1997, which approved CC&N Extension for Section 3, T.23N., R.14W., G&S.R.B.&M.,.

Decision does reflect any language indicating that the Commission "requested" that Truxton Canyon Water Company to extend their CC&N to this section.

The decision does state the following within the Findings of Fact No. 10:

"Truxton has some customer's in Parcel Nos. 2,3,4,5, and 6 who are already receiving service primarily for livestock purposes, in areas located contiguous to and along side of Applicant's water lines. Some of these customers have been receiving service in excess of 20 years."

9/26/2007 - Discussed Complaint and reviewed the Survey provided by Truxton Canyon Water with Connie Walczak. Per Connie, any lots within Company's CC&N (Partially or Completely) Truxton Canyon must serve at customers request.

Also verified with Linda Jaress that Truxton Canyon does have the ability to require the developer pay the cost of extending the company's CC&N before the Commission.

9/26/2007 - Left Message - Called Marc Neal of Truxton Canyon. Left my name, number and requested a return call.

10/2/2007 - Left Message - Called Marc Neal of Truxton Canyon. Left my name, number and requested a return call regard customer complaint.

10/11/2007 - Customer called, advised of information received from company and faxed him a copy of Truxton's letter dated 8/24/2007. Customer will provide the necessary documentation and further request entering into a main line extension with Truxton Canyon.

10/12/2007 - Called and advised Marc Neal of his requirement to serve all lots fully or partially within. Further explained customer was also advised and is willing to enter into the main line extension agreement. Advised Marc that he must work with the customer on a going forward basis to enter into the main line extension agreement.

This matter is considered CLOSED.
End of Comments

Date Completed: 6/12/2007

Complaint No. 2007 - 60687

Un-Substantiated

Notes:

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Investigator: Trish Meeter

Phone: (602) 542-0622

Fax: (602) 542-2129

Priority: Respond Within Five Days

Complaint No. 2009 - 74750

Date: 1/21/2009

Complaint Description:

05G Quality of Service - Pressure/Voltage

05F Quality of Service - Can't Read Company

First:

Last:

Complaint By:

Cliff

Adams

Account Name:

Cliff Adams

Home: (000) 000-0000

Street:

[REDACTED]

Work:

City:

[REDACTED]

C:

State:

AZ Z [REDACTED]

is: Cellular

Utility Company:

Truxton Canyon Water Company, Inc

Division:

Water

Contact Name:

B. Marc Neal

Contact Phone: (928) 753-1121

Nature of Complaint:

1/21

Caller states he has no pressure and the valve on the company side of the meter is broken. The valve on his side of the meter is also broken. Customer cannot fix his valve until the company's side is fixed. Company states they will not replace the valve until there is an emergency as it will require 100 customers losing service. Caller has people moving into the home on the 1st of Feb. and needs to have this issue resolved. Service was requested on Dec. 20th. He is about to receive his first bill.

Questions to the company:

Is customer currently receiving service at the listed address?

What is the psi at the point of delivery?

What steps are being taken to temporarily turn off service in order that customer can make repairs to the valve on his side of the meter?

Please contact the customer regarding these issues and provide the Commission with a written response of the resolution.

End of Complaint

Utilities' Response:

2/6/09

Rec'vd via fax from company:

TRUXTON CANYON WATER CO.
2409 RICCA DRIVE
KINGMAN, AZ 86401
PHONE (928) 752-1963

late utility response

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

COMPLAINT NO. 2009 74750

DATE 2/26/09

CLIFF ADAMS
[REDACTED]
[REDACTED]

Cliff Adams is currently receiving service at [REDACTED]. The reason for low pressure was because the valve was broken and stuck nearly closed not allowing for water flow. The broken valve has been repaired and the customer water pressure has been restored to full psi which is running at 90 psi. Customer was contacted on 2/06/09 and told the valve had been repaired.

Note: date on company correspondence reads 2/26/09 in the body of the letter. This is an error and assumed that the correct date is 2/6/09.
End of Response

Investigator's Comments and Disposition:

Faxed to company after verifying fax number with company office staff. (928-753-1963)

2/4

Customer called. No response from company.

2/4

Called company. Left voice message with Laura requesting response.

2/5

Recv'd call from Laura stating no complaint was rec'vd via fax. Verified number (correct) and re faxed.

Called customer to advise of complaint status.

2/9

Received voice mail from customer stating company contacted him with information that the service is on. He thanked me for the efforts taken to get this resolved.

End of Comments

Date Completed: 2/10/2009

Complaint No. 2009 - 74750

Substantiated

Notes:

no response

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Investigator: Trish Meeter

Phone: (602) 542-0622

Fax: (602) 542-2129

Priority: Respond Within Five Days

Complaint No. 2009 - 82698

Date: 10/27/2009

Complaint Description: 05E Quality of Service - Outage/Interruptions;
05C Quality of Service - Customer Service Contact

Complaint By: **First:** Harry **Last:** Hoyler

Account Name: Harry Hoyler

Home: [REDACTED]

Street: n/a

Work:

City: n/a

CBR: [REDACTED]

State: AZ **Zip:** n/a

is:

Utility Company: Truxton Canyon Water Company, Inc

Division: Water

Contact Name: B. Marc Neal

Contact Phone: (928) 753-1121

Nature of Complaint:

10/27

Received call from customer stating he is without water again today. When he made a call to the company he was told they did not know why he was without service. Customer stated they were without service on Sunday for 8 hours. Customer is angry that the service is terrible and expects the Commission to come down on this company.

11/19

Rec'vd email from customer.

late response

From: Harry Hoyler [mailto: [REDACTED]@frontier.net]

Sent: Wednesday, November 18, 2009 12:38 PM

To: Newman-Web

Cc: Mayes-WebEmail; Pierce-Web; Kennedy-Web; Stump-Web; Admin Div - Mailbox; Hearings Division; Legal Div - Mailbox; Utilities Div - Mailbox

Subject: Truxton Canyon Water / Cerbat Water

Ladies and Gentleman,

I find it interesting that Cerbat Water is applying for a rate increase. This is a company that mismanages everything it touches.

What guarantees do the people have that this money will go to the repair and continued maintenance of the system? There are no guarantees.

I am in the Truxton Canyon part of their system and I suspect they will ask for a rate increase here as well. I don't know why they ask. There are several cases where they just tacked on their own increase because someone complained about a water problem.

Thirty years ago when the A.C.C. got involved companies literally were scared to death. The A.C.C. had teeth and they were sharp. I don't know what has happened.

121

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

The A.C.C. was once the most feared agency in Arizona and certainly the most feared by truckers. I have lived out of the state for many years and have returned to find a great deal of disappointment in my Arizona government. I have always bragged on Arizona government as being honest, fair and always representative of the people.

This company is playing the A.C.C. and other agencies, including Mohave County, like a violin and from the consumers standpoint an out of tune violin.

I fully expected to have a face to face conversation with someone from the A.C.C. concerning our problems where I live. That did not happen and I understand as you were busy with the people in north Kingman without water. I pray these people won't have interruptions again but that will be a wasted prayer.

I have horses, chickens and gardens and pets. When my animals start suffering then I feel compelled to make someone else suffer.

I will not rest until this company comes out and runs new lines for me and several of my neighbors at Truxton's expense.

I will look forward to hearing from you.

Thank you,
Harry Hoyler

[REDACTED]

Questions to the company:

Have customers been billed the approved tariff charges for service?

Please address the issues of billed charges and address his outage concerns and the steps being taken by the company.

Please provide the Commission with a written response.

End of Complaint

Utilities' Response:

Investigator's Comments and Disposition:

10/27

Called customer. No answer.

Called M. Neal at company. Called the two emergency numbers provided on the voice answering machine (928-303-4213 and 925-716-4788).

Left voice message on the second number for M. Neal to provide us with an update as to the status of the outage, provide a report for Sunday's outage and advise of steps being taken to get service restored.

11/19

Faxed to company at 928-753-1963

11/19

Filed as an Opinion in W 02391A-09-0516 docket

11/30

Commission staff looking into outages.

End of Comments

Date Completed: 12/2/2009

Complaint No. 2009 - 82698

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Investigator: Al Amezcua

Phone: (602) 542-0842

Fax: (602) 542-2129

Priority: Respond Within Five Days

Complaint No. 2009 - 82832

Date: 11/3/2009

Complaint Description: 05G Quality of Service - Pressure/Voltage
04C Service - Restrictions of

Complaint By: First: Cheryl Last: Maggiore

Account Name: Cheryl Maggiore

Home: [REDACTED]

Street: [REDACTED]

Work: (000) 000-0000

City: [REDACTED]

CBR:

State: AZ Zip: 86401

is:

Utility Company: Truxton Canyon Water Company, Inc

Division: Water

Contact Name: B. Marc Neal

Contact Phone: (928) 753-1121

Nature of Complaint:

11/3/09 Per Ms. Cheryl Maggiore this is the second time this happens. There is sulfur in her water and clogs her water filtration system located under her sink. She also numerous times has experienced either low pressure or high pressure.

ACC Questions

Please contact the customer and respond in writing to the Commission

1. What is the pressure like in her area?
2. How is the company testing the psi?
3. What about high pressure, what information can you provide regarding it?
4. Is there sulfur in the water?
5. What is the company doing regarding it?

End of Complaint

Utilities' Response:

Truxton Canyon Water Company
2409 Ricca Drive
Kingman, Az. 86401
Phone (928) 753-1121
Fax (928) 753-1963

November 24, 2009

Complaint By Cheryl Maggiore
[REDACTED]

late response

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Complaint No: 2009-82832
Utilities Response:

Ms. Maggiore water pressure was tested today and it was found to be at 68 psi. If a complaint is made concerning lower or high pressure we then field test the pressure. The water pressure at the customers address is neither high or low. There is no sulfur in the water this could be caused by a plumbing issue. I tried to contact Ms. Maggiore but she declined to discuss any concerns she might have at this time.
Sincerely,

Mike Neal
End of Response

Investigator's Comments and Disposition:

11/3/09 Faxed complaint to 928-753-1963 for a response.

11/19/09 Re-faxed complaint to 928-753-1963 for a response.

11/25/09 Voice mail message
I left a detailed voice mail message for Ms. Maggiore to give me a call back.

12/3/09 Voice mail message
Ms. Maggiore left me a voice mail message returning my call. She asked to please give her a call back as she wanted to discuss the utility response.

12/3/09 Voice mail message
I left a voice mail for Ms. Maggiore to give me a call back.

12/15/09 I spoke with Laura and asked her to check the status of this as I had not being able to reach Ms. Maggiore to discuss her issues she has. Laura said she would and could even give the customer a call. The last time when Mike tested the pressure at her home she refused to speak with him as she did not have time. She will follow up today.

12/15/09 Re: Follow up
Utility update
Laura Thode office manager called on 12/15/09 to ask if there was still any issues needing to be addressed. Left message on 12/15/09 at 1:19 p.m. Asked Ms. Maggiore to call if there was any further concerns.

Sincerely,

Mike Neal
End of Comments

Date Completed: 12/15/2009

Complaint No. 2009 - 82832

Substantiated

Notes: See Complaint.

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Investigator: Al Amezcua

Phone: (602) 542-0842

Fax: (602) 542-2129

Priority: Respond Within Five Days

Complaint No. 2009 - 83635

Date: 12/10/2009

Complaint Description: 05A Quality of Service - Response Time
05C Quality of Service - Customer Service Contact

First:

Last:

Complaint By:

Loretta

Thieme

Account Name:

Loretta Thieme

Home:

Street:

Work: (000) 000-0000

City:

CBR:

State:

AZ

Zip: 86401

is:

Utility Company:

Truxton Canyon Water Company, Inc

Division:

Water

Contact Name:

B. Marc Neal

Contact Phone: (928) 753-1121

Nature of Complaint:

12/10/09 Per Ms. Thieme she had requested over two weeks ago to have Truxton Canyon come out and shut off the water so that work could be performed on a duplex she owns. She could not get Truxton Canyon to commit to a date and time. The company would just tell her we will be out there. They suggested she run a 200 ft garden hose to a near by spick-it to get the duplex water during the necessary repairs. She finally got the problem solved yesterday afternoon, they came out. Truxton Canyon is very unresponsive to their customer needs. She lives and owns property in Valle Vista. She would like this entered for the record as the problem was resolved.

ACC questions for Truxton Canyon

When did Ms. Thieme make a formal request to have the water shut off to make repairs?

When did the company first respond to her request?

Why did Truxton suggest for Mr. Thieme to run a 200 ft garden hose to a near by spick-it?

Why did it take over two weeks to finally shut off the water?

Is the water back on?

End of Complaint

Utilities' Response:

12/15/09 Utility response via fax

Complaint by: Loretta Thieme

8

Complaint No: 2009-83636

Ms. Thieme did call in on 9-02-09 for a read. At that time there was no discussion of a leak or possible leak.

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Josh Webb the apartment manager called us on 12/4/09 to report no water. We checked the meter and reported it was working fine and that he could possibly be having a plumbing issue. Mr. Webb reported he had a plumbing problem and that his maintenance man broke our valve to the meter while trying to make the repairs. Mr. Webb asked us to replace the valve and he would pay for the repairs. We agreed and repaired the broken valve on 12/9/09 at 11:39 a.m.

Sincerely,

Mike Neal
End of Response

Investigator's Comments and Disposition:

12/10/09 Faxed complaint to Truxton Canyon for a response.
End of Comments

Date Completed: 12/28/2009

Complaint No. 2009 - 83635

Substantiated

Notes: see complaint.

Safety water

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Investigator: Al Amezcua

Phone: (602) 542-0842

Fax: (602) 542-2129

Priority: Respond Within Five Days

Complaint No. 2009 - 83636

Date: 12/10/2009

Complaint Description: 08F Arsenic
N/A Not Applicable

Complaint By: First: Jay Last: Kulp

Account Name: Jay Kulp

Home: [REDACTED]

Street: [REDACTED] uth

Work: (000) 000-0000

City: [REDACTED]

CBR:

State: AZ Zip: 86401

is:

Utility Company: Truxton Canyon Water Company, Inc

Division: Water

Contact Name: B. Marc Neal

Contact Phone: (928) 753-1121

Nature of Complaint:

12/10/09 Referred by Chairman Mayes Office.

December 5, 2009

Ms. Kristine Mayes,

I live in Valle Vista, and my water company is Truxton Canyon Water Company. My home is on the end of a water line.

One month ago, I called the company and asked them to flush the end of the line as it has not been flushed in two years. They said they would. In the meantime, I found out that some of the people in Valle Vista were having their water tested. I called the testing company and also had my water tested. A copy of the test results are enclosed with this letter.

As you can see, the arsenic level is way above the EPA limit. My water was later tested for chlorine and not a trace was found.

The results of these tests are not acceptable for any water company. It is my hope that you will step in and do something about this. You can reach me at [REDACTED]. The water line still has not been flushed.

Respectfully,

Jay Kulp

ACC Questions

How often does Truxton Canyon flush their lines?

Is Truxton Canyon aware of the high Arsenic level in the water?

What is Truxton doing or going to do to bring the levels down?

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

End of Complaint

Utilities' Response:

12/15/09 Utility response via fax

Complaint By: Jay Kulp

Kingman, A [REDACTED]

Complaint No: 2009-83636

Mr. Kulp called on 11/05/09 and asked to have lines flushed. A service request was sent out on 11/05/09. The line were flushed on 12/15/09 at 12:289 pm. Truxton flushes there lines annually. The Arsenic is tested quarterly and the last two quarters are in the EPA's limits. As of this date the last quarterly results have not come in yet.

Sincerely,

Mike Neal

End of Response

Investigator's Comments and Disposition:

12/10/09 Faxed complaint to Truxton for a response.

12/15/09 Voice mail message

I left a message for Mr. Kulp advising him that the quality of the water would need to be reported to ADEQ and not the Commission.

12/28/09 I spoke with Mr. Kulp and he agreed that the line were flushed a few days after he and I spoke on the phone. The Arsenic level before the flushing of the lines was 30ppm to 20 ppm. He appreciated the follow up and the information I was able to provided him with. He thanked me numerous times for everything that my office is doing to try and bring justice.

End of Comments

Date Completed: 12/28/2009

Complaint No. 2009 - 83636

Substantiated

Notes: See Complaint.

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Investigator: Al Amezcua

Phone: (602) 542-0842

Fax: (602) 542-2129

Priority: Respond Within Five Days

Complaint No. 2009 - 83992

Date: 12/28/2009

Complaint Description: 05E Quality of Service - Outage/Interruptions,
N/A Not Applicable

Complaint By: First: Harry Last: Hoyler

Account Name: Harry Hoyler

Home: (000) 000-0000

Street: [REDACTED]

Work: (000) 000-0000

City: Kingman

CBR:

State: AZ Zip: 86401

is:

Utility Company: Truxton Canyon Water Company, Inc

Division: Water

Contact Name: B. Marc Neal

Contact Phone: (928) 753-1121

Nature of Complaint:

12/28/09 REFERRED BY THE HEARING DIVISION.

RECEIVED FROM COMMISSIONER NEWMAN'S AND COMMISSIONER PIERCES' OFFICE.

From: Harry Hoyler [mailto:hoyler@truxtonwater.com]

Sent: Sunday, December 27, 2009 3:14 PM

To: Pierce-Web

Cc: Hearings Division; Pierce-Web; Andy Wilson; Doris Goodale; Kennedy-Web; Mayes-WebEmail; Nancy McClain; Newman-Web

Subject: NO WATER AGAIN!

Ladies and Gentleman,

I pray all of you had a nice Christmas.

I spent the late hours of mine repairing a water line.

I was out of town with my children and grandchildren and get a phone call from a neighbor who told me we were out of water and it appeared water was leaking near my pump and that the pump was running. I asked her to turn the pump off.

When I returned home, I found water leaking from a union near the pump. The pump had run without water got hot and caused the PVC pipe to weaken and separate at the union. The pipe actually bent because of the heat. The pump when started after repairs rattled as if the bearings might have been damaged as a result of the heat.

I called Marcus Neal and I will admit I was upset. I wanted an answer as to why the water was off and why people weren't notified especially those of us on pumps. I didn't receive an appreciable answer. When I explained that I was now going to have to make emergency repairs I was not offered an apology or help with my

late utility response

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

plight.

Two weeks ago a signed letter was faxed to these people to connect me to the new line. I am sure I have not heard from the company because they are too busy trying to inflate the cost as much as they can.

This negotiation is over. They can attach me to the line at their expense or this issue will continue for as long as I live. I can guarantee that when enough agencies, state and federal are involved I will have satisfaction.

I have retained counsel and will pursue legal action if necessary. I will also escalate the level of involvement with the water quality, easements, permits, certifications and anything else I can find the company not toeing the line on.

I thank all of you in advance for your help.

Thank you, [REDACTED]

Harry Hoyler

ACC Questions

Did the company experience an outage?

If so when and how long did it last?

Was this leak or break on the company or customer side of the meter?

What size main does Truxton Canyon serve Mr. Hoylers' property?

What would be the estimated cost to connect to the new main?

What is the psi that Truxton delivers to this customer and the surrounding area?

Is the psi according to R14-2-407.E?

End of Complaint

Utilities' Response:

12/31/09 Utility response via fax [REDACTED]

Complaint No. 2009-83992

Utility Response:

We received our first call around 8:00 am on 12/25/09. We responded to a min line break around 9:00 am near the Valle Vista Golf Course the golf course had a second leak as well. The main line valve was shut off and the service was restored. The Golf Course second leak caused the draining of our well which kept our customers without water. Once the second leak was repaired and the Golf course had stopped pumping from the well the water to our customers in Valle Vista had sully been restored by 3:00 pm. Our main line is a 16 inch line and we are currently waiting on an estimate from Dana Kepner Company to connect to the main line.

Sincerely,

Mike Neal

End of Response

Investigator's Comments and Disposition:

12/28/09 s/w Mr. Hoyler at 9:44 A.M.

Complaint fax to Truxton Canyon for a response.

12/31/09 Repairs were made and service was restored by 3:00 pm that same day.

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

End of Comments

Date Completed: 1/21/2010

Complaint No. 2009 - 83992

Substantiated

Notes: See Complaint.

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Investigator: Al Amezcua**Phone:** (602) 542-0842**Fax:** (602) 542-2129**Priority:** Respond Within Five Days**Complaint No.** 2009 - 83498**Date:** 12/3/2009

Complaint Description: 03A New Service - Installation Delays
 05F Quality of Service - Can't Reach Company

Complaint By: **First:** Charlotte A **Last:** Wells

Account Name: Pat Moore Northern Arizona Cons Fire District **Home:** (000) 000-0000

Street: 2470 Butler Ave **Work:** (000) 000-0000

City: Kingman **CBR:** 928-757-3151

State: AZ **Zip:** 86409 **is:** Business

Utility Company: Truxton Canyon Water Company, Inc**Division:** Water**Contact Name:** B. Marc Neal**Contact Phone:** (928) 753-1121**Nature of Complaint:**

12/3/09 Received complaint via email

From: Charlotte Wells [mailto:c.wells@northernazfire.com]

Sent: Tuesday, December 01, 2009 12:22 PM

To: Al Amezcua

Cc: Pat Moore

Subject: Northern Arizona Cons. Fire District - Grievances vs. Cerbat Water Company & Truxton Canyon Water Company

Mr. Amezcua:

Attached are NACFD's grievances re. Truxton Canyon and Cerbat Water Companies, including attachments. You will receive originals via mail. Please let me know if you need any further information. Thank you for your consideration.

Charlotte A. Wells
 Fire District Attorney
 Northern Ariz. Cons. Fire Dist.
 2470 Butler Ave.
 Kingman, AZ 86409
 (928) 757-3151

NORTHERN ARIZONA CONSOLIDATED FIRE DISTRICT #1
 2470 Butler Avenue
 Kingman, AZ 86409
 Business (928)757-3151 FAX (928)757-5316

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

"Arizona's Premier Rural Fire District"

Hualapai Valley Fire Department • Valle Vista Fire Department • Valentine Fire Department
Chloride Fire Department • Truxton Fire Department

December 1, 2009

ARIZONA CORPORATIONS COMMISSION
Utilities Division
1200 W. Washington
Phoenix, Arizona 85007
ATTN: Alfonso Amezcua

Re: Truxton Canyon Water Company

Dear Mr. Amezcua:

Per our phone conversation last Wednesday morning, I am submitting the following grievance against Truxton Canyon Water Company, a utility regulated by the ACC, on behalf of the Fire Chief and Governing Board of Northern Arizona Consolidated Fire District #1 (NACFD).

Please note that there is a companion grievance against Cerbat Water Company, a regulated utility in an adjacent jurisdiction, also owned by B. Marc Neal; customers of both Cerbat and Truxton Canyon Water Company are constituent taxpayers of NACFD.

There are two concerns raised by both grievances: 1) that the Fire District has paid for the installation of fire hydrants that were never installed and 2) that the fact that Cerbat is not obligated to maintain any fire flow requirement as to any hydrant within its jurisdiction belies any utility of existing or expected hydrants for purposes of fire protection.

First, this grievance was preceded by NACFD's payment of \$3,980 for one fire hydrant to be installed by Cerbat Water Company at a specific intersection within the Fire District. That fire hydrant was never installed.

It was with knowledge of this fact that a representative of Cerbat Water Company, Mike Neal, the son of B. Marc Neal, appeared on behalf of Truxton Canyon Water Company at the NACFD Board meeting in December, 2008 with an invoice, in the amount of \$13,440.00, for three more fire hydrants at specified locations in another subdivision. The former Fire Chief had just resigned in November and Mark Neal had just completed a term on the Board. The new Board had just been sworn in and acquiesced to Mr. Neal's apparent good faith in submitting the invoice. See attached copies of the Cerbat invoice, dated September 24, 2008, and the District's payment voucher, dated October 14, 2008.

ACC reo Truxton Canyon Water Co.
December 1, 2009
Page 2

See attached copies of the Truxton Canyon invoice, presented at December 4, 2008 Board meeting, and the District's payment voucher, dated December 4, 2008. To date, these three hydrants have not been installed.

Cerbat has failed to respond to NACFD's requests to resolve this matter. See, attached letter to Mike Neal, dated November 6, 2009.

In retrospect and in both cases, Truxton Canyon's invoice as well as Cerbat's, costs were at least double that of the going rate in this community for purchase and installation of fire hydrants.

Secondly, as discovered by the new Fire Chief, Patrick Moore, in the process of assessing the location,

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

condition and viability of hydrants within the District, Truxton Canyon claims no responsibility for meeting any fire flow standards relative to any hydrants within its territory. See, page 12 of Truxton Canyon's 2008 Annual Report (answered "no requirement" in response to "... what is the fire flow requirement? "). Truxton Canyon knew but failed to disclose this when it collected on its invoice.

Without any meaningful obligation on Truxton Canyon's part to maintain fire flows, the promise of installation of any hydrant is hollow, if not entirely futile. As to the 33 existing hydrants within Truxton Canyon's territory, property owners are given a false expectation that fire prevention flows will be there when needed and the District dare not expect or rely on adequate flows when responding in an emergency.

Taxpayer funds paid to Truxton Canyon should be refunded or, in the alternative, Truxton Canyon should be made responsible for maintaining adequate fire flows as well as make good on its obligation to install the hydrants.

Charlotte A. Wells
Fire District Attorney

Copy of letter from Mr. Moore to Mr. Neal

NORTHERN ARIZONA CONSOLIDATED FIRE DISTRICT #1
2470 Butler Avenue
Kingman, AZ 86409
Business (928)757-3151 FAX (928)757-5316
"Arizona's Premier Rural Fire District"

Cerbat Water Company
2409 Ricca Dr
Kingman, AZ 86401
928-753-1121

Attn: Mike Neal

06 November 2009

Dear Me Neal

This is a letter in reference to our phone conversation on Thursday October 29th in regards to the failure to install fire hydrants according to the agreed upon invoice for the Cerbat Water Company and Truxton Canyon Water Company. The total amount of money paid to the Cerbat Water Company is \$ 3,980.00 and the total paid to the Truxton Canyon Water Company is \$ 13,440.00. The total amount spent for hydrants is \$ 17,420.00. The invoices are attached.

During the stated phone conversation, it was agreed upon that the Northern Arizona Consolidated Fire District would give a one week timeframe for contact to be made to my office pertaining to the corrective action to be taken in regards to the hydrants. I spoke with Marcus Neal on Wednesday November 4, 2009 at NACFD Station #31 and again emphasized to him that I was waiting for contact from you regarding the hydrant issue.

As of this date, the four hydrants still are not installed. The invoice for the Cerbat Water Company is dated September 24, 2008. Your actions in both the failure to install the hydrants in question and then ask for payment from the Board of Directors at the December 2009 meeting for three additional hydrants have raised concerns regarding your ability to facilitate the installation to the current Board of Directors and Fire Administration.

I would appreciate your prompt attention to this matter or the NACFD will proceed with legal action. If you have any questions or comments regarding this matter, please contact me at (928) 757-3151 or at

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

p.moore(7i)northernazfire. com.

Sincerely,

Patrick Moore Fire Chief
cc: File

ACC questions

1. What is the status of the fire hydrants?
 2. When will they be installed?
 3. Why is the company not communicating with Mr. Moore?
- *End of Complaint*

Utilities' Response:

12/15/09 Utility response via fax

Utilities Response:

The status of the fire hydrants has been suspended until the fire department has had the opportunity to review the placement of the hydrants in water system to be determined by fire department and water company. Truxton Canyon Water Co And fire departments Chief have had phone conversations and a meeting has been scheduled for 12/23/09 at 10:00 a.m.

Sincerely,

Mike Neal
End of Response

Investigator's Comments and Disposition:

12/3/09 Complaint faxed to utility company for an investigation.

12/15/09 I spoke with Laura and asked her to check the status of this complaint as I had not received a response as of yet. She would speak with Mike about the response and will follow up today.

12/15/09 I spoke with Ms. Wells and she informed me that the utility will be providing a status within two weeks to the Fire Chief. Any action will need to be presented to the Board which will be this week on Thursday. She will speak again with the Fire chief and provide me with the information that was given to him over the phone by Mike Neal. She wanted to add that the response the Commission received was not all true. She wanted to know their next step if this did not get resolved? I advised her about the whole ACC process, (informal, mediation/arbitration and formal complaint). She would keep these in mind and pass this along to the Fire Chief. She asked since we are the governmental agency can we force Truxton Canyon Water Co to provide them with fire flow services? It gets a bit more involved than just that. The company would need to file a fire hydrant tariff with the ACC and seek approval. I suggested she look at Arizona Water Company tariffs on line to read more about their fire flow and get a sense of how they do and handle this aspect of the company. She had information regarding other small water companies but no any of the larger ones. She would review their tariffs. The bottom line is that the Commission is investigating an informal complaint of where the hydrants are that the Fire Department already paid for. We will talk more in a day or so regarding the information that was provided to Mr. Moore.

12/17/09
From: Charlotte Wells [mailto:c.wells@northernazfire.com]
Sent: Thursday, December 17, 2009 10:10 AM
To: Al Amezcua

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Cc: Pat Moore; 'Erik Berg'; 'Gary Seieroe'; 'Jim Bailey'; 'Mike Collins'; 'Victor Riccardi'
Subject: Administrative complaint: NACFD v. Cerbat and Truxton Canyon Water Companies

Dear Alfonso:

Thank you for your phone call on Tuesday. I have advised the Chief and will advise our Board at this evening's meeting regarding the status of our grievances pending with the ACC. As I now understand, our current complaints are being processed as "informal". They are not a part of the rate case(s) now pending before the Commission, other than the Commission could suggest, but only suggest, means by which the hydrant issues could be resolved or eased in the future. There will be no enforcement in the rate case.

With regard to the complaint process, you said you could elaborate on the process going forward, through formal proceedings, arbitration/mediation and possible administrative hearing, and/or direct me to the written rules of procedure. I would greatly appreciate your response in that regard so I can fully advise the Chief and Board.

Again, I am most grateful for professional and very helpful communication.

Sincerely,

Charlotte A. Wells
Fire District Attorney
Northern AZ Cons Fire District
2470 Butler Ave.
Kingman, AZ 86409
(928)

12/17/09 Email

From: Al Amezcua [mailto:Aamezcua@azcc.gov]
Sent: Thursday, December 17, 2009 1:20 PM
To: Charlotte Wells
Subject: RE: Administrative complaint: NACFD v. Cerbat and Truxton Canyon Water Companies

Good afternoon Charlotte,

I have attached the website for your review of the Arizona Administrative Code. Please take a look at R14-2-411 Administration and Hearing Requirements and R14-2-1501 Arbitration and Mediation. I also attached a pdf document A.R.S. 40-246 which talks more about the Formal Complaint process. Please contact me directly if you have any other question or concern.

http://www.azsos.gov/public_services/Title_14/14-02.pdf

Sincerely,

Alfonso Amezcua
Public Utilities Consumer Analyst II
Arizona Corporation Commission
Utilities Division
Telephone (602) 542-0842
Fax (602) 542-2129
aamezcua@azcc.gov

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

12/17/09 Email

From: Charlotte Wells [mailto:c.wells@northernazfire.com]
Sent: Thursday, December 17, 2009 1:48 PM
To: Al Amezcua
Subject: RE: Administrative complaint: NACFD v. Cerbat and Truxton Canyon Water Companies

Thank you. You also mentioned that there was a form. Is this the one?
<http://www.cc.state.az.us/divisions/utilitiestest/forms/ComplaintForm.pdf>

12/17/09 Email

From: Al Amezcua
Sent: Thursday, December 17, 2009 2:21 PM
To: 'Charlotte Wells'
Subject: RE: Administrative complaint: NACFD v. Cerbat and Truxton Canyon Water Companies

You are welcome. That is not the form, that is the informal complaint form. Once you have exhausted all the other options you will decide if you would like to file a formal complaint at which time I will mail you the proper forms.

12/17/09 Email

From: Charlotte Wells [mailto:c.wells@northernazfire.com]
Sent: Thursday, December 17, 2009 4:47 PM
To: Al Amezcua
Subject: RE: Administrative complaint: NACFD v. Cerbat and Truxton Canyon Water Companies

Got it! Have a happy holiday!

12/22/09 I spoke with Laura at Cerbat Water Company. I wanted to get an update from Mr. Mike Neal regarding this complaint. She would give him the message as soon as he was available.

1/5/10 I spoke with Laura at Cerbat Water Company. I wanted to get an update from Mr. Mike Neal regarding this complaint. I never received a response as I had requested back on 12/22/09. She would give him the message as soon as she saw him.

1/8/10 Utility update via fax

Truxton Canyon Water Company
Cerbat Water Company
7313 E Concho Drive
Kingman, Az. 86401
Phone (928) 757-2205
Fax (928) 757-2217

January 8, 2010

Complaint No. 2009-83498-83499
Complaint By: Charlotte A Wells

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

Utilities Response:

On 12-23-09 I met with Chief Pat Moore of the Northern Arizona Consolidated Fire Department in reference to concerns he had with Truxton Canyon & Cerbat Water Companies (TCW & CWC). His concerns were as follows:

1. Acceptance of the hydrant maintenance SOP.
2. Notification of the Fire Chief if system is out of service.
3. Maintain system pressure / hydrant flows to current status.
4. Installation of four purchased hydrants and review of locations previously selected.

Chief Moore will provide me with the hydrant maintenance SOP for review. If TCW & CWC has reason to believe the system may be out of service, we will notify the fire department as soon as possible prior to an outage. A Letter of Agreement to maintain system pressure and hydrant flow to current status will be drafted by TCW & CWC for the fire departments review. The four fire hydrants' locations will be reviewed by the fire department and the water company. They will then be installed at the selected locations.

I received an email from Chief Moore on 12-28-09 outlining his concerns, see attached, An open line of communication is being maintained and all Issues will be resolved soon.

Sincerely,

Mike Neal
Truxton Canyon & Cerbat Water Company

Concerns

From: Pat Moore (p.moore@northernazfire.com)

Sent: Mon 12/28/09 11:08 AM

To: milmnl260@msn.com

Mike,

Here is the list of concerns as previously stated in our December 29th meeting:

1. Acceptance of the Hydrant Maintenance SOP.
2. Notification of the Fire Chief if system is out of service.
3. Maintain system pressure/hydrant flows to current status.
4. Installation of 4 purchased hydrants and review of locations previously selected.

I have attached the directive from our December board of directors meeting for your review. The minutes are unofficial until approved at the January meeting.

B. Direction re issues related to Private Hydrants, complaints before Corporation Commission and potential resolutions.

Chief Moore has filed an informal complaint with the Arizona Corporation Commission due to failure to install hydrants. They have contacted us and would like to meet outside of the Corporation Commission. Director Riccardi moved to support the Chief in meeting with the private water company with the following stipulations: to not make any verbal agreements, to have a written contract, we would maintain the hydrants, we would have the ability to flow test the hydrants, any new hydrants being placed will be in agreement with the water company and the fire district, and the pressure will be maintained by the water company; Director Bailey seconded. The motion carried unanimously.

Please respond via written communication at the agreed upon time frame (early January 2010). I will then review your response and process it through the January meeting. The board of directors will then determine to accept or deny. If you have any questions or concerns, please let me know. Thank you.

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Patrick Moore
Fire Chief
NACFD

1/20/10 Email
From: Charlotte Wells [mailto:c.wells@northernazfire.com]
Sent: Wednesday, January 20, 2010 2:51 PM
To: Al Amezcua
Subject: NACFD Complaint against Cerbat and Truxton Canyon

Mr. Amezcua:

The matter of this Fire District's complaint, as referenced above, will be on the Governing Board agenda for tomorrow evening. I anticipate that the Board will authorize proceeding toward formal proceedings. Since I will be out of the office on Friday, I thought I would give you a heads-up. I believe it's time for me to get the form you said would be appropriate for the next step, formal complaint.

Thanks.

Char Wells
Fire District Attorney
NACFD

1/21/10 Voice mail message
928-716-1387 cell

I left a detailed voice mail message for Ms. Wells on her cell phone. I advised her that before a formal complaint packet could be mailed to her there were additional questions I had for her. I also advised her that a mediation/arbitration would need to be held by all parties involved to try and get these issues resolved. I asked her to please give me a call back.

1/21/10
From: Charlotte Wells [mailto:c.wells@northernazfire.com]
Sent: Thursday, January 21, 2010 4:41 PM
To: Al Amezcua
Cc: 'Pat Moore'; 'Erik Berg'; 'Gary Seieroe'; 'James Balley'; 'Mike Collins'; 'Victor Riccardi'
Subject: RE: NACFD Complaint against Cerbat and Truxton Canyon

Mr. Amezcua:

I received your message and attempted to call you back at the 800 number (did not get all of your 602 number).

Your message was basically this: That there would be one more step before formal proceedings - arbitration/mediation. That you had received a communication from "the water company" on January 8, 2010 regarding the December 23rd meeting between Mike Neal and Pat Moore - that the message stated "there is now an open line of communication" and that the matter "should be resolved soon."

Please confirm that I have this straight, or correct me if I've misstated anything.

The truth is, Mr. Moore communicated his understanding of what was to transpire after the December 23rd in an e-mail. I do not have a copy of that e-mail but my understanding is that Mr. Neal was to respond in writing by January 15, 2010. January 15 came and went. On January 19th, we received the attached communication, an

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

e-mail with an unsigned letter attached. You can see that Mr. Neal has not addressed any of the Fire District's concerns in his letter.

I will know more after tonight's Board meeting and will get back to you.

Char Wells
Fire District Attorney
Northern AZ Cons. Fire District

1/21/10
From: Al Amezcua
Sent: Thursday, January 21, 2010 4:55 PM
To: 'Charlotte Wells'
Subject: RE: NACFD Complaint against Cerbat and Truxton Canyon

Good afternoon Ms. Wells,

That is correct.

Please let me know at your earliest convenience of the Board meeting. I will then like to set up a date and time to get Mr. Pat Moore and Mike Neal on the phone to address the issues in an arbitration/mediation format. That is one of our requirements before going formal. Hopefully all parties including the Commission can get on the same page with the same information that is being provided.

I agree with you, that the letter from the water company does not resolve all of the issues but states the following: Cerbat Water Company and Truxton Canyon Water Company are committed to maintaining the current level of system pressure and fire hydrant flows. That is item number 3 on the 12/23/09 list of concerns from the Fire Chief to Mike Neal.

Sincerely,

Alfonso Amezcua
Public Utilities Consumer Analyst II
Arizona Corporation Commission
Utilities Division
Consumer Services
(602) 542-0842 tel
(602) 542-2129 fax
aamezcua@azcc.gov

1/22/10
From: c.wells@northernazfire.com [mailto:c.wells@northernazfire.com]
Sent: Friday, January 22, 2010 1:18 PM
To: Al Amezcua
Cc: Pat Moore
Subject: NACFD Complaints re Cerbat/Truxton Canyon - Going forward

Mr. Amezcua,

Last evening, the Fire District voted to proceed toward formal adjudication of the District's complaints dated December 1, 2009. They understand that we must submit to mediation/arbitration first.

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

I will be out of the office until Tuesday morning. I have asked Chief Moore to have some alternative dates and times for your consideration. I'm not certain what you mean about a third element of our complaint being met by Mr. Neal's letter of January 19. Our original complaints set forth two elements: 1) over a year ago, the District paid public funds (\$17,420) for four fire hydrants that were never installed and 2) the water company(ies) have denied any responsibility for maining adequate/standard fire flows for exiting hydrants. Mr. Neal's letter, in reality, addresses neither element.

Chief Moore tried to suggest some ways the problem might be approached by stating his personal "concerns" in his December 23rd communication; but that does not change the essence of the problem or the original complaint.

Chief Moore and I are looking forward to participating in the telephonic mediation. I'll get the possible dates and times to you next Tuesday.

Thanks,

Char Wells
Fire District Attorney

1/28/10
From: Charlotte Wells [mailto:c.wells@northernazfire.com]
Sent: Thursday, January 28, 2010 10:28 AM
To: Al Amezcua
Cc: Pat Moore
Subject: Possible Dates for Mediation - NACFD Complaint

Mr. Amezcua,

Mr. Moore apologizes for not getting right back to you regarding possible dates for mediation - he's had a lot on his plate. However, this morning he informed me that February 19, 24 or 25 and any day, except Tuesday, in the weeks of March 2, 9 and 16, are acceptable. Hope this gives you workable choices. Thank you for your patience and courtesy.

Respectfully,

Char Wells
Fire District Attorney
Northern AZ Cons. Fire Distr. #1

1/28/10
From: Pat Moore [mailto:p.moore@northernazfire.com]
Sent: Thursday, January 28, 2010 12:23 PM
To: 'Charlotte Wells'; Al Amezcua
Subject: RE: Possible Dates for Mediation - NACFD Complaint

Mr. Amezcua,

I apologize for the delay and misunderstanding with the dates. The correct dates are any days but the following: February 19, 24 or 25 or Tuesdays during the month of February and March. Any other dates will currently work at this time. I certainly appreciate your patience with us and look forward to hearing from you. Thank you.

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Patrick Moore

Fire Chief-NACFD

From: Pat Moore [mailto:p.moore@northernazfire.com]
Sent: Thursday, January 28, 2010 12:23 PM
To: 'Charlotte Wells'; Al Amezcua
Subject: RE: Possible Dates for Mediation - NACFD Complaint

Mr. Amezcua,

I apologize for the delay and misunderstanding with the dates. The correct dates are any days but the following: February 19, 24 or 25 or Tuesdays during the month of February and March. Any other dates will currently work at this time. I certainly appreciate your patience with us and look forward to hearing from you.

Thank you.

Patrick Moore
Fire Chief-NACFD

1/28/10
From: Al Amezcua [mailto:Aamezcua@azcc.gov]
Sent: Thursday, January 28, 2010 2:15 PM
To: Charlotte Wells
Subject: RE: Possible Dates for Mediation - NACFD Complaint

Thank you. I will keep you informed.

From: Charlotte Wells [mailto:c.wells@northernazfire.com]
Sent: Thursday, January 28, 2010 3:00 PM
To: Al Amezcua
Cc: 'Pat Moore'
Subject: RE: Possible Dates for Mediation - NACFD Complaint

Mr. Amezcua, please see Chief Moore's corrections in later e-mail.

1/28/10
From: Charlotte Wells [mailto:c.wells@northernazfire.com]
Sent: Thursday, January 28, 2010 4:03 PM
To: Al Amezcua
Cc: 'Pat Moore'
Subject: RE: Possible Dates for Mediation - NACFD Complaint

Mr. Amezcua,

Please include me in all your e-mails to this office. I am employed full time to assist in and/or handle such matters as these. Thank you.

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Char Wells
Fire District Attorney
Northern AZ Cons. Fire District

1/28/10
From: Al Amezcua [mailto:Aamezcua@azcc.gov]
Sent: Thursday, January 28, 2010 4:11 PM
To: Charlotte Wells
Subject: RE: Possible Dates for Mediation - NACFD Complaint

Ms. Wells,

Im sorry, will do.

1/28/10
Alfonso Amezcua
From: Charlotte Wells [mailto:c.wells@northernazfire.com]
Sent: Thursday, January 28, 2010 4:30 PM
To: Al Amezcua
Cc: 'Pat Moore'
Subject: RE: Possible Dates for Mediation - NACFD Complaint

Thanks! Looking forward to this process.

2/5/10
From: Al Amezcua
Sent: Friday, February 05, 2010 4:52 PM
To: 'cknft@frontier.com'
Cc: 'p.moore@northernazfire.com'; 'c.wells@northernazfire.com'; Al Amezcua
Subject: Scheduling Mediation/Arbitration

Good afternoon Mr. Mike Neal,

At this time the Northern Arizona Consolidated Fire District has not been able to resolve the two informal complaints 2009-83498 & 2009-83499 filed December 3, 2009. Chief Pat Moore and Charlotte Wells Fire District Attorney are wanting to participate in a telephonic mediation. His schedule is as follow, any days but the following: February 19, 24 or 25 or Tuesdays during the month of February and March. Any other dates will currently work at this time. Please contact me directly at your earliest convenience with the dates and time you (Mr Neal) are available so that we may set this telephonic mediation/arbitration.

Sincerely,

Alfonso Amezcua
Arizona Corporation Commission
Utilities Division
Consumer Services
(602) 542-0842 tel
(602) 542-2129 fax
Aamezcua@azcc.gov

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

From: Michael Neal [mailto:mikeneal260@msn.com]
Sent: Thursday, February 11, 2010 4:34 PM
To: Al Amezcua
Cc: Rick Neal
Subject: Scheduling Mediation/Arbitration

Mr. Amezcua,

I am contacting you in reference to the requested telephonic mediation date and time. Friday February 26th at 10:00 am would be good for me. If this will work for you and Chief Moore please let me know.

Sincerely,

Mike Neal
Cerbat and Truxton Canyon Water Co.

2/12/10
From: Al Amezcua
Sent: Friday, February 12, 2010 8:54 AM
To: 'Michael Neal'
Subject: RE: Scheduling Mediation/Arbitration

Good morning Mr. Neal,

I wanted to thank you for the quick response. I would let you know if this date will work for Mr. Moore. I left you a voice mail message on your cell phone and also a message at the office yesterday. I was out of the office yesterday afternoon.

Thank you,

Alfonso Amezcua

2/12/10
From: Al Amezcua [mailto:Aamezcua@azcc.gov]
Sent: Friday, February 12, 2010 8:38 AM
To: p.moore@northernazfire.com
Cc: c.wells@northernazfire.com
Subject: FW: Scheduling Mediation/Arbitration

Good morning Mr. Moore,

I received this email from Mr. Mike Neal. I wanted to know if Friday February 26th at 10:00 A.M. would work for both of you to conduct the telephonic mediation? Please let me know so that I may advise Mr. Neal. There is other preparations that I would need to do on my end. I would also like to speak to both of you at the same time if possible to explain the process before hand.

Thank you,

ARIZONA CORPORATION COMMISSION
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Alfonso Amezcua
Public Utilities Consumer Analyst II
Utilities Division
Consumer Services
Arizona Corporation Commission
602-542-0842 tel
602-542-2129 fax
Aamezcua@azcc.gov

2/12/10
From: Pat Moore [mailto:p.moore@northernazfire.com]
Sent: Friday, February 12, 2010 2:05 PM
To: Al Amezcua
Cc: C.WELLS@NORTHERNAZFIRE.COM
Subject: RE: Scheduling Mediation/Arbitration

Al,

That date will work for the telephonic mediation. Let me know regarding the other potential date or time for the explanation process you seek. If you have any questions, please let me know. Thank you.

Patrick Moore
Fire Chief-NACFD

2/12/10
From: Al Amezcua
Sent: Friday, February 12, 2010 2:17 PM
To: 'Pat Moore'
Cc: 'c.wells@northernazfire.com'
Subject: RE: Scheduling Mediation/Arbitration

Good afternoon Mr. Moore,

Thank you I will make a note.

The explanation process we could do over the telephone early next week. just let me know when you and Ms. Wells can give me a call together. It should not take more than a few minutes.

Thank you,

Alfonso Amezcua

2/18/10 I spoke with Mr. Pat Moore and Charlotte Wells to discuss the process of the mediation. What the fire department has done and paid. What they might want to request from Truxton Canyon Water and Mr. Mike Neal. If this does not get resolved they wish to file a formal complaint. They look forward to the mediation next week.

2/19/10

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

From: Michael Neal [mailto:mikeneal260@msn.com]
Sent: Friday, February 19, 2010 1:04 PM
To: Al Amezcua
Subject: RE: Scheduling Mediation/Arbitration

Hello Mr. Amezcua,

I am just following up on the requested telephonic mediation date and time with Chief Moore. Would you let me know as soon as possible if Friday February 26th at 10:00 am is acceptable.

Sincerely,

Mike Neal
Cerbat and Truxton Canyon Water Co.

2/21/10
From: Al Amezcua
Sent: Monday, February 22, 2010 8:20 AM
To: 'Michael Neal'
Subject: RE: Scheduling Mediation/Arbitration

Good morning Mr. Neal,

The mediation is scheduled for February 26, 2010 at 10:00 A.M. I will be contacting both parties via the telephone so that we can discuss and try to come up with a resolution. The bottom line is that Mr. Moore paid for the fire hydrants and has not received them. The board is advising him to go ahead and file a formal complaint. The Commission is trying to assist both parties in resolving this matter and try to prevent it from going formal. Charlotte A. Wells the Fire District Attorney will be on the phone as well. If you would like to have your attorney present that will be great just let me know so that I can have one of ours present too. If you have any questions feel free to contact me by email.

Thank you,

Alfonso Amezcua
Public Utilities Consumer Analyst II
Utilities Division
Consumer Services
Arizona Corporation Commission
602-542-0842 tel
602-542-2129 fax
Aamezcua@azcc.gov
End of Comments

Date Completed: 1/21/2010

Complaint No. 2009 - 83498

Substantiated

Notes: See Complaint.

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Investigator: Al Amezcua

Phone: (602) 542-0842

Fax: (602) 542-2129

Priority: Respond Within Five Days

Complaint No. 2009 - 81257

Date: 8/19/2009

Complaint Description: 03D New Service - Main/Line Extensions
N/A Not Applicable

Complaint By: First: James S Last: Bacus

Account Name: James S Bacus

Home: [REDACTED]

Street: [REDACTED]

Work: (000) 000-0000

City: Lake Havasu City

CBR:

State: AZ **Zip:** 86406

is:

Utility Company: Truxton Canyon Water Company, Inc

Division: Water

Contact Name: B. Marc Neal

Contact Phone: (928) 753-1121

Nature of Complaint:

8/19/09 received correspondence from Mr. Bacus

I contracted with Truxton Canyon Water for a Line Extension the 20th of April 2007. The work was to be completed by the 20th of August 2007. The work was never started. On the eleventh of August 2008 I sent the attached letter requesting a refund. I would like to start the process to get before a judge to recover my \$24,816.00 and any applicable penalties and interest.

Copy of letter attached:

Truxton Canyon Water Company Inc.
2409 Ricca Dr. Kingman AZ 86401

Re: Line extension agreement dated 4/20/07, Jim Bacus Developer

Mike,

At this time I am requesting a refund of the \$24,816.00 advance plus interest for the above referenced line extension agreement. The contract states the work would start by 4/20/07 and be completed by 8/20/07 the work has not been started or completed. In May of this year we discussed possibly moving the deposit to another line extension, however given the current real estate market I have no development plans.

Please advise what your policy is for holding deposits like this. What type of an account is it placed in and what interest does it earn.

As you know I had planned on building my personal residence on lot 34. Given the delay my plans have changed. I no longer intend on building on lot 34. I have placed numerous phone calls to you to discuss the matter with no response. Regardless, please refund the advance payable to Jim Bacus.

ARIZONA CORPORATION COMMISSION
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End of Complaint

Utilities' Response:

Investigator's Comments and Disposition:

8/19/09 I spoke with Laura who was going to research the main line extensions and provide staff with information regarding this issue. Her telephone number 928-753-1121 is for a follow up call.

8/19/09 I left Laura a detailed voice mail message wanting to know what the status of the Main Line Extension ("MXA") was? I asked her to please give me a call back.

8/26/09 Faxed to utility company for a response.

8/28/09 I spoke with Laura and advised her that I had received the copy of the MXA. What I needed and requested was an approved copy of the MXA that was approved by the Commission. She would send Marc Neil the message.

9/3/09 I spoke with Laura wanting to know the status of the utility response. I reminded her that the five days were pass and I was still waiting for it. She mentioned that she would pass the message to Mr. Marc Neil.

9/4/09 Received voice mail message from Laura, she mentioned that Mr. Neil is out of the office until next week. He would have the response by Monday no later than Tuesday.

9/9/09 Per Vicki, she received a voice mail message from Mr. Bacus and asked me to please give him a call. She asked me to relate that we are currently investigating the complaint.

9/9/09 I spoke with Mr Bacus and advised him that I had filed the informal complaint on his behalf and currently working on it. I was waiting for information from the company. As soon as I would have this information and I'm ready to make a decision I would call him. He agreed. I provided him with my full name and direct telephone number.

9/9/09 I spoke with Laura at Truxton. She advised me that I should call Mr. Marc Neil directly as he was working on the response himself.

9/9/09 I left a detailed phone message for Mr. Neil to please provide me with the information I had requested and a written response. I also wanted to know about a comment made to Mr. Bacus that Truxton had or was in the process of filing for bankruptcy. This is something that the ACC needs to know about. I would pass this information and comment to the Utilities Director Mr. Olea. I reminded him that the response is now pass due.

9/9/09 I provided the information mentioned above to Vicki.

9/14/09 Voice mail message.

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I left Mr. Neil a second voice mail message and asked him for a response.

9/14/09 I spoke with Laura and advised her that I have not heard back from Mr. Neil. Staff is awaiting his response to this complaint. She would give him a call and as soon as she knew more information she would call me back. I agreed, I provided her with my direct telephone number.

9/14/09 Laura called me back right away to say that she got a hold of Mr. Neil and he would have this response in writing to her first thing tomorrow. I advised Laura to pass a message to Mr. Neil. First of all he has not called me back Why? Secondly the Utilities Director is waiting for the response. If he will have it to you first thing tomorrow I will pass this message on the Utilities Director.

9/14/09 I related the information dated 9/14/09 mentioned above to Vicki W

9/15/09 UTILITY RESPONSE VIA EMAIL

TRUXTON CANYON WATER CO.
2409 RICCA DRIVE
KINGMAN, AZ. 86401
PHONE (928) 753-1121
FAX (928) 753-1963

COMPLAINT NO 81257

James S Bacus


AZ 86406

In reference to the line extension agreement (page 2 section D #3) with James Bacus. Mr. Bacus requested in person that the company delay installation because he wanted to change the grade of the easement to facilitate his derive way. Mr. Bacus's grade was never completed. The company received a letter 8/12/2008 requesting a refund. Mr Bacus was then advised that pursuant to the line extension agreement page three section E that his money would not be refunded.

Best regards,

Michael Neil

9/15/09 I spoke with Laura to advise her that I received the response from Mr. Neil. But I do not agree with it. The Utility's bottom line "per the line extension agreement page three section E that his money would not be refunded." I asked Laura where is the copy of the approved MXA that the ACC issued? How can Truxton make reference to page three section E that the money would not be refunded, if the MXA was never approved by the Commission.

I remind her that page six section VI MISCELLANEOUS reads: Before this Agreement shall become effective and binding upon either the Company or the Developer, it must be approved by the Arizona Corporation Commission or its authorized representative. In the event that it is not so approved this Agreement shall be null and void and or no force of effect whatsoever. Also R14-2-406M Main extension agreements reads, All agreements under this rule shall be filed with and approved by the Utilities Division of the Commission. No

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agreement shall be approved unless accompanied by a Certificate of Approval to Construct as issued by the Arizona Department of Health Services. Where agreements for main extensions are not filed and approved by the Utilities Division, the refundable advance shall be immediately due and payable to the person making the advance. She would try to get a hold of him and give him the message.

9/16/09 I spoke with Kara in reference to not receiving a call back yesterday from Mr. Neil. She wanted to know if I had his cell phone number? I said "YES" I also left him several messages of which he has not called me back. I need her to give him a message "ASAP IT'S URGENT. I need him to call me back regarding the questions I had left for him and also to discuss this complaint and his response.

9/16/09 I provided Vicki W the response from Mr. Neil. I advised her that I had not heard back from him like I was told I would. She advised me to call the office back and let them know that if Mr. Neil does not return my call back today we are ready to get the Directors office involve and possibly filing a complaint against Truxton or maybe even an Order to Show Cause.

9/16/09 I spoke with Kara and advised her that per Vicki Wallace if Mr. Neil does not return my call back today we are ready to get the Directors office involve and possibly filing a complaint against Truxton or maybe even an Order to Show Cause. She said OK I will get him the message and hung up.

9/18/09 Email copy of the issues were sent to Steve O for direction as to where we go from here.

9/28/09 I spoke with Laura about this complaint. I asked if she had heard anything back from Mr. Neil regarding this complaint. She stated that she presented the last message to him that he was to notify the ACC about main line extension agreements and approvals. He said he would take care of this. That was all he said.

9/29/09 per Steve O, in our P&R meeting, Steve requested Legal to write a letter to Truxton Canyon Water regarding their refusing to refund monies paid for a Main Line Extension. Charles, Wes and Robin were there and understand what Steve is looking for.

9/30/09
From: Connie Walczak
Sent: Wednesday, September 30, 2009 9:15 AM
To: Janice Alward
Cc: Al Amezcua
Subject: Requested Letter

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

ARIZONA CORPORATION COMMISSION
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From: Janice Alward
Sent: Wednesday, September 30, 2009 9:22 AM
To: Connie Walczak
C: [REDACTED]
Subject: RE: Requested Letter

[REDACTED]

F [REDACTED]
S [REDACTED]
S [REDACTED]

L [REDACTED]
V [REDACTED]
[REDACTED]

9/30/09 From: JALWA@AZCHA
S [REDACTED]
T [REDACTED]
Su [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

10/02/09 Voice mail message.
I wanted to let Mr. Bacus that we are still investigating the complaint and should have a resolution fairly quickly.
Provided my name and telephone number if he wished to call me.

10/7/09 A letter in writing from our legal division was mailed out to Mr. Neil for an immediate response.

Copy of letter,

October 7, 2009

Mr. Marc Neal
Truxton Canyon Water Company
2409 Ricca Drive
Kingman, Arizona 86401

Re: Informal Complaint

Dear Mr. Neal:

I am writing this letter on behalf of Mr. Amezcua. Mr. Amezcua has made numerous attempts to contact you regarding an informal complaint that Mr. James Bacus has lodged with the Arizona Corporation Commission on

ARIZONA CORPORATION COMMISSION
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August 19, 2009. Mr. Amezcua has contacted your office over a dozen times since that date and either spoke with Laura Thode in your office regarding this complaint or left you a message. Despite these attempts you have not returned his calls.

Mr. Bacus claims to have entered into a Line Extension Agreement ("Agreement") with Truxton Canyon Water Company, Inc. ("Truxton") on April 20, 2007 for \$24,816.00. According to Mr. Bacus, Truxton was supposed to complete the work under the agreement by August 20, 2007. To date Truxton has not completed or even started the work pursuant to the agreement, and never filed the Agreement with the Utilities Division of the Commission for approval.

In August of last year Mr. Bacus contacted Truxton requesting a refund of the \$24,816.00 advance he provided pursuant to the agreement. It is my understanding that you are refusing to refund this advance based on Section E of the agreement. Under these circumstances, it would appear that you must refund this advance to Mr. Bacus. Specifically, Arizona Administrative Code R14-2-406(M) reads:

All agreements under this rule shall be filed with and approved by the Utilities Division of the Commission. No agreement shall be approved unless accompanied by a Certificate of Approval to Construct as issued by the Arizona Department of Health Services. Where agreements for main extension are not filed and approved by the Utilities Division, the refundable advance shall be immediately due and payable to the person making the advance.

In this case, the Utilities Division has no record of approving this agreement or of Truxton ever submitting this agreement for approval. Regardless of what Section E of the agreement may indicate, it would appear that Truxton must refund the full amount of the \$24,816.00 advance that Mr. Bacus provided. Please contact Mr. Amezcua to indicate when you will be returning the advance that Mr. Bacus provided to Truxton or to explain why you believe that such a refund is not required.

If Mr. Amezcua does not hear from you by October 19, 2009, this informal complaint will be closed, and Mr. Bacus may file a formal complaint against Truxton.

Sincerely,
Wesley . an Cleve
Staff Counsel, Legal Division

WCVC:rbo
cc: James S. Bacus


Al Amezcua
Connie Walczak
Vicki Wallace

10/26/09 I have yet to receive a response.

11/2/09 Utility company did not respond. I left a detailed voice mail message for Mr. Bacus advising him about the status. Forms will be mailed once he contacts me back and verifies his mailing address. CLOSED.

11/3/09 I spoke with Mr. Bacus and would like to file a formal complaint. I advised him I would send him the forms shortly after discussing this with my supervisor and getting the ok. I asked him how about a mediation, he felt that since we did not hear from Mr. Neal on this issue that a mediation would do no good at this time. He wanted to file a formal complaint. He thanked me for all the work.

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11/4/09 Discuss with Connie W, customer requesting to file formal complaint. She advised me to call Mr. Neal and verify with him that he did received the letter from Legal and the copy I provided to Marcus on October 29th?

11/4/09 I left a detailed voice mail message for Marcus, about the letter, Mike would like a response back and the office to have either of them give me a call back.

11/12/09 I left a detailed voice mail message for both Mike and Marcus about about setting up a mediation regarding this complaint..

11/16/09 I spoke with Mike Neal about the request that staff made while out on the field. I also wanted to know if he received the letter from our Legal Division about Mr. Bacus? I wanted to also get an update on the leaks in Truxton Canyon? Finally I asked about the fire hydrants that Pat Moore Fire Chief paid 15k for and has not received?

He stated that he had not seen the letter, he will check with the office and call me back. The leaks are being repaired as we can. He will give Mr. Moore a call and follow up with him.

11/18/09 9:00 AM Conference call with Mike Neal.

I asked him to pass the following messages to Mike Neal as he has not returned my calls.

1. What is the status of his response to the Mr. Bacus informal complaint/letter that was mailed to him?
2. I wanted to also get an update on the leaks in Truxton Canyon two week deadline is up?
3. Would like the status of the fire hydrants that Pat Moore Fire Chief paid 15k for?

11/18/09

-----Original Message-----

From: Rick Neal [mailto:ricknea@gmail.com]
Sent: Wednesday, November 18, 2009 12:53 PM
To: Alexander Igwe
Cc: Al Amezcua
Subject: Truxton Canyon Water Company

Alexander -

In reference to the phone call this morning. There were topics discussed on both Cerbat and Truxton. this Email will only address Truxton and I will follow with an Email addressing Cerbat. There was a site visit approximately two weeks ago by Dorothy Hains and Al Amezcua. Apparently there were some leaks that needed to be addressed. I followed up with Mike Neal this morning and was informed that the correction work is still in progress and he will inform Al in writing when all items are complete.

The last item on Truxton was a complaint filed by Jim Bacus in reference to a line extension agreement. This was addressed in writing by Mike Neal and sent to Al via fax on 9/15/09 at 14:57 hours.

If you would like another copy, please call the office at 602-753-1121 and talk to Laura.

Could you please make sure this gets to the appropriate people W/I ACC.

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Respectfully,
Rick Neal for Truxton Canyon Water Company

-----Original Message-----

From: Rick Neal [mailto:ricknea@gmail.com]
Sent: Wednesday, November 18, 2009 1:09 PM
To: Alexander Igwe
Cc: Al Amezcua
Subject: Cerbat Water Company

Alexander -

This Email is in response to the questions raised during the phone call today with you and others at the ACC. A copy of the Management Agreement between Cerbat and the Neal Family Trust was requested. We have requested this be sent by fax today from Cerbat's office. If it is not received by days end, please call Laura at 602-753-1121.

There is apparently and issue with the fire department in reference to fire hydrants. Mike Neal is going to meet with the fire chief as soon as they both can do so and follow up in writing with Al.

Please let Dorothy know that the leak at the booster location at Cerbat that she was referring to as a "BIG LEAK" is fixed.

We are currently working on the revision to the application and will forward it to you as soon as it is complete.

Thank you very much for your help.

Respectfully,

Rick Neal

11/18/09 1:00 PM I called Laura at Truxton and asked her to get a message to Mike Neal. I would like a call back today before 4:00 PM.

11/19/09 Voice mail message

Rick Neal left me a message wanting to speak with me regarding the message he received from the office at Cerbat Water company. He would like to know if he could help me if not he could put me in contact with Marc Neal.

11/19/09 I spoke with Rick about the urgent matter I wanted to discuss with Marc Neal. He explained that Mike had already responded on 9/15/09. I explained the nature and what the Commissions feelings where in this case. He would talk with Mike and Marc and get back with me ASAP. I appreciated that and will wait for a call back.

12/3/09 I have still not received a response. I spoke with Connie W about still no response. She wanted me to check with legal to make sure we had covered all of our bases. Make sure we were not leaving anything out that still needed to be done.

12/3/09 I left a detailed voice mail message for Mr. Bacus advising him of the status and the mediation process if all possible.

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

12/3/09 I spoke with Wes Van Cleve, I wanted to make sure there was nothing else that we would need to do before the customer files a formal complaint. He stated no the letter that we wrote explained it all to Mr. Mike Neal. Now its up to the customer if he wants to file a formal complaint.

1/26/10 I spoke with Connie W regarding formal complaint forms. She informed me that per Elijah Abinah to bring up concerns to his attention in a final effort to resolve before going to a formal complaint. We will try to work as much as we possibly can to resolve this.

1/26/10 I left a message for Mr. Bacus.

1/28/10 Voice mail message from Mr. Bacus.

Mr. Bacus wanted to go ahead and file the formal complaint but he has a few questions to ask. Please call him back.

1/28/10 Eli and I attempted to reach him twice was not available. We wanted to know if he wished to do a mediation with staff and the utility company.

1/28/10

From: Al Amezcua

Sent: Thursday, January 28, 2010 3:48 PM

To: 'cknft@frontier.com'

Cc: Steven Olea; Elijah Abinah; Connie Walczak

Subject: Re: James Bacus ACC complaint no. 2009-81257

Good afternoon Laura,

Per our morning phone conversation of January 27, 2010. Mr. Elijah Abinah and I left a message for Mr. Mike Neal requesting a call back to Commission staff regarding Truxton Canyon Water and a possible mediation. We are trying to help Truxton Canyon Water resolve the above matter before it goes to a formal hearing. To date we have not heard back from Mr. Neal. Staff requests a response by close of business day February 2, 2010. If we don't hear back, Staff may proceed to file an order to show cause.

Thank you,

Alfonso Amezcua
Arizona Corporation Commission
Utilities Division
Consumer Services
(602) 542-0842 tel
(602) 542-2129 fax
Aamezcua@azcc.gov

2/2/10 Voice mail message

Mr. Bacus returned our call from 1/28/10. He wanted to proceed in filing the formal complaint.

2/5/10 Elijah and I left a voice mail message for Mr. Bacus.

2/26/10 (NOTES BY CEW) I have mailed my Bacus a formal complaint package today. I will call him to advise I have placed it in the mail to the above address.

2/26 4:50 pm left vm to advise sent to LHC address.

3/24/10 Voice mail message

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

I received a voice mail message from Mr. Bacus regarding the formal complaint form.

3/24/10 I spoke with Mr. Bacus and answered his questions regarding the form. He asked what the complainant and complaint number were? He would be mailing it today.

5/12/10 He wanted to know the status of the formal complaint. He went on E-docket and noticed that the company never responded back within the allowed time. What's next who will be setting this for a hearing or is it going to go to a hearing? He asked who he should be contacting attorney Kim Ruth

End of Comments

Date Completed: 11/2/2009

Complaint No. 2009 - 81257

Substantiated

Notes: See Complaint.

ARIZONA CORPORATION COMMISSION
FORMAL COMPLAINT FORMAL COMPLAINT FORM **ORIGINAL**

COMPLAINANT JAMES S BACUS JR	COMPLAINT NUMBER 2009'81257	PHONE (HOME) [REDACTED]
ADDRESS [REDACTED]		PHONE (WORK) SAME
NAME OF RESPONSIBLE PARTY JAMES S BACUS JR	ACCOUNT NUMBER W-02168A-10-0111	
NAME OF UTILITY TROUTON CANYON WATER CO, INC.		

GROUND(S) FOR COMPLAINT: (COMPLETE STATEMENT OF THE GROUNDS FOR COMPLAINT, INDICATING DATE(S) OF COMMISSION/OMISSION OR ACTS OR THINGS COMPLAINED OF) (USE ADDITIONAL PAGE IF NECESSARY.)

ON APRIL 20TH 2007 I, JAMES S BACUS JR (COMPLAINANT) ENTERED INTO A LINE EXTENSION AGREEMENT (MXA) WITH TROUTON CANYON WATER CO, INC. THIS MXA WAS TO PROVIDE WATER SERVICE TO LOTS 27, 28 AND 34 IN VALLE VISTA, UNIT ONE, TRACT 1192, MOHAVE COUNTY, AZ. THIS EXTENSION WAS FOR THE PURPOSE OF BUILDING MY PERSONAL RESIDENCE. I GAVE A REQUIRED ADVANCE OF \$24,816.⁰⁰ TO TROUTON CANYON WATER ON MAY 3RD 2007 IN THE FORM OF A CHASE BANK CHECK. IN THE MXA DATED APRIL 20TH 2007 SECTION IV PARAGRAPH A IT STATES TROUTON CANYON WATER WILL START THE WORK ON JUNE 20TH 2007 AND COMPLETE THE WORK NO LATER THAN AUGUST 20TH 2007. AFTER AUGUST 20TH 2007

NATURE OF RELIEF SOUGHT: (USE ADDITIONAL PAGE IF NECESSARY.)

I AM REQUESTING A FULL REFUND OF THE \$24,816.⁰⁰ ADVANCE. AS THE MXA WAS NEVER APPROVED AND IS VOID I AM ASKING FOR INTEREST ON THE ADVANCE FROM APRIL 20TH 2007 THRU THE PRESENT AT THE MAXIMUM RATE ALLOWED. I ALSO FEEL ADDITIONAL PENALTIES SHOULD BE AWARDED DUE TO TROUTON CANYON WATER'S ABOVE THE LAW ATTITUDE AND TOTAL LACK OF RESPONSIVENESS TO THE A.C.C. AND COMPLAINANTS.

SIGNATURE OF COMPLAINANT OR ATTORNEY
 Arizona Corporation Commission

[Signature] 03-24-2010
 James S. Bacus Jr

DOCKETED
 MAR 26 2010

RECEIVED
 2009 MAR 26 A 10:18
 ARIZONA CORPORATION COMMISSION
 DOCKET CONTROL

DOCKETED BY *NR*

ARIZONA CORPORATION COMMISSION
FORMAL COMPLAINT FORM

GROUNDS FOR COMPLAINT: (CONTINUED)

NUMEROUS CALLS WERE MADE TO TRUXTON CANYON WATER WITH NO RESPONSE. IN MAY OF 2008 I RAN INTO MIKE NEAL OF TRUXTON CANYON WATER AT THE VALLE VISTA RESTAURANT. I INQUIRED ABOUT MY ADVANCE AND HE SAID HE DO NOT HAVE THE MONEY TO PAY ME. I ADVISED I NO LONGER WANTED TO BUILD A RESERVOIR AT THAT LOCATION DUE TO MARKET CHANGES. HE SUGGESTED WE TRANSFER THE ADVANCE TO ANOTHER PROJECT. I AGREED. ON AUGUST 10TH 2008 WITH STILL NO RETURN OF THE ADVANCE AND NO RESPONSE TO CONTINUED CALLS A REGISTERED LETTER WAS SENT TO TRUXTON CANYON WATER AT 2409 PUEBLO DR KINGMAN, AZ. WHERE IT WAS ACCEPTED AND SIGNED FOR BY LANA THODE ON AUGUST 12TH 2008. THE LETTER REQUESTED A FULL RETURN OF THE ADVANCE AND CONFIRMED I HAD NO FURTHER DEVELOPMENT PLANS DUE TO MARKET CONDITIONS. I CONTINUED TO CALL TRUXTON CANYON WITH NO RESPONSE. I RESEARCHED ACTION THRU THE A.C.C. AND ON AUGUST 13TH 2009 I MADE A COMPLAINT WITH THE A.C.C.. THE A.C.C. MADE NUMEROUS ATTEMPTS TO CONTACT TRUXTON CANYON WATER BY PHONE AND SENT TWO LETTERS ONE DATED OCTOBER 7TH 2009 AND ONE FEBRUARY 8TH 2010 WITH NO RESPONSE.

TRUXTON CANYON WATER FAILED TO COMPLETE THE WORK OR PROVIDE SERVICE ACCORDING TO THE MWA. NO RETURN OF THE \$24,816⁰⁰ ADVANCE HAS BEEN GIVEN. TRUXTON CANYON WATER IS TOTALLY NON-RESPONSIVE TO THE COMPLAINANT AND THE A.C.C.. SEE PAGE 3

ARIZONA CORPORATION COMMISSION
FORMAL COMPLAINT FORM

GROUND FOR COMPLAINT: (CONTINUED)

PER A.A.C. R14-2-406(B-3)

A COPY OF THE COMMISSIONS RULES ON MXA'S WAS TO BE PROVIDED, IT WAS NOT. PER A.C.C. R14-2-406 (M) ALL AGREEMENTS UNDER THIS RULE SHALL BE FILED WITH AND APPROVED UNLESS ACCOMPANIED BY A CERTIFICATE OF APPROVAL TO CONSTRUCT AS ISSUED BY THE ARIZONA DEPARTMENT OF HEALTH SERVICES. WHERE AGREEMENTS FOR MAIN EXTENSION ARE NOT FILED AND APPROVED BY THE UTILITIES DIVISION, THE REFUNDABLE ADVANCE SHALL BE IMMEDIATELY DUE AND PAYABLE TO THE PERSON MAKING THE ADVANCE. THE MXA IN QUESTION WAS NEVER FILED WITH THE COMMISSION NOR APPROVED, MAKING THE ADVANCE DUE AND PAYABLE, AND THE MXA VOID.

ARIZONA CORPORATION COMMISSION
FORMAL COMPLAINT FORM

SUPPORTING DOCUMENTATION:

A: LINE EXTENSION AGREEMENT DATED APRIL 20TH
2007 14 PAGES

B: COPY OF CHASE CHECK DATED 05/03/2007
IN THE AMOUNT OF \$24,816.⁰²

C: REGISTERED LETTER DATED 08/10/2008
WITH PROOF OF SERVICE 4 PAGES

D: A.C.C. COMPLAINT FORM DATED 08/13/09
1 PAGE

E: A.C.C. FOLLOW UP LETTERS DATED
OCTOBER 7TH 2009 AND FEBRUARY 8TH 2010
4 PAGES

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Hot
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**LINE EXTENSION AGREEMENT
FOR
COMPANY INSTALLED FACILITIES**

BETWEEN

TRUXTON CANYON WATER CO., INC.

AND

JAMES BACUS

APRIL 20, 2007

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Lot
34

**LINE EXTENSION AGREEMENT
FOR COMPANY INSTALLED FACILITIES**

THIS LINE EXTENSION AGREEMENT, entered into this 20th day of April, 2007, by and between TRUXTON CANYON WATER CO., INC., hereinafter referred to as the "Company" and JAMES BACUS., hereinafter referred to as the "Developer," is for the construction of utility plant necessary to provide water utility service to Lot numbers 27, 28 and 34, in Valle Vista, Unit One, Tract 1192, Mohave County, Arizona. (Hereinafter called the "Development").

WITNESSETH:

WHEREAS, Company owns and operates a public service corporation and holds, or will apply for, a Certificate of Convenience and Necessity from the Arizona Corporation Commission (Commission) authorizing it to serve the public with water; and

WHEREAS, Developer is developing property within the certificated area of the Company, which Development is more fully described in Attachment 1, attached hereto and incorporated herein by this reference for all purposes ; and

WHEREAS, the Company does not presently own or operate a water distribution system able to serve the Development; and

WHEREAS, under such circumstances the Commission's Rules and Regulations permit the Company to require an Advance In Aid Of Construction to provide such facilities.

NOW, THEREFORE, it is mutually covenanted and agreed by and between the parties hereto as follows:

I. UTILITY PLANT ADDITIONS; COST; PAYMENT; COST ESTIMATE CONDITIONS; COST REVISIONS AND DEVELOPER CANCELLATION

A. Utility Plant Additions. The Company will construct, or cause to be constructed, the water utility plant described on Attachment 2, attached hereto and incorporated herein by this reference for all purposes.

B. Cost. The cost of construction of the subject plant as more fully detailed in Attachment 3, attached hereto and incorporated herein by reference for all purposes, is estimated to be \$24,816.00.

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C. Income Taxes. Presently applicable income taxes on property used exclusively by a single customer are set forth in Attachment 3. In the event it is determined by Congress, the Internal Revenue Service, the Arizona Legislature or the Arizona Department of Revenue that all or a portion of the cost estimates in Attachment 3 is taxable income to the Company as of the date of this Agreement, or upon receipt of said costs or facilities by the Company, the Developer will advance funds equal to the applicable income taxes for the Company's state and federal tax liability on all funds advanced pursuant to this Agreement. These funds shall be payable by the Developer to the Company immediately upon notification to the Developer of the determination by the appropriate agency having jurisdiction. At the time the refunds are made pursuant to Paragraph V.C, the Company shall also refund that portion of the income taxes associated with that refund that were advanced under this Paragraph V.B. The income tax advance refunds shall be based on the annual refund amount under Paragraph V.C, and computed at the same rate the advance was originally assessed.

B. Cost Estimate Conditions. The cost estimate in Attachment 3 is conditioned upon the following:

1. That the Developer add only those additional utility customers as specified in Attachment 1, and that only those facilities detailed in Attachment 2 are needed to serve the Development.
2. That prior to the commencement of construction, all permits, licenses and easements required under Paragraph III are obtained.
3. That all easements and rights-of-way provided shall be free of obstacles which may interfere with the construction of said facilities. If said subdivision, tract, development or project involves road construction, all roads and drainageways will be brought to grade prior to water facilities construction. No pavement or curbs shall be installed prior to completion of all water facilities. If any streets, roads, alleys, or drainageways are installed at a different grade, Developer shall bear all costs, on a non-refundable basis, which are incurred by the Company to relocate water facilities as a result of said facilities having insufficient cover.
4. That no design changes be made, caused or required by appropriate utility construction standards; the Developer or his agent; the Arizona Department of Environmental Quality; the Arizona Department of Health Services; the Arizona Corporation Commission; any county health department; or any other public agency under whose jurisdiction the subject construction may fall.
5. That construction will require conventional trenching only, and that no rocky or caliche conditions be encountered, which require extra equipment rental, hauling, blasting (including additional traffic control), supplies, labor (including overheads), or any other associated cost.

6. That, at the time of actual construction, the Company is able to obtain acceptable bids for the materials, labor, and services to construct the facilities set forth in Attachment 2.
7. That the Developer complies with such additional terms and conditions as set forth in Attachment 4 hereto which is incorporated herein by reference for all purposes.

E. Cost Revisions and Developer Cancellation. In the event the conditions contained in Paragraph D, the footnotes to Attachment 2 and Attachment 3, or as set forth in Attachment 4 are not met, or in the event the construction requires zoning approvals or variances, or extraordinary licenses or permits, then, in any of those events, the Company reserves the right to revise the cost estimate contained in Attachment 3. An additional Advance will be required prior to the Company proceeding with the construction. If the Developer determines that such revised cost estimate is not acceptable, the Developer shall advise the Company of its cancellation of the request for service, in writing, within five (5) days of receipt of the revised estimate. Notice of cancellation shall relieve the Developer of any further Advance obligations; however, Advances made as of the date of notification shall become contributions by the Developer to the Company.

II. SERVICE; COMPANY LIABILITY LIMITATIONS; UNCONTROLLABLE FORCES; APPLICABLE RATES

A. Service. Notwithstanding any reference to fire protection facilities contained in Attachment 2 or Attachment 3 hereto, the subject plant additions are being installed primarily for the purpose of providing domestic water service to the Development. However, under certain operating conditions, those facilities may provide limited fire protection service to an appropriate fire protection agency contracting with the Company for such service.

B. Company Liability Limitations. It is understood between the Developer and the Company that the Company does not have, and the Developer will not install under this Agreement, facilities capable of providing fire flow to the Development. Therefore, it is expressly understood by the Company and the Developer that **THE COMPANY DOES NOT GUARANTEE OR INSURE UNINTERRUPTED OR REGULAR FIRE PROTECTION SERVICE, NOR DOES THE COMPANY REPRESENT THE PRESENCE OF ADEQUATE PRESSURE, VOLUME, OR FIRE FLOW AVAILABLE ON THE SYSTEM BY OFFERING WATER SERVICE AS SPECIFIED HEREIN.**

It is agreed that in the event service from the fire hydrants or an interior fire sprinkler system is used for non-fire protection purposes, or is interrupted or is irregular or defective or fails from causes beyond the Company's control or through negligence or alleged negligence of its employees, servants or agents, the Company shall not be liable for any injuries or damages arising therefrom. Further, the Company shall have neither the responsibility nor the liability for any use or disposition of fire hydrant or fire sprinkler water, even if such use or disposition is attributable, or is alleged to be attributable to the negligence of the Company's employees, agents or servants. The Developer, or any other person who succeeds to Developers interest, **REGARDLESS OF WHETHER SUCH PERSON HAS KNOWLEDGE OR NOTICE OF THESE TERMS,** shall make no claim against the Company for any such loss or damage resulting from services provided under this Agreement or the

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applicable service tariff. The Company shall be entitled to recover its reasonable attorneys' fee should the Developer fail to comply with this provision.

In consideration for the Company providing this limited fire protection service with less than adequate storage and transmission facilities, the Developer agrees TO HOLD HARMLESS AND INDEMNITY THE COMPANY from and against any and all liability, loss, damage or expense the Company may incur as a result of claims, demands, costs or judgments against the Company including, but not limited to injury or death of persons, arising, directly or indirectly, out of the Company's providing fire protection service, or any activities or operations related thereto, or any breach by the customer of the terms, covenants or conditions of this Agreement. This provision applies to and regardless of any negligence or alleged negligence on the part of the Company, its employees, servants or agents.

C. Uncontrollable Forces. Neither party shall be considered to be in default in the performance of any of its obligations hereunder (other than the obligation of Developer to pay Advances pursuant to Paragraph V) when a failure of performance shall be due to Uncontrollable Forces. The Party claiming failure of performance shall promptly contact the other Party and provide written notice that an Uncontrollable Force has caused failure of performance. The term "Uncontrollable Forces" shall mean any cause beyond the control of the Party unable to perform its obligation, including, but not limited to, acts of God, failure of or threat of immediate failure of facilities, explosions, flood, drought, earthquake, storm, fire, pestilence, lightning and other natural catastrophes, epidemic, war, riot, civil disturbance or disobedience, strike, labor disturbance, dispute or unrest of whatever nature, labor, material or fuel shortage, sabotage, restraint by court order or public authority and action or non-action by or inability to obtain the necessary authorizations or approvals from any governmental agency or authority, which by exercise of due diligence such Party could not reasonably have been expected to avoid and which by exercise of due diligence it has been unable to overcome.

D. Applicable Rates. It is mutually understood and agreed that the charges for water services to said Development shall be at the applicable rates of the Company which are currently on file with the Arizona Corporation Commission. Those rates are subject to change from time to time upon application of the Company and as approved by the Commission.

III. PERMITS AND LICENSES; EASEMENTS; TITLE

A. Permits and Licenses. The Company agrees to obtain all licenses and permits from public authorities which may be required for the construction of facilities under this Agreement. The Company shall file applications for, or use its best efforts to obtain, the Certificate of Convenience and Necessity for the Development from the Commission and an appropriate franchise from the Mohave County Board of Supervisors.

B. Easements. Prior to the commencement of construction, the Developer shall obtain from the owners of the property upon which the subject facilities will be constructed, a perpetual easement for the construction, operation and maintenance of water lines, mains and appurtenant facilities, in the name of the Company, and in a form acceptable to the Company.

C. Title. All materials installed, facilities constructed and equipment provided in connection with construction of facilities under this Agreement and the completed facilities as installed shall become the sole property of the Company, and full legal and equitable title thereto shall be then vested in the Company, free and clear of any liens, without the requirement of any written document of transfer to the Company or acceptance by the Company. Developer agrees to execute or cause to be executed promptly such documents as counsel for the Company may request to evidence good and merchantable title to said facilities free and clear of all liens.

IV. COMMENCEMENT OF PERFORMANCE AND TIME OF COMPLETION; ADDITIONAL FACILITIES; CONNECTING NEW FACILITIES

A. Commencement of Performance and Time of Completion. It is estimated that the Company shall start the work to be performed under this Agreement on June 20, 2007 and complete the work to be performed under this Agreement not later than August 20, 2007. The estimated construction schedule is conditioned upon: the Developer making timely Advances pursuant to this Agreement; the Company receives from the Developer the necessary governmental permits and licenses and obtaining easements pursuant to Paragraph III; and the Company encountering no extraordinary construction conditions. It is mutually understood and agreed that these commencement and completion dates are estimates only and no liability shall arise from failure to complete the facilities in accordance with said estimated dates.

B. Additional Facilities. It is understood by the Developer that the Company may, at its option and in its sole discretion, build or install facilities larger than those described in Attachment 3. The additional cost of those facilities, over and above the cost set forth in Attachment 3, shall be borne by the Company or assigned to another development.

C. Connecting New Facilities. The Company specifically reserves the right to refuse connection, or sever connection, of the facilities constructed under this Agreement in the event the Developer does not advance any portion of the funds due and payable under this Agreement.

V. AMOUNT OF ADVANCE; REFUND; TRANSFER

A. Amount of Advance. Based on the estimated cost contained in Paragraph I.B, the Advance by the Developer shall be a total of \$24,816.00. Of the total Advance, \$-0- shall be a non-refundable contribution with the balance refundable pursuant to this Paragraph V. If the actual construction cost is revised pursuant to Paragraph I.D, the Advance shall be that adjusted amount.

B. Payment. The Advance payable pursuant to this Paragraph I shall be paid by the Developer to the Company in the form of certified bank check(s) upon execution of this Agreement. In the event there are cost revisions as contemplated in Paragraph I.E, Developer shall advance those funds prior to the Company proceeding with the construction.

C. Commutation of Refund. Refunds of the Advance In Aid Of Construction shall be made by the Company on or before the 31st day of August of each year commencing with August of 2009, covering any refunds owing from water revenues received during the preceding July 1 to

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June 30 period. Any additional charge made by the Company based on any sales, privilege tax, excise tax, or regulatory assessment, shall not be included in the computation. The annual refund shall equal ten percent (10%) of the total gross annual revenue from water sales to each bona fide customer in the Development for a period of ten (10) years from the date of this Agreement.

D. Unrefunded Balance. Any balance remaining at the end of the ten year period shall become non-refundable in which case the balance not refunded shall be entered as a Contribution In Aid Of Construction on the accounts of the Company.

E. Maximum Refund; Interest on Advance; Limitation on Revenues. The refund to the Developer under this Agreement shall in no event exceed the amount of the Advance, as adjusted. No interest shall be paid by the Company on any amounts advanced. The Company shall make no refunds from any revenue received from properties other than those located within the phase of the Development covered by this Agreement and contained within the area identified in Attachment 1 to this Agreement.

F. Transfer of Facilities. In the event of the sale, conveyance or transfer by the Company, pursuant to the approval of the Arizona Corporation Commission, of any portion of its water system, including the facilities serving the Development and installed pursuant to the terms of this Agreement, the Company's obligation under Paragraph V.C. Hereto shall cease (except as to any payment which is then due) condition upon the transferee assuming, and agreeing to pay the Developer, any sums becoming payable to Developer thereafter in accordance with the provisions of Paragraph V.C. of this Agreement.

G. Company's Right of First Refusal. Before selling or transferring the obligation of the Company under this Agreement, Developer shall first give the Company, or its assigns, reasonable opportunity to purchase the same at the same price and upon the same terms and conditions as contained in any bona fide offer which Developer has received from any third person or persons which he may desire to accept.

VI. MISCELLANEOUS

Before this Agreement shall become effective and binding upon either the Company or the Developer, it must be approved by the Arizona Corporation Commission or its authorized representative. In the event that it is not so approved this Agreement shall be null and void and of no force or effect whatsoever. This Agreement may not be modified or amended except by a writing signed by both parties. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona. This Agreement constitutes the entire agreement and understanding between the parties with respect to the subject matter hereof and expressly supercedes and revokes all other prior or contemporaneous promises, representations and assurances of any nature whatsoever with respect to the subject matter hereof. The remedies provided in this Agreement in favor of the Company shall not be deemed its exclusive remedies but shall be in addition to all other remedies available at law or in equity. No waiver by the Company of any breach by Developer of any provision of this Agreement nor any failure by the Company to insist on strict performance by Developer of any provision of this Agreement shall in any way be

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construed to be a waiver of any future or subsequent breach by Developer or bar the right of the Company to insist on strict performance by Developer of the provisions of this Agreement in the future. Developer is an independent contractor and not an agent or employee of the Company. This Agreement shall inure to the benefit of, be binding upon, and be enforceable by the parties hereto and their respective successors and assigns.

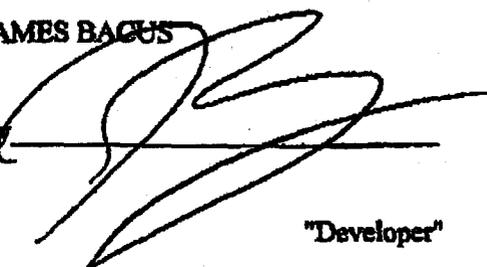
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

TRUXTON CANYON WATER CO., INC.

By 
Michael Neal

"Company"

JAMES BAGUS

By 

"Developer"

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SUMMARY OF ATTACHMENTS

1. **Map and Legal Description of Development**
2. **Engineering Drawings**
3. **Construction Cost Estimate**
4. **Additional Terms and Conditions**

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ATTACHMENT 1

MAP AND LEGAL DESCRIPTION OF DEVELOPMENT

**Lot numbers 27, 28 and 34, in Valle Vista, Unit One, Tract No. 1192 in the Kingman Area,
Mohave County, Arizona.**

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ATTACHMENT 2

ENGINEERING DRAWINGS

A two page, 24" by 36", engineering drawing of the Water Plan is attached to the original Agreement. Copies of those drawings may be reviewed at the Company's offices.

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ATTACHMENT 3

CONSTRUCTION COST ESTIMATE

Water Distribution System

752 feet @ \$33.00 per foot for a total of \$24,816.00.

Total Distribution Advance

\$24,816.00

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ATTACHMENT 4

ADDITIONAL TERMS AND CONDITIONS

Check and initial if none

Company
CS

Developer

File for 34.

(B)

CHASE

FOR YOUR PROTECTION SAVE THIS COPY
OFFICIAL CHECK

Customer Copy



05/03/2007

Arizona

Remitter JIM AND RACHAEL BACUS

\$ *****24,816.00 ****

Pay To The Order Of TRUXTON CANYON WATER CO

Drawer: JPMORGAN CHASE BANK, N.A.

NON NEGOTIABLE

TERMS
KEEP THIS COPY FOR YOUR RECORD OF THE TRANSACTION. TO REPORT A LOSS OR FOR ANY OTHER INFORMATION ABOUT THE INSTRUMENT, CONTACT THE INSTITUTION FROM WHICH YOU RECEIVED THE INSTRUMENT.

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Truxton Canyon Water Company Inc
2409 Ricca Dr. Kingman, AZ. 86401

Re: Line extension agreement dated 4/20/07, Jim Bacus Developer

Mike,

At this time I am requesting a refund of the \$24,816.00 advance plus interest for the above referenced line extension agreement. The contract states the work would start by 4/20/07 and be completed by 8/20/07. As of 8/10/08 the work has not been started or completed. In May of this year we discussed possibly moving the deposit to another line extension, however given the current real estate market I have no development plans.

Please advise what your policy is for holding deposits like this. What type of an account is it placed in and what interest does it earn.

As you know I had planned on building my personal residence on lot 34. Given the delay my plans have changed. I no longer intend on building on lot 34. I have placed numerous phone calls to you to discuss the matter with no response. Regardless, please refund the advance payable to Jim Bacus.

Sent
8/10/08
Rebecca

0-2

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

*Wright Canyon Water
2409 Recca Dr.
Kurgman, Az 86401*

Lot 34

2. Article Number

(Transfer from service label)

7007 3020 0000 4564 0398

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-001-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature *Olivia Cahide* Agent Addressee

B. Received by (Printed Name) *Olivia Cahide* C. Date of Delivery *5-12-08*

D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below: *RNO*

3. Service Type

- Certified Mail Express Mail
- Registered Return Receipt for Merchandise
- Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee)

- Yes

C-3

7007 3020 0000 4564 0398

PERMITS MAIL



7007 3020 0000 4564 0398
7007 3020 0000 4564 0398

U.S. Postal Service
CERTIFIED MAIL RECEIPT

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement is Required)	
Registered Delivery Fee (Endorsement is Required)	
Total Postage & Fees	\$

Postmark Here

Sent to
 Cruxton Canyon Water
 Street, Apt. No. 2409 Ricca Dr.
 or PO Box No. Kingman Az 86401
 City, State, ZIP

Post 8/11

Sent 8/11/08

Mail Mail Method
 725 E. Lincoln Dr.
 Kingman, AZ 86401
 Telephone 970 892 1147
 Fax 970 892 1115

MAIL SERVICES
 POST OFFICE
 KINGMAN, AZ 86401
 970-892-1147

Sale

Invoice Number: 00000000000000000000

Group Individual	0.40
UBA's	4.00
CP's	0.00
SUBTOTAL	4.40
Tax	0.00
TOTAL	4.40
DEBIT VISA	4.40

Net 40 2207111
 EBIT
 *****9673
 Acct Code: 000000 Invoice: 000000
 Total: \$7.83

Customer: Home selected
 08/11/2008
 11:52

Merchant Co.
 NO SIGNATURE REQUIRED
 1800-1111

Signature

 Thank you for your purchase.

C-4



LAS VEGAS NV 890
UNITED STATES POSTAL SERVICE
12 JUL 2005 PM 2 T

• Sender: Please print your name, address, and ZIP+4 in this box •
Jim Bacus
[Redacted Address]
Kingman, AZ 86401



233

D

Arizona Corporation Commission Consumer Inquiry and/or Complaint Form

This form may be completed electronically, printed and mailed to:
Arizona Corporation Commission, Consumer Services Section, 1200 W. Washington St.
Phoenix, Arizona 85007

Step 1

Before submitting a complaint to the ACC please visit this [link](#) to determine if the Commission regulates this service. If the company is regulated, please contact the company first. If you have already contacted your utility and are not satisfied with its response, please fill out this form and return the address above.

Step 2

YOUR NAME James S Bacus	DATE 8/13/09
ADDRESS, CITY, STATE AND ZIP [REDACTED]	PHONE (HOME) [REDACTED]
NAME THAT APPEARS ON THE BILL James S Bacus	ALTERNATE PHONE (DAYTIME)
NAME OF THE UTILITY COMPANY Truxton Canyon Water Co., Inc.	ACCOUNT NUMBER
E-MAIL ADDRESS [REDACTED]	CHECK HERE TO CONFIRM THAT YOU HAVE ALREADY CONTACTED THE UTILITY (SEE STEP 1) <input checked="" type="checkbox"/>

Step 3

PLEASE SUMMARIZE YOUR COMPLAINT OR INQUIRY:

I contracted with Truxton Canyon Water for a Line Extension the 20th of April 2007. The work was to be completed by the 20th of August 2007. The work was never started. On the eleventh of August 2008 I sent the attached letter requesting a refund. I would like to start the process to get before a judge to recover my \$24,816.00 and any applicable penalties and interest.

Step 4

Please include copies of any documentation, such as bills, that our office would need to provide a response.

E-3

COMMISSIONERS
KRISTIN K. MAYES - Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP



ERNEST G. JOHNSON
Executive Director

ARIZONA CORPORATION COMMISSION

October 7, 2009

Mr. Marc Neal
Truxton Canyon Water Company
2409 Ricca Drive
Kingman, Arizona 86401

Re: Informal Complaint

Dear Mr. Neal:

I am writing this letter on behalf of Mr. Amezcua. Mr. Amezcua has made numerous attempts to contact you regarding an informal complaint that Mr. James Bacus has lodged with the Arizona Corporation Commission on August 19, 2009. Mr. Amezcua has contacted your office over a dozen times since that date and either spoke with Laura Thode in your office regarding this complaint or left you a message. Despite these attempts you have not returned his calls.

Mr. Bacus claims to have entered into a Line Extension Agreement ("Agreement") with Truxton Canyon Water Company, Inc. ("Truxton") on April 20, 2007 for \$24,816.00. According to Mr. Bacus, Truxton was supposed to complete the work under the agreement by August 20, 2007. To date Truxton has not completed or even started the work pursuant to the agreement, and never filed the Agreement with the Utilities Division of the Commission for approval.

In August of last year Mr. Bacus contacted Truxton requesting a refund of the \$24,816.00 advance he provided pursuant to the agreement. It is my understanding that you are refusing to refund this advance based on Section E of the agreement. Under these circumstances, it would appear that you must refund this advance to Mr. Bacus. Specifically, Arizona Administrative Code R14-2-406(M) reads:

All agreements under this rule shall be filed with and approved by the Utilities Division of the Commission. No agreement shall be approved unless accompanied by a Certificate of Approval to Construct as issued by the Arizona Department of Health Services. Where agreements for main extension are not filed and approved by the Utilities Division, the refundable advance shall be immediately due and payable to the person making the advance.

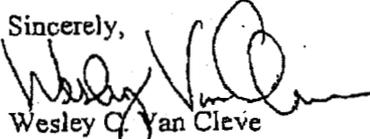
In this case, the Utilities Division has no record of approving this agreement or of Truxton ever submitting this agreement for approval. Regardless of what Section E of the agreement may indicate, it would appear that Truxton must refund the full amount of the \$24,816.00 advance that Mr. Bacus provided. Please contact Mr. Amezcua to indicate when you

E-4

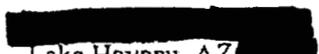
Mr. Marc Neal
October 7, 2009
Page 2

will be returning the advance that Mr. Bacus provided to Truxton or to explain why you believe that such a refund is not required.

If Mr. Amezcua does not hear from you by October 19, 2009, this informal complaint will be closed, and Mr. Bacus may file a formal complaint against Truxton.

Sincerely,

Wesley C. Van Cleve
Staff Counsel, Legal Division

WCVC:rbo
cc: James S. Bacus


Lake Havasu, AZ
Al Amezcua
Connie Walczak
Vicki Wallace

E-1

COMMISSIONERS
KRISTIN K. MAYES - Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP



ERNEST G. JOHNSON
Executive Director

ARIZONA CORPORATION COMMISSION

February 8, 2010

Truxton Canyon Water Company
Mr. Marc Neal
7313 East Concho Drive, Suite B
Kingman, Arizona 86401

Re: Informal Complaint by Mr. James Bacus

Dear Mr. Neal,

On October 7, 2009, Mr. Van Cleve on behalf of Mr. Amezcua sent you a correspondence regarding an informal complaint lodge by Mr. Bacus with the Commission concerning an advance for a main extension. In that correspondence, you were requested to contact Mr. Amezcua by October 19, 2009. To date, you have failed to contact Mr. Amezcua or the Commission regarding this matter.

This informal complaint stems from a main line extension agreement ("the agreement") entered into on April 20, 2007 for \$24,816.00 between Mr. Bacus and the Company. According to Mr. Bacus, the Company was supposed to have completed the extension by August 20, 2007; however, to date, the Company has not even started the work. Mr. Bacus claims that in August 2009 he contacted the Company for a refund of the advance he provided; however, the Company refuses to refund the advance. The rules governing main extension agreements require the advances be returned, if they are not filed and approved by the Commission.

According to the Arizona Administrative Code, utilities that enter into main extension agreements are required to comply with the provisions of the code that specifically define the conditions for governing main extensions. A.A.C. R14-2-406(A). More specifically, it states that:

All agreements under this rule shall be filed with and approved by the Utilities Division of the Commission. No agreement shall be approved unless accompanied by a Certificate of Approval to Construct as issued by the Arizona Department of Health Services. **Where agreements for main extension are not filed and approved by the Utilities Division, the refundable advance shall be immediately due and payable to the person making the advance.** A.A.C. R14-2-406(M) (*emphasis added*).

The Utility Division has no record of an agreement for this main extension being filed or approved. Pursuant to the Arizona Administrative Code, the Company is required to refund Mr. Bacus' \$24,816.00 advance. Please refund the advance to Mr. Bacus immediately or provide an explanation and evidence to the Commission, beyond the language of the agreement, as to why it believes the refund is not required.

This is the Company's last opportunity to rectify this situation. The informal complaint has been closed; once an informal complaint is closed, the customer then has the opportunity to file a formal complaint against Truxton Canyon Water Company. Mr. Bacus has indicated that he may file a formal complaint if his advance is not returned expeditiously.

Please contact Mr. Amezcua as soon as possible, so that this situation may be resolved. Mr. Amezcua can be reached at 602-542-0842 or AAmezcua@azcc.gov.

Sincerely,



Kimberly A. Ruht
Staff Counsel, Legal Division
Arizona Corporation Commission

Encl: Original Letter from Wesley Van Cleve

Cc: James S. Bacus

[Redacted]
Lake Havasu, AZ [Redacted]

- Al Amezcua
- Connie Walczak
- Vikki Wallace
- Steve Olea
- Janice Alward

**NORTHERN ARIZONA CONSOLIDATED FIRE DISTRICT #1**

2470 Butler Avenue

Kingman, AZ 86409

Business (928)757-3151 FAX (928)757-5316

"Arizona's Premier Rural Fire District"

Cerbat Water Company
2409 Ricca Dr
Kingman, AZ 86401
928-753-1121
Attn: Mike Neal

06 November 2009

Dear Mr. Neal

This is a letter in reference to our phone conversation on Thursday October 29th in regards to the failure to install fire hydrants according to the agreed upon invoice for the Cerbat Water Company and Truxton Canyon Water Company. The total amount of money paid to the Cerbat Water Company is \$ 3,980.00 and the total paid to the Truxton Canyon Water Company is \$ 13,440.00. The total amount spent for hydrants is \$ 17, 420.00. The invoices are attached.

During the stated phone conversation, it was agreed upon that the Northern Arizona Consolidated Fire District would give a one week timeframe for contact to be made to my office pertaining to the corrective action to be taken in regards to the hydrants. I spoke with Marcus Neal on Wednesday November 4, 2009 at NACFD Station #31 and again emphasized to him that I was waiting for contact from you regarding the hydrant issue.

As of this date, the four hydrants still are not installed. The invoice for the Cerbat Water Company is dated September 24, 2008. Your actions in both the failure to install the hydrants in question and then ask for payment from the Board of Directors at the December 2009 meeting for three additional hydrants have raised concerns regarding your ability to facilitate the installation to the current Board of Directors and Fire Administration.

I would appreciate your prompt attention to this matter or the NACFD will proceed with legal action.

If you have any questions or comments regarding this matter, please contact me at (928) 757-3151 or at p.moore@northernazfire.com.

Sincerely,

A handwritten signature in black ink that reads "Patrick Moore". The signature is written in a cursive style.

Patrick Moore
Fire Chief

cc: File



NORTHERN ARIZONA CONSOLIDATED FIRE DISTRICT #1

2470 Butler Avenue

Kingman, AZ 86409

Business (928)757-3151 FAX (928)757-5316

"Arizona's Premier Rural Fire District"

Hualapai Valley Fire Department • Valle Vista Fire Department • Valentine Fire Department
Chloride Fire Department • Truxton Fire Department

December 1, 2009

ARIZONA CORPORATIONS COMMISSION

Utilities Division

1200 W. Washington

Phoenix, Arizona 85007

~~ATTN: Alfonso Amezcua~~

RECEIVED

DEC 02 2009

AZ CORP COMM

Director Utilities

Re: Truxton Canyon Water Company

Dear Mr. Amezcua:

Per our phone conversation last Wednesday morning, I am submitting the following grievance against Truxton Canyon Water Company, a utility regulated by the ACC, on behalf of the Fire Chief and Governing Board of Northern Arizona Consolidated Fire District #1 (NACFD).

Please note that there is a companion grievance against Cerbat Water Company, a regulated utility in an adjacent jurisdiction, also owned by B. Marc Neal; customers of both Cerbat and Truxton Canyon Water Company are constituent taxpayers of NACFD.

There are two concerns raised by both grievances: 1) that the Fire District has paid for the installation of fire hydrants that were never installed and 2) that the fact that Cerbat is not obligated to maintain any fire flow requirement as to any hydrant within its jurisdiction belies any utility of existing or expected hydrants for purposes of fire protection.

First, this grievance was preceded by NACFD's payment of \$3,980 for one fire hydrant to be installed by Cerbat Water Company at a specific intersection within the Fire District. That fire hydrant was never installed.

It was with knowledge of this fact that a representative of Cerbat Water Company, Mike Neal, the son of B. Marc Neal, appeared on behalf of Truxton Canyon Water Company at a NACFD Board meeting in December, 2008 with an invoice, in the amount of \$13,440.00, for three more fire hydrants at specified locations in another subdivision. The former Fire Chief had just resigned in November and Mark Neal had just completed a term on the Board. The new Board had just been sworn in and acquiesced to Mr. Neal's apparent good faith in submitting the invoice. See attached copies of the Cerbat invoice, dated September 24, 2008, and the District's payment voucher, dated October 14, 2008.

See attached copies of the Truxton Canyon invoice, presented at December 4, 2008 Board meeting, and the District's payment voucher, dated December 4, 2008. To date, these three hydrants have not been installed.

Cerbat has failed to respond to NACFD's requests to resolve this matter. See, attached letter to Mike Neal, dated November 6, 2009.

In retrospect and in both cases, Truxton Canyon's invoice as well as Cerbat's, costs were at least double that of the going rate in this community for purchase and installation of fire hydrants.

Secondly, as discovered by the new Fire Chief, Patrick Moore, in the process of assessing the location, condition and viability of hydrants within the District, Truxton Canyon claims no responsibility for meeting any fire flow standards relative to any hydrants within its territory. See, page 12 of *Truxton Canyon's 2008 Annual Report* (answered "no requirement" in response to "...what is the fire flow requirement?"). Truxton Canyon knew but failed to disclose this when it collected on its invoice.

Without any meaningful obligation on Truxton Canyon's part to maintain fire flows, the promise of installation of any hydrant is hollow, if not entirely futile. As to the 33 existing hydrants within Truxton Canyon's territory, property owners are given a false expectation that fire prevention flows will be there when needed and the District dare not expect or rely on adequate flows when responding in an emergency.

Taxpayer funds paid to Truxton Canyon should be refunded or, in the alternative, Truxton Canyon should be made responsible for maintaining adequate fire flows as well as make good on its obligation to install the hydrants.

Sincerely,



Charlotte A. Wells
Fire District Attorney

Truxton Canyon Water Co.

2409 Ricca Dr.
Kingman, AZ., 86410

DATE: #####
INVOICE # 201
FOR: Fire Hydrant

Bill to
N.A.C.F.D. #1

DESCRIPTION	AMOUNT
Fire Hydrant at Devils Arch and Stetson.	\$4,480.00
Fire Hydrant at Rio Verde Drive and Rio Verde Circle.	\$4,480.00
Fire Hydrant at Superstition Dr. and Red Horse Dr.	\$4,480.00
TOTAL	\$ 13,440.00

If you have any questions concerning this invoice, contact Mike Neal 928-716-4788

PAID DEC 05 2008

4

WARRANT
NORTHERN ARIZONA CONSOLIDATED FIRE DISTRICT #1

Truxton Canyon Water Company

Date 12/4/2008
Type Bill
Reference

Original Amt.
13,440.00

Balance Due
13,440.00

12/4/2008
Discount
Check Amount

Payment
13,440.00
13,440.00

6540 033499

PAYMENT
RECORDED

Cash Account/Treasur

 DELUXE BUSINESS FORMS 1-800-328-0304 www.deluxeforms.com

13,440.00



NORTHERN ARIZONA CONSOLIDATED FIRE DISTRICT #1

2470 Butler Avenue

Kingman, AZ 86409

Business (928)757-3151 FAX (928)757-5316

"Arizona's Premier Rural Fire District"

Hualapai Valley Fire Department • Valle Vista Fire Department • Valentine Fire Department
Chloride Fire Department • Truxton Fire Department

February 23, 2010

Alfonso Amezcua
ARIZONA CORPORATIONS COMMISSION
Utilities Division
1200 W. Washington
Phoenix, Arizona 85007

Re: NACFD Complaint Against Cerbat and Truxton Canyon Water Companies
Mediation scheduled for February 26, 2010

Dear Mr. Amezcua:

In contemplation of the telephone mediation scheduled for this coming Friday, February 26, 2010, NACFD proposes the following alternatives for settlement of its claims against Cerbat and Truxton Canyon Water Companies.

Settlement Alternative No. 1 (Reimbursement):

Cerbat (CW) and Truxton Canyon (TCW) Water Companies are to remit all sums previously paid by NACFD as and for purchase and installation of four (4) fire hydrants – a total of \$17,420.00 – by certified check(s) on or before March 5, 2010. CW will remit the sum of \$3,980.00 and TCW will remit \$13,440.00.

Settlement Alternative No. 2 (Parts A, B, C and D – Installation, maintenance and testing, notification):

- A. Cerbat (CW) and Truxton Canyon (TCW) Water Companies shall install the four (4) hydrants, of equal in quality and capability to existing hydrants, before midnight April 30, 2010, one at each of the following locations:
1. TCW – at or near Concho & Painted Rock
 2. TCW – on Mano between Cuervo & Superstition
 3. TCW – at Concho & Rawhide
 4. CW – at Bank & Calle Blanca
- Should CW and/or TCW fail to install said hydrants by said time and date, reimbursement shall be due immediately.
- B. Within the first six months of the agreement, NACFD will be allowed, without charge, to flow test, inspect and paint or repaint all hydrants on or within CW and TCW systems within the Fire District. Thereafter NACFD shall inspect and paint or repaint each hydrant annually and shall be allowed to flow test, without charge, each and every hydrant once every thirty six (36) months, except where there is damage or where flows are in question in the interim, NACFD may test more frequently.
- C. In the event there service is interrupted or pressure is significantly compromised for any reason or for any period of time, CW and/or TCW shall immediately notify NACFD through dispatch and NACFD's duty officer at (928) 757-5307.

Finally, it is expected that the parties shall stipulate to an order of the Commission setting forth the terms of settlement and adopting said terms.

ACC re. Truxton Canyon and Cerbat Water Cos.
February 23, 2010
Page 2

Respectfully,



Patrick N. Moore
Fire Chief

Copy to: Mike Neal via e-mail mikeneal260@msn.com

**HYDRANT INSTALLATION AND MAINTENANCE AGREEMENT
BETWEEN NORTHERN ARIZONA CONSOLIDATED FIRE DISTRICT #1
AND CERBAT AND TRUXTON CANYON WATER COMPANIES**

This Agreement by and between Northern Arizona Consolidated Fire District #1 (NACFD), a political subdivision of the State, and Cerbat Water Company (CW) and Truxton Canyon Water Company (TCW), two commonly-owned public utilities licensed by and operating under authority of the Arizona Corporation Commission, is entered into this 2d day of March, 2010, for the purpose of providing for the installation of four (4) new fire hydrants and for the maintenance and testing of all hydrants within the concurrent jurisdiction of the parties.

WHEREAS, Cerbate (CW) and Truxton Canyon (TCW) Water Companies have received payment in the total amount of \$17,420 for the installation of four (4) fire hydrants at locations within NACFD's jurisdiction to be selected by NACFD; and

WHEREAS, it is necessary to provide for the maintenance and testing of the four (4) new hydrants as well as those already in existence.

NOW THEREFORE, for and in consideration of the mutual covenants and promises herein, the parties hereto agree as follows:

THE WATER COMPANIES agree:

- A. To install the four (4) hydrants of equal quality and utility to existing hydrants before midnight May 15 2010, one at each of the following locations:
 1. TCW – at or near California & Painted Rock
 2. TCW – on Mano at Superstition
 3. TCW – near Concho & Rawhide East (40' east of Intersection)
 4. CW – at or near Bank & Calle Blanca (where water line intersect Calle Blanca)
- B. Should CW and/or TCW fail to install said hydrants, or any of them, by said time and date, reimbursement to NACFD shall be due immediately.
- C. To allow NACFD, within the first six months of the agreement, to flow test, without charge, inspect and paint or repaint all hydrants on or within CW and TCW systems within the Fire District. Thereafter NACFD shall be allowed to inspect and paint or repaint each hydrant annually and to flow test, without charge, each and every hydrant once every thirty six (36) months, except where there is damage or where flows are in question in the interim, NACFD may test more frequently.
- D. In the event that service is interrupted or pressure is significantly compromised for any reason or for any period of time, CW and/or TCW shall immediately notify NACFD through dispatch and NACFD's duty officer at (928) 757-5307.

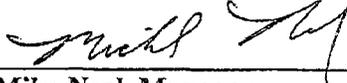
NACFD agrees to:

- A. Promptly inspect and approve installations and/or give reasonable notice of any dissatisfaction with any installation and allow the water companies reasonable time to cure.

- B. Give CW and/or TW twenty-four (24) hour notice before flow testing and otherwise cooperate with the water companies so that flow testing does not unreasonably interfere with the companies' service to their domestic customers.
- C. Provide a copy of this agreement to the Arizona Corporation Commission as evidence of the parties' good faith efforts to resolve the parties' pending disputes.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by and through their authorized representatives that day and year first above written.

CERBAT AND TRUXTON CANYON WATER COMPANIES

By 
Mike Neal, Manager

NORTHERN ARIZONA CONSOLIDATED FIRE DISTRICT #1

By  03-04-10
Patrick Moore, Fire Chief

From: Pat Moore
To: C.WELLS@NORTHERNAZFIRE.COM
Subject: Private Hydrants
Date: Tuesday, May 18, 2010 3:37:59 PM

Charlotte,

FYI-Today at approximately 11:00, I received a call from Mike Neal seeking an extension for the private hydrant deadline. I advised him that I could not agree to another extension. I further advised him that he could request additional time from the board if he chose as the regularly scheduled meeting was this week. He stated that they would have one of the hydrants completely installed tomorrow or the next day (Thursday) at the latest. I did advise him we had already given him an extension in the original agreement. I am not sure he will seek the extension though.

Patrick Moore

Fire Chief
NACFD

Kimberly Ruht

From: Michael Neal [mikeneal260@msn.com]
Sent: Wednesday, June 09, 2010 3:04 PM
To: Al Amezcua
Cc: c.wells@northernazfire.com; office; Rick Neal; Kimberly Ruht
Subject: RE: NACFD v. Cerbat and Truxton Canyon Water Companies - Hydrant Agreement

Mr. Amezcua,

In response to your email on May 24, 2010 in reference to the Hydrant agreement. We will not be able to refund the money to NACFD as the majority of the work has been done and the project is estimated to be completed by 6/18/2010. Some delays in materials and the mandated leak repair project from the Commission staff slowed our progress.

sincerely,

Mike Neal

Cerbat and Truxton Canyon Water Company.

Subject: RE: NACFD v. Cerbat and Truxton Canyon Water Companies - Hydrant Agreement
Date: Tue, 8 Jun 2010 15:47:17 -0700
From: Aamezcua@azcc.gov
To: mikeneal260@msn.com
CC: c.wells@northernazfire.com; cknft@frontier.com; ricknea@gmail.com; KRuht@azcc.gov

Good afternoon Mike,

I have yet to receive a response to the email mentioned below. The Commission is giving you by the close of business tomorrow to provide the response. If a response is not received the complaint will be noted and the NACFD will file a formal complaints. The NACFD have been notified and are requesting to go formal.

Thank you,

Alfonso Amezcua
Arizona Corporation Commission
Utilities Division
Consumer Services
(602) 542-0842 tel
(602) 542-2129 fax
Aamezcua@azcc.gov

From: Al Amezcua
Sent: Monday, May 24, 2010 3:33 PM
To: 'Michael Neal'
Cc: 'Charlotte Wells'; 'Laura Thode'; Rick Neal; Al Amezcua
Subject: FW: NACFD v. Cerbat and Truxton Canyon Water Companies - Hydrant Agreement

Good afternoon Mike,

The deadline on the Hydrant Agreement has expired. The Commission is requesting that Cerbat and Truxton Canyon Water Companies reimburse the Fire District in the sum of \$17,420. No later than this week please provide the date, the amount and the check number of the reimbursement payment to the Northern Arizona Consolidated Fire District #1.

If you have any questions feel free to give me a call at 602-542-0842.

Sincerely,

Alfonso Amezcua
Arizona Corporation Commission
Utilities Division
Consumer Services
(602) 542-0842 tel
(602) 542-2129 fax
Aamezcua@azcc.gov

From: Charlotte Wells [mailto:c.wells@northernazfire.com]
Sent: Tuesday, May 18, 2010 10:23 AM
To: Al Amezcua
Cc: Pat Moore; mikeneal260@msn.com; 'Rick Neal'; 'Erik Berg'; 'Gary Seieroe'; 'James Balley'; 'Mike Collins'; 'Victor Riccardi'
Subject: NACFD v. Cerbat and Truxton Canyon Water Companies - Hydrant Agreement

Mr. Amezcua:

The deadline for performance on the Hydrant Agreement negotiated as a result of our ACC mediation has come and gone. Under the Agreement (see attached), Cerbat and Truxton Canyon have defaulted and the sum of \$17,420 is now due as and for reimbursement of sums paid by the District for installation of hydrants.

We have heard nothing from either Mike or Rick Neal. Please note that I have copied both with this e-mail.

Please advise regarding formal proceedings before the Commission.

Respectfully,

Charlotte A. Wells
Fire District Attorney
Northern AZ Consolidated Fire District
2470 Butler Ave.
Kingman, AZ 86409
(928) 757-3151

=====
This footnote confirms that this email message has been scanned to detect malicious content. If you experience problems, please e-mail postmaster@azcc.gov =====

The New Busy is not the too busy. Combine all your e-mail accounts with Hotmail. [Get busy.](#)

Kimberly Ruht

From: Al Amezcua
Sent: Monday, July 26, 2010 12:43 PM
To: Kimberly Ruht
Subject: RE: Truxton - Fire District Questions

Good afternoon Kim,

I spoke with Ms. Wells Fire District Attorney, as Mr. Moore was out of town at a conference. She believes the hydrants were installed tested and working well. She would like for me to give Mr. Moore a call so that he could provide me all the details. In their opinion this should have been done long time ago. They are the only game in town and you have to be patient and nice to the Neal's. As of July 1st her duties with the Fire District expired. She wanted me to contact Mr. Moore directly as he has all the information and he should of already contacted.

I spoke with Mr. Moore, who apologized for not calling me after the installation of the hydrants. The hydrants 3 for the Truxton Water Co and 1 for the Cerbat Water Co were installed and tested as of a couple of weeks ago. The Fire District and the County Board are satisfied with the end result and will be withdrawing the complaint with both utility companies. He apologized again for not calling me to provide me this information, but was going to send me an email this week. The Staff at the Fire District was reduced because of budget issues and that just created additional work for the rest of them.

FYI: He mentioned to give him a call if we needed additional information, he is out of town at a conference but will try to calls us right back.

Thanks,