

ORIGINAL



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 3 1850 N. Central Ave., Suite 1100  
 4 Phoenix, Arizona 85004  
 5 Telephone: 602-604-2141  
 6 swene@lawms.com  
 7 Attorneys for Truxton Canyon Water Company

Arizona Corporation Commission

DOCKETED

DEC 10 2010

DOCKETED BY	<i>ARDEK</i>
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**BEFORE THE ARIZONA CORPORATION COMMISSION**

8  
 9  
 10 IN THE MATTER OF THE  
 11 COMMISSION ON ITS OWN MOTION  
 12 INVESTIGATING THE FAILURE OF  
 13 TRUXTON CANYON WATER  
 14 COMPANY TO COMPLY WITH  
 15 COMMISSION RULES AND  
 16 REGULATIONS.

DOCKET NO. W-02168A-10-0247

**DISCLOSURE OF DOCUMENTS**

15 Truxton Canyon Water Company, by and through its attorney undersigned,  
 16 submits documents in support of testimony that may be used at hearing. Some, if not all  
 17 of the documents delivered hereby were previously delivered to the Arizona Corporation  
 18 Commission (the "Commission"), but in a good faith attempt to resolve the issues before  
 19 the Commission in this matter, the documentation is hereby resubmitted. Additional  
 20 facts, witnesses, and/or documents may be discovered as the disclosure and discovery  
 21 process continues and this Disclosure of Documents may be supplemented as necessary.

AZ CORP COMMISSION  
DOCKET CONTROL

2010 DEC 10 P 3:41

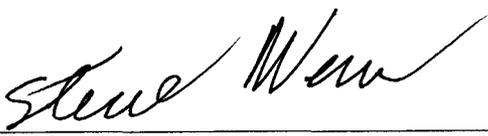
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- 1. **ADEQ Compliance Filings Since October 7, 2010.** See Attachment 1.
- 2. **Authorization Letter.** See Attachment 2.
- 3. **Leak Repair Documentation.** See Attachment 3.
- 4. **ADWR Compliance Report.** See Attachment 4.
- 5. **Installed Fire Hydrants.** See Attachment 5.
- 6. **Water Supply Agreement.** See Attachment 6.
- 7. **Management Agreement between the Trust and the Company.** See Attachment 7.
- 8. **Management Agreement between Blackhawk Developers and the Company.** See Attachment 8.
- 9. **Response to Staff's First Set of Data Requests.** See Attachment 9.
- 10. **Response to Staff's Second Set of Data Requests.** See Attachment 10.
- 11. **Response to Staff's Third Set of Data Requests.** See Attachment 11.

DATED this 10<sup>th</sup> day of December, 2010.

**MOYES SELLERS & SIMS LTD.**



Steve Wene  
Attorneys for Truxton Canyon Water Company

1 Original and 13 copies of the foregoing  
2 filed this 10<sup>th</sup> day of December, 2010, with:

3 Docket Control  
4 Arizona Corporation Commission  
5 1200 West Washington  
6 Phoenix, Arizona 85007

7 Copy of the foregoing mailed this  
8 10<sup>th</sup> day of December, 2010, to:

9 Kimberly Ruht  
10 Legal Division  
11 Arizona Corporation Commission  
12 1200 West Washington Street  
13 Phoenix, Arizona 85007

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# **Attachment 1**

**Steve Wene**

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**From:** Steve Wene  
**Sent:** Thursday, October 07, 2010 10:12 AM  
**To:** 'Vivian J. Burns'  
**Subject:** Truxton Arsenic test  
**Attachments:** Truxton Arsenic Test.6-30-10.pdf

Hello Vivian,

Here is the arsenic test results for June 30. I'm not sure why ADEQ does not have a record of this, but I want to clean it up regardless. Mohave Env. Labs did receive Truxton sample for arsenic on Sept. 23 and we are still awaiting the lab results.

Steve Wene  
Moyes Sellers & Sims  
1850 N. Central Ave. Ste. 1100  
Phoenix, AZ 85004  
(602) 604-2189

Arizona Department of Environmental Quality  
**Drinking Water Inorganic Chemical Analysis Reporting Form**  
 \*\*\*Entry Point to the Distribution System (EPDS) Only\*\*\*

PWS ID#: AZ0408-035

PWS Name: Truxton Canyon Water Co.

6/30/2010 13:17 (24 hr clock)  
 Sample Date Sample time

M. Neal  
 Owner/Contact Person Name

928-757-2217  
 Owner/Contact Fax Number

928-757-2205  
 Owner/Contact Person Phone Number

Sample Type  
 Compliance Monitoring

**For MCL or Composite Level Exceedance**

\_\_\_\_\_ Original Violation Specimen Number

Sample Type

Confirmation

Confirmation Composite

Sample Collection Point  
 EPDS # 001

\_\_\_\_\_  
 Sampling Site ID

**INORGANIC CHEMICAL ANALYSIS**  
 >>> To be completed by laboratory personnel <<<

Analysis Method	MCL	Reporting Limit	Contaminant Name	Cont Code	Analysis Run Date	Result	Exceeds MCL	Exceeds Reporting Limit
EPA 200.9	0.010	0.005	Arsenic	1005	<u>7/20/10</u>	<u>0.013</u>	<input checked="" type="checkbox"/>	
SM 3111D	2	1	Barium	1010			<input type="checkbox"/>	
EPA 200.9	0.005	0.0025	Cadmium	1015			<input type="checkbox"/>	
EPA 200.9	0.1	0.05	Chromium	1020			<input type="checkbox"/>	
SM4500-F-C	4	0.5	Fluoride	1025			<input type="checkbox"/>	
EPA 245.1	0.002	0.001	Mercury	1035			<input type="checkbox"/>	
EPA 300.0	10	2.5	Nitrate (as N)	1040			<input type="checkbox"/>	<input type="checkbox"/>
EPA 300.0	1	0.25	Nitrite (as N)	1041			<input type="checkbox"/>	<input type="checkbox"/>
EPA 200.0	0.05	0.025	Selenium	1045			<input type="checkbox"/>	
EPA 200.9	0.006	0.003	Antimony	1074			<input type="checkbox"/>	
EPA 200.9	0.004	0.002	Beryllium	1075			<input type="checkbox"/>	
EPA 335.4	0.2	0.1	Cyanide	1024			<input type="checkbox"/>	
EPA 200.9	No MCL	0.05	Nickel*	1036			<input type="checkbox"/>	
EPA 200.9	0.002	0.001	Thallium	1085			<input type="checkbox"/>	
SM 3111B	No MCL	10	Sodium*	1052			<input type="checkbox"/>	

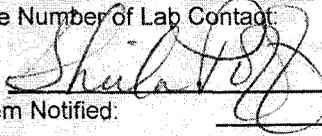
**>>>> LABORATORY INFORMATION <<<<<**  
 To be completed by laboratory personnel

Lab ID Number: AZ0037

Specimen Number: 26033-01

Name: Mohave Environmental Laboratory 2580 Landon Dr. Ste. A Bullhead City, AZ 86429

Printed Name and Phone Number of Lab Contact: Sheila Poff 928-754-8101

Authorized Signature: 

Date Public Water System Notified: \_\_\_\_\_

Comments: \_\_\_\_\_

All units must be reported in milligrams per liter (mg/l)

\*Contaminants without an MCL

DWAR 2IN: Revised 7/2009

**Steve Wene**

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**From:** Steve Wene  
**Sent:** Thursday, December 09, 2010 11:27 AM  
**To:** 'Vivian J. Burns'  
**Subject:** Truxton Compliance - 3rd Quarter Compliance  
**Attachments:** Public Notice of Arsenic. 11-15-10.pdf; Truxton Water Lab Results. 12-6-10.pdf

Hello Vivian,

As we discussed, here are the arsenic test results and public notice for the 3<sup>rd</sup> quarter.

Steve Wene  
Moyes Sellers & Sims  
1850 N. Central Ave. Ste. 1100  
Phoenix, AZ 85004  
(602) 604-2189



Customer Name: Truxton Canyon Water Co  
Lab ID: 26734  
Sample Type: Drinking Water  
Sampled By: M. Neal

Date Received: 09/23/10 15:30  
Date Reported: 10/11/10

Analytical Results

Parameter	Method	Result	Units	Detect Limit	Date	Analyst
<i>26734-01</i>						
<i>Sample Date: 09/23/10 10:30</i>						
<i>POE1/grab</i>						
<i>08-035</i>						
<b>METALS, TOTAL</b>						
Arsenic, Total	EPA 200.9	0.011	mg/L	0.003	10/7/2010	CM

Received in lab @ 21.5 degrees C.

Sheila Poff  
Authorized Signature



## Arizona Department of Environmental Quality Certificate of Public Notice Distribution

Public water systems (PWSs) must submit this signed Certificate of Distribution and provide a copy of each public notice within ten days of issuance. PWSs should consult with the ADEQ Rule Specialists for appropriate methods of public notice.

PWS Name Truxton Canyon Water Company

PWS ID # 08-035 Violation Type: MCL  Monitoring  Other

Date of Violation November 8th, 2010 Contaminant Arsenic

Date Notice Distributed November 15th, 2010

Public Notice was distributed by the following method(s):  
[Please check all that apply]

Community water systems must use at least one of the following methods:

- Direct Hand Delivery to Customer – (Tiers 1, 2, 3)
- Individual Customer Mailing – (Tiers 2, 3)
- Posting at Conspicuous Locations throughout System (Tiers 1, 2, 3) -  
Please indicate location & number of postings Three locations, 9686 N. Conc
- Publication in Local Newspaper – (Tiers 2, 3)
- TV Station – (Tier 1)
- Radio Station – (Tier 1)
- Consumer Confidence Report – (Tier 3)
- Other (Must be approved by ADEQ) \_\_\_\_\_

7465 Concho Dr.  
9686 N. Concho Dr.  
7313 E Concho Dr.

Non-Community water systems must use at least one of the following methods:

- Direct Hand Delivery to Customer – (Tiers 1, 2, 3)
- Individual Customer Mailing – (Tiers 2, 3)
- Posting at Conspicuous Locations throughout System (Tiers 1, 2, 3) -  
Please indicate location & number of postings \_\_\_\_\_
- Publication in Local Newspaper – (Tiers 2, 3)
- E-mail to notify employees and students – (Tiers 1, 2)
- Other (Must be approved by ADEQ) \_\_\_\_\_

I certify that the above information is true and accurate to the best of my knowledge:

Name and Title (PRINT) Mike Neal, Operator

Signature [Signature] Date November 15th, 2010

Certified Operator # (if applicable) 30000

- Tier 1 – Acute MCL violation, 24-hour public notice
- Tier 2 – Non-Acute MCL violation, 30-day public notice
- Tier 3 – Monitoring violation, 1 year public notice

For questions, please contact Donna Calderon at 602-771-4641 • Fax number: 602-771-4634  
1110 West Washington Street Phoenix, Arizona 85007

## DRINKING WATER NOTICE

### IMPORTANT INFORMATION ABOUT YOUR DRINKING WATER

#### **System Truxton Canyon Water Company Failed to Comply With the Established Corrective Action Plan and Schedule after Identification of a Significant Deficiency.**

On November 10, 2010 the Arizona Department of Environmental Quality (AZDEQ), performed a detailed inspection and engineering evaluation of our water system called a sanitary survey. During this sanitary survey, they identified Truxton Canyon Water did not issue public notice to customers of PWS #08-035 for exceeding the MCL for arsenic from July 2008 through June 2010. AZDEQ considered this a "significant deficiency" and directed us to correct the problem. As our customers, you have a right to know what happened and what we are doing to correct this situation. As required by EPA's Ground Water Rule, we worked with AZDEQ to develop a plan to correct this deficiency. However, we failed to implement this corrective action plan within the established deadline and have violated a requirement of the Ground Water Rule.

#### **What does this mean?**

This is not an emergency. If it had been an emergency, you would have been notified within 24 hours.

#### **What should I do?**

If you have specific health concerns, consult your doctor.

You should not need to boil your water or take other corrective actions. If a situation arises where the water is no longer safe to drink, you will be notified within 24 hours.

#### **What is being done?**

Since being informed of the deficiency, we have been conducting regular testing of our source water and we are implementing the corrective action established by AZDEQ. Under this plan, we shall continue to monitor on a quarterly basis and send out public notification.

For more information, please contact Mike Neal at (928) 757-2205. This notice is being sent to you by Truxton Canyon Water Company.

Water system ID # 08-035

Date distributed: 11-11-10

#### **Aviso**

Este informe contiene informacion importante acerca de su agua potable. Haga que alguien lo traduzca para usted, o hable con alguien que lo entiende

**Steve Wene**

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**From:** Steve Wene  
**Sent:** Thursday, November 18, 2010 8:58 AM  
**To:** 'Vivian J. Burns'  
**Subject:** Compliance Documents  
**Attachments:** Truxton DBP Test No. 3.11-9-10.pdf; Truxton DBP Test.11-9-10.pdf; Truxton Lab Explanation.11-9-10.pdf; Truxton Blending Plan.pdf

Hi Vivian,

Here are some compliance documents I wanted to send to you directly. Please note that the Blending Plan is being submitted to show that the company is working on the issue. It is being revised and submitted by the engineer pursuant to ADEQ rules. Further, the arsenic levels seem to be dropping and the plan is being updated to incorporate the new data.

By the way, I have not seen the final consent order. We are ready to sign anytime. Please send it with the changes you wanted and I'll get it executed.

I'll be out of the office until next Monday. Thanks.

Steve Wene  
Moyes Sellers & Sims  
1850 N. Central Ave. Ste. 1100  
Phoenix, AZ 85004  
(602) 604-2189

Arizona Department of Environmental Quality  
Individual Sample Analysis Report  
**Disinfection Byproducts**  
**TTHM, HAA5**

AZ0408035

TRUXTON CANYON WATER CO

System ID

System Name

10/07/10

[ 12:01 ] (24 Hr clock)

Sample date

Sample time

7069 MONUMENT (26866-02)

Non-Maximum Residence Time

Collection Point (TTHM/HAA5)

X

Maximum Residence Time

Sample Type

   Yes       No  
Reduced Monitoring

Analysis Method	Contaminant Name	Cont Code	Analysis Run Date	Analysis Result
<u>524.2</u>	Chloroform	2941	<u>10/12/2010 11:30</u>	<u>&lt;0.00050</u>
<u>524.2</u>	Bromoform	2942	<u>10/12/2010 11:30</u>	<u>0.0025</u>
<u>524.2</u>	Bromodichloromethane	2943	<u>10/12/2010 11:30</u>	<u>&lt;0.00050</u>
<u>524.2</u>	Dibromochloromethane	2944	<u>10/12/2010 11:30</u>	<u>&lt;0.00050</u>
<u>524.2</u>	TTHMs	2950	<u>10/12/2010 11:30</u>	<u>0.0025</u>
<u>  </u>	Monochloroacetic Acid	2450	<u>  </u>	<u>  </u>
<u>  </u>	Dichloroacetic Acid	2451	<u>  </u>	<u>  </u>
<u>  </u>	Trichloroacetic Acid	2452	<u>  </u>	<u>  </u>
<u>  </u>	Monobromoacetic Acid	2453	<u>  </u>	<u>  </u>
<u>  </u>	Dibromoacetic Acid	2454	<u>  </u>	<u>  </u>
<u>  </u>	HAA5	2456	<u>  </u>	<u>  </u>

**>>>> LABORATORY INFORMATION <<<<<**

To be filled out by laboratory personnel

Specimen Number: PTJ0599-02

Lab ID Number: AZ0728 Name: TestAmerica Phoenix

Comments: \_\_\_\_\_

Authorized Signature: 

Date Public Water System Notified: 10/13/10

Arizona Department of Environmental Quality  
Water Quality Compliance Section 5415B-1  
1110 West Washington Street, Phoenix, Arizona 85007  
For Questions Call: (602) 771-4624 or within AZ (800) 234-5677 ext. 771-4624

Arizona Department of Environmental Quality  
 Individual Sample Analysis Report  
**Disinfection Byproducts**  
**TTHM, HAA5**

AZ0408035 TRUXTON CANYON WATER CO  
 System ID System Name  
10/07/10 [ 12:15 ] (24 Hr clock)  
 Sample date Sample time

6843 DESERT VIEW (26866-01) Non-Maximum Residence Time  
 Collection Point (TTHM/HAA5) X Maximum Residence Time  
 Sample Type

     Yes      No  
 Reduced Monitoring

Analysis Method	Contaminant Name	Cont Code	Analysis Run Date	Analysis Result
<u>524.2</u>	Chloroform	2941	<u>10/12/2010 10:50</u>	<u>&lt;0.00050</u>
<u>524.2</u>	Bromoform	2942	<u>10/12/2010 10:50</u>	<u>&lt;0.00050</u>
<u>524.2</u>	Bromodichloromethane	2943	<u>10/12/2010 10:50</u>	<u>&lt;0.00050</u>
<u>524.2</u>	Dibromochloromethane	2944	<u>10/12/2010 10:50</u>	<u>&lt;0.00050</u>
<u>524.2</u>	TTHMs	2950	<u>10/12/2010 10:50</u>	<u>&lt;0.00050</u>
<u>    </u>	Monochloroacetic Acid	2450	<u>    </u>	<u>    </u>
<u>    </u>	Dichloroacetic Acid	2451	<u>    </u>	<u>    </u>
<u>    </u>	Trichloroacetic Acid	2452	<u>    </u>	<u>    </u>
<u>    </u>	Monobromoacetic Acid	2453	<u>    </u>	<u>    </u>
<u>    </u>	Dibromoacetic Acid	2454	<u>    </u>	<u>    </u>
<u>    </u>	HAA5	2456	<u>    </u>	<u>    </u>

**>>>> LABORATORY INFORMATION <<<<<**  
 To be filled out by laboratory personnel

Specimen Number: PTJ0599-01  
 Lab ID Number: AZ0728 Name: TestAmerica Phoenix  
 Comments: \_\_\_\_\_  
 Authorized Signature:   
 Date Public Water System Notified: 10/13/10

Arizona Department of Environmental Quality  
 Water Quality Compliance Section 5415B-1  
 1110 West Washington Street, Phoenix, Arizona 85007  
 For Questions Call: (602) 771-4624 or within AZ (800) 234-5677 ext. 771-4624

## LABORATORY REPORT

Prepared For: Mohave Environmental  
2580 Landon Dr. Ste. A  
Bullhead City, AZ 86429  
Attention: Sheila Poff

Project: Truxton Canyon Water

Sampled: 10/07/10  
Received: 10/09/10  
Issued: 10/13/10 12:20

NELAP #01109CA Arizona DHS#AZ0728

*The results listed within this Laboratory Report pertain only to the samples tested in the laboratory. The analyses contained in this report were performed in accordance with the applicable certifications as noted. All soil samples are reported on a wet weight basis unless otherwise noted in the report. This Laboratory Report is confidential and is intended for the sole use of TestAmerica and its client. This report shall not be reproduced, except in full, without written permission from TestAmerica. The Chain of Custody, 1 page, is included and is an integral part of this report.  
This entire report was reviewed and approved for release.*

### CASE NARRATIVE

#### LABORATORY ID

PTJ0599-01  
PTJ0599-02

#### CLIENT ID

6843 Desert View (26866-01)  
7069 Monument (26866-02)

#### MATRIX

Water  
Water

SAMPLE RECEIPT: Samples were received intact, at 3°C, on ice and with chain of custody documentation.

HOLDING TIMES: All samples were analyzed within prescribed holding times and/or in accordance with the TestAmerica Sample Acceptance Policy unless otherwise noted in the report.

PRESERVATION: Samples requiring preservation were verified prior to sample analysis.

QA/QC CRITERIA: All analyses met method criteria, except as noted in the report with data qualifiers.

COMMENTS: No significant observations were made.

SUBCONTRACTED: No analyses were subcontracted to an outside laboratory.

Reviewed By:



**TestAmerica Phoenix**

Erik Faasen  
Project Manager

Mohave Environmental  
2580 Landon Dr. Ste. A  
Bullhead City, AZ 86429  
Attention: Sheila Poff

Project ID: Truxton Canyon Water

Report Number: PTJ0599

Sampled: 10/07/10  
Received: 10/09/10

## TOTAL TRIHALOMETHANES (TTHMs) (EPA 524.2)

Analyte	Method	Batch	Reporting Limit	Sample Result	Dilution Factor	Date Extracted	Date Analyzed	Data Qualifiers
<b>Sample ID: PTJ0599-01 (6843 Desert View (26866-01) - Water)</b>								
<b>Reporting Units: mg/l</b>								
Bromodichloromethane	EPA 524.2	10J0400	0.00050	<0.00050	1	10/12/2010	10/12/2010	
Bromoform	EPA 524.2	10J0400	0.00050	<0.00050	1	10/12/2010	10/12/2010	
Dibromochloromethane	EPA 524.2	10J0400	0.00050	<0.00050	1	10/12/2010	10/12/2010	
Chloroform	EPA 524.2	10J0400	0.00050	<0.00050	1	10/12/2010	10/12/2010	
Total Trihalomethanes	EPA 524.2	10J0400	0.00050	<0.00050	1	10/12/2010	10/12/2010	
<i>Surrogate: 4-Bromofluorobenzene (70-130%)</i>				97 %				
<i>Surrogate: 1,2-Dichlorobenzene-d4 (70-130%)</i>				95 %				
<b>Sample ID: PTJ0599-02 (7069 Monument (26866-02) - Water)</b>								
<b>Reporting Units: mg/l</b>								
Bromodichloromethane	EPA 524.2	10J0400	0.00050	<0.00050	1	10/12/2010	10/12/2010	
<b>Bromoform</b>	EPA 524.2	10J0400	0.00050	<b>0.0025</b>	1	10/12/2010	10/12/2010	
Dibromochloromethane	EPA 524.2	10J0400	0.00050	<0.00050	1	10/12/2010	10/12/2010	
Chloroform	EPA 524.2	10J0400	0.00050	<0.00050	1	10/12/2010	10/12/2010	
<b>Total Trihalomethanes</b>	EPA 524.2	10J0400	0.00050	<b>0.0025</b>	1	10/12/2010	10/12/2010	
<i>Surrogate: 4-Bromofluorobenzene (70-130%)</i>				101 %				
<i>Surrogate: 1,2-Dichlorobenzene-d4 (70-130%)</i>				100 %				

TestAmerica Phoenix

Erik Faasen  
Project Manager

The results pertain only to the samples tested in the laboratory. This report shall not be reproduced, except in full, without written permission from TestAmerica.

PTJ0599 <Page 2 of 5>

Mohave Environmental  
2580 Landon Dr. Ste. A  
Bullhead City, AZ 86429  
Attention: Sheila Poff

Project ID: Truxton Canyon Water  
Report Number: PTJ0599

Sampled: 10/07/10  
Received: 10/09/10

## METHOD BLANK/QC DATA

### TOTAL TRIHALOMETHANES (TTHMs) (EPA 524.2)

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Data Qualifiers
<b>Batch: 10J0400 Extracted: 10/12/10</b>										
<b>Blank Analyzed: 10/12/2010 (10J0400-BLK1)</b>										
Bromodichloromethane	ND	0.00050	mg/l							
Bromoform	ND	0.00050	mg/l							
Dibromochloromethane	ND	0.00050	mg/l							
Chloroform	ND	0.00050	mg/l							
Total Trihalomethanes	ND	0.00050	mg/l							
Surrogate: 4-Bromofluorobenzene	0.00552		mg/l	0.00500		110	70-130			
Surrogate: 1,2-Dichlorobenzene-d4	0.00526		mg/l	0.00500		105	70-130			
<b>LCS Analyzed: 10/12/2010 (10J0400-BS1)</b>										
Bromodichloromethane	0.00522	0.00050	mg/l	0.00500		104	70-130			
Bromoform	0.00491	0.00050	mg/l	0.00500		98	70-130			
Dibromochloromethane	0.00507	0.00050	mg/l	0.00500		101	70-130			
Chloroform	0.00553	0.00050	mg/l	0.00500		111	70-130			
Surrogate: 4-Bromofluorobenzene	0.00539		mg/l	0.00500		108	70-130			
Surrogate: 1,2-Dichlorobenzene-d4	0.00551		mg/l	0.00500		110	70-130			
<b>LCS Dup Analyzed: 10/12/2010 (10J0400-BSD1)</b>										
Bromodichloromethane	0.00591	0.00050	mg/l	0.00500		118	70-130	12	20	
Bromoform	0.00567	0.00050	mg/l	0.00500		113	70-130	14	20	
Dibromochloromethane	0.00581	0.00050	mg/l	0.00500		116	70-130	14	20	
Chloroform	0.00592	0.00050	mg/l	0.00500		118	70-130	7	20	
Surrogate: 4-Bromofluorobenzene	0.00513		mg/l	0.00500		103	70-130			
Surrogate: 1,2-Dichlorobenzene-d4	0.00543		mg/l	0.00500		109	70-130			

TestAmerica Phoenix

Erik Faasen  
Project Manager

The results pertain only to the samples tested in the laboratory. This report shall not be reproduced, except in full, without written permission from TestAmerica.

PTJ0599 <Page 3 of 5>

Mohave Environmental  
2580 Landon Dr. Ste. A  
Bullhead City, AZ 86429  
Attention: Sheila Poff

Project ID: Truxton Canyon Water

Report Number: PTJ0599

Sampled: 10/07/10

Received: 10/09/10

## DATA QUALIFIERS AND DEFINITIONS

**ND** Analyte NOT DETECTED at or above the reporting limit or MDL, if MDL is specified.

**RPD** Relative Percent Difference

**TestAmerica Phoenix**

Erik Faasen  
Project Manager

*The results pertain only to the samples tested in the laboratory. This report shall not be reproduced, except in full, without written permission from TestAmerica.*

**PTJ0599 <Page 4 of 5>**

Mohave Environmental  
2580 Landon Dr. Ste. A  
Bullhead City, AZ 86429  
Attention: Sheila Poff

Project ID: Truxton Canyon Water

Report Number: PTJ0599

Sampled: 10/07/10  
Received: 10/09/10

## Certification Summary

### TestAmerica Phoenix

Method	Matrix	Nelac	Arizona
EPA 524.2	Water		X

*Nevada and NELAP provide analyte specific accreditations. Analyte specific information for TestAmerica may be obtained by contacting the laboratory or visiting our website at [www.testamericainc.com](http://www.testamericainc.com)*

**TestAmerica Phoenix**

Erik Faasen  
Project Manager

*The results pertain only to the samples tested in the laboratory. This report shall not be reproduced, except in full, without written permission from TestAmerica.*

**PTJ0599 <Page 5 of 5>**



# TRUXTON CANYON WATER COMPANY

## BLENDING PLAN

System No 08035

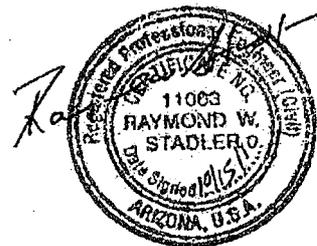
October 9, 2010

OWNER OPERATOR

TRUXTON CANYON WATER COMPANY  
7313 E. Concho Drive  
Kingman, Arizona 86401  
(928) 757-2205

PREPARED BY:

RAYMOND W. STADLER, P.E.  
2504 Airfield Court  
Kingman, Arizona 86401  
(928) 753-8927



EXPIRES 6/30/13

## TRUXTON CANYON WATER COMPANY

### ARSENIC BLENDING PLAN

#### INTRODUCTION:

The Truxton Canyon Water Company provides potable water to a primarily residential area located along Highway 66 approximately 20 miles northeast of the City of Kingman in Mohave County, Arizona in the vicinity of the Antares Road – Highway 66 intersection. Currently the system has 1056 service taps of which 900 are active. The low monthly demand is in the month of March at 3,781,826 gallons (88 gpm) and at its highest monthly demand in July at 7,152,398 gallons (165 gpm). The Truxton Canyon Water Company system described in this plan is existing and no new construction is proposed.

The system is primarily served by 5 wells with a standby well that can be brought into service in an emergency. Four (4) of the wells are located in the Hackberry area south of Highway 66 and the BNSF Railroad Tracks. These four wells are located in close proximity to the Truxton Wash approximately 6.5 mile east of the service area. The fifth well and the emergency well are located approximately 1.5 mile north of Highway 66, 3 to 4 mile west of the service area. Water is stored in a 500,000 gallon tank located northwest of the in the section of Antares Road and Highway 66 in the southwest quarter of Section 31, T.24N, R14W.

The four wells in the Hackberry area shown on the system schematic as 1 through 4 produce flows of 250 gpm, 450 gpm, 25 gpm and 75 gpm respectively. The output of these wells is concentrated in a 14" pipeline extending from the well location to the storage facility mentioned above. The flow to the storage tank and supply system area monitored and controlled at Point of Entry 1 (POE1) shown on the system schematic which is located along E. Main Street west of the wells in the Hackberry area. The blended production of these 4 wells has an arsenic level of 15 ppb as measured at POE1 which exceeds the U.S. Environmental Protection Agency (USEPA) maximum contaminant level (MCL) for arsenic of 10 ppb.

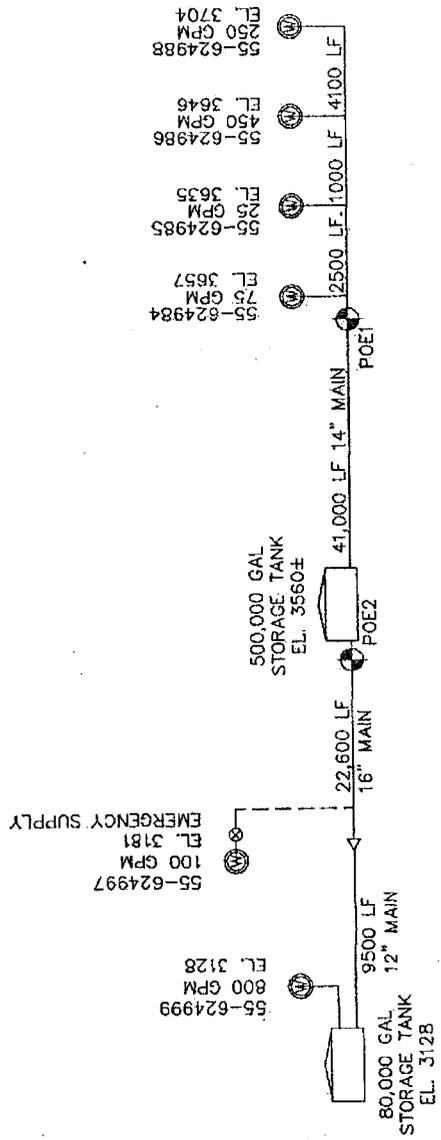
Wells 5 located in the southeast quarter of Section 8, T.23N., R.15W. discharges 800 gpm to a 80,000 gal. storage tank located at the well site. Water is pumped from this tank through 12" pipeline to a 16" pipeline which carries the supply northwesterly to the 500,000 gal. storage facility mentioned above. The arsenic level of Well 5 at is 4.3 ppb as sampled at the well site. The distribution system providing water service to the residential area outlined above is connected to the 16" supply pipeline west of the storage facility. Therefore the flow to the storage tank from Well 5 will vary from 712 gpm during low monthly demand to 635 gpm during periods of high demand.

Well 6 is an emergency well located in the southeast quarter of Section 4, T.23N., R.15W. west of the Valle Vista subdivision having an output of 100 gpm and an arsenic level of 4.3 ppb. The well is connected to the 16" portion of the pipeline from Well 5 by piping through the Valle Vista subdivision. Water supply to the system from this well is controlled by a valve which is normally in the off position. Water from this well would only be used when well 5 is down for normal maintenance or repairs.

As a result of the high arsenic levels in wells 1 through 4, it is proposed that the supply from these wells be blended with water from Well 5 which has an arsenic level within the allowable 10 ppb level. The blending of these waters will be done in the 500,000 gal. storage tank mentioned above.

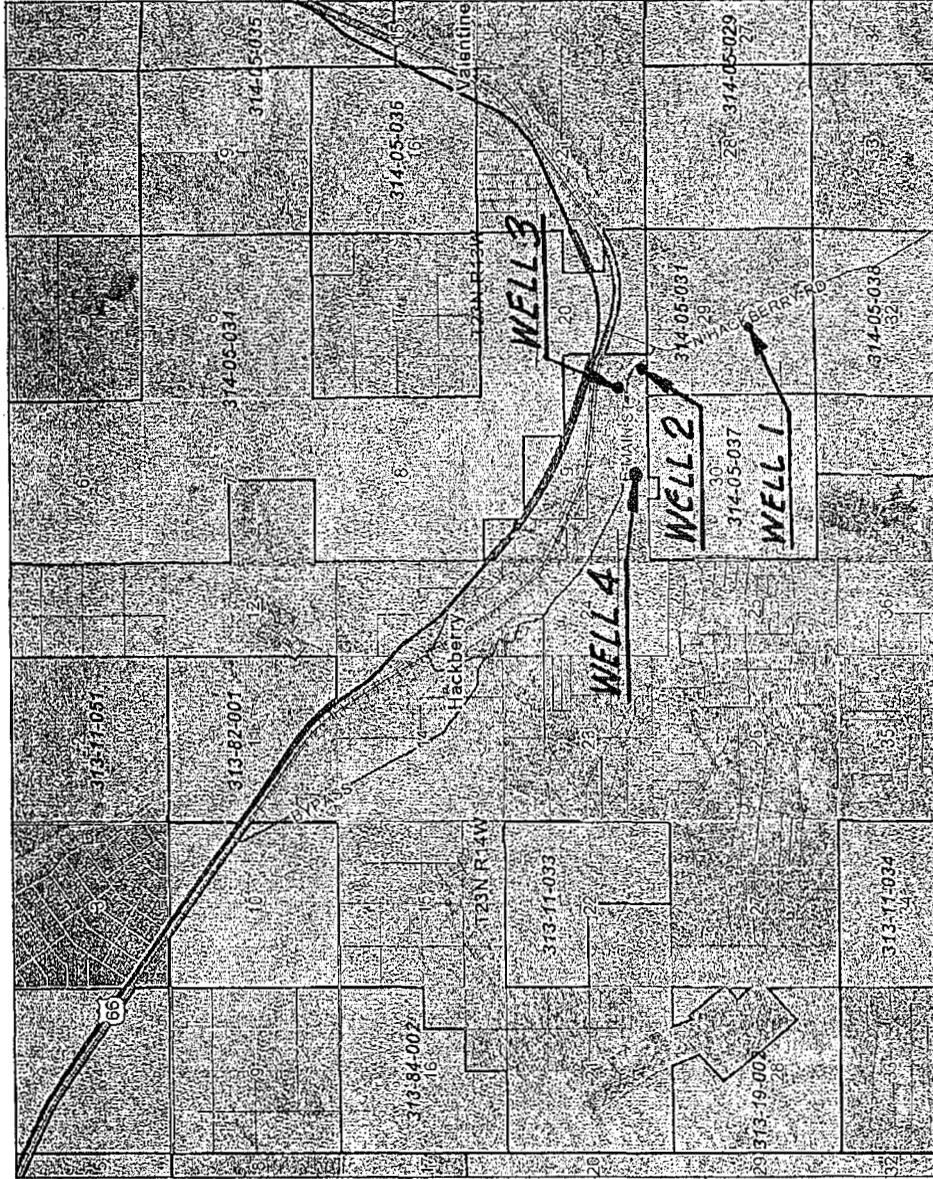
**Summary of Well Flow Rates and Arsenic Levels**

Water Source	Well ID No.	Flow Rate, gpm (Q)	Arsenic Level, ppb(C)
Well 1	55-624988	250	14
Well 2	55-624986	450	16
Well 3	55-624985	25	36
Well 4	55-624984	75	17
Well 5	55-624999	800	4.3
Well 6	55-624997	100	4.3



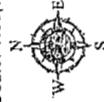
TRUXTON CANYON WATER COMPANY  
WATER SUPPLY SCHEMATIC

County of Mohave, Arizona  
Geographic Information Systems



- Populated Places
- Incorporated Cities
- Centerline
- Interstate
- State Highway
- County Highway
- Main Road
- Other Road
- Railroads
- Tax Parcels
- 2
- 0
- Township/Range
- Sections
- Federal Lands
- Indian Reservations BIA
- National Monument NPS/DLM
- National Park NPS
- National Recreation Area NPS
- Wilderness Area BLM
- Wilderness Study Area NPS
- Land Ownership
- Arizona Game and Fish
- AZ State Trust Land
- Bureau of Land Management
- Bureau of Reclamation
- National Wildlife Refuge
- Indian Allotments
- National Forest
- Military Reservation
- Parks and Recreation
- National Monument
- Waterbodies

Scale: 1:59,911



Map center: 35° 22' 20" N, 113° 43' 17" W

Map created on: Oct 15, 2010

10000 ft.

5000

This map is a user generated static output from Mohave County Interactive Map Viewer and is for general reference only. Do not rely on this map for any legal or other purpose. THIS MAP IS NOT TO BE USED AS A LEGAL DOCUMENT, FOR PROPERTY DESCRIPTIONS, OR DETERMINATION OF LEGAL TITLE, AND SHOULD NEVER BE SUBSTITUTED FOR SURVEY OR DEED INFORMATION. The user agrees to comply with the Limitation of Use, and Assumption of Risk as stated in the full disclaimer at <http://mohave.co.arizona.gov/arcgis/rest/info>



#### BLENDING PLAN:

As a result of the arsenic levels from wells 1 through 4 being above the maximum contaminant level (MCL) of 10 ppb it is proposed that water supplied from these wells be blended with the water from well 5 which has an arsenic level well below the MCL. The blending plan outlined herein is to provide a water supply that is in compliance with the Arsenic Rule and Arizona Administrative Code (ACC) Section R18-4-221 and obtain approval for the water supply from the Arizona Department of Environmental Quality.

The Truxton Canyon Water Company system described in this report is a manually operated system. All the well pumps and supply pumps for the systems described above are constant speed pumps with the flow measured at the pump outlet. The combined flows from Wells 1 through 4 are regulated at POE1. The supply flow from Well 5 and included water storage tank provides flow to POE 2 at the 500,000 gal. storage tank. It is proposed that the supply rate at POE1 be set a 500 gpm. At this rate the blended water in the storage tank will have an arsenic level of 9.0 ppb during periods of high residential demand and 8.7 ppb during periods of low residential demand (See calculations below).

#### POE1:

$$Q_T \times C_T = (Q_1 \times C_1) + (Q_2 \times C_2) + (Q_3 \times C_3) + (Q_4 \times C_4)$$

$$Q_T = \text{Combined Well Flows} = 800 \text{ gpm}$$

$$C_T = \text{Combined Arsenic Level, ppb}$$

$$800 \times C_T = (250 \times 14) + (450 \times 16) + (25 \times 36) + (75 \times 17)$$

$$C_T = 12875/800 = 15 \text{ ppb}$$

#### WATER TANK (High Demand)

$$Q_{HD} \times C_{HD} = (Q_{1-4} \times C_{1-4}) + (Q_5 \times C_5)$$

$$\text{where } Q_{1-4} = 500 \text{ gpm, } Q_5 = 635 \text{ gpm}$$

$$C_{1-4} = 15 \text{ ppb, } C_5 = 4.3 \text{ ppb}$$

$$Q_{HD} = \text{Combined Flows (High Residential Demand)} = 1135 \text{ gpm}$$

$$C_{HD} = \text{Combined Arsenic Level (High Residential Demand), ppb}$$

$$1135 \times C_{HD} = (500 \times 15) + (635 \times 4.3)$$

$$C_{HD} = 8580/1135 = 9.0 \text{ ppb}$$

WATER TANK (Low Demand)

$$Q_{LD} \times C_{LD} = (Q_{1-4} \times C_{1-4}) + (Q_5 \times C_5)$$

where  $Q_{1-4} = 500$  gpm,  $Q_5 = 712$  gpm

$$C_{1-4} = 15$$
 ppb,  $C_5 = 4.3$  ppb

$$Q_{LD} = \text{Combined Flows (High Residential Demand)} = 1212$$
 gpm

$C_{LD} = \text{Combined Arsenic Level (High Residential Demand)}$ , ppb

$$1212 \times C_{LD} = (500 \times 15) + (712 \times 4.3)$$

$$C_{LD} = 10562/1212 = 8.7$$
 ppb

Since the Truxton Canyon Water Company system described in this Blending Plan is manually operated the flow at POE2 will be regularly monitored and the flow at POE1 will be adjusted to be equal to or less than the observed flow at POE2. Based on calculations similar to those shown above the Arsenic Level of the blended water assuming equal flow levels would be 9.6 ppb < 10 ppb.

In the event that Well 5 is out of service for maintenance or repair, Well 6 will provide water to the system. During the time Well 6 is in operation the flow from wells 1 through 4 will be turned off at POE1.

BLENDING PLAN MONITORING:

To comply with R18-4-221(A)(2) for blended waters, sampling for arsenic will be completed by a licensed testing lab quarterly (every three months) and the results submitted to the Arizona Department of Environmental Quality (ADEQ). Testing will be at each well, the storage tank and POE1 and POE2. Additionally Truxton Canyon Water Company will independently monitor the system monthly, review test results to insure that the blended water is within the acceptable ranges for the blending plan. The system monitoring will be reported to ADEQ in accordance with the time frames established in the ACC Section R18-4-104(A).

Should monitoring indicate non-compliance with arsenic level requirements, Truxton Canyon Water Company shall notify ADEQ immediately and provide an action plan to correct the problem and bring the system back into compliance.

**BLENDING PLAN UPDATE:**

In accordance with R18-4-221(B), the blending plan shall be revised to incorporate and of the following:

- The flows for any of the wells change significantly (10%) impacting the flows to the storage facility.
- A raw water source is added or removed.
- The blending calculations or inputs change to the point that the ability to comply with arsenic MCL is compromised.

# Water Quality Division - Engineering Review Section (FORM 222)

COMPLETENESS REVIEW GUIDE FOR ENGINEERING REVIEW OF SANITARY FACILITIES  
 COMPLETENESS REVIEW GUIDE FOR DRINKING WATER FACILITY APPLICATIONS

PART II: ADEQ SUBMITTAL REQUIREMENTS BY PROJECT TYPE for Drinking Water Facility Applications	Water Project Type (See Note 1)				Approval of Construction	
	Approval to Construct		Water Treatment Plant or Blending Plan	New Well or Source	Water Line	Water Treatment Plant or Blending Plan
	New Well or Source	Water Line				
DOCUMENT TYPES (See Part I: Document Content, other side)						
1. Initial Fee	X	X				
3. Application for Approval to Construct Drinking Water Facilities.	X	X				
8. Construction Plans (Note 5)	X (4 Sets)	X (4 Sets)	X (4 Sets)			
9. Construction Specifications	X (4 Sets)	X (4 Sets)	X (2 Sets)			X
11. Design Report	X (2 Sets)	X				X
14. Original Water Service Agreement		O		X		
20. Operations and Maintenance Plan	X	X				
23. Water Quality Analysis Report	X					
24. Water Well Construction Data and Design	X		X			X
25. Notice of Intent to Drill (ADWR)	X					
26. Site and Location Plans		O (Note 3)				
28. CC&Rs					X (Note 4)	X
30. Capacity Development Elementary Business Plan	X (Note 4)				X	X
31. Engineer's Certificate of Completion					X	X
32. Disinfection Testing Data					X	X
33. As-Built Drawings					X	X
34. Pressure Testing Certification					X	X

**NOTES:**

- When a project includes several Project Types, the submitted documents must contain all necessary information for the OVERALL PROJECT. For example, the documents submitted for a sewer subdivision that includes a drinking water distribution system shall concurrently address all Project Types which make up the OVERALL PROJECT. An X indicates the item is a required submittal and an O indicates the item is optional but it is recommended as part of the Approval to Construct review to keep overall project review time (ATC and AOC) to a minimum.
- A general layout plan is required for pools and spas.
- If applicable to the project, please contact the engineering review desk if there are questions.
- Approved Capacity Development Elementary Business Plan.
- Construction plans shall be suitable to construction and not labeled "Not for Construction", "Preliminary" or similar language. Construction plans shall be submitted FOLDED and not rolled.

## Water Quality Division -- Engineering Review Section (FORM 222)

COMPLETENESS REVIEW GUIDE FOR ENGINEERING REVIEW OF SANITARY FACILITIES

### PART VII: GENERAL PERMIT FEES: For All Project Types

#### Public and Semi-Public Swimming Pools and Spas

There are no fees for the review and approval of public and semi-public swimming pools and spas.

#### Drinking Water Facilities Review (Effective Dec. 6, 2008)

Drinking water distribution system fees only apply to Approval to Construct application reviews. There is no fee to obtain the Approval of Construction certificate.

Fee Category	Number of Connections or Flow (MGD)	Fee (Notes a & b)
	150 or Less	\$900
Approval to Construct for a Public Water Distribution System	151 to 300	\$1,400
Approval to Construct for a Public Water Distribution System	301 to 450	\$1,900
Approval to Construct for a Public Water Distribution System	451 to 600	\$2,400
Approval to Construct for a Public Water Distribution System	601 to 750	\$2,900
Approval to Construct for a Public Water Distribution System	Each additional 150	\$500
Approval to Construct for a Public Water Distribution System	< 0.1 MGD	\$1,500
Water Treatment Plants and Blending Plans	≥ 0.1 and < 1.0 MGD	\$2,000
Water Treatment Plants and Blending Plans	≥ 1.0 and < 5.0 MGD	\$3,000
Water Treatment Plants and Blending Plans	≥ 5.0 MGD	\$5,000
Water Treatment Plants and Blending Plans	each	\$1,250
Well (including new source approval if applicable)	each	\$800
Storage Tank	each	\$800
Booster Pump	each	\$250
Main Line Extension (for minor water line extensions only)	each	\$250
Chlorinators/Disinfection Devices	50% of the application fee, not to exceed \$500	
Extension of Time to Construct	each	Double the Standard Fee
Priority Review Fee <sup>a</sup>		

**Notes:**

- Fees are calculated on a per-unit basis: i.e., a separate fee is assessed for each separate storage tank, booster pump, disinfection device or well.
- Fees for each application type are cumulative; an applicant must pay the total of all pertinent fees.
- Extensions of time to construct are issued pursuant to A.A.C. R18-5-505(E); the Section states that an Approval to Construct becomes void if construction is not commenced within a specific time period, unless the Department grants an extension of time.
- Priority Review projects require Department authorization prior to filing.

**Steve Wene**

---

**From:** Steve Wene  
**Sent:** Friday, December 10, 2010 12:44 PM  
**To:** 'Vivian J. Burns'  
**Subject:** MSSP  
**Attachments:** Truxton - MSSP. 12-10-10.pdf

Hi Vivian,

Based upon our conversation a few days ago, I wanted to make sure you have a copy of the MSSP.  
Thanks.

Steve Wene  
Moyes Sellers & Sims  
1850 N. Central Ave. Ste. 1100  
Phoenix, AZ 85004  
(602) 604-2189



## AUXILIARY SHEET

WATER SOURCE INFORMATION				
DWR #	LATITUDE	LONGITUDE	TYPE OF SOURCE (GW, SW, OR GW UISW)	Map ID
1. 55-624988	35 20 51	113 41 27	gw	
2. 55-624984	35 21 29	113 42 32	gw	
3. 55-624985	35 21 35	113 42 2	gw	
4. 55-624986	35 21 30	113 41 51	gw	
5. 55-624999	35 23 4.5	113 53 21.1	gw	

STORAGE INFORMATION			PRESSURE INFORMATION		
Storage Capacity	Storage Tank Map ID	Booster Pump Map ID	Pressure Tank Capacity	Pressure Tank Map ID	Pres. Reducing Map ID
1. 80000 gallon	80,000				
2. 500000 gal	500,000				
3.					
4.					
5.					

POINT OF ENTRY		POTENTIAL CONTAMINATION		DEAD ENDS/CUL-DE-SACS	
Entering Flow	Map ID	Source or Type	Map ID	Type	Map ID
1.					
2.					
3.					
4.					
5.					

MISCELLANEOUS SYSTEM COMPONENT DESCRIPTIVE POINTS AND RELATED MAP ID'S					
Description	Map ID	Description	Map ID	Description	Map ID

TREATMENT FACILITY INFORMATION	
Type of Treatment	Map ID
1.	
2.	
3.	
4.	

## Truxton Canyon Water Company

### Trust Owned

Storage tanks: (1) 500,000 Gallon & (2) 40,000 Gallon

Booster Pumps: (1) 200 HP Booster

WELL ID #	HP	GPM	CASING SIZE	WELL DEPTH
55-624985	20 HP	24 GPM	16"	1072 Feet
55-624986	60 HP	36 GPM	16"	355 Feet
55-624999	300 HP	850 GPM	20"	1059 Feet
55-624984	20 HP	52 GPM	10"	685 Feet
55-624988	50 HP	250 GPM	16"	593 Feet

### Truxton Owned

Storage tanks: (1) 22,000 Gallon - Not in use

WELL ID #	HP	GPM	CASING SIZE	WELL DEPTH
*55-624983	3 HP	25 GPM	12"	300 Feet
*55-624989	CAPPED	N/A	16"	260 Feet

\* Well is **not** in use at this time.



**Steve Wene**

---

**From:** Steve Wene  
**Sent:** Friday, December 10, 2010 1:53 PM  
**To:** 'Vivian J. Burns'  
**Subject:** Sign Compliance  
**Attachments:** IMAG0018.jpg; IMAG0019.jpg; IMAG0020.jpg; IMAG0021.jpg; IMAG0022.jpg; IMAG0023.jpg; IMAG0024.jpg; IMAG0025.jpg

Hello Vivian,

Here are the pictures demonstrating compliance with the sign requirements.

Steve Wene  
Moyes Sellers & Sims  
1850 N. Central Ave. Ste. 1100  
Phoenix, AZ 85004  
(602) 604-2189

---

**From:** Michael Neal [mailto:mikeneal260@msn.com]  
**Sent:** Friday, December 10, 2010 1:49 PM  
**To:** Steve Wene  
**Subject:**

Steve,

Attached are the postings on the wells.

Thanks,  
Mike Neal



**ANTERAS TANK**

**In Case Of Emergency  
Call Truxton Canyon Water  
928-757-2205**

**NO  
ADMITTANCE**



29 WELL

55-624988

B123-13129dbc

In Case Of Emergency  
Call Truxton Canyon Water  
928-757-2205



29 WELL  
55 - 624988  
B(23-13)29dbc

In Case Of Emergency  
Call Truxton Canyon Water  
928-757-2205

SRV-002

DAVIS1

B|23-13| 20cc

In Case Of Emergency  
Call Truxton Canyon Water  
928-757-2205

55-624985

**VALENTINE1**

**In Case Of Emergency  
Call Truxton Canyon Water  
928-757-2205**



DAVIS2

B(23-13)20CCC

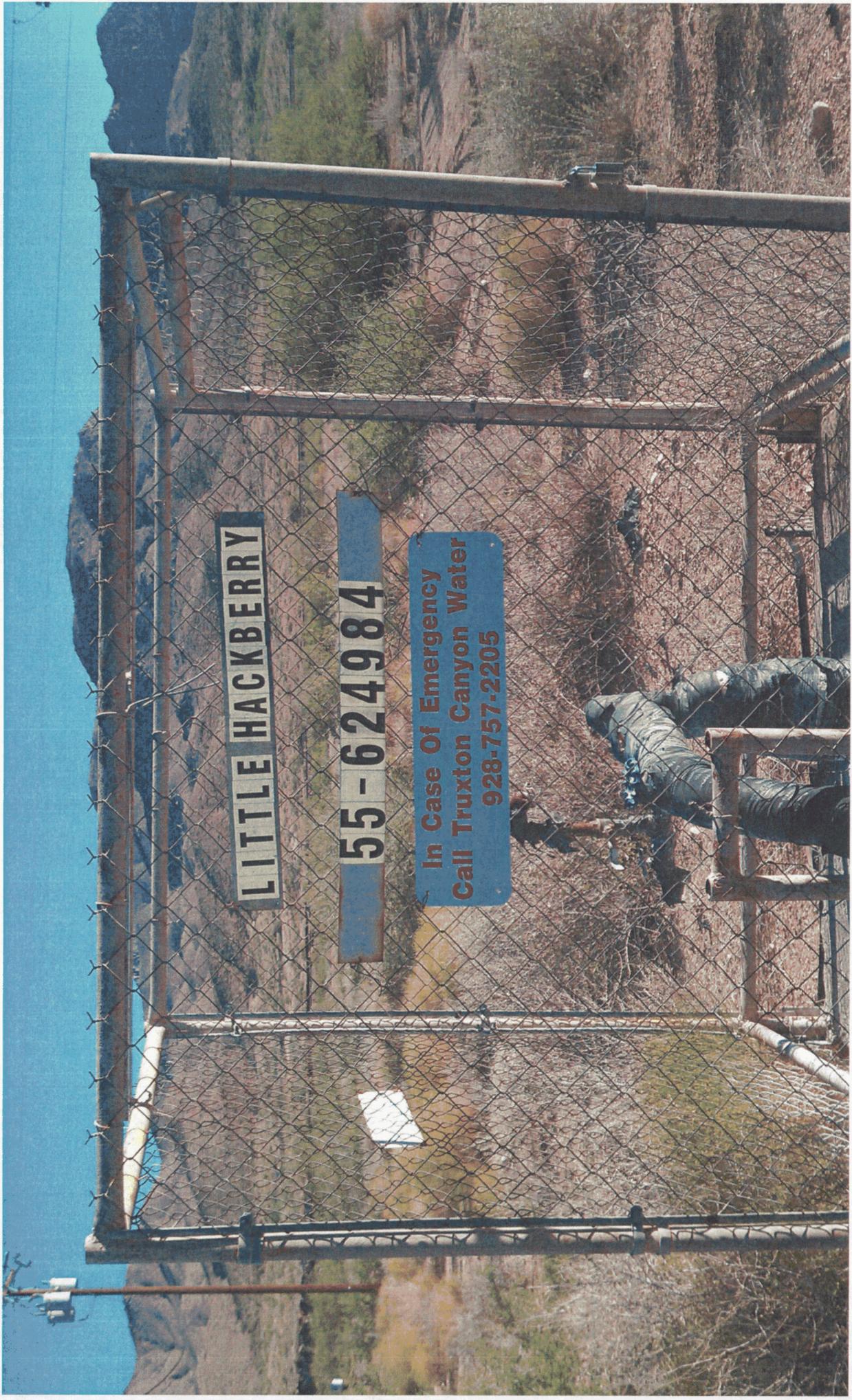
In Case Of Emergency  
Call Truxton Canyon Water  
928-757-2205

55-624986

**LITTLE HACKBERRY**

**55-624984**

**In Case Of Emergency  
Call Truxton Canyon Water  
928-757-2205**



**REDA**

**B(23-13) 19cbb1**

**In Case Of Emomrgency  
Call Truxton Canyon Water  
928-757-2205**

**55-624983**

# **Attachment 2**

**Truxton Canyon Water Company, Inc.  
2409 Ricca Drive  
Kingman AZ 86401  
928 753-1121**

November 2, 2009

Arizona Corporation Commission  
1200 West Washington Street  
Phoenix AZ 85007

Attn: Mr. Al Amezcua

As president of Truxton Canyon Water Company, I hereby grant authority to Rick Neal and Chris Hopper to act on my behalf in regards to the above mentioned water company.

Signed,

A handwritten signature in cursive script that reads "B. Marc Neal". The signature is written in black ink and is positioned above the printed name.

B. Marc Neal

President - Truxton Canyon Water Company, Inc.

# **Attachment 3**

**Steve Wene**

---

**From:** Michael Neal [mikeneal260@msn.com]  
**Sent:** Friday, October 08, 2010 2:24 PM  
**To:** Steve Wene  
**Cc:** Rick Neal  
**Subject:** FW: Leak photo log  
**Attachments:** 1.jpg; 10.jpg; 11.jpg; 12.jpg; 13.jpg; 14.jpg; 15.jpg; 16.jpg; 17.jpg; 18.jpg; 19.jpg; 2.jpg; 20.jpg; 21.jpg; 22.jpg; 23.jpg; 24.jpg; 25.jpg; 26.jpg; 27.jpg; 28.jpg; 29.jpg; 3.jpg; 30.jpg; 31.jpg; 32.jpg; 33.jpg; 34.jpg; 35.jpg; 4.jpg; 5.jpg; 6.jpg; 7.jpg; 8.jpg; 9.jpg

Steve,

Attached is a photo log of the repaired leaks that I sent to ACC.

Thanks,

Mike Neal

---

From: mikeneal260@msn.com  
To: aamezcua@azcc.gov  
CC: tammi@blackhawkdevelopers.com; ricknea@gmail.com  
Subject: Leak photo log  
Date: Wed, 7 Apr 2010 14:32:54 -0700

Mr. Amezcua,

Attached are photos of leak repairs.

1. Leak on red butte before repair
2. Leak on red butte after repair
3. Leak near outpost before repair
4. Leak near outpost after repair
5. Repaired leak at Valentine valve house
6. Repaired leak at Valentine valve house
7. Repaired leak at Little Hackberry well
8. Repaired leak near Hackberry school
9. Repaired leak near Antares road
10. Repaired leak on Kingman road
11. Repaired leak between Antares road and Arizona west
12. Repaired leak between Antares road and Arizona west
13. Repaired leak between Antares road and Arizona west
14. Repaired leak at the outpost market
15. Repaired leak at ranch road
16. Repaired leak between ranch road and Valle Vista
17. Repaired leak found by Del Smith during ACC visit
18. Repaired leak between ranch road and Valle Vista
19. Repaired leak between ranch road and Valle Vista
20. Repaired leak between ranch road and Valle Vista
21. Repaired leak between ranch road and Valle Vista
22. Repaired leak between ranch road and Valle Vista
23. Repaired leak between ranch road and Valle Vista
24. Repaired leak between ranch road and Valle Vista
25. Repaired leak between ranch road and Valle Vista

12/10/2010

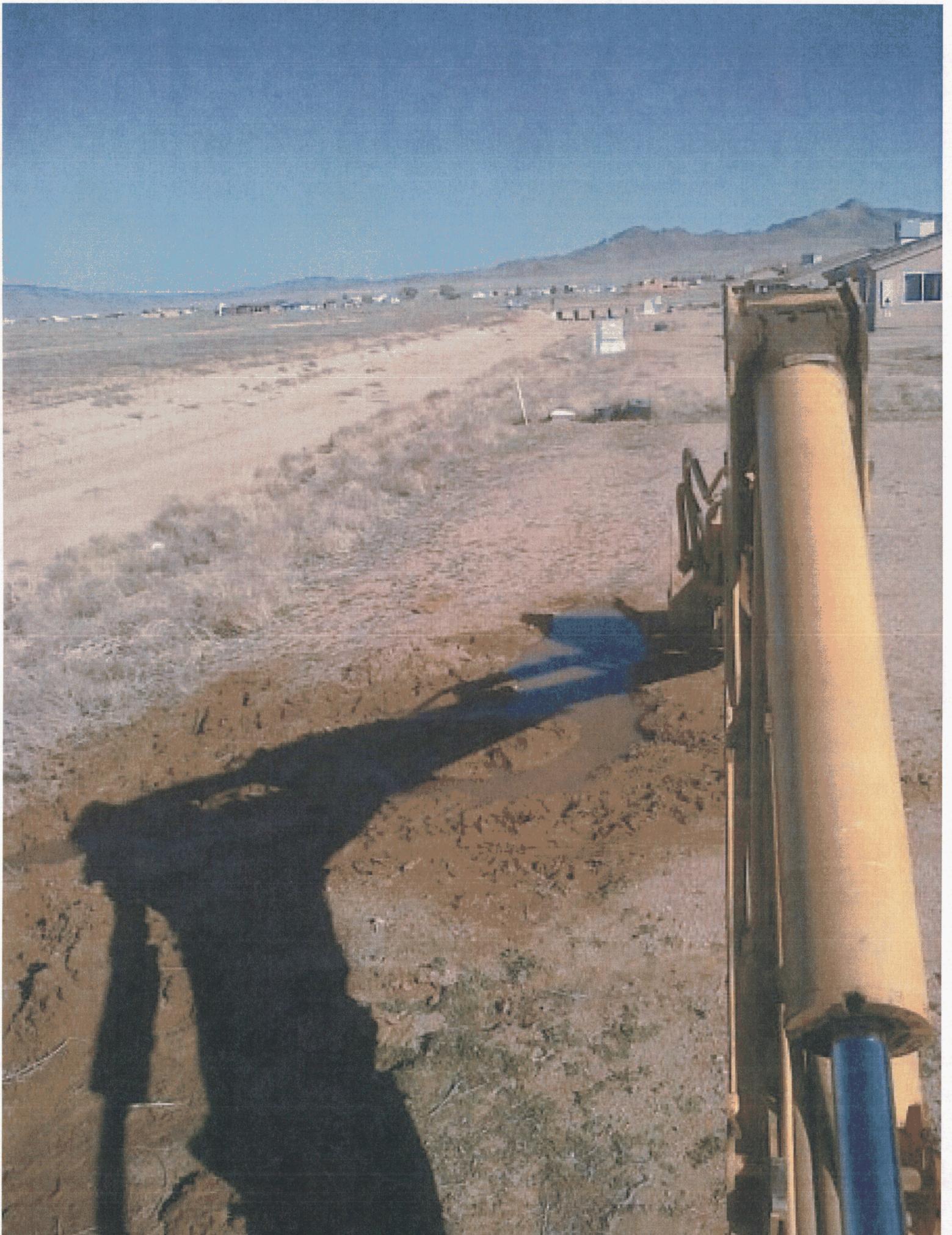
26. Repaired leak between ranch road and Valle Vista
27. Repaired leak near Hoag residence
28. Repaired leak at Curvo and Sawmill
29. Two repaired leaks on different weeks in same area Mano and Superstition
30. Repaired leak at Mule
31. Repaired leak at Larkspur
32. Repaired leak at Mesa vista
33. Repaired leak at Sugarloaf
34. Repaired leak at Rio Verde
35. Repaired leak at Rio Verde

Thank you,

Mike Neal

---

The New Busy think 9 to 5 is a cute idea. Combine multiple calendars with Hotmail. Get busy.



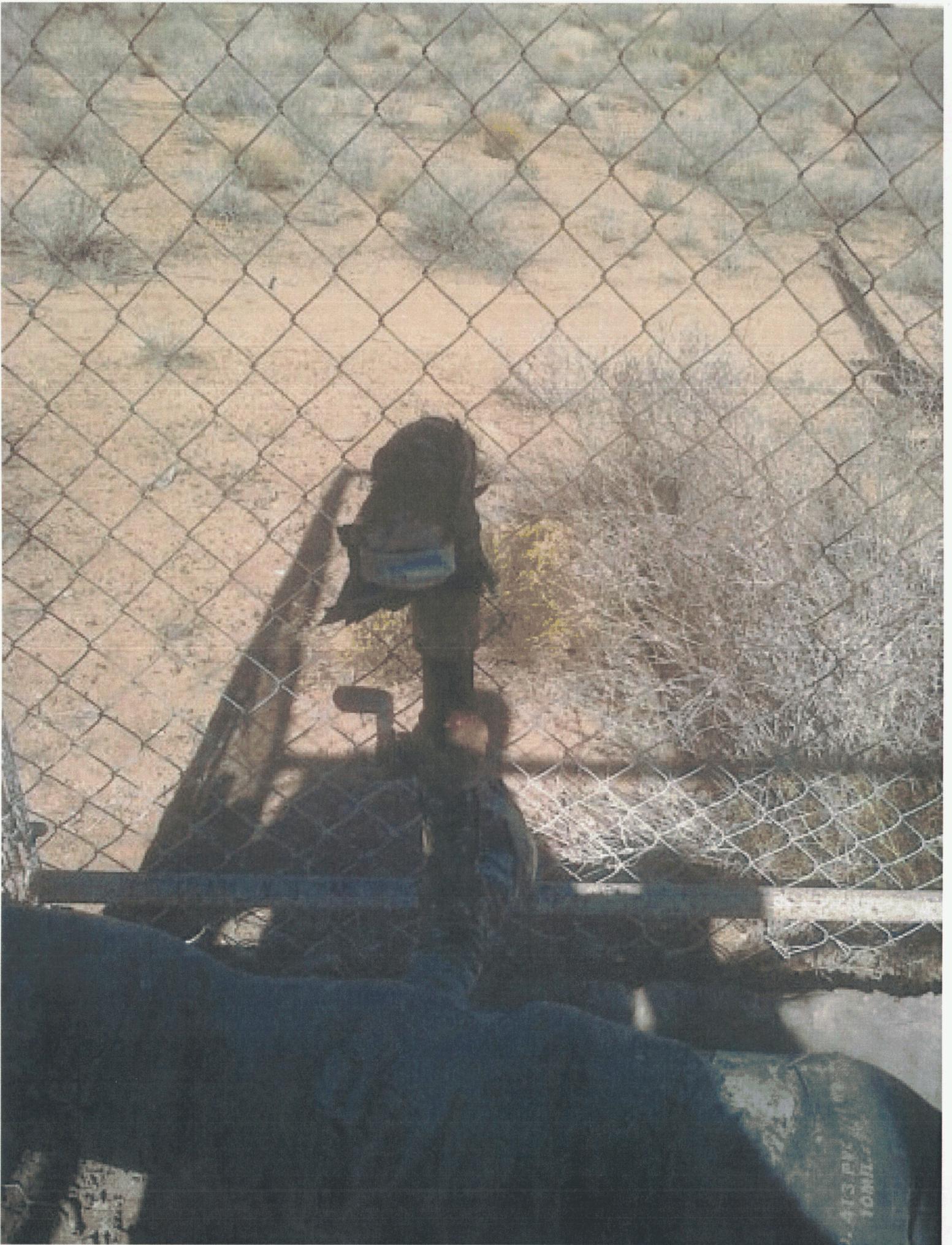














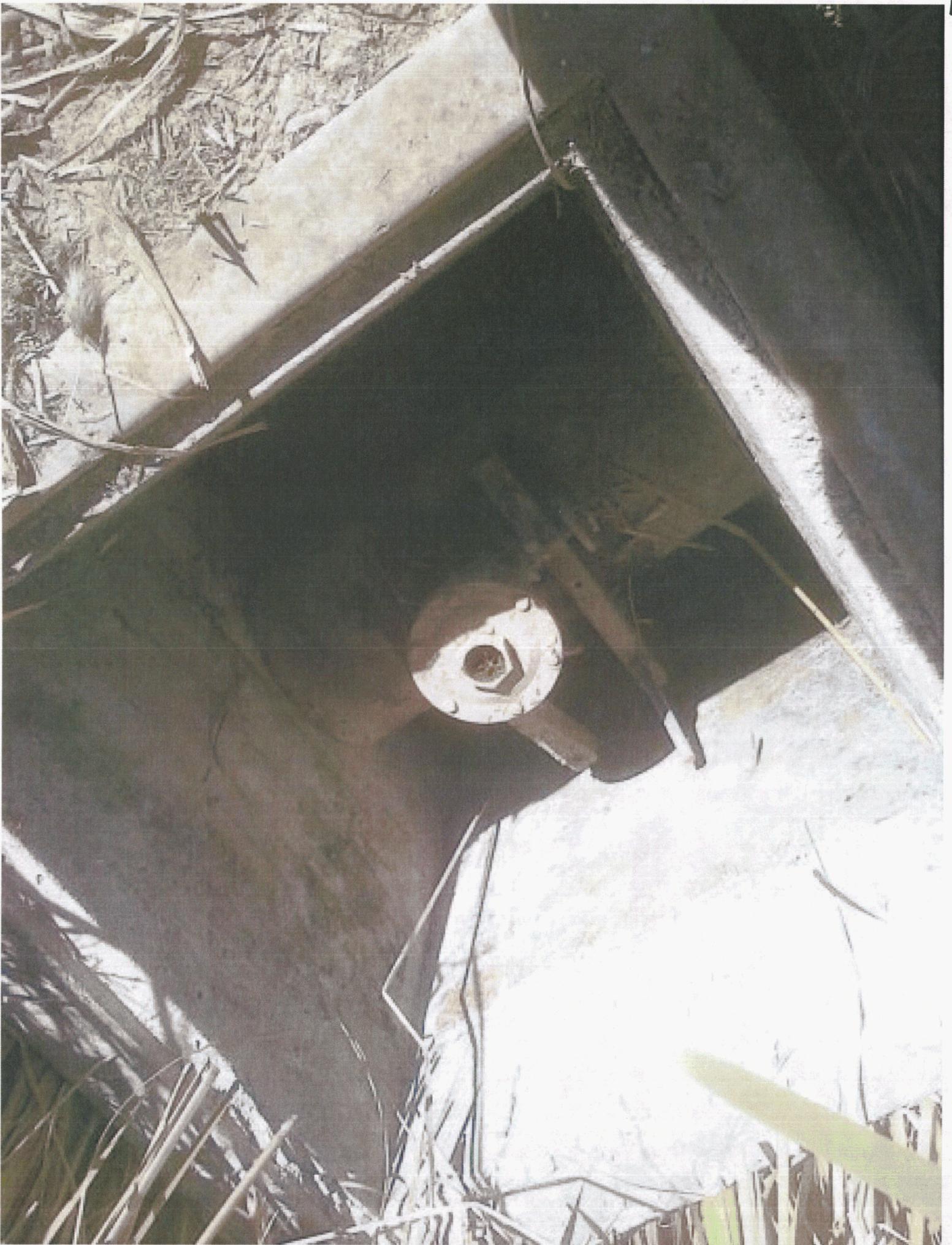










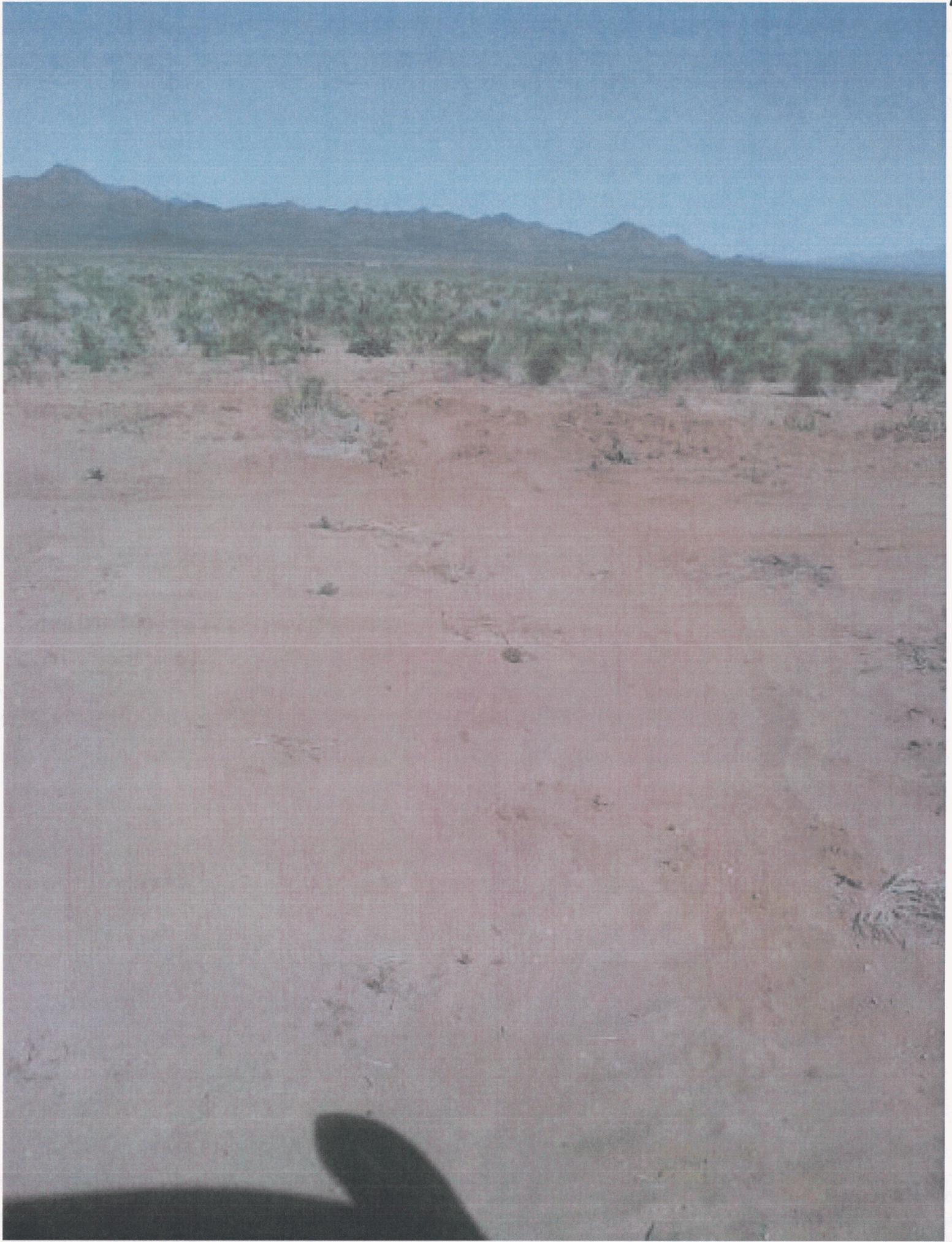


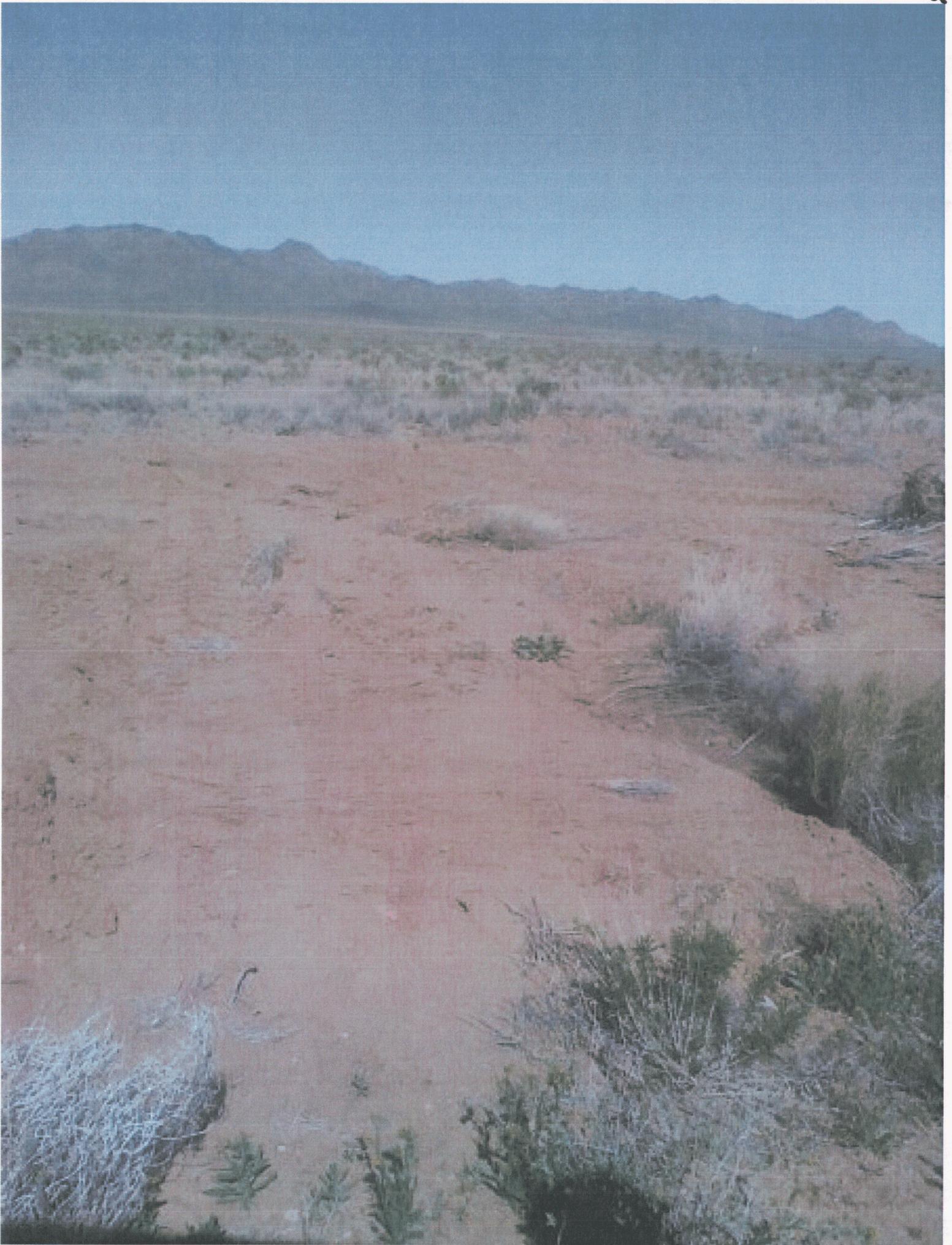










































# **Attachment 4**

**Arizona Department of Water Resources  
Water Provider Compliance Status Report**

**Water System Name: TRUXTON CANYON WATER COMPANY**

**Water System ID #: CWS #91-000324.0000**

**Compliance Status:**

<i>Requirement</i>	<i>In compliance</i>	<i>Not in Compliance</i>	<i>Not yet determined</i>	<i>Not Applicable</i>
Annual water use reports within AMAs and INAs (if using non-exempt wells)				<b>X</b> Not in any AMA
Annual report for community water systems outside of AMAs	<b>X</b>			
Annual assured or adequate water supply reports for designated providers				<b>X</b>
Designation of assured or adequate water supply in good standing for designated providers				<b>X</b>
System water plan	<b>X</b>			
Management plan requirements within AMAs 1) Lost and unaccounted for water <10% of total use for large providers <15% of total use for small providers 2) Annual submittal of updated service area and distribution maps 3) NPCCP requirements are met 4) MNPCCP requirements are met 5) GPCD requirements are met 6) ACP requirements are met 7) Individual user requirements are met				<b>X</b>
Well permit volumes within AMAs				<b>X</b>
Type I and II grandfathered right limits within AMAs				<b>X</b>
Maintenance of accurate measuring devices within AMAs and INAs				<b>X</b>
Groundwater transportation restrictions				<b>X</b>
Approval of deliveries of groundwater to other providers within AMAs				<b>X</b>

**Comments:** As of October 5, 2010, ADWR has determined that Truxton Canyon Water Company (PWS # 91-000324.0000) is currently compliant with departmental requirements governing water providers and/or community water systems. If you have any additional questions or concerns regarding this matter please contact Andrew Craddock, Compliance Committee Chair at (602) 771-8615.

**Completed by:**

<b>Program</b>	<i>Reviewed</i>	<i>Not applicable</i>	<b>Name</b>	<b>Phone</b>	<b>Date</b>
<b>AMA Office</b>		<b>x</b>	Andrew Craddock	602-771-8615	10/4/10
<b>Office of Assured &amp; Adequate Water Supply</b>		<b>x</b>	Rick Obenshain	602-771-8622	10/5/10
<b>Community Water Planning</b>	<b>x</b>		Susan Craig	602-771-8533	10/5/10

*This compliance status report does not guarantee the water availability for this system, nor does it reflect the status of any other water system owned by this utility company.*

# **Attachment 5**

**Steve Wene**

---

**From:** Michael Neal [mikeneal260@msn.com]  
**Sent:** Monday, October 11, 2010 10:18 AM  
**To:** Steve Wene  
**Attachments:** CIMG0067.jpg; CIMG0068.jpg; CIMG0069.jpg; CIMG0070.jpg

Steve,

Attached are photos of the fire hydrants that were installed for NACFD #1.

- #67 Superstition.
- #68 Rawhide.
- #69 Painted Rock.
- #70 Calle Blanca.

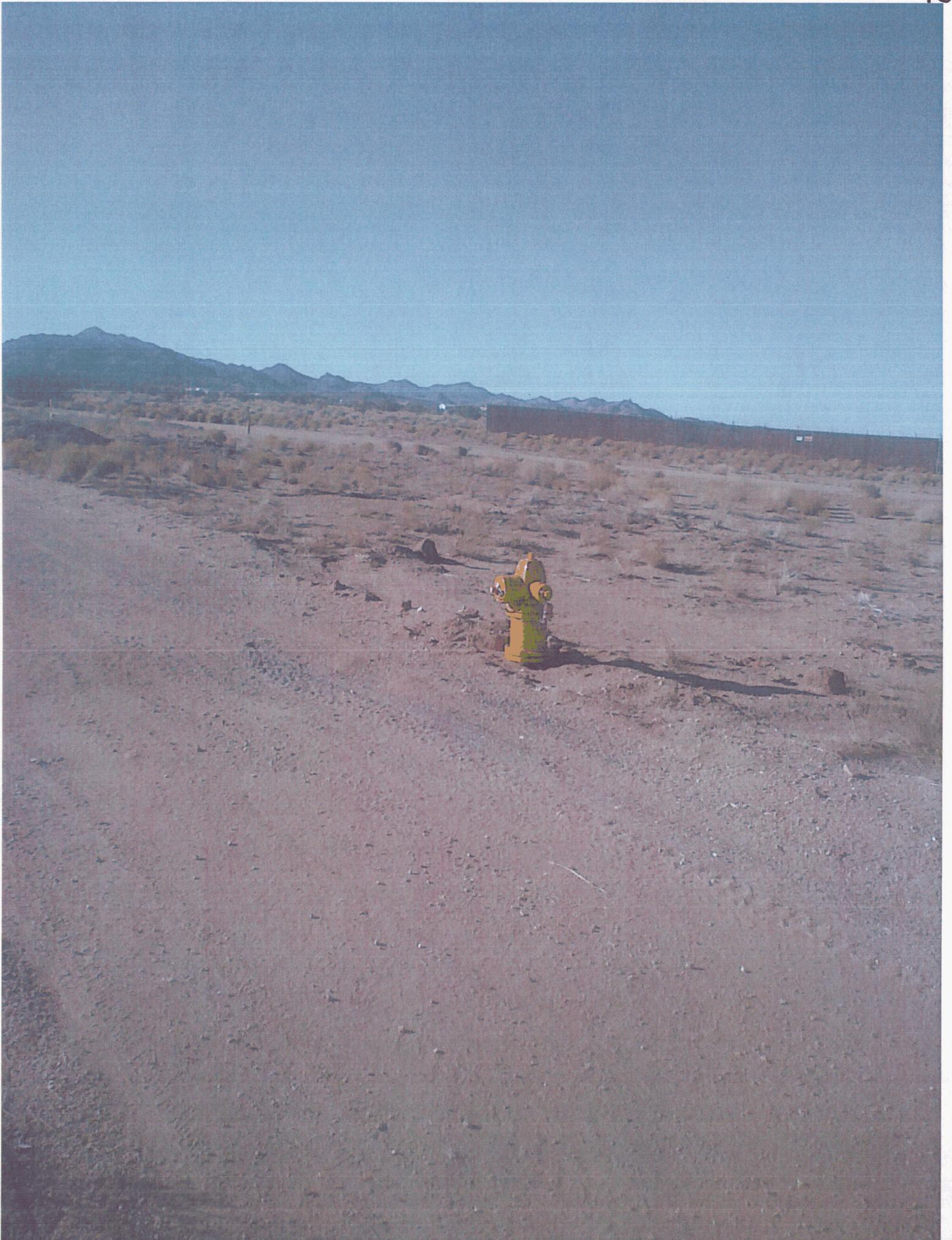
Thanks,

Mike Neal









# **Attachment 6**

**WATER SUPPLY AGREEMENT FOR TRUXTON CANYON WATER COMPANY**

This Agreement, made as of the 1<sup>st</sup> day of September, 2010, by and between CLAUDE K. NEAL FAMILY TRUST, an Arizona corporation (hereinafter referred to as "Trust"), and TRUXTON CANYON WATER COMPANY, an Arizona corporation (hereinafter referred to as "Truxton Canyon").

**WITNESSETH:**

WHEREAS, Trust has certain water rights and owns and operates water production, collection, transmission and certain pressure facilities in portions of Mohave County, Arizona, 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, 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 Trust owned and operated non-utility facilities.
3. Service under this Agreement shall be provided by 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 certified 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. Trust is not obligated to provide any water storage for Truxton Canyon under this Agreement. 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 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 Trust not less than one year prior to the anticipated need. Trust will endeavor to provide that service if, in the sole opinion of 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. 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 calibration 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. 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, Trust may, at its option, undertake such treatment and make such capital investments as is necessary to comply with the water quality requirements of the appropriate regulatory agency(s). In that event, 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 Trust shall be the responsibility of Truxton Canyon.

7. Trust retains the right to take bulk water deliveries at any standpipe adjacent to delivery points under this Agreement. 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 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 Trust.
8. Truxton Canyon shall pay to Trust all metered water deliveries at the agreed upon delivery points at the rate of \$1.01 per 1000 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 Trust, plus a return on the value of the equipment and facilities necessary to provide service under this Agreement.
9. On or before the 10<sup>th</sup> day of each month, 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 Trust at its general office in Kingman, 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, blockage, 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. 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 Trust, its officers, directors or employees. Truxton Canyon shall indemnify and hold 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 Trust, its officers, directors or employees. In the event any action or proceeding is brought against Trust, its officers, directors or employees, by reason of any such claim, Truxton Canyon, upon notice from Trust, shall resist or defend such action or proceeding at its expense.

12. 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 Trust for the purpose of regulating sales or 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 Trust in connection with such sales or any thereof, 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 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.
13. 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.
14. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona.
15. 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.

16. 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  
7313 E. Concho Drive, Suite B  
Kingman, Arizona 86401

17. Written notice and communications to Trust shall be addressed as follows:

CLAUDE B. NEAL FAMILY TRUST  
8103 E. Highway 66  
Kingman, Arizona 86401

18. This Agreement shall be binding upon and insure 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

By B Marc Neal  
B. Marc Neal, Trustee

TRUXTON CANYON WATER COMPANY

By B Marc Neal  
B. Marc Neal, President

# **Attachment 7**

**MANAGEMENT AGREEMENT FOR TRUXTON CANYON WATER COMPANY**

This Agreement, made as of the 1<sup>st</sup> day of September, 2010, by and between TRUXTON CANYON WATER COMPANY, an Arizona corporation, hereinafter referred to as "Truxton Canyon" and CLAUDE K. NEAL FAMILY TRUST, hereinafter referred to as "Trust".

**WITNESSETH:**

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

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

WHEREAS, Trust has substantial ability and experience enabling it to manage and operate Truxton Canyon'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. Trust shall operate Truxton Canyon's facilities, utilizing Trust'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 Trust; however, any maintenance or capital expenditures exceeding \$1,000.00 will require the specific approval of Truxton Canyon. 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 ability to assist in emergencies
- D. Regular inspections 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 Truxton Canyon'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 expense associated with the prosecution and defense of collection matters involving the Commission or courts shall be borne by Truxton Canyon.
- J. Deposit payments to the water company account and provide full accounting to Truxton Canyon.

Additionally, Trust shall provide to Truxton Canyon:

- K. Information regarding emergency repairs; however, Trust may at his sole discretion commit Truxton Canyon to expenditures not to exceed \$1,000.00 without prior Truxton Canyon consent.
- L. Bid comparative information for non-emergency material 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. Truxton Canyon and Trust agree that certain portions of the work contemplated to be performed by Trust 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 Trust shall be paid by Truxton Canyon at the rate of \$62.00 per man-hour, plus all direct costs to Trust as supported by invoice from the provider. These special services may include, but are not limited to, the following:

- A. Assist Truxton Canyon 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 Trust.
- C. Consultation, review of plans and 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 Truxton Canyon.
- 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 Truxton Canyon before work can progress and be billed per the current rate schedule.

3. Truxton Canyon shall pay to Trust a fee of \$13.18 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 Truxton Canyon fails to make any payment due Trust 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. Truxton Canyon 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, Truxton Canyon shall:

- I. Assist Trust 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 Trust and render in writing decision or directives within a reasonable time.
  - K. Give prompt notice to Trust whenever Truxton Canyon becomes aware of any problem relating to the water system.
  - L. Furnish or direct Trust 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 Truxton Canyon to Trust at its offices in Kingman, Arizona, within 15 days from date of receipt of the billing therefor.
  6. Truxton Canyon 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. Truxton Canyon shall be responsible for filing, maintaining, and reporting all regulatory, health, tax and corporate documents necessary for the continues operation of the plant.
8. Truxton Canyon 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 Truxton Canyon and Trust.
9. Truxton Canyon shall arrange to have Trust named as an additional insured on its liability insurance coverage and shall maintain reasonable amounts of liability insurance during the term hereof. Truxton Canyon shall indemnify and hold Trust 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. Trust shall not be liable to Truxton Canyon nor to any of Truxton Canyon'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 Truxton Canyon.
  - 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 Trust or not reasonably within its control.

In case such interruption or failure shall be occasioned by any cause specified under E or F above, Trust 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, Truxton Canyon shall indemnify and defend Trust against all liability or loss.

11. Trust 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 Trust for the purpose of regulating the operation of the facilities for Truxton Canyon, or for the purpose of examining the books, accounts or other internal affairs of Trust in connection with such services, Trust may notify Truxton Canyon of such facts, and this Agreement shall be deemed terminated fifteen (15) days following receipt of such notice by Truxton Canyon.
12. By terms of this Agreement, Trust shall not obtain and Truxton Canyon 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 B Marc Neal

B. Marc Neal, Trustee

TRUXTON CANYON WATER COMPANY

By B Marc Neal

B. Marc Neal, President

# **Attachment 8**

## Management Agreement

**1.0 Agreement.** This Agreement between Blackhawk Developers ("Manager") and Truxton Canyon Water Company ("Utility") requires Manager to provide the services described in Attachment A. In exchange, Utility will compensate Manager as described in Attachment A.

**2.0 Term.** This Agreement is for a term of one year. Unless a party notifies the other party in writing that the contract will not be renewed at least 30 days before the expiration date, this Agreement will be renewed for an additional term of one year under the same terms.

**3.0 Employees.** Each Party to this Agreement is solely responsible for all acts or omissions of its employees, and for paying all salaries, withholding tax deductions, benefits, unemployment compensation, worker's compensation, and all other charges and liabilities arising out of the employer-employee relationship.

**4.0 Costs.** Unless otherwise indicated in Attachment A, Utility is responsible for all costs associated with the services provided by Manager, including, but not limited to postage, publication, printing, filings, testing, and utility system components. The Utility is responsible for Manager's reasonable travel expenses, including mileage at a rate of \$.415 per mile. This cost may be adjusted without specific notice to Utility, or an addendum to this Agreement, to adjust with and be the same as the federal mileage allowance.

**5.0 Indemnification.** The Utility agrees to indemnify and hold harmless Manager (including its members, agents, officers, employees, and volunteers) from and against all claims, injuries, damages, losses, and expenses (including attorney fees and court costs) arising from acts or omissions of Manager (including those of its agents, employees, or volunteers, or any tier of its contractors) in the performance of this Agreement unless such liability arose due to intentional misconduct by Manager. The insurance coverage requirements of this Agreement do not limit the scope of indemnification.

**6.0 Termination.** This Agreement may be terminated by mutual consent of the Parties, provided the termination is in writing. Unless the Parties agree to a specific termination date, termination by mutual consent will be effective 30 days after both Parties have given their consent. In the event of default by either Party, the non-breaching Party may terminate this Agreement 10 business days after providing written notice to the breaching Party unless that Party cures the default during that time.

**7.0 Legal Remedies for Breach of Contract.** Arizona law applies to this Agreement. The Parties agree that any action to enforce the provisions of this Agreement must be brought in the Superior Court in and for Mohave County, Arizona. The prevailing Party will be entitled to recover its reasonable attorneys' fees and costs in any future dispute or action arising under this Agreement. Utility agrees that Manager will not be liable for any exemplary, special, indirect, consequential, or incidental damages.

**8.0 Interpretation.** The Parties acknowledge and agree that each has been given the opportunity to independently review this Agreement with legal counsel, and that this Agreement is the result of negotiations between the Parties. The Parties agree that any ambiguous or disputed terms of this Agreement are not to be subject to any rule of interpretation providing for the interpretation against the drafting Party.

**9.0 Not Partners.** This Agreement and its related activities do not establish the Parties as partners for any purpose.

**10.0 Severability.** If the Court holds that any term or provision of this Agreement is illegal, the validity or enforceability of the remainder of this Agreement will not be affected.

**11.0 Notice.** Unless expressly stated otherwise, notices under this Agreement must be in writing and hand-delivered or sent by certified United States mail, postage prepaid, to the following addresses:

Blackhawk Developers  
7219 W. Sahara Ave., Suite 120  
Las Vegas, NV 89117

Truxton Canyon Water Company  
7313 E. Concho Drive, Suite B  
Kingman, AZ 86401

The Parties may change their address for receipt of notices at any time with notice to the other Party.

**12.0 Entire Agreement.** This Agreement and the exhibits attached and incorporated hereto constitute the entire understanding of the Parties and supersedes any previous agreement or understandings on the subjects discussed herein.

IN WITNESS HEREOF, this Agreement is executed by the Parties and made effective on October 1, 2010.

**Blackhawk Developers**

By: \_\_\_\_\_

Its: Managing Member, Chris Hopper

Date: October 1, 2010

**Truxton Canyon Water Company**

By: \_\_\_\_\_

Its: President, B. Marc Neal

Date: October 1, 2010

**Attachment A**  
**Scope of Services and Compensation Terms**

Generally, Manager offers the following services at the rates described below. Manager is offering certain services to Utility as indicated by the initials of its authorized representative below. The Utility acknowledges that it understands the offer and accepts the offer as shown by the initial of Utility's authorized representative below.

	<b>Services Provided By Blackhawk Developers</b>	<b>Manager Offer</b>	<b>Utility Acceptance</b>
1.	Act as Utility's certified operator	No	n/a
2.	Perform all routine sample testing (excludes MAP tests)	No	n/a
3.	Inspect the utility system monthly or when cause is given	No	n/a
4.	Conduct routine utility system operations	No	n/a
4(a).	For first 200 customers	No	n/a
4(b).	For 201- 300 customers	No	n/a
4(c).	For 301 or more customers	No	n/a
8.	Perform routine maintenance	No	n/a
9.	Read meters	No	n/a
10.	Provide 24-hour emergency number for customer service	No	n/a
11.	Direct and supervise standard utility system repairs	No	n/a
12.	Direct and supervise contractors for major system repairs	No	n/a
13.	Direct and supervise capital improvement projects	Yes	
14.	Administer billing, collection, activity reports, utility applications	No	n/a
15.	Bookkeeping functions, A/P, Balance Sheet, P&L, etc.	Yes	
16.	Provide routine customer service	No	n/a
17.	Pay routine Utility bills, supplies and materials.	Yes	
18.	Maintain Utility records	Yes	
19.	Perform Utility clerical duties, customer relations	No	n/a
20.	Draft Utility rules, policies, and procedures	Yes	
21.	Train Utility personnel	Yes	
23.	Draft and file regulatory reports (ADEQ, ACC, ADWR)	Yes	
24.	Address regulatory matters & work with professionals to assist	Yes	
25.	Draft and mail public notices	Yes	
26.	Apply for rate adjustments (includes case participation)	Yes	
27.	Apply for CC&N adjustment (includes case participation)	Yes	
28.	Outside Services*	Yes	
29.	Consumer Confidence Reports (CCR)	Yes	
30.	Initial Utility Set up fee	Yes	
31.	Other:	n/a	n/a

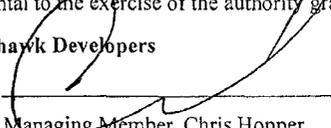
Blackhawk Developers' hourly rates, for services requested outside this contract are as follows:

- (a) Field Technician at \$60.00 per hour.
- (b) Operations Manager at \$75.00 per hour.
- (c) Office Personnel at \$30.00 per hour.

\* This may include, but is not limited to: (a) pulling, repairing, and overhauling pumps; (b) installing, replacing, or refinishing tanks; (c) repairing or replacing electrical equipment that may require a licensed electrical contractor; (d) cutting or replacing pavement or sidewalk; (e) repairing or replacing main lines or laterals; (f) and projects requiring specialized skills and/or equipment (i.e., backhoe, crane, trencher, etc.).

Restated, Utility agrees to pay Manager [\$4166.00 per month] for Manager providing Service No. 13, 15, 17, 18 & 20-30. Utility agrees to pay Manager [\$75.00 per hour] for providing Service No. 28. Utility agrees that Manager may do all things incidental to the exercise of the authority granted in this Attachment A at the hourly rates set forth above.

**Blackhawk Developers**

By: 

Its: Managing Member, Chris Hopper

Date: October 1, 2010

**Truxton Canyon Water Company**

By: 

Its: President, B. Marc Neal

Date: October 1, 2010

# **Attachment 9**

1 Steve Wene, No. 019630  
2 MOYES SELLERS & SIMS LTD.  
3 1850 N. Central Avenue, Suite 1100  
4 Phoenix, Arizona 85004  
5 (602)-604-2189  
6 swene@lawms.com  
7 Attorneys for Truxton Canyon Water Company

8 **BEFORE THE ARIZONA CORPORATION COMMISSION**

9 **COMMISSIONERS**

10 KRISTIN K. MAYES, CHAIRMAN  
11 GARY PIERCE  
12 PAUL NEWMAN  
13 SANDRA D. KENNEDY  
14 BOB STUMP

15 **IN THE MATTER OF THE**  
16 **COMMISSION ON ITS OWN MOTION**  
17 **INVESTIGATION THE FAILURE OF**  
18 **TRUXTON CANYON WATER**  
19 **COMPANY TO COMPLY WITH**  
20 **COMMISSION RULES AND**  
21 **REGULATIONS.**

DOCKET NO. W-02168A-10-0247

**RESPONSE TO STAFF'S FIRST  
SET OF DATA REQUESTS**

22 Truxton Canyon Water Company ("Company"), hereby responds to Arizona  
23 Corporation Commission ("Commission") Staff's First Set of Data Requests, as follows:

24 **AII-1-1** For each of the fifteen counts cited in the Complaint and Petition for an  
25 Order to Show Cause ("OSC"), please provide a detailed explanation and/or documentary  
26 evidence showing that Truxton is now in compliance with each alleged violation.

27 **Objection.** This data request is overbroad, vague, and unduly burdensome.

28 **Response.** Without waiving the objection, Truxton responds as follows. Truxton is  
unable to give detailed explanations to address each count because the complaint

1 incorporates each and every allegation and attempting to presume which allegation  
2 relates to which alleged violation of rule is unreasonable burdensome and requires the  
3 company to speculate as to what the Commission staff intends. To be clear, Truxton is  
4 willing to address any specific factual allegation that staff believes constitutes an  
5 outstanding violation. In fact, on August 23, 2010, Truxton requested a list of specific  
6 tasks that Truxton must complete to become compliant as soon as possible. Staff refused  
7 this request. As its response to the complaint stated, Truxton believes it is in substantial  
8 compliance with Commission rules. In addition, Truxton is in substantial compliance  
9 with ADEQ and ADWR rules, which is more thoroughly addressed in the response to  
10 AII-1-2 set forth below.

14 **AII-1-2** For each of the fifteen counts cited in the OSC, please provide a detailed  
15 explanation of measures that Truxton has implemented to come in full compliance with  
16 the Arizona Corporation Commission (“Commission”), Arizona Department of  
17 Environmental Quality (“ADEQ”), and Arizona Department of Water Resources  
18 (“ADWR”) rules and/or orders.

21 **Objection.** This data request is overbroad, vague, and unduly burdensome.

22 **Response:** Without waiving the objection, Truxton responds as follows. To Truxton’s  
23 knowledge, it is in compliance with ADWR’s rules, and the company has requested a  
24 compliance report from ADWR to verify this belief.

26 In July, Truxton contacted ADEQ and requested an exact list of tasks that Truxton  
27 must complete to become compliant as soon as possible. On August 18, 2010, ADEQ  
28 staff identified the following tasks to achieve compliance: (1) conduct quarterly

1 monitoring for arsenic; (2) issue a public notice for the arsenic exceedance on a quarterly  
2 basis, and submit a copy to ADEQ; (3) collect 2 DBP samples every year between June 1  
3 and September 30 and submit copies to ADEQ no later than October 10 of that year; (4)  
4 issue a public notice for failure to submit the correct number of monitoring samples for  
5 disinfection-by-product since January 2008, and submit a copy to ADEQ; (5) correct the  
6 psi problem to have at least a psi of 20 at one business; (6) correct the psi problem to  
7 have at least a psi of 20 throughout the system; (7) address leaks, missing well numbers,  
8 missing emergency contact information, missing public water system numbers posted at  
9 the wells, and disrepair problems; and (8) submit to ADEQ a written monitoring plan for  
10 collection of DBPs.  
11  
12  
13

14 In response to ADEQ's direction, Truxton has completed the following tasks:

15 (1) As requested by ADEQ, Truxton is quarterly testing point-of-entry no. 1 for arsenic  
16 Quarterly testing began on June 30, 2010 and tested again on September 23, 2010.  
17

18 (2) Truxton provided public notice for the arsenic exceedance and submitted the notice to  
19 ADEQ, receipt of which was acknowledged on August 24, 2010. *See* Attachment 1.  
20

21 (3) Truxton collected 2 DBP samples on September 23, 2010. The Company is awaiting  
22 the test results from Mohave Environmental Laboratories, and anticipates submitting the  
23 results to ADEQ on or before October 10, 2010.  
24

25 (4) Truxton provided public notice regarding the missed additional DBP monitoring and  
26 submitted the notice to ADEQ, receipt of which was acknowledged on August 24, 2010.  
27

28 *See id.*

1 (5) Truxton's system pressure at the meter exceeds 20 psi, however, the customer built  
2 the business on a steep hill, which is why the pressure at the business is lower than 20 psi.  
3  
4 Nevertheless, Truxton has purchased a \$25,000 pressure pump to resolve the problem,  
5 but another \$10,000 to \$12,000 is needed to install the pump and complete the project.

6 (6) The pressure problem on East Western Street, which concerned one house, was  
7 resolved.  
8

9 (7) All of the reported leaks have been repaired; and the missing well numbers, system  
10 numbers, and emergency contact information have been replaced.  
11

12 (8) A written monitoring plan is being drafted and will be submitted to ADEQ soon.

13 Based upon communications with ADEQ staff, these are the only actions Truxton  
14 needs to address at this time, but Truxton is preparing to have a follow-up discussion with  
15 ADEQ staff next week and the company anticipates that we will arrive at a plan to  
16 address the arsenic compliance matter.  
17

18 Regarding the other allegations raised by staff, Truxton points out that the  
19 standpipes are no longer in operation. Truxton's backflow prevention tariff is set forth in  
20 Attachment 2. Going forward, Truxton will revise the utility Annual Report to accurately  
21 reflect that it purchases water from the Trust. Truxton has consulted with Tom Bourassa  
22 to conform its accounting system according to NARUC and GAAP principles. Finally,  
23 the fire hydrants were installed. The Bacus matter is under review and the company is  
24 willing to resolve the manner in a reasonable fashion.  
25  
26  
27  
28

1 **AII-1-3** If Truxton has determined that it is infeasible to comply with any of the  
2 counts in this OSC, please provide a detailed explanation in support of the Company's  
3 conclusion.  
4

5 **Objection.** This data request is overbroad, vague, and unduly burdensome. The data  
6 requests seeks to have Truxton admit that the allegations are correct, which the company  
7 denies.

8 **Response:** Without waiving the objection, Truxton responds as follows. Truxton  
9 asserts that it is in substantial compliance with applicable rules. The Company admits  
10 that it is feasible to comply with ADEQ's monitoring and reporting rules, file a backflow  
11 prevention plan, fix leaks, track water withdraws and deliveries, use accounting systems  
12 requested by Staff, keep Truxton finances separate from those of the Trust, respond to  
13 inquiries and complaints promptly, and build the plant requested by customers or return  
14 any unspent money advanced for construction of plant.  
15  
16

17 **AII-1-4** Is Valle Vista Property Owners Association, Inc. ("Valle Vista") located  
18 within Truxton's Certificate of Convenience and Necessity ("CC&N")?  
19

20 **Response:** Yes.

21 **AII-1-5** Does Truxton provide water service to Valle Vista?  
22

23 **Response:** Yes.

24 **AII-1-6** Please identify the entity currently providing water service to Valle Vista.  
25

26 **Response:** Truxton Canyon Water Company provides water to Valle Vista, except the  
27 Valle Vista golf course irrigation water is provided by the Claude K. Neal Family Trust.  
28

1 **AII-1-7** Does the Claude K. Neal Family Trust ("Trust") have any business  
2 relationship with Truxton relating to Truxton's provision of water service? In narrative  
3 form, please describe all business relationships between Truxton and the Trust. Please  
4 also explain:  
5

- 6 (a) Is the Trust providing water service to any customer within Truxton's  
7 CC&N?  
8
- 9 (b) Is the Trust certificated by any state or federal regulatory agency to provide  
10 water service within Truxton's CC&N or at any other location in Arizona.  
11
- 12 (c) Please provide copies of all documents authorizing the Trust to provide  
13 water service or perform the duties of a Public Service Corporation  
14 ("PSC") in Arizona.  
15

16 **Response:** The Trust has a management agreement with Truxton and the Trust sells  
17 water to Truxton. Besides its water sales to Truxton, the Trust provides irrigation water  
18 to the Valle Vista golf course only. As the Commission is well aware, the Trust has been  
19 providing irrigation water to the golf course for approximately 40 years. The Trust is not  
20 a public service corporation and does not have a CC&N.  
21

22 **AII-1-8** Does the Trust provide water service to any entity within Truxton's  
23 certificated area?  
24

25 **Response:** See Response to AII-1-7.

26 **AII-1-9** Please provide a list of entities located within Truxton's CC&N that the  
27 Trust has provided with water service over the past five years.  
28

**Response:** The Valle Vista Property Owner's Association golf course.

1 **AII-1-10** Provide a worksheet listing Truxton's original cost and accumulated  
2 depreciation for each plant account class as of June 30, 2010.  
3

4 **Response:** See Attachment 3. The only change made to Utility Plant in Service was  
5 Account no. 335 Hydrants. There was \$4,660.90 added in 2010, with \$46.60 charged to  
6 depreciation.  
7

8 **AII-1-11** Please confirm that over the last twelve months Truxton has maintained an  
9 accounting system that is consistent and with the requirements of the National  
10 Association of Regulatory Utility Commissioners ("NARUC") Uniform System of  
11 Accounts ("USoA") and Generally Accepted Accounting Principles ("GAAP").  
12

13 **Response:** Truxton has not maintained an accounting system that is consistent with the  
14 requirements of the NARUC or GAPP. Truxton is in the process of changing its  
15 accounting system to follow NARUC and GAAP.  
16

17 **AII-1-12** Please confirm that over the last twelve months the Company has  
18 maintained its accounting system independent of its parents' and affiliates' records.  
19

20 **Response:** Over the past twelve months Truxton has maintained its accounting system  
21 independent of its parents' and affiliates' records.

22 **AII-1-13** In relation to Truxton's water supply, please answer the following:

23 (a) Does Truxton own any well utilized for provision of water service within  
24 its CC&N?  
25

26 (b) Does Truxton meet all of its water supply requirements using the wells that  
27 it owns?  
28

1 (c) If not, how many wells in addition to the ones owned by Truxton are used  
2 to meet all of Truxton's water supply requirements?  
3

4 (d) Please describe the ownership of any additional wells that are used to meet  
5 Truxton's water supply requirements that are not owned by Truxton.  
6

7 **Response:** Truxton owns a well utilized for provision of water service within its  
8 CC&N. Truxton does not meet all of its water supply requirements using this well.

9 Additionally, six wells owned by the Trust are used to meet Truxton's water demand.

10 **AII-1-14** Please explain why it is not appropriate or feasible for Truxton to own and  
11 manage its own sources of water supply?  
12

13 **Response:** It is appropriate for Truxton to own and manage water production facilities.  
14 It is also feasible provided Truxton can finance the purchase of such facilities.  
15

16 **AII-1-15** In relation to Truxton's distribution and transmission system, please answer  
17 the following:

18 (a) Does Truxton own all of its distribution and transmission mains?

19 (b) If Truxton receives additional water supplied by another entity, who owns  
20 the transmission main that delivers the water to Truxton?  
21

22 (c) Where do Truxton's mains end and the other entity's mains begin?  
23

24 **Response:** Truxton owns all of its distribution mains while the Trust owns the  
25 transmission mains, which deliver water to Truxton to meet its water supply  
26 requirements.

27 **AII-1-16** Please explain if Truxton has a designation of assured water supply or any  
28 other appropriate comparable certificate from ADWR.

1 **Response:** No.

2 **AII-1-17** Please provide a copy of the Management Agreement executed between  
3 Truxton and the Trust.  
4

5 **Response:** The Management Agreement between Truxton and the Trust has been  
6 provided multiple times in the last 12 months. Nonetheless, we have attached another  
7 copy. *See Attachment 4.*  
8

9 **AII-1-18** Please explain the business organization of Truxton. If incorporated, please  
10 provide the corporate by-laws and identify all officers of the corporation.  
11

12 **Response:** Truxton is a C Corporation and Marc Neal is the President and sole  
13 director. A copy of Commission records confirming Marc Neal's offices is set forth in  
14 Attachment 5. The by-laws will be provided at a later date.  
15

16 **AII-1-19** Please explain the relationship between Rick Neal and Truxton. Please  
17 explain the relationship between Rick Neal and the Trust.

18 **Response:** Rick Neal is assisting with the management of Truxton. Rick Neal is  
19 unrelated to the Trust.  
20

21 **AII-1-20** How many personnel are employed by Truxton?

22 **Response:** None.

23 **AII-1-21** In relation to Truxton's customer service, please answer the following:  
24

- 25 (a) Who at Truxton is responsible for handling customer service complaints?  
26 (b) Does Truxton have established procedures for resolving customer service  
27 disputes?  
28 (c) Does Truxton maintain a record of customer service complaints?

1 (d) Does Truxton utilize a receptionist to receive customer complaints or does  
2 Truxton utilize an automated service?  
3

4 **Response:** Truxton's management is responsible for handling customer service  
5 complaints, and the company maintains a record of customer service complaints.  
6 Truxton utilizes a receptionist to receive customer complaints.  
7

8 **AII-1-22** Who prepares Truxton's corporate annual reports? Who is responsible for  
9 preparing Truxton's utilities annual reports.

10 **Response:** Dennis, Schmich & Co., Ltd. prepares the corporate and utilities annual  
11 reports, but Truxton is responsible for the information contained therein.  
12

13 **AII-1-23** Who is responsible for treatment of water produced by Truxton's wells?  
14 For water supplied subject to a water supply agreement, who is responsible for treating  
15 the water?  
16

17 **Response:** Truxton is responsible for treatment of all water supplied to its customers.

18 **AII-1-24** In relation to Truxton's water supply, please answer the following:

19 (a) Please identify the specific sources for the nonpotable water that Truxton  
20 provides in terms of well number and gallons produced.  
21

22 (b) Please identify the specific sources for the potable water that Truxton  
23 provides in terms of well number and gallons produced.  
24

25 (c) For any water sources that are not owned by Truxton please identify the  
26 specific water source and the number of gallons purchased by Truxton.

27 **Response:** All water provided by Truxton is potable. Truxton owns wells 55-624983  
28 and 55-624989, but these wells do not produce any water to the system. Wells owned by

1 the Trust, not Truxton, are well nos. 55-624985, 55-624986, 55-624999, 55-624984, 55-  
2 624988, and 55-624994. All water necessary to meet Truxton's water supply  
3 requirements is supplied by the Trust wells. The amount of water purchased in the last  
4 30 days is 7,159,276 gallons.

6 **DH 1.25** Is there a "purchase water agreement" or "service agreement" between  
7 Truxton and the Neal Family Trust? Could you please provide Staff with a copy of the  
8 agreement?  
9

10 **Response:** Yes. See Attachment 6.

11 **DH 1.26** Please provide Staff with a copy of the latest inspection report from ADEQ.  
12 Does the report reflect the corrections the Company has made?  
13

14 **Response:** Please see attached a copy of the latest ADEQ inspection report dated April  
15 12, 2010. This inspection took place prior to corrections implemented by Truxton  
16 therefore the changes are not reflected in this report.  
17

18 **DH 1-27** Please provide a list of the DWR Well Numbers for all wells that are  
19 interconnected to the Truxton system.  
20

21 **Response:** 55-624985, 55-624986, 55-624999, 55-624984, 55-624988, 55-624994, 55-  
22 624983, and 55-624989.

23 **DH 1-28** Please provide a list of the System's storage tanks (in gallons), pressure  
24 tanks (in gallons), booster pumps (in HP), well pumps (in HP and gallons per minute),  
25 and wells (casting size in inches, well depth in feet).  
26

27 **Response:** See Attachment 7.  
28

1 **DH 1-29** Please provide information on who owns the storage tanks, booster pump  
2 stations, pressure tanks, and transmission mains that service the Truxton system.

3  
4 **Response:** *See id.*

5 **DH 1-30** How old are the transmission mains and wells that service Truxton?

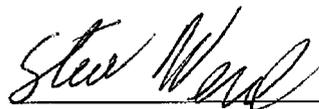
6 **Response:** The transmission mains and wells that service Truxton are approximately 66  
7 years old.

8  
9 **DH 1-31** Please provide water usage data for the last 12 months within the Truxton  
10 CC&N area. Any water that is supplied by the Neal Family Trust shall be listed under  
11 “purchased water.” Please use the attached form.

12  
13 **Response:** *See Attachment 8.*

14 **RESPECTFULLY SUBMITTED** this 30<sup>th</sup> day of September, 2010.

15 **Moyes Sellers & Sims Ltd.**

16  
17 

18 Steve Wene

19 Attorneys for Truxton Canyon Water Company

20  
21 Electronic copies of the foregoing  
22 Sent this 30<sup>th</sup> day of September to:

23 Alexander Igwe  
24 Utilities Division  
25 Arizona Corporation Commission  
26 1200 West Washington Street  
27 Phoenix, Arizona 85007  
28 [aigwe@azcc.gov](mailto:aigwe@azcc.gov)

Dorothy Hains  
Utilities Division  
Arizona Corporation Commission

1 1200 West Washington Street  
2 Phoenix, Arizona 85007  
3 dhains@azcc.gov

4 Kimberly A. Ruht  
5 Legal Division  
6 Arizona Corporation Commission  
7 1200 West Washington Street  
8 Phoenix, Arizona 85007  
9 kruht@azcc.gov

10 *Donnelly Herbert*

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# ATTACHMENT 1

**Steve Wene**

---

**From:** Vivian J. Burns [Burns.Vivian@azdeq.gov]  
**Sent:** Tuesday, August 24, 2010 2:44 PM  
**To:** mikeneal260@msn.com  
**Cc:** Steve Wene  
**Subject:** Public Notices

Mike,

ADEQ received the Public Notices you submitted for the arsenic exceedance and the DBP missed monitoring. Thank you for following up with the Public Notices.

I spoke with Donna Calderon to clarify the reason Truxton is scheduled to collect 2 DBPs; the reason is because you have two treatment systems.

Thanks again,  
Vivian

*Vivian Burns, Water Quality Enforcement Case Manager  
Arizona Department of Environmental Quality (ADEQ)  
1110 W. Washington St., Mail Code 5415B-1  
Phoenix, AZ 85007  
(602) 771-4608  
burns.vivian@azdeq.gov*

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9/29/2010

# ATTACHMENT 2

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Applies to all WATER service areas

**PART TWO**

**STATEMENT OF TERMS AND CONDITIONS  
WATER SERVICE**

**I. CROSS-CONNECTION CONTROL**

**A. Purpose.**

To protect the public water supply in the Company's water supply in the Company's water system from the possibility of contamination caused by backflow through unprotected cross-connections by requiring the installation and periodic testing of backflow-prevention assemblies pursuant to the provisions of the Arizona Administrative Code, Title 14, Chapter 2, Section 405.B.6 as adopted by the Arizona Corporation Commission, and Title 18, Chapter 4, Section 115, as adopted by the Arizona Department of Environmental Quality, as those regulations may be revised from time to time.

**B. Inspections.**

The customers shall cooperate fully with the Company in its efforts to investigate and determine the degree of potential health hazard to the public water supply which may result from conditions existing on the customer's premises.

**C. Requirements.**

In compliance with the Rules and Regulations of the Arizona Corporation Commission and the Arizona Department of Environmental Quality, specifically A.A.C. R14-2-405.B.6 and A.A.C. R18-4-115 relating to backflow prevention:

---

Issued June 15, 2001

Effective July 1, 2001

**ISSUED BY:**

B. Marc Neal, President  
Truxton Canyon Water Co., Inc.  
2409 Ricca Drive  
Kingman, Arizona 86401

**APPROVED FOR FILING**

**DECISION #: 63713**

Applies to all WATER service areas

1. The Company may require a customer to pay for and have installed, maintain, test and repair a backflow-prevention assembly if A.A.C. R18-4-115.B or C applies.

PART TWO

STATEMENT OF TERMS AND CONDITIONS  
WATER SERVICE

2. A backflow-prevention assembly required to be installed by the customer under this tariff shall comply with the requirements set forth in A.A.C. R18-4-115.D and E.

3. The Company shall give any customer who is required to install and/or test a backflow-prevention assembly written notice of said requirement. If A.A.C. R14-2-410.B.1.a. is not applicable, the customer shall be given thirty (30) days in which to comply with this notice. If the customer can show good cause as to why he cannot install the device within thirty (30) days, the Company or the Arizona Corporation Commission Staff may grant additional time for this requirement.

4. Testing shall be in conformance with the requirements of A.A.C. R18-4-115.F. The Company shall not require an unreasonable number of tests.

5. The customer shall provide the Company with records of installation and testing. For each backflow-prevention assembly, these records shall include:

- a. assembly identification number and description;
- b. location;
- c. date(s) of test(s);
- d. description of repairs made by tester; and
- e. tester's name and certificate number.

D. Discontinuance of Service.

Issued June 15, 2001

Effective July 1, 2001

ISSUED BY:

B. Marc Neal, President  
Truxton Canyon Water Co., Inc.  
2409 Ricca Drive  
Kingman, Arizona 86401

APPROVED FOR FILING
DECISION #: <u>63713</u>

**ORIGINAL**

Applies to all WATER service areas

In accordance with A.A.C. R14-2-407 and 410 and provisions of this tariff, the Company may terminate service or deny service to a customer who fails to install and/or test a backflow-prevention assembly as required by this tariff.

**PART TWO**

**STATEMENT OF TERMS AND CONDITIONS  
WATER SERVICE**

1. In the event the backflow-prevention assembly has not been installed or fails any test and A.A.C. R14-2-410.B.1.a. is applicable, the Company may terminate service immediately and without notice. The backflow-prevention assembly shall be installed and repaired by the customer and retested before service is restored.

2. In the event the backflow-prevention assembly has not been installed or fails any test and A.A.C. R14-2-410.B.1.a. is applicable, the backflow-prevention assembly shall be installed and/or repaired by the customer and tested within fourteen (14) days of written notice by the Company. Failure to install or to remedy the deficiency or disfunction of the assembly, or failure to retest shall be grounds for termination of water utility service in accordance with A.A.C. R14-2-410.

**II. SERVICE LIMITATIONS**

The Company will supply only such water at such pressures as may be available from time to time as a result of the normal operation of its water system. The Company will maintain a minimum water pressure of 20 p.s.i. and will not guarantee a specific gallons per minute flow rate at any public fire hydrants nor fire sprinkler service. In the event service is interrupted or irregular or defective

Issued June 15, 2001

Effective July 1, 2001

ISSUED BY:

B. Marc Neal, President  
Truxton Canyon Water Co., Inc.  
2409 Ricca Drive  
Kingman, Arizona 86401

APPROVED FOR FILING  
DECISION #: 63713

**ORIGINAL**

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Applies to all WATER service areas

or fails from causes beyond the Company's control or through ordinary negligence of its employees or agents, the Company will not be liable for any injuries or damages arising therefrom.

**PART TWO**

**STATEMENT OF TERMS AND CONDITIONS**  
**WATER SERVICE**

**III. RULES AND REGULATIONS**

The Company has adopted the Rules and Regulations established by the Commission as the basis for its operating procedures. A.A.C. R14-2-401 through A.A.C. R14-2-411 will be controlling of Company procedures, unless specific Commission Order(s) provide otherwise.

---

Issued June 15, 2001

Effective July 1, 2001

ISSUED BY:

B. Marc Neal, President  
Truxton Canyon Water Co., Inc.  
2409 Ricca Drive  
Kingman, Arizona 86401

APPROVED FOR FILING

DECISION #: 63713

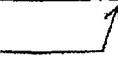
# ATTACHMENT 3

2009

COMPANY NAME TRUXTON CANYON WATER COMPANY, INC.

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	20		20
304	Structures and Improvements	159	159	0
307	Wells and Springs	19,791	19,791	0
311	Pumping Equipment	11,462	11,462	0
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains	865,257	129,572	735,685
333	Services	64,236	41,554	22,682
334	Meters and Meter Installations	206,069	104,942	101,127
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	406	406	0
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	1,167,400	307,886	859,514

This amount goes on the Balance Sheet Acct. No. 108 

COMPANY NAME TRUXTON CANYON WATER COMPANY, INC.

2009

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	20	n/a	0
304	Structures and Improvements	159	3.330	
307	Wells and Springs	19791	3.330	
311	Pumping Equipment	11462	12.500%	0
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains	865,257	2.000%	17,306
333	Services	64,236	3.330%	2,139
334	Meters and Meter Installations	206,069	8.330%	17,166
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	406	6.670%	0
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	1,167,400		36,611

This amount goes on the Comparative Statement of Income and Expense \_\_\_\_\_  
 Acct. No. 403.

# ATTACHMENT 4

**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.
- of some part of plant*  
F. Arrange for installation of water meters for new service connections within the Owner's service area.
- Pay toward 15%*  
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.
- W* **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.

- in* **M.** Information for annual reports as required by the Arizona Corporation Commission.
- step* **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 necessitated<sup>ch</sup> 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.

*Accounting 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 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

# ATTACHMENT 5

09/21/2010

Arizona Corporation Commission  
State of Arizona Public Access System

11:48 AM

Jump To...

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<b>Corporate Inquiry</b>	
File Number: 0060940-0	<a href="#">Check Corporate Status</a>
Corp. Name: TRUXTON CANYON WATER COMPANY, INC.	

<b>Domestic Address</b>	
7313 E CONCHO DR STE B KINGMAN, AZ 86401	

<b>Second Corp. Address</b>	

<b>Statutory Agent Information</b>	
Agent Name: MIKE NEAL	
Agent Mailing/Physical Address: 7313 E CONCHO DR STE B KINGMAN, AZ 86401	
Agent Status: APPOINTED 01/13/2010	
Agent Last Updated: 01/28/2010	

<b>Additional Corporate Information</b>	
Corporation Type: PROFIT	Business Type: UTILITIES
Incorporation Date: 08/22/1962	Corporate Life Period: PERPETUAL
Domicile: ARIZONA	County: MOHAVE
Approval Date: 08/31/1962	Original Publish Date: 10/29/1962

<b>Officer Information</b>	
B MARC NEAL PRESIDENT 8163 E HWY 66 KINGMAN, AZ 86401 Date of Taking Office: 01/01/1990 Last Updated: 01/23/2010	

<b>Director Information</b>	
B MARC NEAL DIRECTOR 8163 E HWY 66 KINGMAN, AZ 86401 Date of Taking Office: 01/01/1990 Last Updated: 01/23/2010	

# ATTACHMENT 6

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 Mohave County, Arizona, 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 6 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 Kingman, 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.

12. 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.

13. 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.

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

15. 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.

16. 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  
President  
2409 Ricca Drive  
Kingman, Arizona 86401

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

CLAUDE B. NEAL FAMILY TRUST  
Co-Trustee  
2409 Ricca Drive  
Kingman, Arizona 86401

18. 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 B Marc Neal  
Its Co-Trustee

By B Marc Neal  
Its President

By Rita B. Neal  
Its Co-Trustee

ADDENDUM

THIS ADDENDUM, dated this 8<sup>th</sup> 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

# ATTACHMENT 7

**ACC Data Request  
Truxton Canyon Water Company  
Docket No. W-02247A-10-0247**

**DH 1.28 List of System's storage tanks, pressure tanks, booster pumps, well pumps and wells.**

**DH 1.29 Information on who own's tanks, pumps, wells, etc.**

**Trust Owned**

Storage tanks: (1) 500,000 Gallon & (2) 40,000 Gallon

Booster Pumps: (1) 200 HP Booster

WELL ID #	HP	GPM	CASING SIZE	WELL DEPTH
55-624985	20 HP	24 GPM	16"	1072 Feet
55-624986	60 HP	36 GPM	16"	355 Feet
55-624999	300 HP	850 GPM	20"	1059 Feet
55-624984	20 HP	52 GPM	10"	685 Feet
55-624988	50 HP	250 GPM	16"	593 Feet
55-624994	0 HP	100 GPM	20"	150 Feet
55-624983	20 HP	10 GPM	8"	150 Feet

**Truxton Owned**

Storage tanks: (1) 22,000 Gallon - Not in use

WELL ID #	HP	GPM	CASING SIZE	WELL DEPTH
*55-624983	3 HP	25 GPM	12"	300 Feet
*55-624989	CAPPED	N/A	16"	260 Feet

\* Well is not in use at this time.

# ATTACHMENT 8

# WATER USE DATA SHEET

NAME OF COMPANY <span style="float: right;">→</span>	Truxton Canyon Water Company
ADEQ Public Water System No. <span style="float: right;">→</span>	08-035

MONTH/YEAR (Last 13 Months)	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED	GALLONS PURCHASED
July 2009	926	7,185	∅	7,185,814
Aug. 2009	966	6,586	∅	6,586,928
Sept. 2009	964	6,439	∅	6,439,565
Oct. 2009	972	5,568	∅	5,568,401
Nov. 2009	1011	4,493	∅	4,493,026
Dec. 2009	1049	4,920	∅	4,920,785
Jan. 2010	1057	4,056	∅	4,056,669
Feb. 2010	1065	4,052	∅	4,052,454
Mar. 2010	1066	3,856	∅	3,856,329
Apr. 2010	1066	4,495	∅	4,495,611
May 2010	1068	4,911	∅	4,911,425
June 2010	1068	4,681	∅	4,681,195
July 2010	1068	7,159	∅	7,159,276

STORAGE TANK CAPACITY (Gallons)	NUMBER OF EACH	ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER	WELL PRODUCTION (Gallons per Minute)
22,000	1	55-624983	25
		55-624989	Capped

Other Water Sources in Gallons per Minute <span style="float: right;">→</span>	GPM 5700
Fire Hydrants on System <span style="float: right;">→</span>	Yes <input checked="" type="checkbox"/> No
Total Water Pumped Last 13 Months (Gallons in Thousands) <span style="float: right;">→</span>	∅

# **Attachment 10**

1 Steve Wene, State Bar No. 019630  
2 MOYES SELLERS & SIMS LTD.  
3 1850 N. Central Ave., Suite 1100  
4 Phoenix, Arizona 85004  
5 Telephone: 602-604-2141  
6 [swene@lawms.com](mailto:swene@lawms.com)  
7 Attorneys for Truxton Canyon Water Company

8  
9 **BEFORE THE ARIZONA CORPORATION COMMISSION**

10 IN THE MATTER OF THE  
11 COMMISSION ON ITS OWN MOTION  
12 INVESTIGATING THE FAILURE OF  
13 TRUXTON CANYON WATER  
14 COMPANY TO COMPLY WITH  
15 COMMISSION RULES AND  
16 REGULATIONS.

DOCKET NO. W-02168A-10-0247

**RESPONSE TO STAFF'S SECOND  
SET OF DATA REQUESTS**

17 Truxton Canyon Water Company ("Company") hereby responds to Staff's Second  
18 Set of Data Requests, as follows:

19 **DH 2.1** Please indicate when and why this well was taken out of service.

20 **Response:** The well was taken out of service approximately 12 years ago. The pump  
21 failed and it only produced 15 gallons per minute, so it was decided the cost to repair was  
22 not cost effective.

23 **DH 2.2** Based on the submitted water usage data from July 2009 to July 2010, this  
24 well has not been in service more than a year, does the Company intend to bring it in for  
25 service at all?

**Response:** No.

1 **DH 2.3** Please explain why this tank is not in use.

2 **Response:** The pressure tank is not necessary at this time. Gravity provides adequate  
3 pressure within Valle Vista subdivision, which saves the Company electric pumping cost.  
4

5 **DH 2.4** Please state which well or wells that are listed as the Trust owned (DWR  
6 #55-624985; 55-624986; 55-624999; 55-624984; 55-624988; 55-624994 and 55-624983),  
7 provide water to the Company and to the Golf Course for irrigating water.

8 **Response:** Truxton owns wells 55-624983 and 55-624989, but these wells do not  
9 produce any water to the system. Wells owned by the Trust, not Truxton, are well nos.  
10 55-624985, 55-624986, 55-624999, 55-624984, 55-624988, and 55-624994. All of the  
11 wells supply the golf course.  
12

13 **DH 2.5** If your answer for DH2.4 is none, please provide DWR well # for this  
14 irrigation well.

15 **Response:** Not Applicable.

16 **DH 2.6** If your answer for DH 2.4 is an affirmative answer, please clarify if the  
17 water sold to the Golf Course was included in the water usage data (from July 2009 to  
18 July 2010). If the water sold to the Golf Course was included in the water usage data,  
19 please revise the data to exclude the water sold to the Golf Course.  
20

21 **Response:** Water sold to the golf course was not included in the water usage data.

22 **DH 2.7** The Water Supply Agreement stated that the Company shall not purchase  
23 water from the Trust at rate higher than 288,000 gallons per day ("GPD"). At the present  
24 time, the Company did not exceed the purchasing limit. In the condition of maximum  
25

1 250 GPD/customer demand from July 2009 to July 2010 and growth of 11 additional  
2 customers per month during same period time, Staff estimates that the Company could  
3 exceed the limit in the next year. Will the Trust agree to allow the Company to purchase  
4 more water at that time?

5  
6 **Response:** The Company is not aware of any reason why the Trust would not sell  
7 water to the Company.

8 **DH 2.8** According to ADEQ Water Quality Compliance Status Report (dated  
9 October 1, 2010, attached), arsenic exceeds MCL at Entry Points to the Distribution  
10 System ("EPDS") 001. Please identify which wells serve EPDS 001.

11  
12 **Response:** Well nos. 55-624985, 55-624986, 55-624984, 55-624988, and 55-624994  
13 serve EPDS 001.

14 **DH 2.9** Please inform how the Company plans to correct the arsenic violation.

15 **Response:** The Company is developing a blending plan for submittal to ADEQ.

16 **DH 2.10** Please inform how the Company plans to address the disinfection-by-  
17 product ("DBP") violations.

18  
19 **Response:** The Company already issued the public notice for the DBP testing  
20 violation. On September 23, 2010, the Company took water samples for testing DBPs.  
21 Mohave Environmental Laboratories (MEL) requested the Company to take additional  
22 samples due to the fact that the earlier samples had PH level of 7. Once the second test  
23 results are received from MEL, these results will be provided to ADEQ.  
24  
25

1 DATED this 12<sup>th</sup> day of October, 2010.

2 **MOYES SELLERS & SIMS LTD.**

3  
4 

5 Steve Wene  
6 Attorneys for Truxton Canyon Water Company

7  
8 Original of the foregoing emailed and  
mailed this 12<sup>th</sup> day of October, 2010 to:

9 Kimberly A. Ruht  
10 Legal Division  
11 Arizona Corporation Commission  
12 1200 West Washington Street  
13 Phoenix, Arizona 85007  
14 [kruht@azcc.gov](mailto:kruht@azcc.gov)

# **Attachment 11**

1 Steve Wene, State Bar No. 019630  
2 MOYES SELLERS & SIMS LTD.  
3 1850 N. Central Ave., Suite 1100  
4 Phoenix, Arizona 85004  
5 Telephone: 602-604-2141  
6 swene@lawms.com  
7 Attorneys for Truxton Canyon Water Company

8  
9 **BEFORE THE ARIZONA CORPORATION COMMISSION**

10 IN THE MATTER OF THE  
11 COMMISSION ON ITS OWN MOTION  
12 INVESTIGATING THE FAILURE OF  
13 TRUXTON CANYON WATER  
14 COMPANY TO COMPLY WITH  
15 COMMISSION RULES AND  
16 REGULATIONS.

DOCKET NO. W-02168A-10-0247

**RESPONSE TO STAFF'S THIRD SET  
OF DATA REQUESTS**

17 Truxton Canyon Water Company ("Company") hereby responds to Staff's Third  
18 Set of Data Requests, as follows:

19 **AII 3.1** Truxton stated in its response to Staff Data Request AII-1-2, that it has  
20 engaged the services of Thomas Bourassa to bring its accounting system in compliance  
21 with NARUC USoA and GAAP.

22 a.) Please identify specific actions or plan of actions Mr. Bourassa has  
23 implemented to bring Truxton's accounting system in compliance with NARUC USoA  
24 and GAAP.

25 b.) Please identify specific periods of Truxton's accounting records that Mr.  
Bourassa has brought in compliance with NARUC USoA and GAAP.

1 c.) Please provide a work plan showing specific actions and date of  
2 implementation to bring the Company's accounting system in full compliance with  
3 NARUC USoA and GAAP.

4 d.) When does the Company anticipate that its accounting system will fully be in  
5 compliance with NARUC USoA and GAAP?  
6

7 **Response:** Mr. Bourassa has consulted with Chris Hopper and explained how the  
8 Company can achieve compliance. Mr. Bourassa helped the Company obtain Uniform  
9 System of Accounts for Class C Water Utilities (1996) and NARUC compliant software.  
10 The Company is installing a new accounting program, which is also NARUC compliant,  
11 that will be operational on November 1, 2010. The Company has not yet attempted to  
12 convert its previous financial records to NARUC and GAAP, however, it does anticipate  
13 that this may be necessary to some extent in preparation for the next rate case.  
14

15 **AII 3.2** Please provide a list of specific plan of actions with pertinent  
16 implementation dates that the Company has developed to resolve the Bacus matter.  
17

18 **Response:** The Company's attorney has contacted two Commission staff  
19 representatives and has contacted a Commission attorney as requested by staff regarding  
20 this issue. The Company plans on speaking with Mr. Bacus to resolve the issue, but it  
21 will follow standard Commission protocol and would like to discuss potential solutions  
22 with staff prior to speaking with Mr. Bacus.  
23  
24  
25

1 **AII 3.3** Please explain the Company's assertion that "As the Commission is well  
2 aware, the Trust has been providing irrigation water to the golf course for approximately  
3 40 years." Please provide documentary evidence in support of this assertion.

4  
5 **Response:** The Trust was providing water to the golf course prior to Truxton receiving  
6 a CC&N to serve the Valle Vista subdivision. This service has been public and open and  
7 at no time has the Company purported to serve the golf course.

8 **AII 3.4** Did the Trust obtain Commission approval to provide irrigation water to the  
9 Vista Property Owners Association, Inc.'s golf course?

10 **Response:** To the Company's knowledge, no.

11  
12 **AII 3.5** Please provide a copy of the water supply agreement between the Trust and  
13 the Vista Property Owners Association, Inc.'s golf course.

14 **Response:** The agreement between the Trust and the golf course is not kept in  
15 Company records. The Company is seeking to copy of the agreement from the Trust  
16 records and intends on providing it to the Commission as requested.

17  
18 **AII 3.6** If the Trust is not certificated as a public service corporation, under what  
19 authority does it provide water service within Truxton's CC&N?

20 **Response:** This data request seeks the Trust's legal position regarding water service,  
21 and neither the Company nor legal counsel is aware of that information.

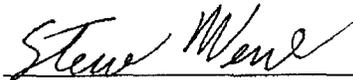
22 **AII 3.7** Please provide any documentary evidence, such a board resolution,  
23 authorizing Rick Neal to act as a representative of Truxton.  
24  
25

1 **Response:** This information was provided to the Commission on November 2, 2009.

2 *See Attachment 1.*

3 DATED this 12<sup>th</sup> day of October, 2010.

4  
5  
6 **MOYES SELLERS & SIMS LTD.**

7  
8 

9 Steve Wene

10 Attorneys for Truxton Canyon Water Company

11  
12 Original of the foregoing emailed and  
mailed this 12<sup>th</sup> day of October, 2010 to:

13 Kimberly A. Ruht  
14 Legal Division  
15 Arizona Corporation Commission  
16 1200 West Washington Street  
17 Phoenix, Arizona 85007  
18 [kruht@azcc.gov](mailto:kruht@azcc.gov)  
19  
20  
21  
22  
23  
24  
25

# **ATTACHMENT 1**

**Truxton Canyon Water Company, Inc.  
2409 Ricca Drive  
Kingman AZ 86401  
928 753-1121**

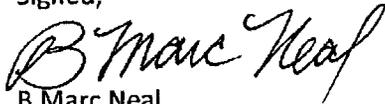
November 2, 2009

Arizona Corporation Commission  
1200 West Washington Street  
Phoenix AZ 85007

Attn: Mr. Al Amezcua

As president of Truxton Canyon Water Company, I hereby grant authority to Rick Neal and Chris Hopper to act on my behalf in regards to the above mentioned water company.

Signed,

A handwritten signature in cursive script that reads "B. Marc Neal". The signature is written in black ink and is positioned above the printed name.

B. Marc Neal

President - Truxton Canyon Water Company, Inc.