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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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COMMISSIONERS

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JAN 6 2011

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

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

DOCKET NO. W-02168A-10-0247

**STAFF'S RESPONSE TO DISCOVERY
REQUEST - RE: IDENTIFICATION OF
CURRENT OUTSTANDING
REGULATORY ISSUES**

During a telephonic procedural conference on December 23, 2010, Judge Kinsey instructed Truxton Canyon Water Company ("Company" or "Truxton") to provide Staff with a document listing the items the Company believed it had either come into compliance with or is still out of compliance with, and documentation to substantiate it. The Company provided Staff with a Discovery Request on December 30, 2010, which listed three items the Company believes are current violations of the rules and statutes that govern the Arizona Corporation Commission. The Company also provided a three page print out of its Account List. Staff has reviewed the Discovery Request, attached document, and information provided during the course of discovery, and has prepared a list of the rules and statutes Staff believes the Company *may* still be violating.

Staff would note that the Company's current compliance with any statute or rule does not eliminate the allegations in the Order to Show Cause ("OSC") that the Company has violated numerous statutes and rules. Staff appreciates the Company's efforts to mitigate its noncompliance; however Staff continues to assert that violations of these statutes and rules have occurred.

Potentially in current Compliance

- A.R.S. §§40-221, 40-221(C), and A.A.C. R14-2-411(D)(2). The Company has provided Staff with a print out of the Company's Account list.
- A.A.C. R14-2-411(A)(1). Since the filing of the OSC, Staff's Consumer Services has received two ratepayer complaints. To Staff's knowledge, they were resolved in a timely manner.

- 1 • A.A.C. R14-2-411(A)(2). Since the filing of the OSC, Staff's Consumer
2 Services has received two ratepayer complaints. To Staff's knowledge, they
3 were resolved in a timely manner.
- 4 • A.R.S. §40-204(A). Staff has only requested information pertaining to the
5 OSC since the filing of the OSC. To Staff's knowledge, the information
6 provided by the Company is accurate.
- 7 • A.R.S. §40-204(B). Since the filing of the OSC, Staff has only requested
8 information pertaining to the OSC.

7 **Potentially Not in Compliance or Staff has not been provided enough information to make a
8 determination.**

- 9 • A.R.S. §40-321. The Company has not supplied Staff with a signed Consent
10 Order from ADEQ, demonstrating it is in the processes of becoming
11 compliant with ADEQ.
- 12 • A.A.C. R14-2-407(A). Company admits its wells currently exceed the
13 maximum level of contamination set by the Environmental Protection
14 Agency.
- 15 • A.A.C. R14-2-407(C). The Company has not supplied Staff with a signed
16 Consent Order from ADEQ. Company admits its wells currently exceed the
17 maximum level of contamination set by the Environmental Protection
18 Agency.
- 19 • A.R.S. §40-301(B). Company admits it has not obtained Commission
20 approval for financing/long term debt. To date, Company has not applied for
21 approval.
- 22 • A.R.S. §40-302(A). Company admits it has not obtained Commission
23 approval for financing/long term debt. Company has to date not applied for
24 approval.
- 25 • A.A.C. R14-2-406(M). Company admits it is still in negotiations concerning
26 the Bacus Complaint. The Company has not filed for approval of any
27 previously entered main extension agreements with the Utilities Division. To
28 Staff's knowledge, the Company has not entered into any new main
... extension agreement since the filing of the OSC, because nothing has been
 filed with the Utilities Division for approval.
- 22 • A.R.S. §40-202(L). The Company has admitted to exceeding the arsenic
23 maximum level of contamination; the company has admitted that it has not
24 requested approval for financing; any other violation of a statute or rule.
- 25 • A.A.C. R14-2-406(G). Staff has not received any information since the filing
26 of the OSC concerning new main extension agreements that the Company
27 may or may not have entered into.
- 28 • A.A.C. R14-2-207(E). Staff has not received any documentation from the
 Company since the filing of the OSC to determine whether the Company is
 providing a minimum delivery pressure of 20 psi to all customer meter points
 or points of delivery.

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- A.A.C. R14-2-409(D)(1). Staff has not received any information or documentation from the Company since the filing of the OSC to determine whether the Company is or is not currently billing under its tariff in relation to main extension agreements.
- A.A.C R14-2-411(D)(1). Staff has not received any documentation or documentary evidence from the Company since the filing of the OSC to determine whether co-mingling between the Company and the Neil Family Trust has ceased.

RESPECTFULLY SUBMITTED this 6th day of January, 2011.


Kimberly A. Ruht
Charles Hains
Legal Division
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(602) 542-3402

Original and thirteen (13) copies of the foregoing filed this 6th day of January, 2011, with:

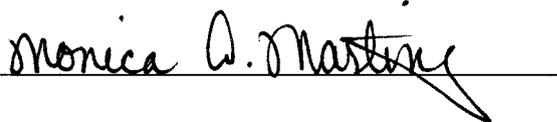
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ATTACHMENT A

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10 COMMISSION ON ITS OWN MOTION
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12 TRUXTON CANYON WATER
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DISCOVERY REQUEST RE IDENTIFICATION OF CURRENT OUTSTANDING REGULATORY ISSUES

14 Pursuant to instructions by Administrative Law Judge Kinsey, Truxton Canyon
15 Water Company ("Company"), by and through its attorney undersigned, submits this
16 discovery document identifying what the Company believes are the current violations of
17 Arizona Corporation Commission ("Commission") regulatory rules as follows:

- 19 • The source water pumped from one well which supplies water to the Company
20 exceeds the arsenic MCL (Complaint at ¶ 8).
- 21 • The main extension agreement dispute with Jim Bacus (Complaint at ¶ 27) has not
22 been resolved (the Company has agreed to refund the money to Mr. Bacus on
23 terms requested by Mr. Bacus, but the agreement has not been executed).

