

ORIGINAL



0000135048

1 Steve Wene, No. 019630
2 MOYES SELLERS & HENDRICKS
3 1850 N. Central Ave. Ste. 1100
4 Phoenix, Arizona 85004
5 (602) 604-2141
6 Attorneys for the Company

RECEIVED
AZ CORP COMMISSION
DOCKET CONTROL
2012 MAR 9 PM 1 09

7 **BEFORE THE ARIZONA CORPORATION COMMISSION**

8
9 **COMMISSIONERS**

10 GARY PIERCE, CHAIRMAN
11 PAUL NEWMAN
12 SANDRA D. KENNEDY
13 BOB STUMP
14 BRENDA BURNS

Arizona Corporation Commission

DOCKETED

MAR - 9 2012

DOCKETED BY 

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

Docket No. W-02168A-10-0247

**NOTICE OF FILING DOCUMENTS
REQUESTED BY COURT**

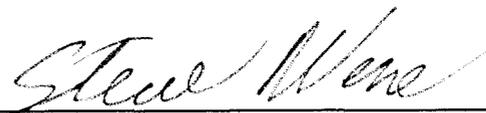
22 Pursuant to the court instructions, Truxton Canyon Water Company, Inc., hereby
23 files the following documents:

- 24 ● Amendment # 1 to Consent Order (Attachment 1);
- 25 ● Letter from accountant re long-term liability (Attachment 2);
- 26 ● Proof of payment to James Bacus (Attachment 3); and
- 27 ● James Bacus affidavit (Attachment 4).

1 The Company's attorney spoke with Mr. Bacus on March 8, 2012, at approximately 2:00
2 p.m. and explained that the Court requested an affidavit from him regarding payments
3 made by the Company. As discussed, the Company's attorney then drafted the affidavit,
4 compiled the Company's record of payment to Bacus, and sent both documents to Bacus
5 at 3:06 p.m. Mr. Bacus returned the modified affidavit at 11:30 a.m. on March 9, 2012.
6 Apparently, Mr. Bacus believes there is a \$250.00 discrepancy and was unable to have
7 the affidavit notarized. The Company's payment records should resolve this issue.

8 Dated this 9th day of March, 2012.

9
10 **MOYES SELLERS & HENDRICKS LTD.**

11 
12 _____
13 Steve Wene

14 Original and 13 copies of the foregoing
15 filed on this 9th day of March, 2012 with:

16 Docket Control
17 Arizona Corporation Commission
18 1200 W. Washington Street
19 Phoenix, Arizona 85007

20 Copy of the foregoing electronically
21 mailed this 9th day of March, 2012, to:

22 Kim Ruht
23 kruht@azcc.gov

24 Todd Wiley
25 twiley@fclaw.com

26 
27 _____
28

ATTACHMENT 1



BEFORE THE DIRECTOR OF THE ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

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In the Matter of:)
)
Truxton Canyon Water Company,) AMENDMENT #1 TO
Incorporated, located at 8163 E. Hwy 66,) CONSENT ORDER
Kingman, Mohave County, Arizona 86401)
)
Public Water System Number 08-035) Docket No. DW-02-11
)
)

To: Truxton Canyon Water Co., Inc. ("Truxton Canyon"), an Arizona corporation, in its capacity as owner and/or operator of Truxton Canyon Water Co., Inc., Public Water System #08-035 located at 8163 E. Hwy 66, Kingman, Mohave County, Arizona 86401.

FACTS

In a letter dated February 5, 2012, to the Arizona Department of Environmental Quality, Truxton Canyon made a request for an extension of time to comply with Consent Order #DW-02-11 for modifications to the water system and construction of an arsenic treatment system using best available technology. This request is based on Truxton Canyon vacating a blending plan and pursuing a more cost effective treatment system that will treat only the portion of the Truxton Canyon water high in arsenic.

The Director of the Arizona Department of Environmental Quality ("ADEQ") and Truxton Canyon agree to amend Consent Order DW-02-11 as follows:

Section III (I) of the Compliance Schedule is amended to:
No later than May 7, 2012, Truxton Canyon shall submit to ADEQ an administratively complete application for an Approval to Construct (ATC) for modifications or alternations that will affect the treatment capacity, water quality, flow, distribution or operational performance, and a treatment system using best available technology (BAT) to achieve compliance with the arsenic

Initials _____

1 maximum contaminate level. Truxton Canyon shall respond to any deficiencies noted by ADEQ
2 within the time prescribed by ADEQ.

3
4 Section III (J) of the Compliance Schedule is amended to:

5 By December 1, 2012, Truxton Canyon shall complete all approved modifications or alterations
6 and construction of the arsenic treatment system and submit an administratively complete
7 application for an Approval of Construction (AOC) pursuant to R18-5-507.

8
9 The Director hereby orders Truxton Canyon to comply with all other provisions of Consent
10 Order DW-02-11.

11
12 The effective date of the Compliance Schedule shall be the date Amendment #1 to Consent
13 Order DW-02-11 is signed by ADEQ and Truxton Canyon. If such dates occur on different
14 dates, the later date shall be the effective date of the Compliance Schedule.

15
16 **EXECUTED** this ___ day of _____, 2012.

17
18 _____
19 Michael A. Fulton, Director
20 Water Quality Division
21 Arizona Department of Environmental Quality
22
23
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1 The undersigned, on behalf of Truxton Canyon, hereby acknowledges that he has read the
2 foregoing Amendment #1 to Consent Order DW-02-11 in its entirety, agrees with the statements
3 made therein, consents to its entry and issuance by the Arizona Department of Environmental
4 Quality, agrees that Truxton Canyon will abide by the same and waive any right to appeal
5 therefrom.

6
7 DATED this 27 day of February, 2012.

8
9 TRUXTON CANYON WATER CO., INC.

10
11 By: B. Mark Neal
12 B. Mark Neal, President

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1 ORIGINAL of the foregoing Consent Order was sent certified mail, return receipt requested,
this ___ day of _____, 2012, to:

2
3 B. Mark Neal, President
4 Truxton Canyon Water Co., Inc.
8163 E. Hwy 66
Kingman, AZ 86401

5 COPY of the foregoing Consent Order was filed this ___ day of _____, 2012, with:

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

9 COPIES of the foregoing Consent Order were sent by regular/interdepartmental mail, this ___
day of _____, 2012, to the following:

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

Rick Neal
7219 W. Sahara Ave., Ste 120
Las Vegas, NV 89117

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

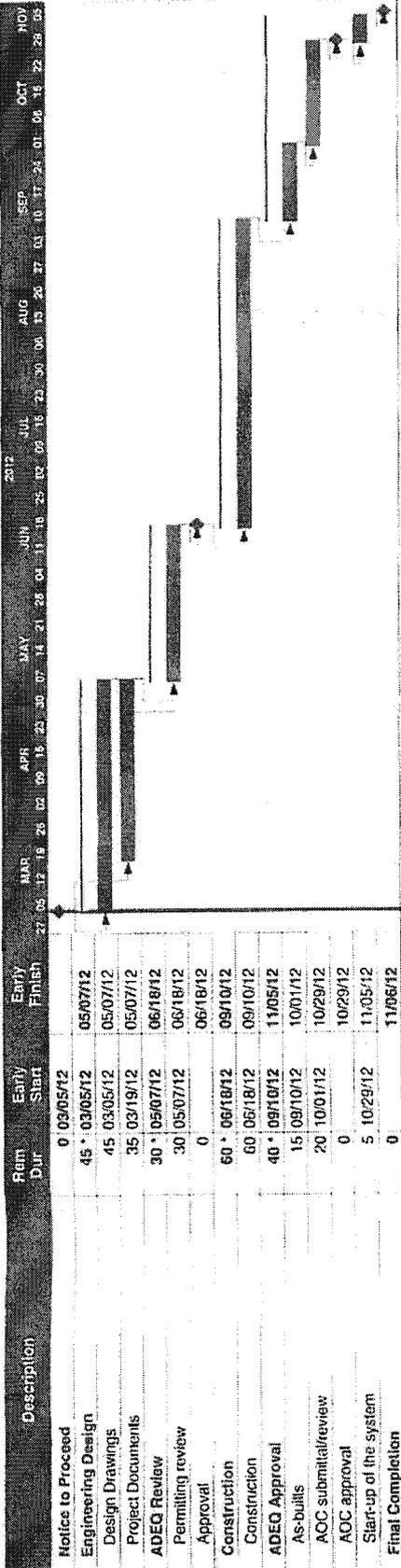
15 Mindi Cross, ADEQ Section Manager Water Quality Compliance Section
16 Vivian Burns, Case Manager Water Quality Enforcement Unit
17 Vivian Adams, ADEQ Drinking Water Section
Daniel Czecholinski, ADEQ Manager Field Services

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

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

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

25



Start date 03/05/12 4:00PM
 Finish date 11/06/12 4:59PM
 Data date 03/05/12 4:00PM
 Print date 01/31/12 11:00AM
 Page number 1A



Truxton Canyon Water Company
Arsenic Treatment System
5-day work week schedule

- Early bar
- Progress bar
- Critical bar
- Summary bar
- ▲ Progress point
- ▲ Critical point
- ◆ Summary point
- ◆ Start milestone point
- ◆ Finish milestone point

ATTACHMENT 2

Dennis, Schmich & Co., Ltd.

Telephone (602) 265-5900

Certified Public Accountants
Member of the AICPA Private Companies Practice Section

3839 North Third Street Suite 305
Phoenix, Arizona 85012

March 8, 2012

Steve Wene
Moyes Sellers & Hendricks
1850 N. Central Avenue, Suite 1100
Phoenix, Arizona 85004-4541

Re: Truxton Canyon Water Company

Dear Mr. Wene:

You have requested information regarding the \$455,825 long-term liability appearing on the Truxton Canyon Water Company's balance sheet submitted to the Arizona Corporation Commission. The date of the balance sheet was not specified in your request. Our record retention and destruction policy mandates we retain work papers for seven years, after which time we destroy those records. Accordingly, I have looked at the work papers for Truxton Water Company and found that in 2004, 2005, 2006, 2007 and 2008 we prepared compiled balance sheets and income statements for Truxton Canyon Water Company.

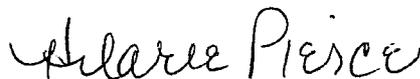
A compilation is limited to presenting information that is the representation of management. We did not audit or review the financial statements and therefore did not express an opinion or any other form of assurance on them. We also provided limited accounting services during this period.

According to the balance sheet included in the 2004 work papers there was a liability account titled "Payable, Claude K. Neal Family Trust" with an opening balance of \$417,587.77. According to information provided by management, the liability account shown as long-term debt was a reclassification of accounts payable which management did not expect to be paid within the following 12 months. From 2004 to 2008, this liability account increased to an ending balance of \$455,825 as the water purchase, management, and other fees payable to the Claude K. Neal Family Trust exceeded payments by Truxton Canyon Water Company. The last year we prepared compiled financial statements was 2008.

I hope this information is helpful to you. Please let me know if I can be of further assistance.

Very truly yours,

DENNIS, SCHMICH & CO., Ltd.



Hilarie Pierce

DISCLAIMER: As required by new IRS guidelines, the following disclaimer is provided. The advice we provide in this communication is not intended or written to be used, and cannot be used by you or any other person or entity for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code or any applicable state or local law. This advice is not intended or written to be used, and cannot be used by you for the purpose of promoting, marketing, or recommending any tax-related matters addressed within to another party. You are not prohibited from sharing this advice with third parties. However, the third parties should seek their own advice based on their particular facts and circumstances from an independent tax advisor.

ATTACHMENT 3

BACUS PAYMENTS	
DATE	PAYMENT
2/11/2011	\$1,000.00
3/16/2011	\$750.00
6/16/2011	\$1,000.00
7/11/2011	\$1,000.00
8/10/2011	\$1,000.00
9/8/2011	\$1,000.00
10/5/2011	\$1,000.00
11/11/2011	\$1,000.00
12/6/2011	\$1,000.00
1/9/2012	\$1,000.00
2/16/2012	\$1,000.00
3/6/2012	\$1,000.00
TOTAL PAID TO DATE	\$11,750.00

02/11 02/11 Book Transfer Debit A/C: James S Bacus Jr Rachel A Baculake Havasu City, AZ 1,000.00
864067973 Ref./Bnf/lim Bacus 3755 Sunnyridge Circle Lake Havasu City AZ 86406 USA Trn:
0453400042Es

03/16 03/16 Book Transfer Debit A/C: James S Bacus Jr Rachel A Baculake Havasu City, AZ 750.00
864067973 Ref:/Bnt/Jim Bacus 3755 Sunnyridge Circle Lake Havasu City AZ 86406 USA Tm:
060300007SES

TRUXTON CANYON WATER CO.
7372 E. CONCHO DRIVE, STE B
KINGMAN, AZ 86401
928-757-2205

MONDAY STATE BANK
KINGMAN, AZ
91-641121

3158

JUL 11, 2011

PAY TO THE ORDER OF JAMES S. BAGUS

One Thousand and 00/100 Dollars

\$ 1000.00

DOLLARS

AMTAKC



#3158

7/14/11

\$1,000.00

TRUXTON CANYON WATER CO,
7313 E. CONCORD DRIVE, STE B
KINGMAN, AZ 86401
928-757-2205

MONAHE STATE BANK
KINGMAN, AZ
91-0411231

3199

AUG 10, 2011

PAY TO THE ORDER OF JAMES S. BACUS
One Thousand and 00/100 Dollars

\$ 1000.00

DOLLARS 00/100

187410



#3199 8/15/11

\$1,000.00

TRUXTON CANYON WATER CO.
7313 E. CONCHO DRIVE, STE B
KINEMAN, AZ 85401
928-757-2205

MOVIE STATE BANK
KINGMAN, AZ
91-547/1921

3234

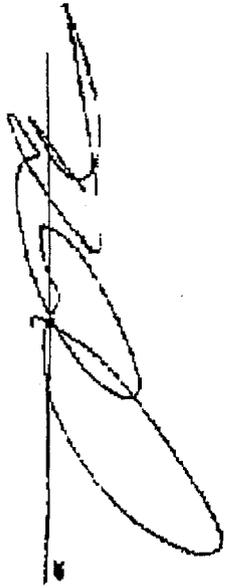
Sep 8, 2011

PAY TO THE ORDER OF JAMES S. BACUS

One Thousand and 00/100 Dollars

\$ 1000.00

DOLLARS



#3234 9/13/11 \$1,000.00

TRUXTON CANYON WATER CO.
7313 E. CONCHO DRIVE, STE B
KINGMAN, AZ 86401
928-787-2205

MORLAIR STATE BANK
KINGMAN, AZ
91-5471221

3271

Oct 5, 2011

\$ 1000.00

PAY TO THE ORDER OF JAMES S. BAQUS
One Thousand and 00/100 Dollars

DOLLARS

MTRIG



#3271 10/11/11 \$1,000.00

Show Back + - Close Window

TRUXTON CANYON WATER CO.		MOHAVE STATE BANK		3332
7313 E. CONCHO DRIVE, STE B		KINGMAN, AZ		
928-757-2205		91-647/1221		
				Nov 11, 2011
PAY TO THE ORDER OF JAMES S. BACUS			\$	\$ 1000.00
One Thousand and 00/100 Dollars			DOLLARS	
MEMO				

TRUXTON CANYON WATER CO,
7819 E. DOWNWOOD DRIVE, STE B
KINGMAN, AZ 86401
928-757-2306

MONSIEUR STATE BANK
KINGMAN, AZ
#1-0471981

3365

Dec 8, 2011

PAY TO THE ORDER OF JAMES S. BACUS
CHECK #

One Thousand and 00/100 Dollars

\$ 1,000.00

DOLLARS

MEMO

[REDACTED]

[REDACTED]



#3365 12/13/11 \$1,000.00

Jan 9, 2012

JAMES S. BACUS

\$ 1000.00

One Thousand and 00/100 Dollars

JAMES S. BACUS

Check Number: 3409

Check Date: Jan 9, 2012

Duplicate

Check Amount: \$1,000.00

Invoice	Date	Discount Taken	Amount Paid	Quantity	Description
090611	9/7/11		1000.00		Notes Payable

JAMES S. BACUS

Check Number: 3409

Check Date: Jan 9, 2012

Duplicate

Check Amount: \$1,000.00

Invoice	Date	Discount Taken	Amount Paid	Quantity	Description
090611	9/7/11		1000.00		Notes Payable

TRUXTON CANYON WATER CO.
7313 E. CONCHO DRIVE, STE B
KINGMAN, AZ 86401
928-757-2205

MOHAVE STATE BANK
KINGMAN, AZ
91-547/1221

3464

Mar 6, 2012

PAY TO THE ORDER OF JAMES S. BACUS

\$ 1000.00

One Thousand and 00/100 Dollars

DOLLARS

MEMO

[REDACTED]



MP

TRUXTON CANYON WATER CO.

3464

JAMES S. BACUS

Check Number: 3464
Check Date: Mar 6, 2012
Duplicate
Check Amount: \$1,000.00

Invoice	Date	Discount Taken	Amount Paid	Quantity	Description
090611	9/7/11		1000.00		Notes Payable

TRUXTON CANYON WATER CO.

ATTACHMENT 4

AFFIDAVIT

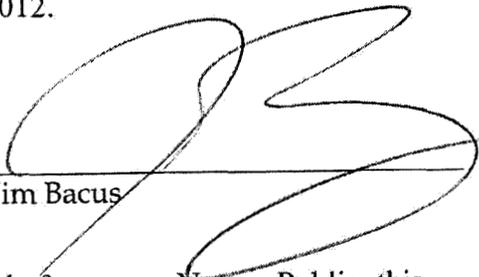
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STATE OF ARIZONA)
County of MOHAVE ss.

I, the undersigned, after being first duly sworn upon my oath, hereby affirm as follow:

- 1) I am over the age of eighteen.
- 2) I have personal knowledge of the statements set forth herein and I am competent to testify at a hearing or trial with respect to the same.
- 3) To date, I have received payments totaling ^{11,500.00} \$11,750.00 from the Truxton Canyon Water Company.

DATED this 9 day of MARCH, 2012.



Jim Bacus

SUBSCRIBED AND SWORN TO before me, a Notary Public, this ____ day of _____, 2012.

Notary Public

My Commission Expires:
