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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

BOB STUMP - Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

Arizona Corporation Commission

DOCKETED

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AZ CORP COMMISSION
DOCKET CONTROL

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ORIGINAL

IN THE MATTER OF THE APPLICATION OF TRUXTON CANYON WATER COMPANY, INC. FOR APPROVAL OF A RATE INCREASE.

DOCKET NO. W-02168A-11-0363

IN THE MATTER OF THE APPLICATION OF TRUXTON CANYON WATER COMPANY, INC. FOR APPROVAL OF A REVISION OF THE COMPANY'S EXISTING TERMS AND CONDITIONS OF WATER SERVICE.

DOCKET NO. W-02168A-13-0309

IN THE MATTER OF THE APPLICATION OF TRUXTON CANYON WATER COMPANY, INC. FOR AUTHORITY TO INCUR LONG-TERM DEBT.

DOCKET NO. W-02168A-13-0332

PROCEDURAL ORDER

BY THE COMMISSION:

On September 30, 2011, in Docket No. W-02168A-11-0363 Truxton Canyon Water Company, Inc. ("Truxton" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for an increase in its water rates and charges, using a test year ("TY") ending June 30, 2011 ("Rate Docket"). Truxton's application requested authorization to increase its rates to generate an additional \$312,034 in gross revenues per year, resulting in a 97.24 percent increase over unaudited TY revenues. Truxton's application stated that the additional revenues would be obtained through having the Valle Vista Property Owner Association ("VVPOA") become a customer of Truxton.

On January, 3, 2012, VVPOA was granted intervention in this matter.

On September 11, 2013, Truxton filed (in Docket No. W-02168A-13-0309) an application with the Commission for approval of a revision of the Company's existing terms and conditions of water service ("Terms and Conditions Docket").

On September 30, 2013, Truxton filed (in Docket No. W-02168A-13-0332), an application

1 with the Commission requesting authority to incur long-term debt (“Finance Docket”).

2 On October 21, 2013, by Procedural Order, the Rate, Terms and Conditions, and Finance
3 dockets were consolidated for the purpose of hearing and resolving the issues.

4 On February 26 and 27, 2014, a full public hearing was held on the above-captioned
5 consolidated dockets. Staff, Truxton, and VVPOA appeared through counsel. No members of the
6 public were present to provide public comments. After two days of hearing, it was determined that an
7 additional day of hearing was necessary. The hearing was scheduled to resume on March 6, 2014.

8 On March 6, 2014, the evidentiary hearing in this matter was held as scheduled. Truxton,
9 VVPOA and Staff appeared through counsel and presented testimony and evidence.

10 On March 26, 2014, VVPOA docketed a letter stating that it had obtained information that
11 Truxton and the Claude K. Neal Family Trust (“Trust”) had been approached by another company
12 regarding the potential sale of the Hualapai Well that currently serves VVPOA customers. VVPOA’s
13 letter expressed concerns that the potential sale could be a violation of Truxton’s CC&N and its
14 service obligations to customers; that the Hualapai Well is necessary and useful to Truxton’s
15 provision of service; and that Commission approval is necessary for Truxton to sell the well.

16 On April 1, 2014, VVPOA filed a Request for Expedited Procedural Conference stating that
17 due to a lack of response by Truxton to its March 26, 2014, letter, VVPOA requests that an expedited
18 procedural conference be scheduled to discuss the potential sale of the Hualapai Well.

19 On April 4, 2014, Staff filed a Response to Request for Procedural Conference stating that
20 Staff agreed with VVPOA that a procedural conference was warranted given the impact that sale of
21 the Hualapai Well could have on the rate case proceeding, as well as the Order to Show Cause
22 proceeding filed against Truxton in Docket No. W-02168A-10-0247.

23 On April 7, 2014, by Procedural Order, a Procedural Conference was scheduled for April 11,
24 2014.

25 On April 8, 2014, the issue of the potential sale of the Hualapai Well was discussed during the
26 Commission’s April Open Meeting.

27 On April 10, 2014, Truxton filed a Notice of Filing Letter Regarding Alleged Pending Sale of
28 Well.

1 On April 11, 2014, a procedural conference was held as scheduled to address VVPOA's
2 concerns regarding a potential sale of the Hualapai Well. Truxton, VVPOA, and Staff appeared
3 through counsel. During the procedural conference, Truxton was directed to docket a letter from the
4 Trust and/or B. Marc Neal stating that the Hualapai Well would not be sold because it is necessary to
5 the provision of water service within Truxton's CC&N area.

6 On April 21, 2014, Truxton filed a Notice of Filing Letter from B. Marc Neal Regarding
7 Hualapai 1 Well.

8 On April 25, 2014, the parties docketed initial closing briefs.

9 On May 12, 2014, the parties docketed reply briefs.

10 On June 24, 2014, VVPOA filed a Supplemental Brief and Request for Scheduling
11 Conference, stating that VVPOA's golf course had been without water because the Hualapai Well
12 had failed and was not fully operational. VVPOA stated that the golf course had been without water
13 for ten consecutive days and that the golf course's turf was dying. VVPOA requested that the
14 Commission order Truxton and its owner, Claude K. Neal Family Trust, to stock the necessary
15 replacement parts for the Hualapai Well, that the Commission order Truxton to give VVPOA a credit
16 against future bills for the days it was without service; that the Commission authorize Truxton to
17 obtain the necessary financing to upgrade the Hualapai Well; and that the Commission address
18 Truxton's failure to provide adequate water service.

19 Truxton has not filed a response to VVPOA's request for a scheduling conference and it is
20 appropriate for Truxton to file a response. Further, it is appropriate to require that Truxton's response
21 include an update to the Commission on the status of the Hualapai Well, including, but not limited to,
22 whether the well is operational, what repairs have been made or when repairs will be made to the
23 well. It is also reasonable to allow Staff to file a response to VVPOA's request and to submit any
24 comments on the operational status of the Hualapai Well.

25 IT IS THEREFORE ORDERED that Truxton shall file a response and status report on or
26 before July 11, 2014, updating the Commission on the status of the Hualapai Well, including, but not
27 limited to, whether the well is operational and detailing the Company's plans for repairing the well or
28 what repairs the Company has made to bring the well back into service. Truxton's filing shall also

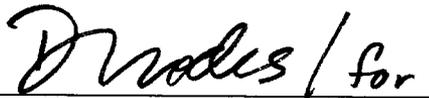
1 address the other issues, including the request for a scheduling conference, raised in VVPOA's June
2 24, 2014, filing.

3 IT IS FURTHER ORDERED that Staff shall file, on or before July 16, 2014, a response to the
4 request for scheduling conference and may file any comments it deems necessary to address the
5 operational status of the Hualapai Well.

6 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113-Unauthorized
7 Communications) applies to this proceeding, as the matter is now set for public hearing, and shall
8 remain in effect until the Commission's Decision in this matter is final and non-appealable.

9 IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend,
10 or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at
11 hearing.

12 DATED this 2nd day of July, 2014.

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14 
15 YVETTE B. KINSEY
16 ADMINISTRATIVE LAW JUDGE
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19 Copies of the foregoing mailed/mailed
20 this 2nd day of July, 2014 to:

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