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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

BOB STUMP - Chairman
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BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

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2014 JUL 17 PM 1 47

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

**STAFF'S RESPONSE TO VVPOA'S
SUPPLEMENTAL BRIEF AND
REQUEST
FOR SCHEDULING CONFERENCE
AND TO TRUXTON CANYON WATER
COMPANY'S RESPONSE TO THE
SAME**

Arizona Corporation Commission

DOCKETED

JUL 17 2014

DOCKETED BY

On June 24, 2014, Valle Vista Property Owners Association ("VVPOA") filed a Supplemental Brief and Request for Scheduling Conference in consolidated Docket No. W-02168A-11-0363 et al. ("Rate Case"). VVPOA alleges that Truxton Canyon Water Company ("Truxton" or the "Company") has failed to provide adequate water service to VVPOA and requests a scheduling conference, though without stating the purpose thereof. VVPOA further makes four requests: first, that the Commission order Truxton and its owner to stock the necessary replacement parts for the Hualapai 1 Well relating to the magneto and other parts; second, for a credit against its bill to compensate for damages caused by the interruption in service; third, to authorize Truxton to obtain the necessary financing to upgrade the Hualapai 1 Well; and fourth, to address Truxton's failure to provide adequate service and potential solutions to the management of Truxton.

1 On July 14, 2014, Truxton filed its Response to VVPOA's Supplemental Brief and Request
2 for Scheduling Conference. Truxton disputes a number of VVPOA's factual allegations and argues
3 that VVPOA's requests be denied. Because Truxton contests VVPOA's factual allegations,
4 resolution of VVPOA's requests for relief would likely require a hearing. It could be inferred that
5 VVPOA's requested scheduling conference recognizes that a hearing may be appropriate.

6 Staff would first note that VVPOA's request for a future bill credit and for other related relief
7 is in the nature of damages. Pursuant to A.R.S. §40-423, the proper forum for such a damage claim is
8 in the courts, not with the Commission. While the remaining matters could be addressed in this
9 docket, to do so would result in yet more delays in this rate proceeding. Staff would remind all
10 parties that this rate case resulted from a 2010 case resulting in a 2011 order that the Company file a
11 rate case and was filed in September 2011, using a 2010-2011 test year. Due to the Company's
12 delays, it became necessary for Truxton to update its application to a 2012 test year. If additional
13 testimony is required, it is likely that any decision will not be entered until well into 2015. This is
14 particularly problematic here where the rate case was filed due to a Commission order and where
15 Staff is recommending a reduction in rates. Any further delays would be detrimental to ratepayers.

16 There are other more appropriate, methods for addressing this issue. VVPOA may file a
17 formal complaint wherein all issues over which the Commission has jurisdiction could be equally, if
18 not better, addressed. Staff has now been informed of the matter, which it will investigate and
19 attempt to resolve, either by way of an enforcement action or in some other manner. It is not
20 uncommon for such matters to be resolved through discussions among the Company, Staff, and any
21 third parties, such as VVPOA.

22 Although Staff does not believe the factual issues raised by VVPOA are necessary to a full
23 resolution of the issues in this matter, should this tribunal determine that to do so would be necessary
24 or appropriate, a scheduling conference should be scheduled and an evidentiary hearing set. Staff
25 would assert, however, that the resulting delay would be detrimental to the ratepayers, who would
26 continue to pay the current higher rates until a decision, by contrast addressing VVPOA's issue in a
27 separate proceeding would not significantly, if at all, impact VVPOA. For these reasons, Staff asks
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1 that VVPOA's request be denied and that a recommended opinion and order be issued forthwith.

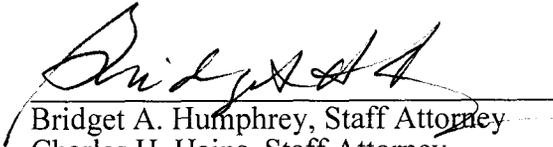
2 RESPECTFULLY SUBMITTED this 17th day of July, 2014.

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10 Original and thirteen (13) copies
11 of the foregoing filed this
17th day of July, 2014 with:

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16 this 17th day of July, 2014 to:

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