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BEFORE THE ARIZONA CORPORATION COMMISSION

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JUL 24 2015

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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 SUPPLEMENTAL COMPLIANCE REPORT

Arizona Corporation Commission Staff ("Staff") hereby responds to Truxton Canyon Water Company's ("Truxton" or "Company") Supplemental Compliance Report, docketed on July 10, 2015. Decision No. 74835, docketed November 11, 2014, authorized the Company to obtain a portion of the financing through WIFA that it had requested for the purpose of the construction of an arsenic treatment plant. In addition, as to the Company's request for authorization to finance upgrades to the Hualapai I Well and the replacement of one mile of its transmission line, the Company was ordered to "file, as a compliance item in this docket, within 60 days of the effective date of this Decision, additional information (as described herein in Finding of Fact No. 104) related to its request for authorization to finance upgrades to the Hualapai 1 Well and the replacement of one mile of its transmission line."¹

Finding of Fact No. 104 provides:

Regarding Truxton's capital improvement projects, we agree that efficiencies could be gained by upgrading the Hualapai 1 Well and replacing one mile of the 15-mile transmission line. Therefore, we will require the Company to file additional

¹ Decision No. 74835, at 64.

1 documentation to provide a more detailed plan to upgrade the Hualapai 1 Well and to
2 replace the one mile of transmission line, within 60 days of the effective date of this
3 Decision.... Therefore, we will require the Company to file additional documentation
4 to provide a more detailed plan to upgrade the Hualapai 1 Well and to replace the one
5 mile of transmission line, within 60 days of the effective date of this Decision The
6 additional documentation shall include, but is not limited to, the exact one-mile
7 portion of the transmission line Truxton intends to replace; the type of replacement
8 pipe it will use; whether the improvement will require additional permits; whether the
9 improvements infringe on the Indian Reservation; and whether the improvement will
10 interfere with the Tributary Flood Plan.²

11 Staff has reviewed the Supplemental Compliance Report of and July 10, 2015, and
12 determined that the Company has not provided all information required in Finding of Fact No. 104.
13 Specifically, the following information has not been provided:

- 14 1. The exact one-mile portion of the transmission line Truxton intends to
15 replace;
- 16 2. Whether the improvement will require additional permits;
- 17 3. Whether the improvements infringe on the Indian Reservation; and
- 18 4. Whether the improvement will interfere with the river channels of tributaries
19 of Truxton Wash.

20 Until such time as these items have been provided, Staff is unable to file a Supplemental Staff Report
21 regarding the Company's financing request, as directed by Decision No. 74835.

22 Staff further notes that other compliance issues remain which also impede the financing
23 request from going forward. Decision No. 74835 further required the Company to acquire all water
24 system assets necessary to provide service from the Neal Family Trust and noted that such a transfer
25 was a pre-requisite to WIFA financing. While several assets have been transferred, two items have
26 not been transferred: the real property upon which water plant is located and the building currently
27 being used for storage that also includes the chlorination plant.

28 Furthermore the Company's most recent Supplemental Compliance Report requires further
clarifications, as follows:

1. The Company should clarify the supplier of chain link fencing and a
chlorinator. Attachment 1, page one Table indicates "Mike," presumably Mike
Neal, is the supplier, while the invoices supporting these items are from Arnel
Fence Company and Chemical Feeding Technologies, Inc.

² Decision No. 74385, at 33.

1 Original and thirteen (13) copies of
2 the foregoing filed this 24th day of
3 July, 2015, with:

3 Docket Control
4 Arizona Corporation Commission
5 1200 West Washington Street
6 Phoenix, AZ 85006

6 Copy of the foregoing mailed and/or emailed
7 this 24th day of July, 2015, to:

7 Steve Wene
8 MOYES SELLERS & HENDRICKS LTD.
9 1850 North Central Avenue, Suite 1100
10 Phoenix, AZ 85004
11 Attorneys for Truxton Canyon Water Co., Inc.
12 swene@law-msh.com

11 Patrick Black
12 FENNEMORE CRAIG, P.C.
13 2394 E. Camelback Rd., Suite 600
14 Phoenix, AZ 85016
15 Attorneys for Intervenor Valle Vista Property
16 Owners Association, Inc.
17 pblack@fclaw.com

15 Rick Neal
16 Truxton Canyon Water Company, Inc.
17 7313 E. Concho Drive, Suite B
18 Kingman, AZ 86401
19 rick@truxtoncanyonwater.com

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