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RECORDED
AZ CORP COMMISSION
DOCKET CONTROL

2016 OCT 7 PM 4 25

7 **BEFORE THE ARIZONA CORPORATION COMMISSION**

9 **COMMISSIONERS**

10 DOUG LITTLE, CHAIRMAN
11 BOB STUMP
12 BOB BURNS
13 TOM FORESE
14 ANDY TOBIN

Arizona Corporation Commission

DOCKETED

OCT 07 2016

DOCKETED BY

14 IN THE MATTER OF THE APPLICATION OF
15 INDIADA WATER COMPANY, INC., FOR
16 APPROVAL OF A PERMANENT INCREASE
17 IN ITS WATER RATES.

18 IN THE MATTER OF THE APPLICATION OF
19 ANTELOPE RUN WATER COMPANY FOR
20 APPROVAL OF A PERMANENT INCREASE
21 IN ITS WATER RATES

22 IN THE MATTER OF THE APPLICATION OF
23 BOB B. WATKINS DBA EAST SLOPE
24 WATER COMPANY FOR APPROVAL OF
25 ITS PERMANENT INCREASE IN ITS
26 WATER RATES.

27 IN THE MATTER OF THE APPLICATION OF
28 BOB B. WATKINS DBA EAST SLOPE
WATER COMPANY, INDIADA WATER
COMPANY, INC., AND ANTELOPE RUN
WATER COMPANY FOR APPROVAL OF A
TRANSFER OF ASSETS AND
CERTIFICATES OF CONVENIENCE AND
NECESSITY.

DOCKET NO. W-02031A-10-0168
DOCKET NO. W-02327A-10-0169
DOCKET NO. W-01906A-10-0170
DOCKET NO. W-01906A-10-0171
DOCKET NO. W-02031A-10-0171
DOCKET NO. W-02327A-10-0171
DOCKET NO. W-01906A-10-0183
DOCKET NO. W-02031A-10-0184
DOCKET NO. W-02327A-10-0185

**RESPONSE TO STAFF
REPORT**

1 IN THE MATTER OF THE APPLICATION OF
2 BOB B. WATKINS DBA EAST SLOPE
3 WATER COMPANY FOR AUTHORITY TO
4 INCUR LONG-TERM DEBT.

4 IN THE MATTER OF THE APPLICATION OF
5 INDIADA WATER COMPANY, INC. FOR
6 AUTHORITY TO INCUR LONG-TERM
7 DEBT.

7 IN THE MATTER OF THE APPLICATION OF
8 ANTELOPE RUN WATER COMPANY FOR
9 AUTHORITY TO INCUR LONG-TERM
10 DEBT.

11
12 East Slope Water Company, Inc. (“Company” or “East Slope”) hereby files its
13 response to the Staff Report regarding the Company’s proposed revision of scope of work
14 to include the drilling of a well and requests authorization to borrow \$2,110,000 from
15 CoBank, ACB, a federally chartered instrumentality of the United States, upon the terms
16 discussed herein. East Slope agrees with Staff on almost every point. However, there are
17 a few issues raised by Staff should be revised.
18

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20 **Amount To Be Borrowed From CoBank**

21 First and foremost, East Slope agrees with Staff’s recommendation that the
22 Commission “approve East Slope’s request to amend the prior Decisions allowing East
23 Slope to borrow from CoBank the amount indication in Decision No. 75172.” *See Staff*
24 *Report at p. 1. Decision 75172 authorized East Slope to borrow \$2,114,063. To be clear,*
25 *however, the Company intends to borrow only \$1,016,600 from CoBank. East Slope will*
26 *only borrow the entire \$2,114.063 from CoBank if CoBank and WIFA cannot agree upon*
27 *equal creditor positions, in which case the Company will consolidate the loans with*
28

1 CoBank. The Company requests that the Commission decision include language that
2 authorizes the loan consolidation, if necessary.

3
4 **Deadline for Filing Approval of Construction**

5 Staff recommends that the Commission require East Slope to file the Approvals
6 of Construction (“AOC”) by May 31, 2017. The Company believes this is an error. As
7 the Court is well aware, the Arizona Department of Environmental Quality issues AOCs
8 after projects are completed. This means East Slope would be required to finish the
9 Commission process, close on the loan, engineer the improvements, submit plans to
10 ADEQ, receive ADEQ’s approval to construct, bid the project, construct the project,
11 finalize engineering, submit as-built plans to ADEQ, and receive the AOC in
12 approximately 7 month. This is impossible. The Company believes that filing the AOC
13 within 18 months after the Commission decision is reasonable.
14
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16

17 **ADWR Compliance**

18 The Staff Report states East Slope is out of compliance with the Arizona
19 Department of Water Resources (ADWR) because the Company did not submit annual
20 use reports. East Slope follow-up with ADWR and requested the compliance report,
21 which is set forth in Attachment 1. There is only one missing annual water use report,
22 and it was for the 2007 calendar year. The Company does not believe this merits a
23 Commission compliance requirement. To be clear, East Slope is working with ADWR to
24 resolve the issue, but adding an additional regulatory layer of Commission oversight for
25 a report that is nearly a decade old seems unwarranted.
26
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28

1 **Request for Approval**

2 With these minor revisions, the Company agrees with Staff's position.

3
4 Accordingly, the Company requests that the Commission authorize the financing sought
5 by East Slope.

6 RESPECTFULLY SUBMITTED this 7th day of October, 2016.

7
8 **MOYES SELLERS & HENDRICKS LTD.**

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11 Original and 13 copies of the foregoing were
12 hand-delivered this 7th day of October, 2016 to:

13 Docket Control
14 Arizona Corporation Commission
15 1200 West Washington
16 Phoenix, Arizona 85007

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