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BEFORE THE ARIZONA CORPORATION COMMISSION

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2010 JUN 22 A 11: 05

AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

JUN 22 2010

DOCKETED BY *MM*

IN THE MATTER OF THE APPLICATION OF
FAR WEST WATER & SEWER COMPANY FOR
A DETERMINATION OF THE FAIR VALUE OF
ITS SEWER UTILITY PLANT AND PROPERTY
AND FOR INCREASES IN ITS RATES.

DOCKET NO. WS-03478A-08-0454

STATUS REPORT

1 In a Procedural Order dated April 13, 2010, Far West Water & Sewer Company ("Far
2 West") was ordered as follows:

3 Far West shall file periodic reports with Docket Control in this docket, addressing the
4 status of its agreement with ADEQ, its ability to attract capital, and progress on its
5 wastewater construction project at any time it has new information, but not less than the
6 first of every other month commencing May 1, 2010, until it has filed a new sufficient
7 permanent rate application.

8 In compliance with that Order, Far West submits the following documents (attached):

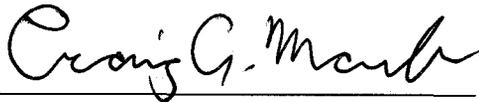
- 9 1. Far West Press Release concerning settlement with the Arizona Department of
- 10 Environmental Quality and the Arizona Attorney General; and
- 11 2. ADEQ Press Release concerning settlement with Far West and the Arizona Attorney
- 12 General.

13 As more fully described in the Press Releases, Far West commits within the next year to
14 18 months to upgrade and expand its Del Oro, Section 14, and Seasons waste water treatment
15 plants, as well as its Del Oro and Palm Shadows collection systems. It also allows Far West to
16 consolidate its operations by closing its Villa del Rey and Villa Royal wastewater treatment
17 plants, directing their flow to the upgraded Del Oro plant, and closing the Palm Shadows
18 wastewater treatment plant, and directing its flow to the upgraded Section 14 wastewater
19 treatment plant. Far West's new wastewater treatment plants will be state-of-the-art facilities
20 that, through an ultra-filtration process, will transform wastewater to reclaimed water that is A+

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1 in quality, a level which exceeds current state requirements. When completed, the new facilities
2 will also eliminate odor issues that have been reported by some area residents who live adjacent
3 to several of the older treatment facilities.

4 **Respectfully submitted** on June 22, 2010, by:

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Original and 13 copies **filed**
on June 22, 2010, with:

Docket Control
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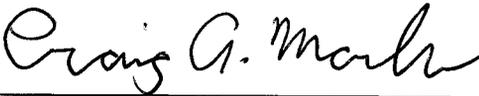
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Copy of the foregoing faxed on
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Jane L. Rodda, Administrative Law Judge
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Arizona Corporation Commission
1200 West Washington Street
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By:



Craig A. Marks

FOR IMMEDIATE RELEASE
June 21, 2010

Contact: Andy Capestro
Phone: 928-342-3344

The following statement was issued today by Paula Capestro, President of Yuma based Far West Water and Sewer, Inc. upon the announcement that a settlement has been reached with the Arizona Department of Environmental Quality and the Arizona Attorney General:

"I am extremely gratified with the settlement reached with the Arizona Department of Environmental Quality and the Arizona Attorney General with respect to the operations of Far West Water and Sewer. Our new management team and I have striven to achieve the highest standards of performance for Far West's water and wastewater facilities. Under prior management, compliance difficulties arose which this settlement resolves. Further, Far West's new management embarked several years ago on an ambitious \$20 million capital improvement project at our seven treatment facilities to rectify the situation and I am happy to announce that that project is now 90% complete. Far West intends and anticipates that it will meet all deadlines contained in the Consent Judgment and expects to complete all of its obligations under the Consent Judgment by the end of 2011.

"Far West's new wastewater treatment plants will be state-of-the-art facilities that, through an ultra filtration process, will transform wastewater to reclaimed water that is A+ in quality, a level which exceeds current state requirements. The Supplemental Environmental Project contained in the Consent Judgment will reduce Far West's water consumption by 4.4 million gallons a year and our new treatment plants will assure future capacity for the Foothills while being highly protective of the environment. When completed, the new facilities will also eliminate odor issues that have been reported by some area residents who live adjacent to several of the older treatment facilities. We are excited to start a new chapter in Far West's history and look ahead to providing outstanding service to Foothills area residents with facilities that are as good as any in the state of Arizona. Once completed, scheduled tours will be held so that the public will have the opportunity to observe the new facilities in operation."

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News Release



ARIZONA DEPT. OF ENVIRONMENTAL QUALITY
1110 West Washington Street
Phoenix, Arizona 85007
Contact: Mark Shaffer, 602-771-2215
www.azdeq.gov

ARIZONA ATTORNEY GENERAL'S OFFICE
1275 West Washington Street
Phoenix, Arizona 85007
Contact: Molly Edwards, 602-542-8019
www.azag.gov

FOR IMMEDIATE RELEASE

Far West Water and Sewer, H&S Developers Agree to \$500,000 Settlement for Water, Air Quality Violations in Yuma County

PHOENIX (June 21, 2010) -- The Arizona Department of Environmental Quality and Arizona Attorney General's Office announced today that Far West Water and Sewer, Inc. and H & S Developers, Inc. have agreed to a \$500,000 settlement for numerous water and air quality violations in Yuma County.

Far West and H & S Developers, Inc. will pay a \$150,000 penalty. In addition, Far West has agreed to perform a supplemental environmental project (SEP) totaling \$150,000 for equipment to remove water from sludge at its Del Oro wastewater treatment plant (WWTP) and also include a \$20,000 donation to aid Colorado River riparian restoration efforts in the Yuma East Wetlands project.

Far West also will place \$200,000 in a secured bank account pending successful completion of a multimillion-dollar project within the next year to 18 months to upgrade and expand its Del Oro, Section 14 and Seasons WWTPs as well as its Del Oro and Palm Shadows collection systems. The \$200,000 could be refunded, in full or part, depending on Far West's success with its project.

The project involves the use of state-of-the-art membrane bioreactor technology to produce Class A⁺ reclaimed water, the highest quality attainable. It also allows Far West to consolidate its operations by closing its Villa del Rey and Villa Royal WWTPs, directing their flow to the upgraded Del Oro plant, and, closing the Palm Shadows WWTP, and directing its flow to the upgraded Section 14 WWTP.

In addition, the settlement requires Far West to complete a number of requirements provided in its aquifer protection permits, including construction of compliance and ambient wells for groundwater monitoring.

"This agreement signals a new chapter and a greener future for citizens and ecosystems in Yuma County. I'm pleased Far West is stepping up to clean up and conserve water and wetlands through collaboration and state of the art technology," said ADEQ Director Benjamin H. Grumbles.

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"Water and wastewater companies need to rigorously comply with state standards," Attorney General Terry Goddard said. "Far West didn't and there's a heavy price to pay for this serious lack of oversight."

H & S Developers, Inc. originally developed a major portion of this area of Yuma for which Far West is currently providing water and wastewater services. Before April 1998, H & S and Far West operated as one company. About that time, H & S Developers, Inc. formed Far West as a separate corporation and transferred drinking water and wastewater facilities to Far West. In 2006, Far West restructured its management and began a \$20 million capital improvement project.

The Attorney General's office filed a 50-count lawsuit against Far West and H & S Developers, Inc. in September 2008 alleging violations at the seven WWTPs and drinking water treatment plant. The violations included operating plants without permits; reusing reclaimed water for golf course irrigation without proper authorization; failing to monitor and report analytical data for contaminants in both drinking water and wastewater; failing to notify ADEQ about permit violations in a timely manner; and operating the drinking water plant without a certified operator.

ADEQ previously took enforcement action against Far West for violations at its WWTPs during 2006, resulting in an October 2006 consent order requiring the company to upgrade and consolidate its operations, plus obtain the applicable permits. This consent order has now been superseded by the current agreement.

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