

ORIGINAL

OPEN MEETING AGENDA ITEM



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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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Arizona Corporation Commission
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IN THE MATTER OF THE FORMAL
COMPLAINT OF SPARTAN HOMES AND
CONSTRUCTION, INC.,

DOCKET NO. WS-03478A-08-0256

COMPLAINANT,

vs.

FAR WEST WATER AND SEWER, INC.,

RESPONDENT.

**EXCEPTION
OF
FAR WEST WATER & SEWER, INC.**

Far West Water and Sewer, Inc. ("Far West") has reviewed Judge Martin's
Recommended Opinion and Order, dated August 23, 2011, ("ROO") and has one Exception.

Yesterday, on August 29, 2011, Far West filed a Status Report in Docket No. WS-
03478A-08-0454. As discussed more thoroughly in the Status Report, on August 24, 2011, Far
West's new Section 14 membrane bioreactor treatment facility began receiving and treating
sewage flows. When fully operational, the new facility will treat flows diverted from the
existing Section 14 treatment plant and the existing Palm Shadows plant. At that time the Palm
Shadows plant will be retired and ADEQ should be able to lift the connection moratorium
currently in place for areas served by that plant.

Once the new Section 14 plant and other facilities required by the ADEQ Consent
Judgment are in service, Far West intends to prepare and file an application for new permanent
sewer rates. As recognized by the Commission in Decision No. 71447, dated December 23,
2009, the sewer division is not able to meet its accounts payable, which is requiring the water

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1 division to subsidize the sewer division's day-to-day operations. Funding the construction
2 required by the ADEQ Consent Judgment has further strained Far West's financial condition,
3 even with the infusion of additional capital into the Company.

4 At this time, Far West does not know whether the new rate case will be based on a test
5 year ending on September 30, 2011, or one ending on December 31, 2011. If Far West decides
6 to file the rate case based on a test year ending December 31, 2011, it will take a minimum of
7 three and as many as five months to finalize 2011 financial statements and then to prepare and
8 file a rate application.

9 The ROO would essentially require Far West to file "a new rate case within six months of
10 the date of this decision," which would be sometime in early March 2012. This would not
11 provide Far West enough time to prepare and file a rate case based on a test year ending
12 December 31, 2011. Accordingly, Far West asks that the deadline for filing a new rate case be
13 May 31, 2012.

14 To extend the deadline, Far West asks that the ROO be amended as follows:

15 Page 82, line 12

16 **Delete** "within six months of the date of this Decision"

17 **Insert:** "by May 31, 2012."

18 Respectfully submitted on August 30, 2011, by:

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22
23 Craig A. Marks
24 Craig A. Marks, PLC
25 10645 N. Tatum Blvd.
26 Suite 200-676
27 Phoenix, AZ 85028
28 (480) 367-1956
29 Craig.Marks@azbar.org
30 Attorney for Far West Water & Sewer Company

