

ORIGINAL



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OPEN MEETING AGENDA ITEM
BEFORE THE ARIZONA CORPORATION

COMMISSIONERS

GARY PIERCE—Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

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

COMPLAINANT,

vs.

FAR WEST WATER AND SEWER, INC.,

RESPONDENT.

RECEIVED

2011 AUG 31 P 4:06

AZ CORP COMMISSION
DOCKET CONTROL

DOCKET NO. WS-03478A-08-0256

**EXCEPTION OF SPARTAN HOMES
AND CONSTRUCTION, INC.**

Arizona Corporation Commission

DOCKETED

AUG 31 2011

DOCKETED BY

On August 22, 2011, the administrative law judge issued her recommended opinion and order ("ROO") in the above-captioned case. The ROO meticulously assimilates a very detailed set of facts and reaches well-reasoned conclusions that are supported by the record. Spartan Homes and Construction Inc. ("Spartan") supports the ROO, but asks the Arizona Corporation Commission ("Commission") to address one particular finding in the ROO as discussed herein.

In this complaint case, Spartan is seeking, among other things, the immediate refund of \$154,180 in costs directly related to the construction of the water system that serves Spartan's Sierra Ridge Unit 1 subdivision (consisting of 113 residential lots) on the grounds that Far West Water & Sewer, Inc. ("Far West") failed to comply with Arizona Administrative Code ("A.A.C.") R14-2-406(M).¹ In Findings of Fact 212 and 213 on page 56, the ROO finds that \$126,270.72 is immediately due and payable to Spartan, as required by A.A.C. R14-2-406(M), within 90 days after the effective date of the decision in this docket. The ROO excludes from the ordered refund the \$4,624 in sales taxes paid by Spartan to Noll Construction and the \$23,285 in engineering costs paid by Spartan to Yuma Territorial Engineering ("YTE") on the

¹ At this time, there are 62 constructed homes in Sierra Ridge Unit 1. The remaining 51 lots do not have homes constructed.

Brownstein Hyatt Farber Schreck, LLP
One East Washington, Suite 2400
Phoenix, AZ 85004

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1 grounds that Spartan did not provide documentary evidence of the expenses in the form of items
2 like invoices or cancelled checks. However, Spartan respectfully submits that the evidence in
3 the case supports the inclusion of these amounts, and requests that the ordered refund be
4 increased from \$126,270.72 to \$154,180 for the reasons discussed below.

5 **Sales Tax Expense for Water System Construction—\$4,624.**

6 At the hearing, Spartan witness Brian Householder testified without challenge that
7 Spartan paid sales taxes in the amount of \$4,624 to Noll Construction for the water system
8 construction, and his testimony was corroborated with Hearing Exhibit A-42, a March 29, 2007
9 letter from Mr. Householder to Andy Capestro of Far West stating that total sales taxes paid to
10 Noll Construction were \$8,892.99. Mr. Householder further testified at the hearing as to the
11 breakdown of the total sales taxes, with 52 percent (or \$4,624) allocated to water system costs
12 and 48 percent (or \$4,268.99) allocated to sewer system costs.²

13 It is the Commission's policy to allow sales taxes as part of the cost of constructing
14 utility infrastructure. There is uncontested testimony in the record from a credible witness that
15 taxes on the water system construction totaled \$4,624 and that Spartan paid the taxes.³ There is
16 no reason to disregard Mr. Householder's testimony on this issue. Moreover, when presented
17 with this evidence, Far West failed to provide any evidence that the taxes were not paid by
18 Spartan or that the amount of the taxes is not accurate. Nor did Far West rebut the statements of
19 Mr. Householder in the March 29, 2007 letter (Hearing Exhibit A-42A). For these reasons,
20 Spartan requests that the Commission include the \$4,624 in sales taxes paid by Spartan to Noll
21 Construction for water system construction in the ordered refund by Far West.

22 **Engineering Expense for Water System Construction—\$23,285.**

23 At the hearing, Mr. Householder testified without challenge that Spartan paid \$23,285 in
24 engineering fees to YTE for work directly related to the water system construction for Sierra
25 Ridge Unit 1.⁴ Spartan witness Francisco Galindo provided substantial corroborating testimony
26

27 ² Hearing Transcript Vol. II at page 234, line 10, to page 236, line 18.

28 ³ The sales tax amount of \$4,624 is clearly reasonable as it represents only 3.7% of the \$126,270.72
invoiced by Noll Construction.

⁴ Hearing Transcript Vol. II at 237, lines 1-3.

1 at the hearing describing in much detail the nature of the engineering and related services
2 provided for Spartan. Specifically, Mr. Galindo testified that YTE prepared engineering design
3 plans and construction cost estimates for the on-site water system needed to serve Sierra Ridge
4 Unit 1; prepared permit applications and obtained the necessary permits to construct the water
5 utility infrastructure; provided limited inspections during construction of the water utility
6 infrastructure; oversaw the necessary inspections and tests of the completed infrastructure; and
7 prepared the engineer's certificate of testing.⁵

8 Attached hereto is the Affidavit of Francisco Galindo dated August 31, 2011. In his
9 affidavit, Mr. Galindo states that YTE sent 21 invoices to Spartan totaling \$75,233.97 in
10 connection with work performed for Spartan, and that Spartan paid all of the invoices.⁶ Mr.
11 Galindo also states in his affidavit that he personally reviewed the invoices from YTE to
12 Spartan, and that the allocable share of the invoiced amounts directly related to YTE's
13 engineering design work, cost estimates, permit applications and permitting, construction
14 oversight, inspection, testing and certification of the water utility infrastructure for Sierra Ridge
15 Unit 1 is \$23,285.

16 It is the Commission's policy to allow reasonable engineering expenses as part of the cost
17 of constructing utility infrastructure. There is uncontested testimony in the record from a
18 credible witness that engineering expenses for the water system totaled \$23,285, and that
19 Spartan paid this amount to YTE. There is no reason to disregard Mr. Householder's testimony
20 on this issue. Moreover, Far West presented no evidence: (i) that the engineering expenses were
21 not paid by Spartan, (ii) that the amount of the engineering expenses is not accurate, or (iii) that
22 the amount of the engineering expenses is not reasonable when compared to the \$130,894.72
23 cost of the water infrastructure. For these reasons, Spartan requests that the Commission include
24 the \$23,285 in engineering expenses for water system construction in the ordered refund by Far
25 West.

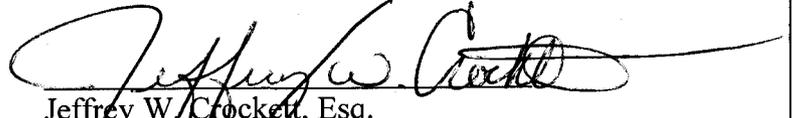
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27
28 ⁵ See generally, Pre-filed Direct Testimony of Francisco Galindo dated December 10, 2008.

⁶ Copies of the YTE invoices are attached to Mr. Galindo's affidavit.

1 In summary, Spartan requests that the Commission increase the ordered refund from
2 \$126,270.72 to \$154,180 by including the \$4,624 in sales taxes and the \$23,285 in engineering
3 expenses directly related to the construction of the water system for Sierra Ridge Unit 1. For the
4 Commission's consideration, Spartan has prepared the attached proposed amendment.

5 RESPECTFULLY submitted this 31st day of August, 2011.

6 BROWNSTEIN HYATT FARBER SCHRECK LLP

7 
8 Jeffrey W. Crockett, Esq.
9 One East Washington Street, Suite 2400
10 Phoenix, Arizona 85004
Attorneys for Spartan Homes and Construction, Inc.

11 ORIGINAL and thirteen (13) copies of the
12 foregoing filed this 31st day of August, 2011, with:

13 Docket Control
14 ARIZONA CORPORATION COMMISSION
15 1200 West Washington Street
16 Phoenix, Arizona 85007

17 Copies of the foregoing mailed this
18 31st day of August, 2011, to:

19 Belinda A. Martin, Administrative Law Judge
20 Hearing Division
21 ARIZONA CORPORATION COMMISSION
22 400 W. Congress
23 Tucson, Arizona 85701-1347

24 Steve Olea, Director
25 Utilities Division
26 Arizona Corporation Commission
27 1200 West Washington Street
28 Phoenix, Arizona 85007

29 Wesley C. Van Cleve, Staff Legal Counsel
30 Legal Division
31 ARIZONA CORPORATION COMMISSION
32 1200 West Washington Street
33 Phoenix, Arizona 85007-2996

Brownstein Hyatt Farber Schreck, LLP
40 North Central Avenue, 14th Floor
Phoenix, AZ 85004

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COPY of the foregoing sent via first class mail
and e-mail this 31st day of August, 2011, to:

Craig A. Marks, Esq.
Craig A. Marks, PLC
10645 N. Tatum Boulevard
Suite 200-676
Phoenix, Arizona 85028


99999\1560\1580206.1

**AFFIDAVIT OF
FRANCISCO GALINDO**

AFFIDAVIT OF FRANCISCO GALINDO

STATE OF ARIZONA)
) ss.
COUNTY OF YUMA)

I, Francisco Galindo, being first duly sworn, depose and state as follows:

1. I am a resident of Yuma County, State of Arizona. My business address is 1420 S. 5th Avenue, Yuma, Arizona, 85364.

2. I have personal knowledge of the facts set forth below and if called upon to do so, I am competent to testify thereto.

3. I am a Registered Professional Engineer (Civil) employed at Yuma Territorial Engineering, P.C. ("YTE"). Spartan Homes and Construction, Inc. ("Spartan") is a client of YTE. YTE provided engineering and related services in the design and development of Spartan's Sierra Ridge subdivision in Yuma County, Arizona. I have previously provided testimony on behalf of Spartan in the proceeding captioned *In the Matter of the Formal Complaint of Spartan Homes and Construction, Inc.*, Docket No. WS-03478A-08-0256 (the "Complaint Case").

4. YTE signed a contract with Spartan for engineering and related services on April 27, 2004, as stated in my testimony in the Complaint Case. In connection with our work for Spartan, YTE send twenty one (21) invoices to Spartan totaling \$75,233.97. True and accurate copies of the invoices are attached as Attachment 1 to this affidavit. Spartan paid all of the invoices it received from YTE.

5. As I testified in the Complaint Case, as part of the scope of work YTE performed for Spartan, YTE prepared engineering design plans and construction cost estimates for the on-site water utility system needed to serve Sierra Ridge Unit 1 consisting of 113 residential lots. In addition, YTE prepared permit applications and obtained the necessary permits to construct the

water utility infrastructure. YTE provided limited inspections during construction of the water utility infrastructure,¹ oversaw other necessary inspections and tests of the completed infrastructure, and prepared the engineer's certificate of testing.

6. I have personally reviewed the invoices from YTE to Spartan, and the allocable share of the invoiced amounts directly related to YTE's engineering design work, cost estimates, permit applications and permitting, construction oversight, inspection, testing and certification of the water utility infrastructure for Sierra Ridge Unit 1 (consisting of 113 lots) is \$23,285.

FURTHER THE AFFIANT SAYETH NOT.

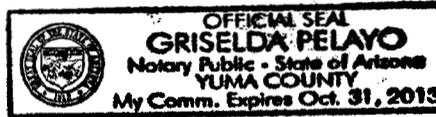
Francisco Galindo
FRANCISCO GALINDO

SUBSCRIBED AND SWORN to before
me this 31st day of August, 2011.

[Signature]

Notary Public

990014\1580200.1



¹ The construction inspections included verifying pipe sizes, materials and bedding.

Attachment 1

Yuma Territorial Engineering, P.C.

1420 SOUTH 5TH AVENUE

YUMA, AZ 85364

Tel: (928) 329-9097 Fax: (928) 539-0150

ytey@c2i2.com

Invoice Register

Printed on: 8/31/2011

Page 1 of 1

PROJECTID

0434: to 0434:

Date	Inv Num	Contact - Company	Project Name	Bill Amount
5/15/2004	1383	Brian Householder - Spartan Homes & Constructio	Sierra Ridge Subdivision	\$1,625.00
6/28/2004	1386	Brian Householder - Spartan Homes & Constructio	Sierra Ridge Subdivision	\$16,300.00
7/21/2004	1414	Brian Householder - Spartan Homes & Constructio	Sierra Ridge Subdivision	\$6,795.00
10/7/2004	1484	Brian Householder - Spartan Homes & Constructio	Sierra Ridge Subdivision	\$22,095.00
11/18/2004	1526	Brian Householder - Spartan Homes & Constructio	Sierra Ridge Subdivision	\$13,632.40
12/15/2004	1565	Brian Householder - Spartan Homes & Constructio	Sierra Ridge Subdivision	\$1,057.96
12/16/2004	1569	Brian Householder - Spartan Homes & Constructio	Sierra Ridge Subdivision	\$2,000.00
2/10/2005	1635	Brian Householder - Spartan Homes & Constructio	Sierra Ridge Subdivision	\$144.90
3/10/2005	1673	Brian Householder - Spartan Homes & Constructio	Sierra Ridge Subdivision	\$500.00
3/25/2005	1707	Brian Householder - Spartan Homes & Constructio	Sierra Ridge Subdivision	\$6,853.13
4/14/2005	1713	Brian Householder - Spartan Homes & Constructio	Sierra Ridge Subdivision	\$1,500.00
5/11/2005	1764	Brian Householder - Spartan Homes & Constructio	Sierra Ridge Subdivision	\$281.83
6/3/2005	1797	Brian Householder - Spartan Homes & Constructio	Sierra Ridge Subdivision	\$200.00
8/3/2005	1867	Brian Householder - Spartan Homes & Constructio	Sierra Ridge Subdivision	\$1,100.00
9/6/2005	1917	Brian Householder - Spartan Homes & Constructio	Sierra Ridge Subdivision	\$245.00
2/10/2006	2131	Brian Householder - Spartan Homes & Constructio	Sierra Ridge Subdivision	\$255.00
7/13/2006	2347	Brian Householder - Spartan Homes & Constructio	Sierra Ridge Subdivision	\$87.50
4/9/2007	2812	Brian Householder - Spartan Homes & Constructio	Sierra Ridge Subdivision	\$86.25
5/11/2007	2854	Brian Householder - Spartan Homes & Constructio	Sierra Ridge Subdivision	\$65.00
5/6/2008	3387	Brian Householder - Spartan Homes & Constructio	Sierra Ridge Subdivision	\$160.00
8/8/2008	3519	Brian Householder - Spartan Homes & Constructio	Sierra Ridge Subdivision	\$250.00
Total Amount Billed:				\$75,233.97

Yuma Territorial Engineering, P.C.

1420 SOUTH 5TH AVENUE
 YUMA, AZ 85364
 Tel: (928) 329-9097 Fax: (928) 539-0150
 ytey@c2i2.com

Invoice Date	Invoice Number
May 15, 2004	1383

Billing Period	
Start Date	Close Date
Mar 01, 2004	May 31, 2004

Brian Householder
 Spartan Homes & Construction, Inc.
 11858 Via Loma Vista
 Yuma AZ 85367

INVOICE

Project ID: 0434:
 Project Name: Sierra Ridge Subdivision
 Manager: FG
 Contract Type: Fixed
 Contract Amount: \$73,000.00
 Retainer Required: \$5,000.00

Amount: \$1,625.00

Amount Due this Invoice: \$1,625.00

This invoice is due upon receipt

Account Summary				
Last Inv Num	Last Inv Date	Last Inv Amt	Last Pay Amt	Prev Unpaid Amt
1326	5/11/2004	\$5,000.00	\$5,000.00	\$0.00
Total Amount Due (including this invoice):				\$1,625.00

Yuma Territorial Engineering, P.C.

1420 SOUTH 5TH AVENUE
YUMA, AZ 85364
Tel: (928) 329-9097 Fax: (928) 539-0150
ytey@c2i2.com

Invoice Num: 1386
Jun 28, 2004

Page 1 of 1

Brian Householder
Spartan Homes & Construction, Inc.
11858 Via Loma Vista
Yuma AZ 85367

Project ID: 0434:
Proj Name: Sierra Ridge Subdivision
Manager: FG

INVOICE

DESCRIPTION	COST	TAX %	AMOUNT
SERVICES:			
Down Payment, Thank you	(\$5,000.00)		(\$5,000.00)
Preliminary Plat	\$21,300.00		\$21,300.00
Subtotal:	<u>\$16,300.00</u>		<u>\$16,300.00</u>
		Misc: (+)	\$0.00
		Discount: (-)	\$0.00
		Amount paid: (-)	\$0.00
		Total Amount Due:	<u>\$16,300.00</u>

This invoice is due upon receipt

Account Summary

Last Inv Num	Last Inv Date	Last Inv Amt	Last Pay Amt	Prev Unpaid Amt
1383	May 15, 2004	\$1,625.00	\$5,000.00	\$1,625.00

Total Amount Due (including this invoice): \$17,925.00

Yuma Territorial Engineering, P.C.

1420 SOUTH 5TH AVENUE
 YUMA, AZ 85364
 Tel: (928) 329-9097 Fax: (928) 539-0150
 ytey@c2i2.com

Invoice Num: 1414 Jul 21, 2004

Page 1 of 1

Brian Householder
 Spartan Homes & Construction, Inc.
 11858 Via Loma Vista
 Yuma AZ 85367

Project ID: 0434:
 Proj Name: Sierra Ridge Subdivision
 Manager: FG

INVOICE

DESCRIPTION	COST	TAX %	AMOUNT
<u>SERVICES:</u>			
100% PRELIMINARY PLAT			\$0.00
	\$6,795.00		\$6,795.00
Subtotal:	\$6,795.00		\$6,795.00
		Misc: (+)	\$0.00
		Discount: (-)	\$0.00
		Amount paid: (-)	\$0.00
		Total Amount Due:	\$6,795.00

This invoice is due upon receipt

Account Summary				
Last Inv Num	Last Inv Date	Last Inv Amt	Last Pay Amt	Prev Unpaid Amt
1386	Jun 28, 2004	\$16,300.00	\$16,300.00	\$0.00
Total Amount Due (including this invoice):				\$6,795.00

Yuma Territorial Engineering, P.C.

1420 SOUTH 5TH AVENUE
YUMA, AZ 85364
Tel: (928) 329-9097 Fax: (928) 539-0150
yt ey@c2i2.com

Invoice Num: 1484
Oct 7, 2004

Page 1 of 1

Brian Householder
Spartan Homes & Construction, Inc.
11858 Via Loma Vista
Yuma AZ 85367

Project ID: 0434:
Proj Name: Sierra Ridge Subdivision
Manager: FG

INVOICE

DESCRIPTION	COST	TAX %	AMOUNT
SERVICES:			
70% PROECT COMPLETION	\$19,980.00		\$19,980.00
100% ADDITIONAL SERVICE FOR SUBDIVISION SEPTIC SYSTEM	\$2,000.00		\$2,000.00
			\$0.00
EXPENSES:			
PLAN REVIEW FEE 10/5/04	\$100.00		\$100.00
15% ADMINISTRATION FEE	\$15.00		\$15.00
Subtotal:	<u>\$22,095.00</u>		<u>\$22,095.00</u>
		Misc: (+)	\$0.00
		Discount: (-)	\$0.00
			\$0.00
		Amount paid: (-)	\$0.00
		Total Amount Due:	<u>\$22,095.00</u>

This invoice is due upon receipt

Account Summary				
Last Inv Num	Last Inv Date	Last Inv Amt	Last Pay Amt	Prev Unpaid Amt
1673	Mar 10, 2005	\$500.00	\$2,000.00	\$644.90
Total Amount Due (including this invoice):				\$22,739.90

Yuma Territorial Engineering, P.C.

1420 SOUTH 5TH AVENUE
 YUMA, AZ 85364
 Tel: (928) 329-9097 Fax: (928) 539-0150
 ytey@c2i2.com

Invoice Num: 1526
 Nov 18, 2004

Brian Householder
 Spartan Homes & Construction, Inc.
 11858 Via Loma Vista
 Yuma AZ 85367

Project ID: 0434:
 Proj Name: Sierra Ridge Subdivision
 Manager: FG

INVOICE

DESCRIPTION	COST	TAX %	AMOUNT
<u>SERVICES:</u>			
ENGINEERING SERVICES FOR OCTOBER 2004	\$13,500.00		\$13,500.00
<u>EXPENSES:</u>			
YUMA COUNTY PLAN REVIEW FEE	\$100.00		\$100.00
15% ADMINISTRATIVE COSTS	\$2.30		\$2.30
UPS SHIPPING CHARGES 10/18/04	\$15.33		\$15.33
15% ADMINISTRATIVE COSTS	\$1.93		\$1.93
UPS SHIPPING CHARGES 8/25/04	\$12.84		\$12.84
Subtotal:	\$13,632.40		\$13,632.40
		Misc: (+)	\$0.00
		Discount: (-)	\$0.00
		Amount paid: (-)	\$0.00
		Total Amount Due:	\$13,632.40

This invoice is due upon receipt

Account Summary				
Last Inv Num	Last Inv Date	Last Inv Amt	Last Pay Amt	Prev Unpaid Amt
1484	Oct 7, 2004	\$22,095.00	\$22,095.00	\$0.00
Total Amount Due (including this invoice):				\$13,632.40

Yuma Territorial Engineering, P.C.

1420 SOUTH 5TH AVENUE
YUMA, AZ 85364
Tel: (928) 329-9097 Fax: (928) 539-0150
ytey@c2i2.com

Invoice Num: 1565
Dec 15, 2004

Page 1 of 1

Brian Householder
Spartan Homes & Construction, Inc.
11858 Via Loma Vista
Yuma AZ 85367

Project ID: 0434:
Proj Name: Sierra Ridge Subdivision
Manager: FG

INVOICE

DESCRIPTION	COST	TAX %	AMOUNT
SERVICES:			
			\$0.00
EXPENSES:			
ADEQ APPLICATION FEE	\$1,000.00		\$1,000.00
15% ADMINISTRATION COST	\$7.56		\$7.56
PLAN COPIES	\$50.40		\$50.40
Subtotal:	<u>\$1,057.96</u>		<u>\$1,057.96</u>
		Misc: (+)	\$0.00
		Discount: (-)	\$0.00
		Amount paid: (-)	\$0.00
		Total Amount Due:	<u>\$1,057.96</u>

This invoice is due upon receipt

Account Summary

Last Inv Num	Last Inv Date	Last Inv Amt	Last Pay Amt	Prev Unpaid Amt
1526	Nov 18, 2004	\$13,632.40	\$22,095.00	\$13,632.40
Total Amount Due (including this invoice):				\$14,690.36

Yuma Territorial Engineering, P.C.

1420 SOUTH 5TH AVENUE
YUMA, AZ 85364
Tel: (928) 329-9097 Fax: (928) 539-0150
ytey@c2i2.com

Invoice Num: 1569
Dec 16, 2004

Page 1 of 1

Brian Householder
Spartan Homes & Construction, Inc.
11858 Via Loma Vista
Yuma AZ 85367

Project ID: 0434:
Proj Name: Sierra Ridge Subdivision
Manager: FG

INVOICE

DESCRIPTION	COST	TAX %	AMOUNT
<u>SERVICES:</u>			
ENGINEERING SERVICES FOR NOVEMBER 2004	\$2,000.00		\$0.00
			\$2,000.00
Subtotal:	\$2,000.00		\$2,000.00
		Misc: (+)	\$0.00
		Discount: (-)	\$0.00
		Amount paid: (-)	\$0.00
		Total Amount Due:	\$2,000.00

This invoice is due upon receipt

Account Summary

Last Inv Num	Last Inv Date	Last Inv Amt	Last Pay Amt	Prev Unpaid Amt
1565	Dec 15, 2004	\$1,057.96	\$22,095.00	\$14,690.36

Total Amount Due (including this invoice): **\$16,690.36**

Yuma Territorial Engineering, P.C.

1420 SOUTH 5TH AVENUE
YUMA, AZ 85364
Tel: (928) 329-9097 Fax: (928) 539-0150
ytey@c2i2.com

Invoice Num: 1635
Feb 10, 2005

Page 1 of 1

Brian Householder
Spartan Homes & Construction, Inc.
11858 Via Loma Vista
Yuma AZ 85367

Project ID: 0434:
Proj Name: Sierra Ridge Subdivision
Manager: FG

INVOICE

DESCRIPTION	COST	TAX %	AMOUNT
<u>SERVICES:</u>			
			\$0.00
<u>EXPENSES:</u>			
PLAN COPIES ON 2/1/05	\$37.80		\$37.80
15% ADMINISTRATIVE COST	\$5.67		\$5.67
PLAN COPIES ON 2/2/05	\$88.20		\$88.20
15% ADMINISTRATIVE COST	\$13.23		\$13.23
Subtotal:	<u>\$144.90</u>		<u>\$144.90</u>
		Misc: (+)	\$0.00
		Discount: (-)	\$0.00
			\$0.00
		Amount paid: (-)	\$0.00
		Total Amount Due:	<u>\$144.90</u>

This invoice is due upon receipt

Account Summary				
Last Inv Num	Last Inv Date	Last Inv Amt	Last Pay Amt	Prev Unpaid Amt
1569	Dec 16, 2004	\$2,000.00	\$2,000.00	\$0.00
Total Amount Due (including this invoice):				\$144.90

Yuma Territorial Engineering, P.C.

1420 SOUTH 5TH AVENUE
 YUMA, AZ 85364
 Tel: (928) 329-9097 Fax: (928) 539-0150
 ytey@c2i2.com

Invoice Num: 1673
 Mar 10, 2005

Brian Householder
 Spartan Homes & Construction, Inc.
 11858 Via Loma Vista
 Yuma AZ 85367

Project ID: 0434:
 Proj Name: Sierra Ridge Subdivision
 Manager: FG

INVOICE

DESCRIPTION	COST	TAX %	AMOUNT
<u>SERVICES:</u>			
CONSTRUCTION ADMINISTRATION FOR FEBRUARY 2005	\$500.00		\$500.00
			\$0.00
Subtotal:	\$500.00		\$500.00
		Misc: (+)	\$0.00
		Discount: (-)	\$0.00
			\$0.00
		Amount paid: (-)	\$0.00
		Total Amount Due:	\$500.00

This invoice is due upon receipt

Account Summary				
Last Inv Num	Last Inv Date	Last Inv Amt	Last Pay Amt	Prev Unpaid Amt
1654	Feb 28, 2005	\$2,000.00	\$2,000.00	\$2,144.90
Total Amount Due (including this invoice):				\$2,644.90

Yuma Territorial Engineering, P.C.

1420 SOUTH 5TH AVENUE
 YUMA, AZ 85364
 Tel: (928) 329-9097 Fax: (928) 539-0150
 ytey@c2i2.com

Invoice Num: 1707 Mar 25, 2005

Page 1 of 1

Brian Householder
 Spartan Homes & Construction, Inc.
 11858 Via Loma Vista
 Yuma AZ 85367

Project ID: 0434:
 Proj Name: Sierra Ridge Subdivision
 Manager: FG

INVOICE

DESCRIPTION	COST	TAX %	AMOUNT
SERVICES:			
TO 95% OF CONTRACT COMPLETION, ENGINEERING SERVICES	\$6,800.00		\$6,800.00
			\$0.00
EXPENSES:			
PLANS COPYING - 44 PAGES	\$46.20		\$46.20
15% ADMIN. COSTS	\$6.93		\$6.93
Subtotal:	<u>\$6,853.13</u>		<u>\$6,853.13</u>
		Misc: (+)	\$0.00
		Discount: (-)	\$0.00
			\$0.00
		Amount paid: (-)	\$0.00
		Total Amount Due:	<u>\$6,853.13</u>

This invoice is due upon receipt

Account Summary				
Last Inv Num	Last Inv Date	Last Inv Amt	Last Pay Amt	Prev Unpaid Amt
1673	Mar 10, 2005	\$500.00	\$2,000.00	\$644.90
Total Amount Due (including this invoice):				<u>\$7,498.03</u>

Yuma Territorial Engineering, P.C.

1420 SOUTH 5TH AVENUE
 YUMA, AZ 85364
 Tel: (928) 329-9097 Fax: (928) 539-0150
 ytey@c2i2.com

Invoice Num: 1713 Apr 14, 2005

Page 1 of 1

Brian Householder
 Spartan Homes & Construction, Inc.
 11858 Via Loma Vista
 Yuma AZ 85367

Project ID: 0434:
 Proj Name: Sierra Ridge Subdivision
 Manager: FG

INVOICE

DESCRIPTION	COST	TAX %	AMOUNT
<u>SERVICES:</u>			
ENGINEERING SERVICES FOR MARCH 2005	\$1,500.00		\$1,500.00
			\$0.00
Subtotal:	<u>\$1,500.00</u>		<u>\$1,500.00</u>
		Misc: (+)	\$0.00
		Discount: (-)	\$0.00
			\$0.00
		Amount paid: (-)	\$0.00
		Total Amount Due:	<u>\$1,500.00</u>

This invoice is due upon receipt

Account Summary

Last Inv Num	Last Inv Date	Last Inv Amt	Last Pay Amt	Prev Unpaid Amt
1707	Mar 25, 2005	\$6,853.13	\$500.00	\$6,853.13
Total Amount Due (including this invoice):				\$8,353.13

Yuma Territorial Engineering, P.C.

1420 SOUTH 5TH AVENUE
 YUMA, AZ 85364
 Tel: (928) 329-9097 Fax: (928) 539-0150
 ytey@c2i2.com

Invoice Num: 1764
 May 11, 2005

Page 1 of 1

Brian Householder
 Spartan Homes & Construction, Inc.
 11858 Via Loma Vista
 Yuma AZ 85367

Project ID: 0434:
 Proj Name: Sierra Ridge Subdivision
 Manager: FG

INVOICE

DESCRIPTION	COST	TAX %	AMOUNT
SERVICES:			
CONSTRUCTION ADMINISTRATION FOR APRIL 2005	\$200.00		\$200.00 \$0.00
EXPENSES:			
PLAN COPIES 4/20/05	\$71.16		\$71.16
15% ADMIN. COST	\$10.67		\$10.67
Subtotal:	<u>\$281.83</u>		<u>\$281.83</u>
		Misc: (+)	\$0.00
		Discount: (-)	\$0.00
			\$0.00
		Amount paid: (-)	\$0.00
		Total Amount Due:	<u>\$281.83</u>

This invoice is due upon receipt

Account Summary				
Last Inv Num	Last Inv Date	Last Inv Amt	Last Pay Amt	Prev Unpaid Amt
1713	Apr 14, 2005	\$1,500.00	\$500.00	\$8,353.13
Total Amount Due (including this invoice):				\$8,634.96

Yuma Territorial Engineering, P.C.

1420 SOUTH 5TH AVENUE
YUMA, AZ 85364
Tel: (928) 329-9097 Fax: (928) 539-0150
ytey@c2i2.com

Invoice Num: 1797
Jun 3, 2005

Page 1 of 1

Brian Householder
Spartan Homes & Construction, Inc.
11858 Via Loma Vista
Yuma AZ 85367

Project ID: 0434:
Proj Name: Sierra Ridge Subdivision
Manager: FG

INVOICE

DESCRIPTION	COST	TAX %	AMOUNT
<u>SERVICES:</u>			
ENGINEERING SERVICES FOR MAY 2005	\$200.00		\$200.00
			\$0.00
Subtotal:	\$200.00		\$200.00
		Misc: (+)	\$0.00
		Discount: (-)	\$0.00
			\$0.00
		Amount paid: (-)	\$0.00
		Total Amount Due:	\$200.00

This invoice is due upon receipt

Account Summary

Last Inv Num	Last Inv Date	Last Inv Amt	Last Pay Amt	Prev Unpaid Amt
1764	May 11, 2005	\$281.83	\$500.00	\$8,634.96

Total Amount Due (including this invoice): **\$8,834.96**

Yuma Territorial Engineering, P.C.

1420 SOUTH 5TH AVENUE
YUMA, AZ 85364
Tel: (928) 329-9097 Fax: (928) 539-0150
ytey@c2i2.com

Invoice Num: 1867
Aug 3, 2005

Page 1 of 1

Brian Householder
Spartan Homes & Construction, Inc.
11858 Via Loma Vista
Yuma AZ 85367

Project ID: 0434:
Proj Name: Sierra Ridge Subdivision
Manager: FG

INVOICE

DESCRIPTION	COST	TAX %	AMOUNT
<u>SERVICES:</u>			
ENGINEERING SERVICES FOR JUNE & JULY 2005	\$1,100.00		\$1,100.00
			\$0.00
Subtotal:	<u>\$1,100.00</u>		<u>\$1,100.00</u>
		Misc: (+)	\$0.00
		Discount: (-)	\$0.00
			\$0.00
		Amount paid: (-)	\$0.00
		Total Amount Due:	<u>\$1,100.00</u>

This invoice is due upon receipt

Account Summary

Last Inv Num	Last Inv Date	Last Inv Amt	Last Pay Amt	Prev Unpaid Amt
1797	Jun 3, 2005	\$200.00	\$1,500.00	\$481.83
Total Amount Due (including this invoice):				\$1,581.83

Yuma Territorial Engineering, P.C.

1420 SOUTH 5TH AVENUE
YUMA, AZ 85364
Tel: (928) 329-9097 Fax: (928) 539-0150
ytey@c2i2.com

Invoice Num: 1917
Sep 6, 2005

Page 1 of 1

Brian Householder
Spartan Homes & Construction, Inc.
11858 Via Loma Vista
Yuma AZ 85367

Project ID: 0434:
Proj Name: Sierra Ridge Subdivision
Manager: FG

INVOICE

DESCRIPTION	COST	TAX %	AMOUNT
<u>SERVICES:</u>			
CONSTRUCTION ADMINISTRATION FOR AUGUST 2005	\$245.00		\$245.00
			\$0.00
Subtotal:	<u>\$245.00</u>		<u>\$245.00</u>
		Misc: (+)	\$0.00
		Discount: (-)	\$0.00
			\$0.00
		Amount paid: (-)	\$0.00
		Total Amount Due:	<u>\$245.00</u>

This invoice is due upon receipt

Account Summary				
Last Inv Num	Last Inv Date	Last Inv Amt	Last Pay Amt	Prev Unpaid Amt
1867	Aug 3, 2005	\$1,100.00	\$1,500.00	\$1,581.83
Total Amount Due (including this invoice):				\$1,826.83

Yuma Territorial Engineering, P.C.

1420 SOUTH 5TH AVENUE
 YUMA, AZ 85364
 Tel: (928) 329-9097 Fax: (928) 539-0150
 ytey@c2i2.com

Invoice Num: 2131 Feb 10, 2006

Page 1 of 1

Brian Householder
 Spartan Homes & Construction, Inc.
 11858 Via Loma Vista
 Yuma AZ 85367

Project ID: 0434:
 Proj Name: Sierra Ridge Subdivision
 Manager: FG

INVOICE

DESCRIPTION	COST	TAX %	AMOUNT
<u>SERVICES:</u>			
100% CONTRACT AMOUNT OF \$71,000.00 - \$70,745.00 PAID TO-DATE =	\$255.00		\$255.00
			\$0.00
Subtotal:	<u>\$255.00</u>		<u>\$255.00</u>
		Misc: (+)	\$0.00
		Discount: (-)	\$0.00
			\$0.00
		Amount paid: (-)	\$0.00
		Total Amount Due:	<u>\$255.00</u>

This invoice is due upon receipt

Account Summary				
Last Inv Num	Last Inv Date	Last Inv Amt	Last Pay Amt	Prev Unpaid Amt
1917	Sep 6, 2005	\$245.00	\$245.00	\$0.00
Total Amount Due (including this invoice):				\$255.00

Yuma Territorial Engineering, P.C.

1420 SOUTH 5TH AVENUE
YUMA, AZ 85364
Tel: (928) 329-9097 Fax: (928) 539-0150
ytey@c2i2.com

Invoice Num: 2347
Jul 13, 2006

Page 1 of 1

Brian Householder
Spartan Homes & Construction, Inc.
11858 Via Loma Vista
Yuma AZ 85367

Project ID: 0434:
Proj Name: Sierra Ridge Subdivision
Manager: FG

INVOICE

DESCRIPTION	COST	TAX %	AMOUNT
SERVICES:			
ADDITIONAL WORK: FAR WEST WATER COST ESTIMATES - RESEARCHING FILES & FAXING	\$87.50		\$87.50
			\$0.00
Subtotal:	\$87.50		\$87.50
		Misc: (+)	\$0.00
		Discount: (-)	\$0.00
			\$0.00
		Amount paid: (-)	\$0.00
		Total Amount Due:	\$87.50

This invoice is due upon receipt

Account Summary				
Last Inv Num	Last Inv Date	Last Inv Amt	Last Pay Amt	Prev Unpaid Amt
2131	Feb 10, 2006	\$255.00	\$255.00	\$0.00
Total Amount Due (including this invoice):				\$87.50

Yuma Territorial Engineering, P.C.

1420 SOUTH 5TH AVENUE
 YUMA, AZ 85364
 Tel: (928) 329-9097 Fax: (928) 539-0150
 ytey@c2i2.com

Invoice Num: 2812
 Apr 9, 2007

Brian Householder
 Spartan Homes & Construction, Inc.
 11858 Via Loma Vista
 Yuma AZ 85367

Project ID: 0434:
 Proj Name: Sierra Ridge Subdivision
 Manager: FG

INVOICE

DESCRIPTION	COST	TAX %	AMOUNT
<u>SERVICES:</u>			
FAR WEST WATER PAPERWORK (PULLING FILES & COPYING)	\$67.50		\$67.50
			\$0.00
<u>EXPENSES:</u>			
PLANS COPYING: 15 SHEETS @ \$1.25/SHEET	\$18.75		\$18.75
Subtotal:	\$86.25		\$86.25
		Misc: (+)	\$0.00
		Discount: (-)	\$0.00
			\$0.00
		Amount paid: (-)	\$0.00
		Total Amount Due:	\$86.25

This invoice is due upon receipt

Account Summary

Last Inv Num	Last Inv Date	Last Inv Amt	Last Pay Amt	Prev Unpaid Amt
2347	Jul 13, 2006	\$87.50	\$87.50	\$0.00
Total Amount Due (including this invoice):				\$86.25

Yuma Territorial Engineering, P.C.

1420 SOUTH 5TH AVENUE
YUMA, AZ 85364
Tel: (928) 329-9097 Fax: (928) 539-0150
ytey@c2i2.com

Invoice Num: 2854
May 11, 2007

Page 1 of 1

Brian Householder
Spartan Homes & Construction, Inc.
11858 Via Loma Vista
Yuma AZ 85367

Project ID: 0434:
Proj Name: Sierra Ridge Subdivision
Manager: FG

INVOICE

DESCRIPTION	COST	TAX %	AMOUNT
<u>SERVICES:</u>			
ENGINEER'S CERTIFICATE OF COMPLETION FORMS FOR YUMA COUNTY	\$65.00		\$65.00
			\$0.00
Subtotal:	<u>\$65.00</u>		<u>\$65.00</u>
		Misc: (+)	\$0.00
		Discount: (-)	\$0.00
			\$0.00
		Amount paid: (-)	\$0.00
		Total Amount Due:	<u>\$65.00</u>

This invoice is due upon receipt

Account Summary				
Last Inv Num	Last Inv Date	Last Inv Amt	Last Pay Amt	Prev Unpaid Amt
2812	Apr 9, 2007	\$86.25	\$86.25	\$0.00
Total Amount Due (including this invoice):				\$65.00

Yuma Territorial Engineering, P.C.

1420 SOUTH 5TH AVENUE
 YUMA, AZ 85364
 Tel: (928) 329-9097 Fax: (928) 539-0150
 ytey@c2i2.com

Invoice Num: 3387
 May 6, 2008

Brian Householder
 Spartan Homes & Construction, Inc.
 11858 Via Loma Vista
 Yuma AZ 85367

Project ID: 0434:
 Proj Name: Sierra Ridge Subdivision
 Manager: FG

INVOICE

DESCRIPTION	COST	TAX %	AMOUNT
<u>SERVICES:</u>			
ADDITIONAL SERVICES: COORDINATION WITH ATTORNEY	\$160.00		\$160.00
			\$0.00
Subtotal:	\$160.00		\$160.00
		Misc: (+)	\$0.00
		Discount: (-)	\$0.00
			\$0.00
		Amount paid: (-)	\$0.00
		Total Amount Due:	\$160.00

This invoice is due upon receipt

Account Summary				
Last Inv Num	Last Inv Date	Last Inv Amt	Last Pay Amt	Prev Unpaid Amt
2854	May 11, 2007	\$65.00	\$65.00	\$0.00
Total Amount Due (including this invoice):				\$160.00

Yuma Territorial Engineering, P.C.

1420 SOUTH 5TH AVENUE
YUMA, AZ 85364
Tel: (928) 329-9097 Fax: (928) 539-0150
ytey@c2i2.com

Invoice Num: 3519
Aug 8, 2008

Page 1 of 1

Brian Householder
Spartan Homes & Construction, Inc.
11858 Via Loma Vista
Yuma AZ 85367

Project ID: 0434:
Proj Name: Sierra Ridge Subdivision
Manager: FG

INVOICE

DESCRIPTION	COST	TAX %	AMOUNT
<u>SERVICES:</u>			
NEW NOTICE OF INTENT TO DISCHARGE REPORT AS REQUIRED BY ADEQ PER NEW REQUIREMENTS	\$250.00		\$250.00
			\$0.00
Subtotal:	\$250.00		\$250.00
		Misc: (+)	\$0.00
		Discount: (-)	\$0.00
			\$0.00
		Amount paid: (-)	\$0.00
		Total Amount Due:	\$250.00

This invoice is due upon receipt

Account Summary				
Last Inv Num	Last Inv Date	Last Inv Amt	Last Pay Amt	Prev Unpaid Amt
3387	May 6, 2008	\$160.00	\$160.00	\$0.00
Total Amount Due (including this invoice):				\$250.00

**SPARTAN HOMES AND
CONSTRUCTION, INC.
PROPOSED AMENDMENT #1**

SPARTAN HOMES AND CONSTRUCTION INC. PROPOSED AMENDMENT #1

COMPANY: Far West Water & Sewer, Inc. AGENDA ITEM NO. U-

DOCKET NO. WS-03478A-08-0256

OPEN MEETING DATE: September 6-7, 2011

Page 56, lines 22-25, DELETE:

"However, Spartan has not offered any documentary evidence, in the form of invoices or canceled checks, for example, supporting Mr. Householder's assertion that Spartan paid sales taxes of \$4,624 to Noll Construction, or \$23,285 in engineering fees to YTE. Without support for these amounts, we will not require Far West to refund them."

AND REPLACE WITH:

"In addition, Mr. Householder testified at the hearing that Spartan paid sales taxes of \$4,624 to Noll Construction for the water system construction, and his testimony was corroborated by his March 29, 2007, letter to Mr. Capestro stating that total sales taxes paid to Noll Construction were \$8,892.99.¹ Mr. Householder further testified as to the breakdown of the total sales taxes, with 52 percent (or \$4,624) allocated to water system costs and 48 percent (or \$4,268.99) allocated to sewer system costs.² Far West did not rebut this evidence and testimony. Mr. Householder also testified that Spartan paid \$23,285 in engineering fees to YTE for work directly related to the water system construction.³ Mr. Galindo provided substantial corroborating testimony at the hearing describing in detail the nature of the engineering and related services provided for Spartan. Based upon this testimony and evidence, the amount claimed by Spartan for engineering and related services is reasonable in light of the total cost of the water system and the extent of the services performed by YTE. While Spartan did not submit invoices for the \$4,624 in sales taxes and the \$23,285 paid to YTE for the engineering and related services, we know that sales tax expense and engineering expense are properly includable in the costs of constructing utility infrastructure. We note also that Far West did not rebut this evidence and testimony."

Page 56, line 26, DELETE "\$126,270.72" AND REPLACE WITH "\$154,180."

Page 74, line 13, DELETE "\$125,000" AND REPLACE WITH "\$150,000."

Page 78, line 9, DELETE "\$126,270.72" AND REPLACE WITH "\$154,180."

Page 79, line 18, DELETE "\$126,270.72" AND REPLACE WITH "\$154,180."

Page 79, line 21, DELETE "\$126,270.72" AND REPLACE WITH "\$154,180."

MAKE ALL CONFORMING CHANGES

¹ Hearing Exhibit A-42A.

² Tr. at 234-237.

³ Householder Direct Testimony, page 22, Hearing Exhibits A-42 and A-42A.