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**OPEN MEETING AGENDA ITEM**

ERNEST G. JOHNSON  
Executive Director

ARIZONA CORPORATION COMMISSION

**ORIGINAL**

RECEIVED  
AZ CORP COMMISSION  
DOCKET CONTROL

**COMPLIANCE  
NOTIFICATION LETTER NO. 1**

MAR 14 PM 2 19

March 14, 2012

Arizona Corporation Commission  
**DOCKETED**

MAR 14 2012

Ms. Paula Capestro – President  
Mr. Andrew J. Capestro – Statutory Agent  
Far West Water & Sewer, Inc.  
13157 East 44<sup>th</sup> Street  
Yuma, Arizona 85367

DOCKETED BY

**RE: FAR WEST WATER & SEWER, INC. - COMPLIANCE NOTIFICATION LETTER  
NO. 1 (DOCKET NO. WS-03478A-08-0256 - DECISION NO. 72594)**

Dear Ms. Capestro and Mr. Capestro:

On September 15, 2011, the Arizona Corporation Commission (“Commission”) issued Decision No. 72594 in the above docket regarding the complaint of Spartan Homes and Construction, Inc. (“Spartan Homes”) against Far West Water & Sewer, Inc. (“Far West” or “Company”). Pursuant to that Decision, Far West was required to make a payment of \$154,180 to Spartan Homes within 90 days of the decision date (see Attachment 1).

In January 2012, Compliance Staff had discussions with Mr. Andy Capestro regarding the Spartan Homes request for an Order to Show Cause (“OSC”) filing and the required payment of \$154,180. During those discussions, Mr. Capestro assured Staff that Far West would file a response to the Spartan Homes OSC request in which the Company would address the issue. Also, Mr. Capestro was notified of Staff’s position that Far West should respond to the Spartan Homes filing.

A review of the Commission’s Docket Control Center shows no evidence that the Far West filing or the required payment has been made. Please accept this letter as written notification that the Company has not complied with the requirement to provide Spartan Homes the payment in the appropriate timeframe and, further, has not adhered to Staff’s attempts to move the Company toward compliance. Staff, therefore, notifies Far West that the Company is out of compliance with Decision No. 72594.

Staff hereby notifies Far West that it has until March 30, 2012, to come into compliance with the payment obligation of Decision No. 72594 or Staff may pursue an OSC against the Company. The Company should also be aware that a Staff filed OSC may include recommendations for fines, penalties and interest on unpaid financial balances. Further, in

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reviewing and making its recommendation on the pending Far West application for a Certificate of Convenience and Necessity extension (Docket No. WS-03478A-10-0523), Staff may take into consideration the Company's ability or inability to comply with prior Commission decisions.

You may contact the Utilities Division at (602) 542-4251 or reach me at (602) 542-0852 if you require any further information.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian K. Bozzo", with a large, sweeping flourish above the name.

Brian K. Bozzo  
Compliance and Enforcement Manager  
Utilities Division

BKB:lhbm

Enclosure

Commission Decision No. 72594 concluded that an amount of \$154,180 was to be paid by Far West to Spartan Homes. The Commission decision included the following orders regarding the required payment.

***“IT IS FURTHER ORDERED that the amount of \$154,180 is immediately due and payable to Spartan Homes & Construction, Inc.”***

***“IT IS FURTHER ORDERED that Far West Water and Sewer, Inc. shall pay the amount of \$154,180 to Spartan Homes & Construction, Inc. within 90 days after the effective date of this Decision unless they reach an agreement as to a later payment date.”***

***“IT IS FURTHER ORDERED that if Far West Water and Sewer, Inc and Spartan Homes & Construction, Inc. reach an agreement as to a later payment date, they shall jointly file with Docket Control, within 90 days of the effective date of this Decision, as a compliance item in this docket, a document signed by both parties memorializing their agreement as to the later payment date.”***

***“IT IS FURTHER ORDERED that Far West Water and Sewer, Inc. shall, within 10 days of making payment to the Spartan Homes & Construction, Inc. as ordered herein, file with Docket Control, in this docket, proof of having made such payment in the form of copies of the payment instrument and copies of proof of delivery of the payment instrument to, or acknowledgment of receipt of the payment instrument by, an agent of Spartan Homes & Construction, Inc.***