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March 20, 2013



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Arizona Corporation Commission 2013 MAR 22 9:10:14
Docket Control
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Phoenix AZ 85007

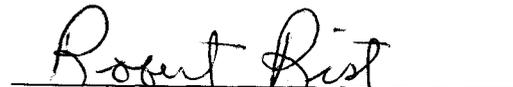
Re: Far West Water & Sewer, Inc.
Docket # WS-03478A-12-0307

Enclosed is the revised original and 13 copies of our "Motion to appoint Interim Manager and Order Forensic and Operational Audits" for Far West Water & Sewer, Inc., showing the correct Docket Number in the heading and on each successive page.

We are also sending revised copies to everyone who received the original motion we sent with the incorrect Docket Number.

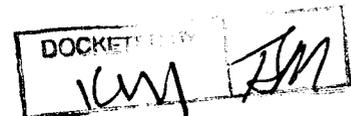
Sincerely,


Robert Gilkey, Intervenor


Robert Rist, Intervenor
9593 E. 34th Place
Yuma AZ 85365


Barbara Gilkey, Intervenor
14784 E. 49th Street
Yuma AZ 85367

Arizona Corporation Commission
DOCKETED
MAR 22 2013

DOCKETED BY


1 **Before The Arizona Corporation Commission**

2 **In the matter of the**

3 **Rate case of**

4 **Far West Water and Sewer Inc.**

5 **Docket # WS-03478A-12-0307**

6
7 **Intervenor's Motion to appoint**

8 **Interim Manager and Order Forensic and Operational Audits**

9
10 Intervenor's Robert Rist, Robert Gilkey, and Barbara Gilkey, hereby make the motion that the
11 Arizona Corporation Commission appoint an interim manager for Far West Water & Sewer, Inc.,
12 Sewer Division, and order both a forensic audit and an operational audit to be done. We also move
13 that the rate case be suspended pending the outcome of the audits and findings of the interim manager.

14 We believe that Decision No. 71447 shows the need for an Interim Manager. In that decision
15 page 34, lines 2-4 it was ordered that **“staff shall investigate and formulate a recommendation to**
16 **the Commission, in the permanent rate case or sooner, about whether it is in the public interest**
17 **to appoint an Interim Manager for this company, and any other appropriate**
18 **recommendations”**. That decision clearly concluded that the company had not acted in a competent
19 and prudent manner, and in the best interest of the rate payer.

20 In Staff's Direct Testimony dated February 13, 2013, of this Rate case on page 28, line 16,
21 Staff says they did investigate installing an Interim Manager, and at this time doesn't recommend it.
22 However, staff requests that this opportunity be reserved for future consideration.

23 In the last rate case, Docket # WS-03478A-08-0608, Staff believed Far West had displayed
24 poor management, costing the company much more to come into compliance than it should have, and
25 to allow these costs to pass on to the ratepayer would be unfair. We believe in this rate case there is
26 no evidence that anything has changed in management. Far West management always makes sure that
27 the affiliates get paid first, and yet doesn't bother having affiliates pay the company what they owe. It
28 is time now that a Manager and auditor be put into place whom the ratepayer can trust. We have no
29 confidence in the management of this Company. Comments posted on this docket indicate many
30 ratepayers want this action, and we believe it is in the best interest of the ratepayers.

31 In data requests, we asked both Staff and RUCO if there had been a forensic audit performed.

1 Staff replied that they had done a regulatory audit which included a review of all of the figures given
2 them by Far West, but not physically verified to be fact. RUCO replied that they had “conducted the
3 same type of regulatory audit of Far West Water & Sewer, Inc. that it has conducted on every case in
4 which it has intervened”.

5
6 Because of the financial and staffing limitations that both Staff and RUCO have, we do not believe
7 that they have accomplished the true definition of a forensic audit.

8
9 We have discovered instances where Far West has not been completely truthful in their figure
10 reporting and feel the only way to discover their errors and omissions would be to have a forensic
11 audit. One example is in response to our data request 2.7 requesting a list of all RV parks served by
12 Far West Sewer Division. The answer was Rancho Rialto, Adobe Village, Sun Ridge and Sunset Palm
13 RV Parks. Far West failed to mention the RV Park known as the Schechert Family Aquatics & Fitness
14 RV Park, owned by Southwest Land, AZ LLC, which is wholly owned by Andrew and Paula
15 Capestro. In response to our data request 5.1, when we asked for a test to introduce dye at an RV
16 connection at that park to verify that it appears in a septic system, it was stated in the answer “It is
17 connected to the Far West sewer system.” There is one commercial fee paid for the front building,
18 the Schechert Family Aquatics and Fitness Center on the same parcel of land, but that means **48 R.V.**
19 **spaces do not pay a sewer fee.** Rick Stacks at the Yuma County Environmental Services Division,
20 said their records show that the RV park is hooked into a septic system.

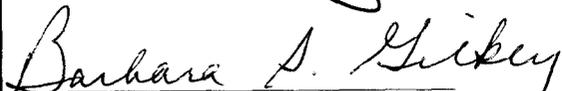
21
22 Another discrepancy we found is that Andrew Capestro received \$167,500.00 in “legal fees” and
23 “legal and management fees” in 2011 according to the Cash Disbursements journal provided to
24 answer Staff's DR GB 2.13. A copy of the requested actual 1099 showed \$154,500.00.

25 The response to our data request 5.9 asking for an explanation states “Mr. Capestro was paid
26 \$167,500.00 by Far West Water & Sewer, Inc. for the year 2011. The 1099 reflected \$154,500.00,
27 which is what was compiled by Quick Books. Quick Books compiles 1099's based upon paid and
28 applied bills. There were bills that had been paid, but payments were not applied to those bills until
29 2012, after the 1099's had been distributed”. All of the disbursements had a date and a check number
30 reference, so were actually paid in the year 2011, making the 1099 suspicious.

1 In conclusion, we do not have any confidence in the numbers furnished to us, Staff or RUCO; the
2 Commissioners in the last rate case also indicated they did not have any confidence in the company.
3 Only by performing a full forensic and operational audit and the appointment of an interim manager,
4 can the truth be known.

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Original and 13 copies mailed

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