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ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
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March 28, 2013

RE: Docket No. WS-03478A-12-0307: Far West Water and Sewer Rate Case

Dear Parties to Docket No. WS-03478A-12-0307:

On July 6, 2012, Far West filed, in the above-referenced docket, an application to increase its wastewater rates. The application stated, "Far West's current financial condition is grim." The application also stated, "In 2009, the Commission found (Decision No. 71447, page 22) that Far West's wastewater division was insolvent."

In Decision No. 71447¹ at page 34, line 2-4, the Commission ordered Staff to "investigate and formulate a recommendation to the Commission in the permanent rate case or sooner, about whether it is in the public interest to appoint an interim manager for this Company, and any other appropriate recommendations." In Staff's direct testimony in the present case, dated February 13, 2013, Staff indicated, "At this time, Staff recommends that no interim manager be appointed. However, Staff requests that this opportunity be reserved for future consideration."² Staff's testimony did not include a description of the nature and extent of its investigations. On March 20, 2013, an intervener in the same case filed a motion asking the Commission to require a forensic audit and appoint an interim manager.

I would find it helpful if Staff and the other parties to this matter could provide additional details and analyses of facts relating to the conduct of the management of the Company, and the processes for the appointment of an interim manager, together with recommendations regarding the advisability or inadvisability of the appointment of an interim manager for Far West at this time. The Commission may take official notice of prior decisions and proceedings, and if the parties wish to refer to prior decisions or proceedings in order to support their respective positions, they may certainly do so.

I look forward to reviewing Staff and the other parties' submissions in this matter. This information will be helpful to me in my future full consideration of this case.

Sincerely,

A handwritten signature in black ink, appearing to read "Susan Bitter Smith".

Susan Bitter Smith
Commissioner

Arizona Corporation Commission

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Handwritten initials in black ink, possibly "SM".

¹ Issued in Docket WS-03478A-08-0608, in re the application of Far West Water and Sewer, Inc. for approval of Interim Rates and Charges, posted at <http://images.edocket.azcc.gov/docketpdf/0000106447.pdf>

² Page 28, lines 16-17