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BEFORE THE ARIZONA CORPORATI

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COMMISSIONERS

2013 APR 19 P 4: 02

- BOB STUMP, Chairman
- GARY PIERCE
- BRENDA BURNS
- ROBERT BURNS
- SUSAN BITTER SMITH

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION
OF FAR WEST WATER & SEWER, INC.,
AN ARIZONA CORPORATION, FOR A
DETERMINATION OF THE CURRENT
FAIR VALUE OF ITS UTILITY PLANT
AND PROPERTY AND FOR INCREASES
IN ITS WASTEWATER RATES AND
CHARGES BASED THEREON FOR
UTILITY SERVICE

DOCKET NO. WS-03478A-12-0307
SPARTAN'S NOTICE OF FILING
TESTIMONY SUMMARY

Spartan Homes & Construction, Inc., hereby files the testimony summary of witness
Brian Householder in the above-captioned docket.

RESPECTFULLY submitted this 19th day of April, 2013.

BROWNSTEIN HYATT FARBER SCHRECK LLP

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Attorneys for Spartan Homes & Construction, Inc.

ORIGINAL and thirteen (13) copies of the
foregoing filed this 19th day of April, 2013, with:

Docket Control
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

Arizona Corporation Commission
DOCKETED

APR 19 2013

DOCKETED BY

Brownstein Hyatt Farber Schreck, LLP
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Phoenix, AZ 85004

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1 Copy of the foregoing hand-delivered
2 this 19th day of April, 2013 to:

3 Lyn Farmer, Chief Administrative Law Judge
4 Hearing Division
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**TESTIMONY SUMMARY OF
BRIAN HOUSEHOLDER
ON BEHALF OF SPARTAN HOMES & CONSTRUCTION, INC.
DOCKET NO. WS-03478A-12-0307
APRIL 19, 2013**

Spartan Homes & Construction, Inc., filed the Pre-Filed Direct Testimony Brian Householder on February 13, 2013, and Pre-Filed Surebuttal Testimony of Brian Householder on March 29, 2013 (collectively, the "Householder's Testimony"). The Householder's Testimony addresses the following issues: (i) the poor level of service provided by Far West Water & Sewer, Inc., ("Far West") and the lack of value Far West places on customer service; (ii) the fact that Far West places the interests of its shareholders before those of its customers; (iii) Far West's self-serving dealings with affiliated companies such as H & S Developers, Inc., and the impact of such dealings on rates; (iv) Far West's failure to comply with the rules, regulations, decisions and consent orders of the Arizona Corporation Commission ("Commission") and the Arizona Department of Environmental Quality ("ADEQ"); (v) whether Far West has excess capacity in the recently expanded Section 14 wastewater treatment plant which should be excluded from rate base; and (vi) whether Far West has appropriately accounted for and refunded advances in aid of construction.

The Householder Testimony concludes with the following four recommendations to be adopted by the Commission:

1. Mr. Householder recommends that the Commission order Far West to demonstrate compliance with all Commission statutes, rules and decisions before the company is permitted to implement any rate increase approved in this docket. This includes full compliance with Decision 72594 in Docket WS-03478A-08-0256. In addition, Far West should be required to demonstrate compliance with the statutes, rules and consent orders of ADEQ before the company is permitted to implement a rate increase.

2. Mr. Householder recommends that the Commission require Far West to demonstrate and certify that it is current on all refunds of advances in aid of construction for its water and wastewater divisions before the company is permitted to implement any rate increase approved in this docket.

3. Mr. Householder recommends that the Commission prohibit all transactions between Far West and any of its affiliates until such time as Far West prepares and implements a code of conduct, approved by the Commission, establishing protocols for how transactions will be handled between Far West and its affiliates and how such affiliate transactions will be recorded on the books of the companies. The code of conduct would be designed to ensure transparency in affiliate transactions and full compliance with the Commission's rules on Public Utility Holding Companies and Affiliated Interests as set forth in A.A.C. R14-2-801 *et seq.*

4. Mr. Householder recommends that any funds of Far West that were improperly diverted to personally benefit the owners and/or affiliates of Far West should be paid back as a condition of implementing any approved rate increase.