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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

DOCKETED

SEP - 3 2013

COMMISSIONERS

2013 SEP -3 P 4: 03

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AZ CORP COMMISSION
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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

RESPONSE IN OPPOSITION TO MOTION FOR CONTINUANCE

Far West Water and Sewer, Inc. ("Far West") hereby responds to the "Motion for Continuance of Open Meeting Decision of Commissioners" filed on September 3, 2013, by intervenors Robert Gilkey, Barbara Gilkey, and Robert Rist ("Intervenors"). Far West opposes the Motion because it would severely prejudice Far West. Further, Intervenors have suggested no material prejudice that would result from the Commission timely considering Far West's application at next week's Open Meeting.

Commission Rule R14-2-103(B)(11) provides deadlines for Commission action on rate applications. For a Class A utility such as Far West, the Commission is required to "issue a final order" within 360 days of the date the filing was accepted.¹ In addition, the date for that final order is "extended three days for each one day of actual hearing on the merits of the filing."²

Far West's rate filing was accepted on August 2, 2012. Counting 360 days takes us to July 28, a Sunday, so the deadline is extended to the next day, Monday, July 29. There were five days of hearings, so that added 15 days to the deadline for the Commission's final order, until August 13. The next Open Meeting is scheduled for September 10 and 11, so a final order

¹ R14-2-103(B)(11)(d).

² R14-2-103(B)(11)(f).

should be issued later that week or early the week after. At best, the Commission will already miss its deadline by a month.

Intervenors want the Commission to delay its final order for two more months, which would clearly be contrary to the Commission's rules. Further, the delay would severely prejudice Far West.

Far West is and has been struggling financially and is unable to meet all of its financial obligations.³ In 2009, the Commission found (Decision No. 71447, page 22) that Far West's wastewater division was insolvent. Conditions have not improved since then, and the proposed delay will only cause financial conditions to deteriorate further. Far West has only been able to maintain wastewater operations through subsidies from its water division, additional short-term borrowings, and additional capital contributions.

Far West's financial condition has only worsened since the record was closed. Far West's bondholders are already threatening to take action against the Company based on current financial projections, which include the effects of the rate phase-in to which Far West reluctantly agreed. Any further delays could cause Far West to materially default on its loan covenants. If the bondholders do take action against the Company, Far West may be forced to declare bankruptcy, which would not be in the best interests of either the customers or the Commission.

Intervenors have not shown that they would be materially prejudiced by the Commission acting as scheduled. First, although it was not required to do so, the Commission held a public comment hearing in Yuma last February. Approximately 1,100 customers attended and dozens of comments were taken. The hearing was transcribed and is part of the record in this proceeding. Over a hundred written public comments have also been docketed. Clearly, the public has had ample opportunity to provide comments directly to the Commissioners.

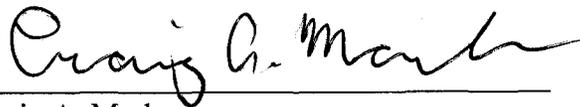
It is unfortunate that Barbara Gilkey's eye surgery will not allow her to travel, but this is no reason to delay Open Meeting. Ms. Gilkey may still participate by phone. Further, Ms.

³ This paragraph, Jones Direct at 6:4-9.

Gilkey jointly intervened with her husband Robert Gilkey, who presumably can still travel if he wishes to do so, as can co-movant Robert Rist. Intervenors will not be prejudiced by considering Far West's application at next week's Open Meeting as scheduled.

Conclusion. Intervenors' Motion should be denied. The requested relief is contrary to the Commission's rules and would severely prejudice Far West. In contrast, Intervenors would not be prejudiced if Far West's application at considered at next week's Open Meeting.

Respectfully submitted on September 3, 2013, by:



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Original and 13 copies **filed**
on September 3, 2013, with:

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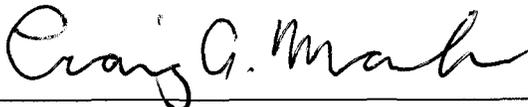
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