



0000104367

Transcript Exhibit(s)

Docket #(s): WS-02987A-08-0180

Exhibit #: A18-A23, A23a, A24, A28-A35, A37,
A38, A40-A42, A52-A55, A60-A63,
A65, A66

Arizona Corporation Commission

DOCKETED

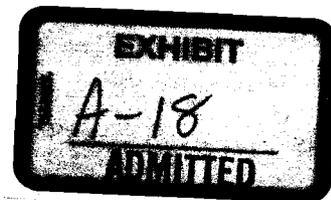
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ARIZONA CORPORATION COMMISSION
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Johnson Utilities / Rates

2/1/2008

WS-02987A-08-0180 David Ashton & Gary Larsen Conversation

Page 1 to Page 64

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THIS TEXT WAS TRANSCRIBED FROM AN AUDIO RECORDING

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE)
APPLICATION OF JOHNSON)
UTILITIES, L.L.C., DBA)
JOHNSON UTILITIES COMPANY FOR)
AN INCREASE IN ITS WATER AND) DOCKET NO.
WASTEWATER RATES FOR) WS-02987A-08-0180
CUSTOMERS WITHIN PINAL)
COUNTY, ARIZONA.)

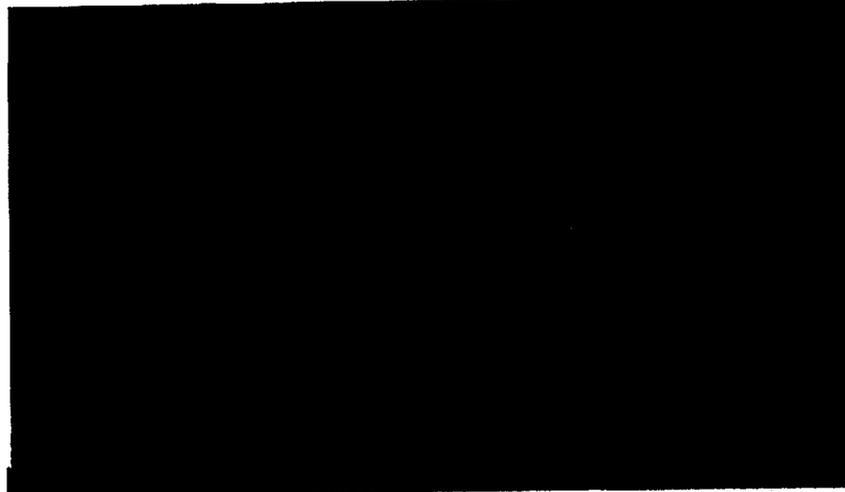
TRANSCRIPT OF RECORDED CONVERSATION
Mr. David Ashton and Mr. Gary Larsen

February 1, 2008

ARIZONA REPORTING SERVICE, INC.
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Phoenix, Arizona 85004-1481

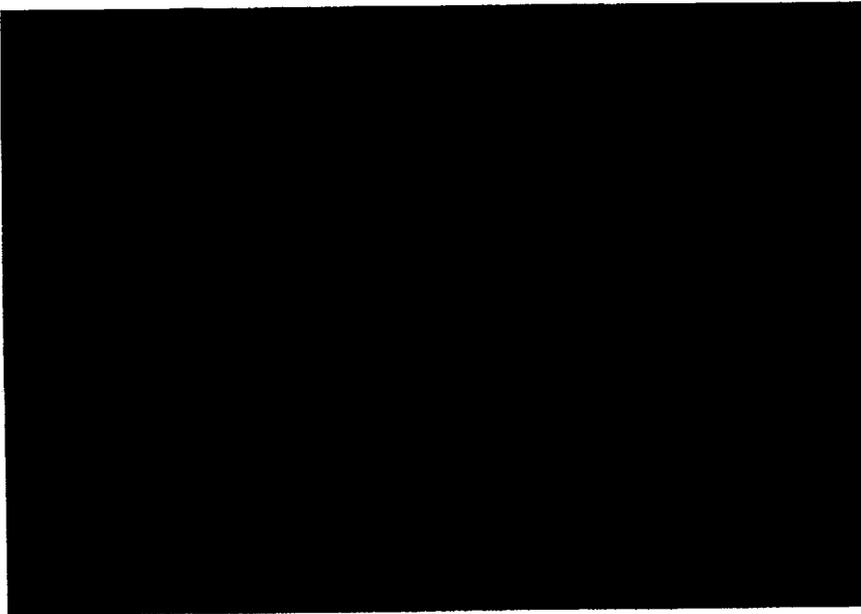
Transcribed by:

Katherine A. McNally
CERTIFIED TRANSCRIBER
CET**D-323



11 MR. LARSEN: In -- in my opinion -- you're not
12 recording me or anything, are you?

13 MR. ASHTON: No, come on.



2 MR. LARSEN: But you did. If you don't fucking
3 (indiscernible), you have a copy of that goddamn bill, and
4 that's my concern, nothing else.

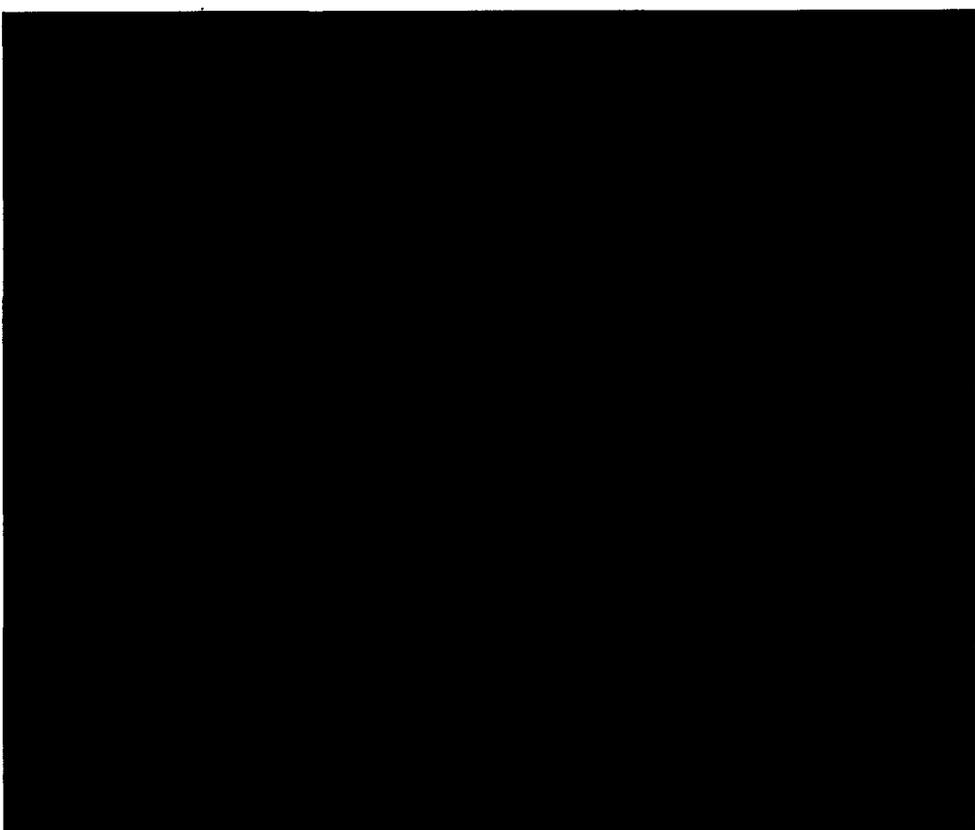
5 Everything else, okay, you take me in front of
6 the fucking commission. You're trying to blackmail me
7 (indiscernible) -- going in front of the fucking
8 commission and saying what you want me to say. And that
9 ain't right.

10 MR. ASHTON: No. I'm not trying to do that,
11 Gary.

12 MR. LARSEN: That's exactly what you're doing.

13 MR. ASHTON: I'm trying to get honesty from
14 people. I'm trying to get honesty.

15 MR. LARSEN: I'm the only one that's been
16 honest. (Indiscernible.)

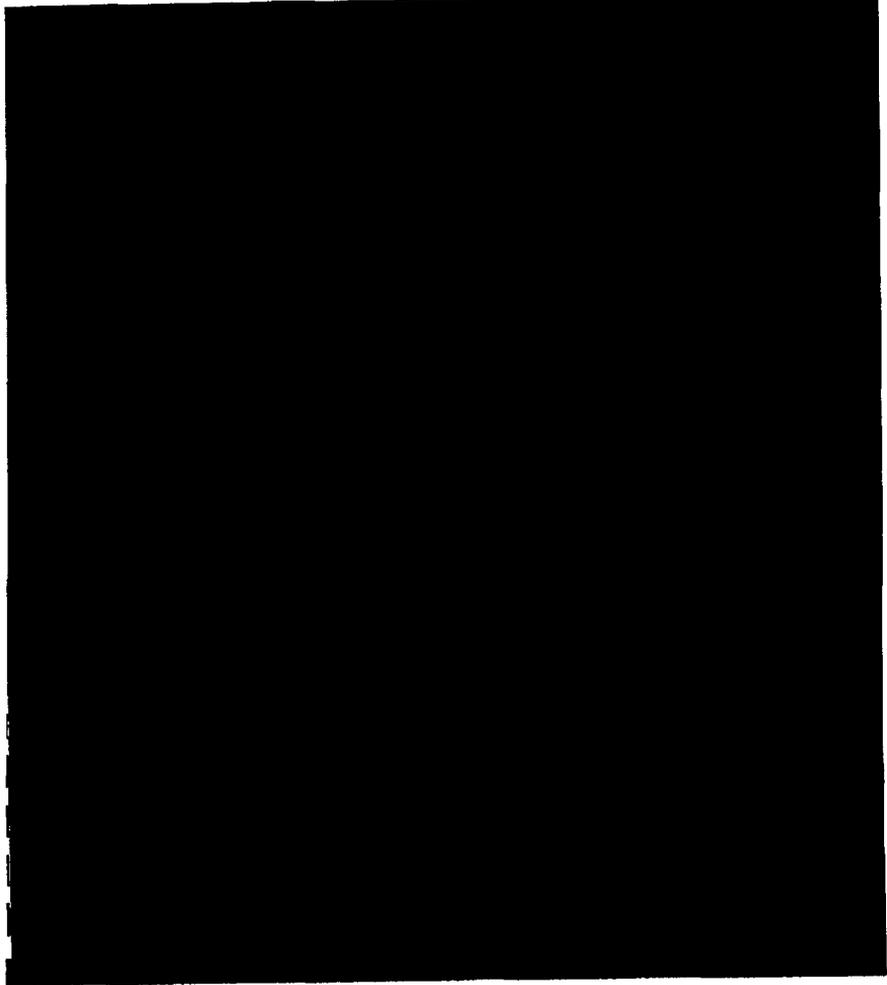


15 MR. ASHTON: All right. I -- I need to
16 understand a couple of things then, okay?

17 If you're honest with me, if you continue to be
18 honest with me, I can promise you -- you -- you are not --
19 they are never going to see that document. And you can go
20 to them right now, and say to them, "Gary, Dave doesn't
21 have this, I don't know what you're talking about." You
22 can say that.

23 MR. LARSEN: I wouldn't do it. That's the
24 point.





21 MR. LARSEN: Are you recording, me?

22 MR. ASHTON: No, dude. No. I -- I'm looking

23 for you to help me (indiscernible).



[REDACTED]

11 MR. LARSEN: And that's fine, okay? That's
12 okay.

13 And if you need to use that, use that.

14 But leave that fucking piece of paper out of
15 this shit.

16 MR. ASHTON: All right. I'll leave it out.

17 MR. LARSEN: Okay? Anything that was done by
18 me --

19 MR. ASHTON: Okay.

20 MR. LARSEN: -- you can expose that.

21 MR. ASHTON: I'll leave it out, period.

22 I'll --

23 MR. LARSEN: You're going to promise me you're
24 going to destroy it?

25 MR. ASHTON: Yes. I -- it's in e-mail, okay?

1 THIS TEXT WAS TRANSCRIBED FROM AN AUDIO RECORDING

2 I'll leave it out, okay?

3 You will never see a paper copy. I will never
4 send it to George, Brian, ever.

5 MR. LARSEN: And you will never give it to
6 anybody?

7 MR. ASHTON: I will never give it to anybody.

8 Let me say this, if I -- I don't understand
9 the -- this system at the Corporation Commission, you know
10 that, okay? You know I'm being honest with you.

11 If -- if people --

12 MR. LARSEN: That piece of paper ain't going to
13 do you no good (indiscernible).

14 MR. ASHTON: I agree.

15 MR. LARSEN: Because George never fucking did
16 charge me for that.

17 MR. ASHTON: I agree.

18 MR. LARSEN: So I mean, it's a nonissue. I
19 don't know why you're resisting destroying it, because the
20 only thing that piece of paper is going to do is determine
21 whether I keep my job here. That's the only fucking thing
22 that piece of paper can do.

23 There's nothing that benefits you in any way,
24 shape, or form.

25 MR. ASHTON: I agree.

1 THIS TEXT WAS TRANSCRIBED FROM AN AUDIO RECORDING

2 MR. LARSEN: The only thing it's going to do is
3 fuck me.

4 MR. ASHTON: I don't want to fuck you.

5 MR. LARSEN: And if that happens, we've got
6 issues.

7 MR. ASHTON: I will not send it to those guys.
8 I'm not going to send it to anybody. You have my word,
9 I'm not going to do this.

10 MR. LARSEN: You destroy it.

11 MR. ASHTON: I'll -- I'll delete it from my MS
12 system. I'll delete it. You need to delete it from
13 yours.

14 MR. LARSEN: It's already gone.

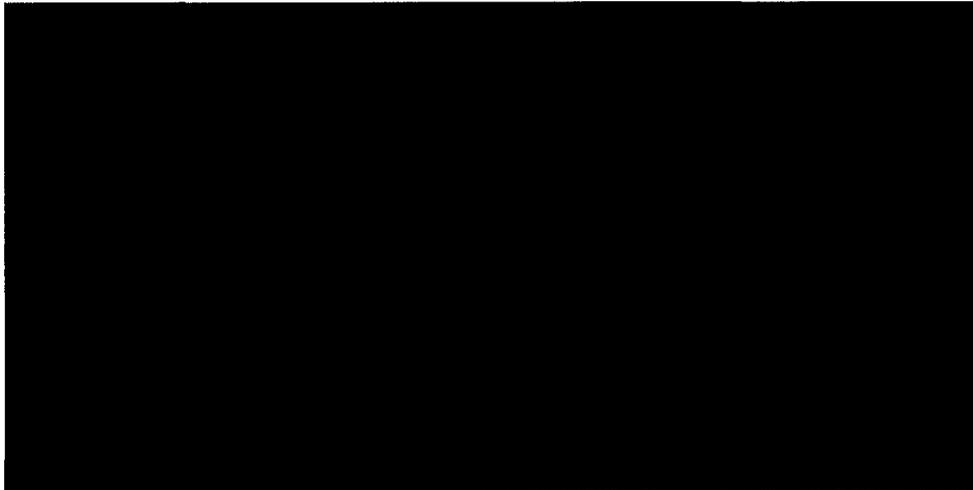
15 MR. ASHTON: Okay. All right.

16 I'll delete it, okay?

17 I mean, we're -- maybe I'm doing you a
18 disservice here by not making you feel safe. I don't want
19 you to get -- be exposed. I will delete it, okay? Just
20 to be clear, I can see that you're only focused on that.
21 I'll delete it.

22 MR. LARSEN: That's the only thing that can
23 fuck me out of this whole thing.

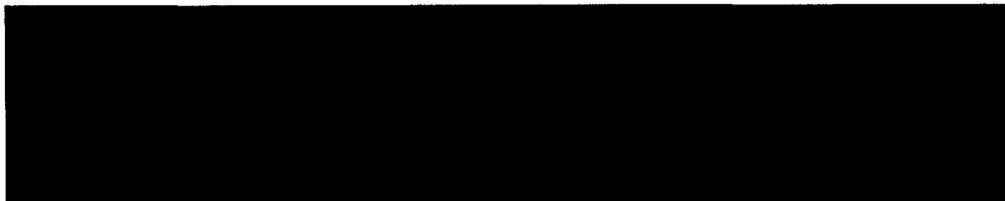




10 MR. ASHTON: I -- I have a written contract
11 that I get their reservoir, period. And -- and if the ACC
12 invalidates that contract, then I'm totally fucked. But I
13 reckon, but they're not going to invalidate it.

14 It's a valid contract. It's signed. We have
15 it. It's existed for nine years. I mean -- and it's
16 never been honored, since I -- since I have owned this
17 golf course. And so I -- you know, I -- I don't have any
18 concerns about that. He doesn't have a choice. He has to
19 give me effluent, period.

20 And if he doesn't, which he hasn't, he -- he --
21 he's subject to fines by the Corporation Commission.



[REDACTED]

14 MR. ASHTON: Are they still trying to figure
15 out if somebody's got it? Because if they ever come to
16 me.

17 MR. LARSEN: I -- I don't know.

18 MR. ASHTON: If they ever come to me, you just
19 told me what they said -- that's what I'll say. I'll say
20 I just heard about it. I don't know anything else other
21 than that.

22 MR. LARSEN: That's all I want, Dave.

23 MR. ASHTON: You got it. You got it, Gary.

[REDACTED]

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October 23, 2008



DENVER
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SALT LAKE CITY
TUCSON

VIA E-MAIL AND FIRST-CLASS MAIL

Craig A. Marks
Craig A. Marks PLC
3420 E. Shea Blvd.
Suite 200
Phoenix, Arizona 85028

**Re: *Johnson Utilities Second Set of Data Requests to Swing First Golf in Docket
WS-02987A-08-0948 (Complaint Case)***

Dear Craig:

Enclosed are Johnson Utilities Second Set of Data Requests to Swing First Golf in Docket WS-02987A-08-0948 (Complaint Case). Please respond to these data requests by Monday, November 3, 2008. For each answer, please identify by name, title and address each person providing information that forms the basis for the response provided.

Very truly yours,

SNELL & WILMER

A handwritten signature in black ink that reads "Jeff Crockett".

Jeffrey W. Crockett

JWC:gdb
Enclosures
cc (with enclosures): Brian Tompsett
CROCKETT@SWDMS9210280.1

**JOHNSON UTILITIES' SECOND SET OF DATA REQUESTS
TO SWING FIRST GOLF
DOCKET WS-02987A-08-0049
OCTOBER 23, 2008
(COMPLAINT CASE)**

- JU 2.1 Please identify all current members of Swing First Golf, LLC, and provide a current mailing address for each member.
- JU 2.2 Please identify any past members of Swing First Golf, LLC, who are no longer members of Swing First Golf, LLC.
- JU 2.3 Please identify the current manager or managers of Swing First Golf, LLC, and provide a current mailing address for each manager.
- JU 2.4 Please identify any past managers of Swing First Golf, LLC, who are no longer managers of Swing First Golf, LLC.
- JU 2.5 Please provide the names and titles of all persons employed by Swing First Golf, LLC, during the period of May 27, 2004, through the date of these data requests. Please include the dates of employment for each person, and state whether each person is currently employed by Swing First Golf, LLC.
- JU 2.6 Please provide a copy of the purchase agreement whereby Swing First Golf, LLC, acquired the Golf Club at Johnson Ranch from Johnson Ranch Holdings, LLC.
- JU 2.7 Please provide a copy of the recorded deed conveying the Golf Club at Johnson Ranch from Johnson Ranch Holdings, LLC, to Swing First Golf, LLC.
- JU 2.8 With regard to the Agreement Regarding Utility Service dated September 17, 1999 (the "Agreement"), please provide a copy of the document that effectuated the assignment of rights under the Agreement from Johnson Ranch Holdings, LLC, to Swing First Golf, LLC.
- JU 2.9 With regard to the Agreement Regarding Utility Service dated September 17, 1999 (the "Agreement"), please provide the following information:
- (a) the names and titles of those persons representing Johnson Ranch Holdings, LLC, who were involved in the negotiation of the assignment of the Agreement from Johnson Ranch Holdings, LLC, to Swing First Golf, LLC
 - (b) the names and titles of those persons representing Swing First Golf, LLC, who were involved in the negotiation of the assignment of the Agreement from Johnson Ranch Holdings, LLC, to Swing First Golf, LLC.

**JOHNSON UTILITIES' SECOND SET OF DATA REQUESTS
TO SWING FIRST GOLF
DOCKET WS-02987A-08-0049
OCTOBER 23, 2008**

- JU 2.10 Section 9(a) of the Agreement Regarding Utility Service dated September 17, 1999 (the "Agreement"), states that "Utility hereby grants Holdings and its successors and assigns the right to purchase the first effluent generated by Utility's treatment of wastewater collected within the geographic area covered by Utility's Certificate, or Exchange Water (as hereinafter defined), in an amount required to irrigate the Johnson Ranch Golf Courses." With regard to this statement, please answer the following questions:
- (a) Are the "Johnson Ranch Golf Courses" referenced in Section 9(a) of the Agreement the Golf Club at Johnson Ranch and the Precision Golf Course?
 - (b) If the answer to subpart (a) is no, please identify the "Johnson Ranch Golf Courses" that are referenced in Section 9(a) of the Agreement.
 - (c) If the answer to subpart (a) is yes, please explain how was the "right to purchase first effluent" allocated between the Golf Club at Johnson Ranch and the Precision Golf Course?
- JU 2.11 Did Swing First Golf, LLC, or any of its members, managers or employees (current or past) participate in the negotiation of the Agreement Regarding Utility Service dated September 17, 1999 (the "Agreement")?
- (a) If the answer to this data request is yes, please provide the name of the member, manager or employee of Swing First Golf, LLC, who participated in the negotiation of the Agreement.
 - (b) If the answer to this data request is no, please provide the first date that any member, manager, employee or representative of Swing First Golf, LLC, saw a copy of the Agreement Regarding Utility Service dated September 17, 1999. If you are unable to provide an exact date, please approximate the date.
- JU 2.12 Please provide copies of all written correspondence (including e-mail correspondence) between David Ashton or any other person representing Swing First Golf, LLC, and Johnson Ranch Holdings, LLC, with regard to: (i) the Agreement Regarding Utility Service dated September 17, 1999; and (ii) water rights and/or water service for the Golf Club at Johnson Ranch.

**JOHNSON UTILITIES' SECOND SET OF DATA REQUESTS
TO SWING FIRST GOLF
DOCKET WS-02987A-08-0049
OCTOBER 23, 2008**

- JU 2.13 Please provide copies of all written notes or memoranda of telephone conversations between David Ashton or any other person representing Swing First Golf, LLC, and Johnson Ranch Holdings, LLC, with regard to: (i) the Agreement Regarding Utility Service dated September 17, 1999; and (ii) water rights and/or water service for the Golf Club at Johnson Ranch.
- JU 2.14 Please provide copies of all written notes or memoranda of meetings between David Ashton or any other person representing Swing First Golf, LLC, and Johnson Ranch Holdings, LLC, with regard to: (i) the Agreement Regarding Utility Service dated September 17, 1999; and (ii) water rights and/or water service for the Golf Club at Johnson Ranch.
- JU 2.15 Please provide copies of all written correspondence (including e-mail correspondence) between David Ashton or any other person representing Swing First Golf, LLC, and Johnson Utilities, LLC, from January 1, 2004, through the date of these data requests.
- JU 2.16 Please provide copies of all written notes or memoranda of telephone conversations between David Ashton or any other person representing Swing First Golf, LLC, and Johnson Utilities, LLC, from January 1, 2004, through the date of these data requests.
- JU 2.17 Please provide copies of all written notes or memoranda of meetings between David Ashton or any other person representing Swing First Golf, LLC, and Johnson Utilities, LLC, from January 1, 2004, through the date of these data requests.
- JU 2.18 What is the current annual allotment for the Golf Club at Johnson Ranch as set by the Arizona Department of Water Resources?
- JU 2.19 Please provide copies of the annual use reports (including all attached schedules) filed with the Arizona Department of Water Resources by Swing First Golf, LLC, for the Golf Club at Johnson Ranch for the reporting years 2004, 2005, 2006 and 2007.
- JU 2.20 Section 9(e)(i) of the Agreement Regarding Utility Service dated September 17, 1999, states "that in no event shall Holdings be required to accept more effluent than can be used on the Johnson Ranch Golf Courses under the applicable use permits." What are the "applicable use permits" for the Golf Club at Johnson Ranch under this provision?

**JOHNSON UTILITIES' SECOND SET OF DATA REQUESTS
TO SWING FIRST GOLF
DOCKET WS-02987A-08-0049
OCTOBER 23, 2008**

- JU 2.21 Swing First Golf, LLC, alleges at page 2 (lines 25-27) of its complaint that "Exchange Water ... is to be priced at the \$0.62 per-thousand-gallon-rate for treated effluent" under the Agreement Regarding Utility Service dated September 17, 1999 (the "Agreement"). With regard to this assertion, please answer the following questions:
- (a) Is this assertion based upon the Agreement?
 - (b) If the answer to subpart (a) above is yes, please identify the provision and the specific language in the Agreement which states that Exchange Water is to be priced at \$0.62 per thousand gallons.
 - (c) If the answer to subpart (a) above is no, please identify the basis for the assertion that Exchange Water is to be priced at \$0.62 per thousand gallons.
- JU 2.22 Under Section 9(c) of the Agreement Regarding Utility Service dated September 17, 1999, does the definition of "Exchange Water" include effluent from any wastewater treatment plant of Johnson Utilities?
- JU 2.23 Does Johnson Utilities have a rate in its tariff for any commodity identified as "Exchange Water?"
- JU 2.24 Swing First Golf, LLC, alleges at page 3 (line 19) of its complaint that the company "should pay only one monthly minimum [meter] charge." With regard to this assertion, please answer the following questions:
- (a) Is this assertion based upon the Agreement Regarding Utility Service dated September 17, 1999 (the "Agreement")?
 - (b) If the answer to subpart (a) above is yes, please identify the provision and the specific language in the Agreement which states that Swing First Golf should pay only one monthly minimum meter charge.
 - (c) If the answer to subpart (a) above is no, please identify the basis for the assertion that Swing First Golf should pay only one monthly minimum meter charge.

**JOHNSON UTILITIES' SECOND SET OF DATA REQUESTS
TO SWING FIRST GOLF
DOCKET WS-02987A-08-0049
OCTOBER 23, 2008**

JU 2.25

Swing First Golf, LLC, alleges at page 4 (line 6) of its complaint that it agreed to manage the Golf Club at Oasis ("Oasis") owned by Johnson International in exchange for a water credit to be provided by Johnson Utilities. With regard to this assertion, please answer the following questions:

- (a) Who owns the Golf Club at Oasis?
- (b) Does Swing First Golf, LLC, have a signed written agreement with Johnson International with regard to the management of Oasis?
- (c) If the answer to subpart (b) is yes, please provide a copy of the written agreement.
- (d) Does Swing First Golf, LLC, have a signed written agreement with the Club at Oasis, LLC, with regard to the management of Oasis?
- (e) If the answer to subpart (d) is yes, please provide a copy of the written agreement.
- (f) Does Swing First Golf, LLC, have a signed written agreement with Johnson Utilities with respect to the water credit referenced above?
- (g) If the answer to subpart (f) is yes, please provide a copy of the written agreement.
- (h) Is it the position of Swing First Golf, LLC, that Johnson Utilities should be required by the Arizona Corporation Commission to provide a \$50,056.50 credit to Swing First Golf, LLC, for management and other services allegedly provided by Swing First Golf, LLC, for Johnson International and/or Club at Oasis, LLC?
- (i) Is it the position of Swing First Golf, LLC, that the Arizona Corporation Commission has jurisdiction over an alleged agreement between Swing First Golf, LLC, and Johnson International and/or Club at Oasis, LLC?
- (j) If the answer to subpart (i) above is yes, please provide the basis of the Arizona Corporation Commission's jurisdiction.

**JOHNSON UTILITIES' SECOND SET OF DATA REQUESTS
TO SWING FIRST GOLF
DOCKET WS-02987A-08-0049
OCTOBER 23, 2008**

JU 2.26

In its response to Data Request 1.2 from Swing First Golf, LLC, Johnson Utilities provided a copy of an unsigned document entitled Letter of Understanding which Brian Tompsett received via e-mail from Swing First Golf, LLC, in or about the first half of 2006. With regard to this unsigned Letter of Understanding, please answer the following questions:

- (a) Did Swing First Golf, LLC, prepare the document?
- (b) If the answer to subpart (a) above is yes, what person or persons on behalf of Swing First Golf, LLC, prepared the document?
- (c) Does Swing First Golf, LLC, have any drafts of the document other than the document that was attached to Johnson Utilities' response to Data Request 1.2?
- (d) If the answer to subpart (c) above is yes, please provide copies of all such drafts of the document.
- (e) Did Johnson Utilities or any person representing Johnson Utilities participate in the negotiation or preparation of the document?
- (f) If the answer to subpart (e) above is yes, please identify the person or persons at Johnson Utilities who participated in the negotiation or preparation of the document and describe the extent of such participation, including the dates of any meetings or phone conferences between Swing First Golf, LLC, and Johnson Utilities concerning the document.
- (g) Did Swing First Golf, LLC, receive written comments regarding the document from Johnson Utilities?
- (h) If the answer to subpart (g) above is yes, please provide copies of all such written comments.
- (i) Swing First Golf, LLC, alleges at page 4 (lines 6-8) of its complaint that Swing First Golf, LLC, was to receive "a water credit of 150 million gallons per year to be provided by Utility." Please identify the provision and the specific language in the unsigned Letter of Understanding which states that Johnson Utilities will provide "a water credit of 150 million gallons per year" to Swing First Golf, LLC.
- (j) Was the document signed by Swing First Golf, LLC?

**JOHNSON UTILITIES' SECOND SET OF DATA REQUESTS
TO SWING FIRST GOLF
DOCKET WS-02987A-08-0049
OCTOBER 23, 2008**

- (k) If the answer to subpart (j) above is yes, please provide a copy of the document signed by Swing First Golf.
- (l) Was the document signed by Club at Oasis, LLC?
- (m) If the answer to subpart (l) above is yes, please provide a copy of the document signed by Club at Oasis, LLC.
- (n) Was the document submitted to the Arizona Corporation Commission?

JU 2.27

Swing First Golf, LLC, alleges at page 5 (lines 1-2) of its complaint that "Rule R14-2-608(D)(5) does not authorize Utility to collect the Superfund Tax." In an e-mail from Dave Ashton to December Davis of Johnson Utilities dated January 17, 2008, Mr. Ashton wrote in part as follows:

"The Utility also billed us for a Superfund tax of \$12.01. The legal rate for the Superfund Tax is .0065 per thousand gallons, not .00785. The correct amount is \$9.94. Please make the change."

In an e-mail from Dave Ashton to December Davis of Johnson Utilities dated February 12, 2008, which was filed one week after the Amended Formal Complaint was filed in this docket, Mr. Ashton wrote in part as follows:

"Superfund Tax: The correct rate is .65%, but Utility has charged .82% if you include a water minimum of \$450. The correct amount, with the correct water minimum amount, is \$11.97, for a difference of \$4.51. Please make the change in your computers."

With regard to these e-mails, please answer the following questions:

- (a) Please explain the discrepancy between the e-mails of Mr. Ashton quoted above, which were filed in this docket on March 17, 2008, and which discuss the "correct" amount of the so-called Superfund Tax, and the assertion in the Amended Formal Complaint quoted above.
- (b) Prior to the filing of the Amended Formal Complaint, did Swing First Golf, LLC, ever question the authority of Johnson Utilities to collect a Water Quality Assurance Revolving Fund ("WQARF") tax, or so-called Superfund Tax?
- (c) If the answer to subpart (b) above is yes, please provide copies of any written communications to Johnson Utilities and/or the Arizona

**JOHNSON UTILITIES' SECOND SET OF DATA REQUESTS
TO SWING FIRST GOLF
DOCKET WS-02987A-08-0049
OCTOBER 23, 2008**

Corporation Commission questioning the authority of Johnson Utilities to collect the WQARF tax.

JU 2.28 Swing First Golf, LLC, alleges at page 5 (lines 23-24) of its complaint that Johnson Utilities "appears to have regularly overcharged Swing First for the Transaction Privilege Tax." With regard to this assertion, please answer the following questions:

- (a) Please provide all bases supporting the assertion that Johnson Utilities has regularly overcharged Swing First Golf, LLC, for transaction privilege taxes.
- (b) Please provide a calculation showing the amount of the alleged overcharge of transaction privilege taxes and any work papers that support the calculation.
- (c) Is Swing First Golf, LLC, seeking the refund of alleged overcharges of the transaction privilege tax in this complaint proceeding?
- (d) If the answer to subpart (c) above is yes, what is the amount of the refund Swing First Golf, LLC, is seeking?

JU 2.29 Swing First Golf, LLC, alleges at page 5 (lines 26-27) of its complaint that Johnson Utilities "has regularly failed to read Swing First's meters, in one instance for the seven months dated April through November 2007." Please provide all bases supporting this assertion.

JU 2.30 Swing First Golf, LLC, alleges at page 6 (lines 18-21) of its complaint as follows:

"Over the weekend of February 1, 2008, Johnson Utilities over-delivered effluent to Swing First, which caused the lake bordering the 18th hole to overflow, possibly damaging the golf course. Swing first also cannot be expected to pay for effluent that it neither requested nor required."

With regard to these assertions, please answer the following questions:

- (a) Please explain how Swing First Golf, LLC, reconciles the assertions above with Section 9(e) of the Agreement Regarding Utility Service dated September 17, 1999 (the "Agreement").
- (b) Under the Agreement, does Swing First Golf, LLC, have an obligation to accept effluent from Johnson Utilities that is generated at Johnson Utilities' San Tan Wastewater Treatment Plant?

**JOHNSON UTILITIES' SECOND SET OF DATA REQUESTS
TO SWING FIRST GOLF
DOCKET WS-02987A-08-0049
OCTOBER 23, 2008**

- (c) If the answer to subpart (b) above is yes, please describe the obligation of Swing First Golf, LLC, to accept effluent generated at Johnson Utilities' San Tan Wastewater Treatment Plant.
- (d) Please provide the hours that Swing First Golf, LLC, operated its turf irrigation system at the Golf Club at Johnson Ranch and the gallons pumped on each of the following days:
 - (i) Friday, February 1, 2008
 - (ii) Saturday, February 2, 2008
 - (iii) Sunday, February 3, 2008
 - (iv) Monday, February 4, 2008
- (e) Has Swing First Golf, LLC, ever provided written notice to Johnson Utilities under Section 9(e)(ii) of the Agreement that it is reducing or eliminating its obligation to take delivery of effluent from Johnson Utilities?
- (f) If the answer to subpart (e) above is yes, please provide a copy of such written notice.
- (g) Is it the position of Swing First Golf, LLC, that the alleged over-delivery of effluent to the lake bordering the 18th hole of the Golf Club at Johnson Ranch damaged the golf course?
- (h) If the answer to subpart (g) above is yes, is Swing First Golf seeking compensation in this complaint proceeding for the cost of the alleged damage?
- (i) If the answer to subpart (g) above is yes, please describe the damage and state the cost of the damage.
- (j) If the answer to subpart (g) above is yes, please provide all evidence supporting the alleged damage to the golf course.

JU 2.31

Please state the storage capacity of each water storage reservoir within the Golf Club at Johnson Ranch (expressed in gallons) and provide all work papers and calculations showing such storage capacity.

**JOHNSON UTILITIES' SECOND SET OF DATA REQUESTS
TO SWING FIRST GOLF
DOCKET WS-02987A-08-0049
OCTOBER 23, 2008**

- JU 2.32 For calendar year 2009, please provide by month the anticipated demand for effluent from Johnson Utilities, and provide all work papers and calculations showing such anticipated demand.
- (a) If the anticipated monthly demand for 2009 varies from month to month, does Swing First Golf, LLC, believe that the Agreement Regarding Utility Service dated September 17, 1999, (the "Agreement") requires Johnson Utilities to increase or decrease the delivery of effluent on a month-by-month basis to match the demand of Swing First Golf, LLC, in a given month?
 - (b) If the answer to subpart (a) above is yes, please identify the provision and the specific language in the Agreement which states that Johnson Utilities must vary the delivery of effluent to Swing First Golf, LLC, on a month-by-month basis in order to match the company's demand for effluent in a given month.
- JU 2.33 Does Swing First Golf, LLC, believe that its ability to take and store effluent at the Golf Club at Johnson Ranch provides a benefit to Johnson Utilities?
- (a) If the answer to this data request is yes, please explain the benefit.
 - (b) If the answer to this data request is yes, has Swing First Golf, LLC, attempted to quantify the benefit to Johnson Utilities?
 - (c) If the answer to subpart (b) above is yes, please quantify the benefit to Johnson Utilities.
 - (d) If the answer to subpart (b) above is no, is this because the benefit to Johnson Utilities is not quantifiable?
- JU 2.34 Has Swing First Golf prepared an analysis of the rates that other public service corporations in Arizona charge for effluent?
- (a) If the answer to this data request is yes, please provide a copy of the analysis and any work papers supporting the analysis.
- JU 2.35 Does Swing First Golf, LLC, monitor and/or test the quality of effluent delivered by Johnson Utilities to the Golf Club at Johnson Ranch?
- (a) If the answer to this data request is yes, please provide copies of the results of such monitoring and/or tests.

**JOHNSON UTILITIES' SECOND SET OF DATA REQUESTS
TO SWING FIRST GOLF
DOCKET WS-02987A-08-0049
OCTOBER 23, 2008**

- JU 2.36 Does Swing First Golf, LLC, have evidence that Johnson Utilities has supplied effluent to the Golf Club at Johnson Ranch which violates any applicable water quality standards of Pinal County, the State of Arizona or the Federal government pertaining to the reuse of effluent on golf courses?
- (a) If the answer to this data request is yes, please describe such evidence and provide copies of any documents in support of such evidence.
- (b) If the answer to this data request is yes, did Swing First Golf, LLC, notify Johnson Utilities or the Arizona Department of Environmental Quality ("ADEQ") of such violation? If so, please provide copies of any written notices to Johnson Utilities or ADEQ.
- JU 2.37 Do the rates and charges for Non-Potable Central Arizona Project Water ("CAP Water") that are set forth in the tariff of Johnson Utilities apply to CAP Water delivered to Swing First Golf, LLC?
- (a) If the answer to this question is no, please explain why the tariff rates and charges for CAP Water do not apply to Swing First Golf, LLC.
- JU 2.38 Do the rates and charges for Commercial and Industrial Service ("Commercial and Industrial Water") that are set forth in the tariff of Johnson Utilities apply to Commercial and Industrial Water that is delivered to Swing First Golf, LLC?
- (a) If the answer to this question is no, please explain why the tariff rates and charges for Commercial and Industrial Water do not apply to Swing First Golf, LLC.
- JU 2.39 Is it the position of Swing First Golf, LLC, that the Agreement Regarding Utility Service dated September 17, 1999, is a special contract between Johnson Utilities and Swing First Golf, LLC?
- JU 2.40 Does Swing First Golf, LLC, have any modifications to the schedules attached to its Amended Formal Complaint? If so, please provide updated and/or modified schedules.
- JU 2.41 It appears that Swing First Golf, LLC, is seeking a credit from Johnson Utilities in the amount of \$70,259.13 (\$35,771.67 for water delivered in 2006-2007 plus \$34,487.46 for water delivered from December 4, 2004 through December 5, 2005), together with appropriate interest. Please confirm that this is correct.
- JU 2.42 Swing First Golf, LLC, seeks a billing credit from Johnson Utilities in the amount of \$50,056.50 for management and other services allegedly provided by Swing

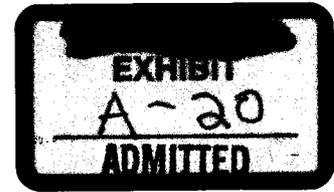
**JOHNSON UTILITIES' SECOND SET OF DATA REQUESTS
TO SWING FIRST GOLF
DOCKET WS-02987A-08-0049
OCTOBER 23, 2008**

First Golf, LLC, to Johnson International and/or Club at Oasis, LLC. Please confirm that this is correct.

- JU 2.43 With regard to Data Request JU 2.43, please admit or deny that if the requested \$50,056.50 billing credit is not authorized by the Arizona Corporation Commission, then Swing First Golf, LLC, underpaid its water bill to Johnson Utilities for the 2006-2007 time period by \$14,284.83, based upon Swing First Golf's calculation of amounts owed to Johnson Utilities (alleged net 2006-2007 overpayment of \$35,771.67 minus \$50,056.50 credit equals an underpayment of \$14,284.83). Please note that Johnson Utilities does not accept Swing First Golf's calculation of the amounts owed to Johnson Utilities.
- JU 2.44 Has Swing First Golf, LLC, and/or David Ashton owned and/or operated any golf course other than the Golf Club at Johnson Ranch? If yes, please identify the golf course or golf courses and the years of ownership and/or operation.
- JU 2.45 Please state whether the Golf Club at Johnson Ranch had positive net income in each of the years 2004, 2005, 2006 and 2007.
- JU 2.46 Besides Johnson Utilities, has Swing First Golf, LLC, or David Ashton filed any formal or informal complaints against any provider of utility services?
- JU 2.47 For the period from January 1, 2004, through the date of these data requests, please identify any court proceedings or regulatory proceeding in which Swing First Golf, LLC, or David Ashton were parties. Please provide copies of pleadings from any such proceedings.

Brian Tompsett

From: Bob Padilla [bpadilla@johnsonutilities.com]
Sent: Thursday, April 16, 2009 2:04 PM
To: 'Gary Larsen'
Subject: FW: Effluent water



From: Timothy West [mailto:timothy.west@yahoo.com]
Sent: Friday, March 27, 2009 10:12 AM
To: Bob Padilla
Cc: Jeff Lundgren
Subject: Effluent water

Bob,

please turn the effluent water off to Johnson Ranch Golf Course

turn off Saturday 3/28/09

Thank you,
Timothy West GCS
48-226-1293

No virus found in this incoming message.
Checked by AVG - www.avg.com
Version: 8.5.278 / Virus Database: 270.11.30/2026 - Release Date: 03/27/09 07:13:00

No virus found in this incoming message.
Checked by AVG - www.avg.com
Version: 8.5.287 / Virus Database: 270.11.57/2059 - Release Date: 04/16/09 08:12:00

Brian Tompsett

From: Bob Padilla [bpadilla@johnsonutilities.com]
Sent: Thursday, April 16, 2009 2:03 PM
To: 'Gary Larsen'
Subject: FW: Effluent water

From: Timothy West [mailto:timothy.west@yahoo.com]
Sent: Tuesday, March 31, 2009 5:14 AM
To: Bob Padilla
Cc: Jeff Lundgren
Subject: Effluent water

Bob,

Please turn the effluent water on to Johnson Ranch Golf Course

Tuesday 3/31/09

I will call to have the water turned off

Thank you
Timothy West GCS
480-226-1293

No virus found in this incoming message.
Checked by AVG - www.avg.com
Version: 8.5.278 / Virus Database: 270.11.33/2031 - Release Date: 03/30/09 17:56:00

No virus found in this incoming message.
Checked by AVG - www.avg.com
Version: 8.5.287 / Virus Database: 270.11.57/2059 - Release Date: 04/16/09 08:12:00

Brian Tompsett

From: Bob Padilla [bpadilla@johnsonutilities.com]
Sent: Thursday, April 16, 2009 2:03 PM
To: 'Gary Larsen'
Subject: FW: Effluent water

From: Timothy West [mailto:timothy.west@yahoo.com]
Sent: Tuesday, April 14, 2009 10:03 AM
To: Bob Padilla
Cc: Jeff Lundgren
Subject: Effluent water

Bob,

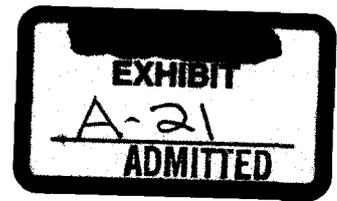
Please turn the effluent water off to Johnson Ranch Golf Club

Tuesday 4/14/09
Wednesday 4/15/09

Thank you
Tim West GCS
480-226-1293

No virus found in this incoming message.
Checked by AVG - www.avg.com
Version: 8.5.285 / Virus Database: 270.11.57/2059 - Release Date: 04/14/09 14:52:00

No virus found in this incoming message.
Checked by AVG - www.avg.com
Version: 8.5.287 / Virus Database: 270.11.57/2059 - Release Date: 04/16/09 08:12:00



From: Timothy West [mailto:timothy.west@yahoo.com]
Sent: Monday, August 31, 2009 10:32 AM
To: Bob Padilla
Cc: Jeff Lundgren
Subject: CAP

Bob,

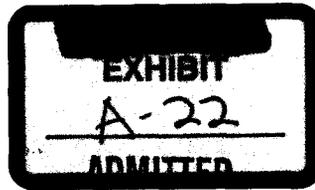
Can you please send me two million (2,000,000) gallons of CAP water Monday 08/31/09 for The Golf Club @ Johnson Ranch.

Thank you,
Timothy S. West GCS
480-226-1293

Internal Virus Database is out of date.
Checked by AVG - www.avg.com
Version: 8.5.409 / Virus Database: 270.13.64/2318 - Release Date: 08/21/09 18:06:00

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85242
(480) 987-9870



6/8/2009

00120362-02

Upon Receipt

\$8,584.14

SWING FIRST GOLF
30761 N GOLF CLUB DR
QUEEN CREEK, AZ 85243

00010144010001762975



0001014401

DISCONNECTION NOTICE

Delinquent Balance \$8,584.14

Current Balance \$11,968.93

Total Due

\$20,553.07

A LATE FEE HAS BEEN CHARGED. SERVICE FOR THIS PROPERTY WILL BE DISCONNECTED IF PAYMENT IS NOT RECEIVED BY: 6/13/2009

NOTICE OF DISCONNECT

YOUR WATER/WASTEWATER SERVICE, PURSUANT TO A.C.C. REGULATION R14-2-410 TO AVOID DISCONNECTION, PLEASE CALL (480)987-9870 TO SPEAK WITH A REPRESENTATIVE. IF PAYMENT ARRANGEMENTS ARE NEEDED PLEASE DISCUSS WITH OUR REPRESENTATIVE AND WE WILL DO OUR BEST TO WORK WITH YOU. IF YOU WISH TO DISPUTE THIS PAST DUE AMOUNT PLEASE CONTACT ONE OF OUR REPRESENTATIVES AS SOON AS POSSIBLE SO THERE IS NO DISRUPTION TO YOUR SERVICE.

SWING FIRST GOLF

30761 N GOLF CLUB DR

RESTORING SERVICE

TO RESTORE SERVICE TURNED OFF FOR NON PAYMENT, YOU WILL BE REQUIRED TO PAY THE ENTIRE PAST DUE BALANCE IN CASH, CASHIERS CHECK, CERTIFIED CHECK OR CREDIT/DEBIT CARD PLUS ADDITIONAL SECURITY DEPOSITS AND DISCONNECTION CHARGES. SERVICE WILL BE RECONNECTED WITHIN 24 HOURS UPON RECEIPT OF PAYMENT.

00120362-02

6/8/2009

Upon Receipt

APPLICABLE FEES

YOUR ACCOUNT WILL BE CHARGED A \$50.00 RECONNECTION FEE TO RE-ESTABLISH SERVICE. AN ADDITIONAL \$50.00 FEE WILL APPLY FOR SAME DAY SERVICE. A SECURITY DEPOSIT MAY BE REQUIRED TO RESTORE SERVICES.

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85242
(480) 987-9870

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85242
(480) 987-9870

7/17/09

00120362-02

Upon Receipt

\$10,015.08

SWING FIRST GOLF
30761 N GOLF CLUB DR
QUEEN CREEK, AZ 85243

00010144010001762975



0001014401

DISCONNECTION NOTICE

Delinquent Balance \$10,015.08

Current Balance \$10,015.08

Total Due

\$10,015.08

A LATE FEE HAS BEEN CHARGED. SERVICE FOR THIS PROPERTY WILL BE DISCONNECTED IF PAYMENT IS NOT RECEIVED BY: 7/27/09

NOTICE OF DISCONNECT

YOUR WATER/WASTEWATER SERVICE, PURSUANT TO A.C.C. REGULATION R14-2-410 TO AVOID DISCONNECTION, PLEASE CALL (480)987-9870 TO SPEAK WITH A REPRESENTATIVE. IF PAYMENT ARRANGEMENTS ARE NEEDED PLEASE DISCUSS WITH OUR REPRESENTATIVE AND WE WILL DO OUR BEST TO WORK WITH YOU. IF YOU WISH TO DISPUTE THIS PAST DUE AMOUNT PLEASE CONTACT ONE OF OUR REPRESENTATIVES AS SOON AS POSSIBLE SO THERE IS NO DISRUPTION TO YOUR SERVICE.

SWING FIRST GOLF

30761 N GOLF CLUB DR

7/17/09

RESTORING SERVICE

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00120362-02

Upon Receipt

APPLICABLE FEES

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Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85242
(480) 987-9870

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85242
(480) 987-9870

8/19/2009

00120362-02

Upon Receipt

\$11,733.95

SWING FIRST GOLF
30761 N GOLF CLUB DR
QUEEN CREEK, AZ 85243

00010144010001762975



0001014401

DISCONNECTION NOTICE

Delinquent Balance \$11,733.95

Current Balance \$11,733.95

Total Due

\$11,733.95

A LATE FEE HAS BEEN CHARGED. SERVICE FOR THIS PROPERTY WILL BE DISCONNECTED IF PAYMENT IS NOT RECEIVED BY: 8/29/2009

NOTICE OF DISCONNECT

YOUR WATER/WASTEWATER SERVICE, PURSUANT TO A.C.C. REGULATION R14-2-410 TO AVOID DISCONNECTION, PLEASE CALL (480)987-9870 TO SPEAK WITH A REPRESENTATIVE. IF PAYMENT ARRANGEMENTS ARE NEEDED PLEASE DISCUSS WITH OUR REPRESENTATIVE AND WE WILL DO OUR BEST TO WORK WITH YOU. IF YOU WISH TO DISPUTE THIS PAST DUE AMOUNT PLEASE CONTACT ONE OF OUR REPRESENTATIVES AS SOON AS POSSIBLE SO THERE IS NO DISRUPTION TO YOUR SERVICE.

SWING FIRST GOLF

30761 N GOLF CLUB DR

RESTORING SERVICE

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00120362-02

8/19/2009

Upon Receipt

APPLICABLE FEES

YOUR ACCOUNT WILL BE CHARGED A \$50.00 RECONNECTION FEE TO RE-ESTABLISH SERVICE. AN ADDITIONAL \$50.00 FEE WILL APPLY FOR SAME DAY SERVICE. A SECURITY DEPOSIT MAY BE REQUIRED TO RESTORE SERVICES.

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85242
(480) 987-9870

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85242
(480) 987-9870

9/22/2009

00120362-02

Upon Receipt

\$10,606.96

SWING FIRST GOLF
30761 N GOLF CLUB DR
QUEEN CREEK, AZ 85243

00010144010001762975



0001014401

DISCONNECTION NOTICE

Delinquent Balance	\$10,606.96
Late Fee	\$159.10
Current Balance	\$159.10

Total Due

\$10,606.96

A LATE FEE HAS BEEN CHARGED. SERVICE FOR THIS PROPERTY WILL BE DISCONNECTED IF PAYMENT IS NOT RECEIVED BY: 10/02/2009

NOTICE OF DISCONNECT

YOUR WATER/WASTEWATER SERVICE, PURSUANT TO A.C.C. REGULATION R14-2-410 TO AVOID DISCONNECTION, PLEASE CALL (480)987-9870 TO SPEAK WITH A REPRESENTATIVE. IF PAYMENT ARRANGEMENTS ARE NEEDED PLEASE DISCUSS WITH OUR REPRESENTATIVE AND WE WILL DO OUR BEST TO WORK WITH YOU. IF YOU WISH TO DISPUTE THIS PAST DUE AMOUNT PLEASE CONTACT ONE OF OUR REPRESENTATIVES AS SOON AS POSSIBLE SO THERE IS NO DISRUPTION TO YOUR SERVICE.

SWING FIRST GOLF

30761 N GOLF CLUB DR

RESTORING SERVICE

TO RESTORE SERVICE TURNED OFF FOR NON PAYMENT, YOU WILL BE REQUIRED TO PAY THE ENTIRE PAST DUE BALANCE IN CASH, CASHIERS CHECK, CERTIFIED CHECK OR CREDIT/DEBIT CARD PLUS ADDITIONAL SECURITY DEPOSITS AND DISCONNECTION CHARGES. SERVICE WILL BE RECONNECTED WITHIN 24 HOURS UPON RECEIPT OF PAYMENT.

00120362-02

9/22/2009

Upon Receipt

APPLICABLE FEES

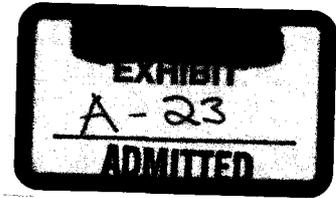
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Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85242
(480) 987-9870

Brian

From: Brian [btompsett@qwest.net]
Sent: Tuesday, October 30, 2007 1:21 PM
To: Dave Ashton
Subject: Johnson Ranch Golf Course
Attachments: account summary 10.30.07.xls



David-

We have a problem. attached is the summary of your accounts for water. This balance is way too high. Give me a call to discuss. We are going to need to get this paid down now, get a payment commitment or we will need to discontinue water delivery..

Brian P. Tompsett, P.E.
(480) 998-3300

THIS EMAIL IS INTENDED TO BE A PRIVILEGED AND/OR CONFIDENTIAL COMMUNICATION.
IF YOU HAVE RECEIVED IT BY MISTAKE, PLEASE NOTIFY THE SENDER AND IMMEDIATELY
DELETE IT.

Brian

From: Brian [btompsett@qwest.net]
Sent: Tuesday, October 30, 2007 2:35 PM
To: 'daveashton@gmail.com'
Cc: Danny Hodges (danielhodges@qwest.net); Gary Larsen
Subject: RE: Johnson Ranch Golf Course

Dave-

Unfortunately no. I have been directed to collect all monies owed now. Immediately. If you need to set up a payment commitment with a bank or private lender, you need to do that now. If I can't get a full payment we will discontinue water delivery.

Brian P. Tompsett, P.E.
(480) 998-3300

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IF YOU HAVE RECEIVED IT BY MISTAKE, PLEASE NOTIFY THE SENDER AND IMMEDIATELY
DELETE IT.

From: Dave Ashton [mailto:daveashton@gmail.com]
Sent: Tuesday, October 30, 2007 2:00 PM
To: Brian
Subject: Re: Johnson Ranch Golf Course

Hi Brian: Are you available to meet on Friday morning so we can work through a payment commitment?

On 10/30/07, Brian <btompsett@qwest.net> wrote:

David-

We have a problem. attached is the summary of your accounts for water. This balance is way too high. Give me a call to discuss. We are going to need to get this paid down now, get a payment commitment or we will need to discontinue water delivery..

Brian

From: Dave Ashton [daveashton@gmail.com]
Sent: Tuesday, October 30, 2007 3:18 PM
To: Brian
Subject: Re: Johnson Ranch Golf Course

Hi Brian: Thanks for your response. I will immediately look for a solution through a private lender. A good relationship with Johnson Utilities is an imperative.

On 10/30/07, Brian <btompsett@qwest.net> wrote:

Dave-

Unfortunately no. I have been directed to collect all monies owed now. Immediately. If you need to set up a payment commitment with a bank or private lender, you need to do that now. If I can't get a full payment we will discontinue water delivery.

Brian P. Tompsett, P.E.
(480) 998-3300

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--
David Ashton
skype: daveashton3

Brian

From: Brian [btompsett@qwest.net]
Sent: Tuesday, October 30, 2007 4:22 PM
To: 'daveashton@gmail.com'
Subject: RE: Johnson Ranch Golf Course

Good luck. I'd like to maintain a good relationship.

Brian P. Tompsett, P.E.
(480) 998-3300

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IF YOU HAVE RECEIVED IT BY MISTAKE, PLEASE NOTIFY THE SENDER AND IMMEDIATELY
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Brian P. Tompsett, P.E.
(480) 998-3300

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DELETE IT.

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To: Brian
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--
David Ashton
skype: daveashton3

Brian

From: Dave Ashton [daveashton@gmail.com]
Sent: Monday, November 05, 2007 7:14 AM
To: Brian
Cc: Gary Larsen
Subject: Re: Golf Course water bills
Attachments: SWING FIRST GOLF COURSE 2006 USAGE.xls

Hi Brian: Thanks for your note. Regarding the balance, I'm having a hard time raising the money because we have a \$250k line of credit that is already maxed out.

Perhaps you remember that earlier this year you and I met several times in an effort to try and resolve this outstanding balance? We discussed:

- accounting for a water credit from the period in which we managed the Oasis
- giving you our #7 liquor license in exchange for a credit
- giving you two pieces of greenskeeping equipment at the Oasis in exchange for additional credits
- changing our billing back to reflect our contract price of \$0.62 and \$0.83 for effluent and CAP, respectively
- delivering to us all effluent available, per our agreement signed in Nov 04

I had presented to you in writing an outline of credits for the above, and we were on our way to getting it resolved but never ended up finishing the process. Our last email on that is below.

I tell you this because Johnson Utilities is the most important vendor I deal with. I want you to know that:

1. my relationship with you is extremely important. I can't emphasize that enough.
2. I have always tried to be completely honest with you and George. I will continue to do so.
3. Our bills were changed in summer 06 to reflect higher prices than our contractual ones. So there has been a lot of confusion about how much was owed. You and I had been working through that.
4. Based on our prior discussions, you and I had openly discussed working through the balance via the bullet points above.

I respect you and George and really want to work through this. I really, desperately, do. It's been hanging over my head for 15 months and I can't stand it. All I want to do is resolve this issue openly and honestly, and be clear about what I owe you each month going forward in relation to our contracts. And I just want to pay for water on time and in full.

All I want to do is work with you honestly, fairly and openly. Is there any way we can pick up our prior discussion where we left off and get this resolved?

I appreciate your response.
Thanks,
Dave

----- Forwarded message -----
From: Brian <btompsett@qwest.net>
Date: May 25, 2007 5:53 PM

Subject: RE: Finishing water discussion, library tournaments, the Johnson Report
To: Dave Ashton <daveashton@gmail.com>

David-

I'd like to get this behind us but I am out of town next Thursday and Friday. we'll need to shoot for the next week. The library is just kind of going along. There will be an article in the Pinal Ways magazine June 15th. I'll let you know when we could use a fund raiser and I really appreciate the offer. George really doesn't like Goddard. He has really overstepped his authority.

Brian P. Tompsett , P.E.
(480) 998-3300

From: Dave Ashton [mailto:daveashton@gmail.com]
Sent: Friday, May 25, 2007 7:19 AM
To: Brian Tompsett
Subject: Finishing water discussion, library tournaments, the Johnson Report

Hi Brian - I'm back in town. Do you want to get together the end of next week to talk about these three things? On Tues and Wed (and possibly Thurs) I have the civil trial for the guy that's suing me. It should be over on Wed but we'll see. Maybe next Friday at your office, just to be safe? If you guys have made the progress you need on the library, I'm happy to put on a golf tournament at JR to raise some \$ for it. I think we could raise a few thousand dollars.

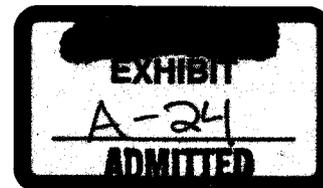
Regarding The Johnson Report, I got a new release/email last night and read it with interest. I think George should change the picture of himself in the next installment, and should also change the title from "Government in the Sunshine" to something like "Rooting Out the Bad Apples" (which he alluded to in this installment). People like new pictures and new, catchy titles. "Rooting Out the Bad Apples" is not as catchy as "I Will Destroy You, Terry Goddard", but it's a bit safer. :-)

Let me know if you're available next Friday.
Thanks
Dave

DELETE IT.

--
David Ashton
skype: daveashton3

Central Arizona Groundwater Replenishment District FAQ



(Reprinted from: <http://www.cagrdr.com/general-information/faq/>)

Q. What is the CAGRDR?

A. The Central Arizona Groundwater Replenishment District (CAGRDR) was established in 1993 by the state legislature to serve as a groundwater replenishment entity for its members. It provides a method for property owners and water providers to demonstrate a 100-year assured water supply under Arizona law by agreeing to have the CAGRDR recharge amounts of groundwater that are over the limits established by the assured water supply rules. The CAGRDR is operated by the Central Arizona Water Conservation District (CAWCD), which also oversees the Central Arizona Project. It is governed by the 15-member CAWCD Board of Directors but is a separate legal and financial entity from the CAWCD. The CAGRDR includes three Active Management Areas (AMA) within Phoenix, Tucson and Pinal County.

Q. I have a Central Arizona Groundwater Replenishment District (CAGRDR) assessment on my property tax bill. What is this?

A. Under current State of Arizona law, your house could not have been built without enrollment as a Member Land of the CAGRDR. Residential subdivisions developed after February 1995 can no longer rely solely on groundwater as their exclusive water supply. The developer of your subdivision enrolled your home in the CAGRDR so that the CAGRDR would replenish or replace the groundwater pumped to serve your home. In other words, the water you use must be replaced through artificial recharge.

Q. Do I have to pay the CAGRDR tax?

A. Yes. You must pay the cost of replacing the groundwater you use. This cost is included as a line item on your property tax bill and must be paid to the County along with your property tax payment. The County then transfers that money to CAGRDR, who in turn purchases water that will be used to replenish the aquifer.

Q. How does the CAGRDR determine what I have to pay?

A. Each year, the CAGRDR determines its total replenishment obligation for all of its members. This obligation results from groundwater delivered to CAGRDR members. You pay the cost of replacing the water you used. The CAGRDR then determines the total cost to meet the replenishment obligations in each AMA and divides that total by the number of acre-feet of replenishment obligation. This results in a replenishment rate that is charged against each member based on the volume of groundwater that the member used.

Q. Why is the CAGRDR assessment on my home different from my neighbor's?

A. If you used more groundwater at your home than your neighbor, then the replenishment assessment on your property tax bill will be higher than your neighbor's.

Q. How can I reduce the assessment I have to pay to the CAGR?

A. The CAGR replenishment assessment that you must pay is directly related to the amount of water you use at your home. Therefore, reducing your water consumption will reduce your replenishment assessment as well as your water bill. For more information on how to conserve, click Conservation. For more information regarding the CAGR assessment, contact Jeni Martin at jmartin@cap-az.com or 623-869-2243.

Q. I have a CAGR replenishment assessment on my property tax bill, but my sister does not. Why?

A. There are several possible explanations. First, new water laws became effective in Arizona in 1995. Therefore, if your sister's house was built prior to 1995, there would be no replenishment obligation for water delivered to her home. Second, if her home was built after 1995, she may be located within the service area of a water provider that has enrolled as a Member Service Area of the CAGR. If this is the case, then her replenishment assessments are collected by her water provider along with her monthly water bills. Third, her water provider may not be delivering groundwater to her home. If this is the case, then there is no replenishment obligation and, consequently, no assessment. Finally, her water provider may have the capability to perform replenishment services itself. If this is the case, then there would be no CAGR replenishment assessment, but it is likely that the water provider's costs of doing its own replenishment are included in its monthly water rates.

Q. How can I get my home out of the CAGR?

A. Under current law, there is no way for you to get your home out of the CAGR. The reason for this is to ensure that there will be sufficient water supplies to meet all future demands in the Active Management Areas in Arizona. However, if your water provider converts from groundwater to renewable water supplies (that is, reduces groundwater deliveries to your home to zero), then the replenishment assessment that you must pay will be reduced to \$0.

Q. Is my water bill affected by membership in the CAGR?

A. No. The costs of replenishing groundwater delivered to your home are paid through the assessments collected by the County along with your property taxes.

Q. How does the CAGR know how much groundwater I used?

A. Each year, your municipal water provider is required by law to submit a report to the CAGR. This report shows how much groundwater the municipal provider delivered to each individual parcel in your subdivision (including your home).

EXHIBIT
A-28
ADMITTED

02/14/2008

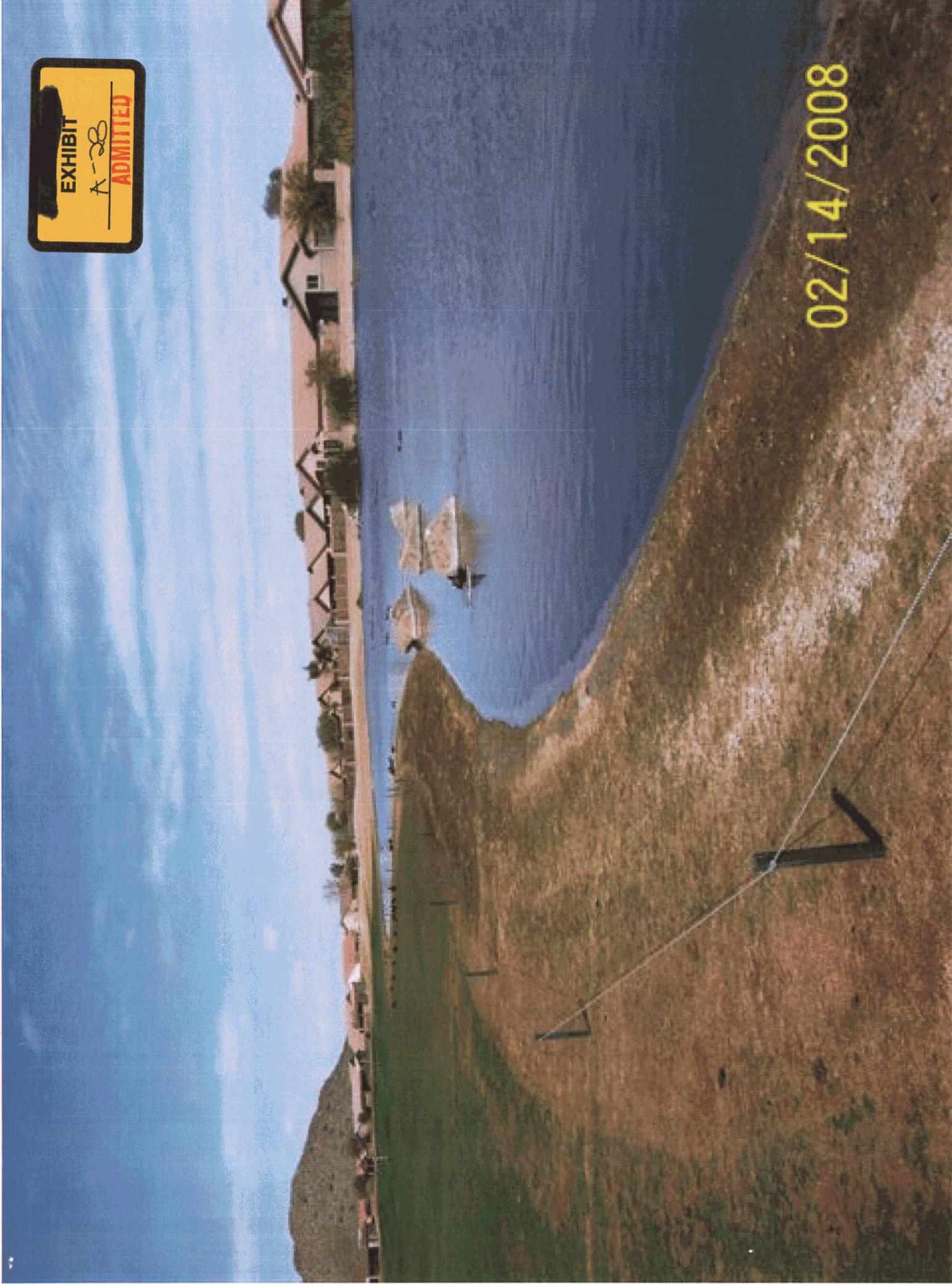
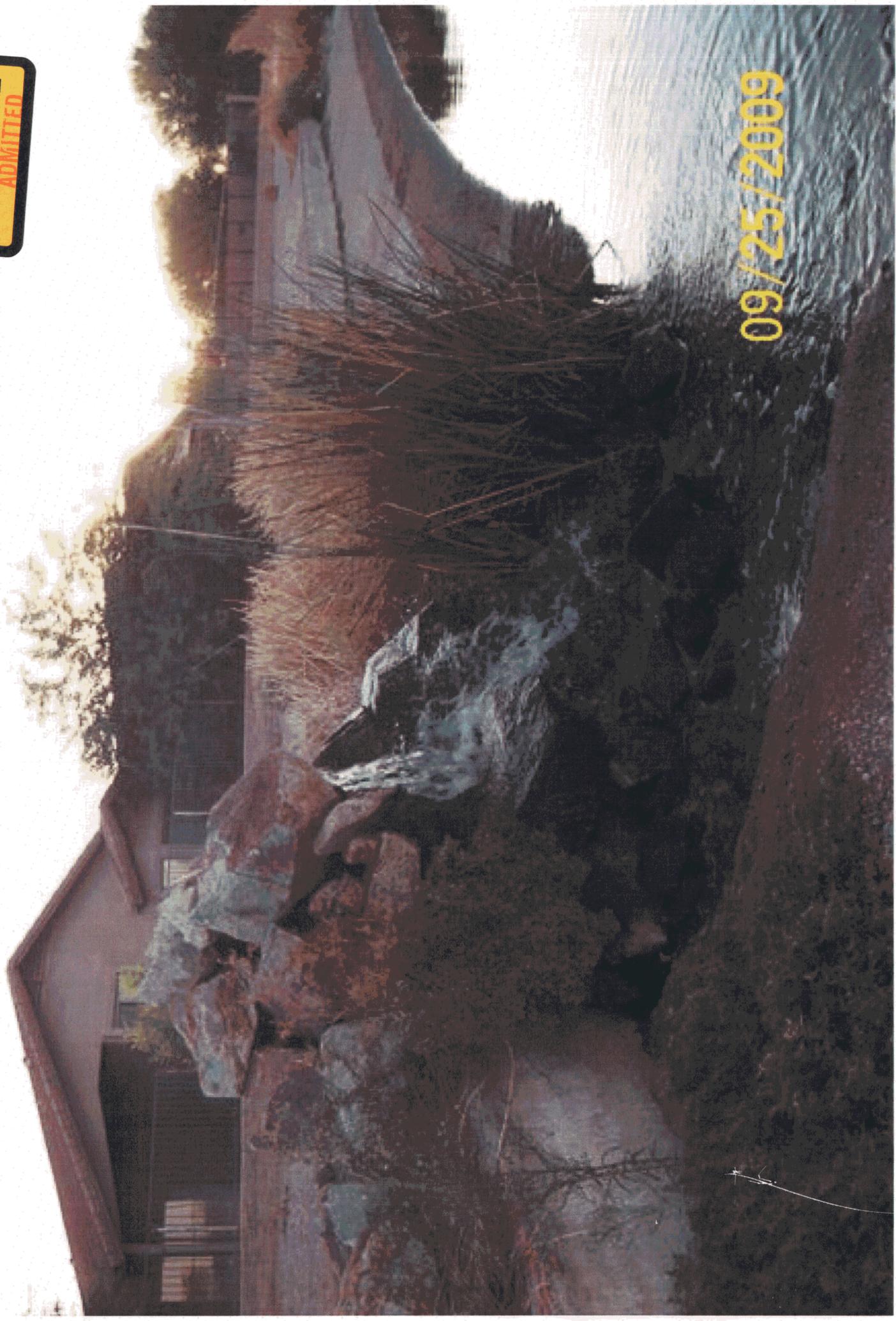


EXHIBIT
A-28
ADMITTED



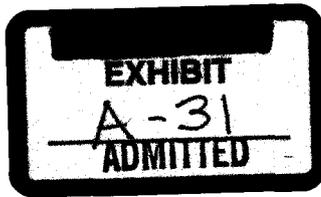
09/25/2009

EXHIBIT
A-30
ADMITTED

09/25/2009

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85143
(480) 987-9870



AMOUNT PAID _____

BILLING DATE
08/31/09

ACCOUNT NUMBER
00120362-02

DUE DATE
09/15/09

AMOUNT DUE
\$10,606.96

PLEASE MAKE ADDRESS CORRECTIONS BELOW

SWING FIRST GOLF
30761 N GOLF CLUB DR
QUEEN CREEK, AZ 85143



00120362020010606966



0012036202

Meter Readings

Readings Dates

DETACH AND MAIL ABOVE PORTION WITH PAYMENT. KEEP BOTTOM PORTION FOR YOUR RECORDS.

Description	Previous	Present	Usage	Read Code	Previous	Present
	200851000	216010000	15159000	Normal Rd.	7/23/2009	8/21/2009

WATER SERVICE

Water Minimum	\$450.00	Water Usage	\$9,398.58
Water AZ Privilege Tax	\$659.85	Water AZ Superfund Tax	\$98.53
		Total Water Charges	\$10,606.96

Previous Balance	\$11,733.95	Total Due	\$10,606.96
Payment	(\$11,733.95)		

CUSTOMER
SWING FIRST GOLF

SERVICE ADDRESS
433 GOLF CLUB DR

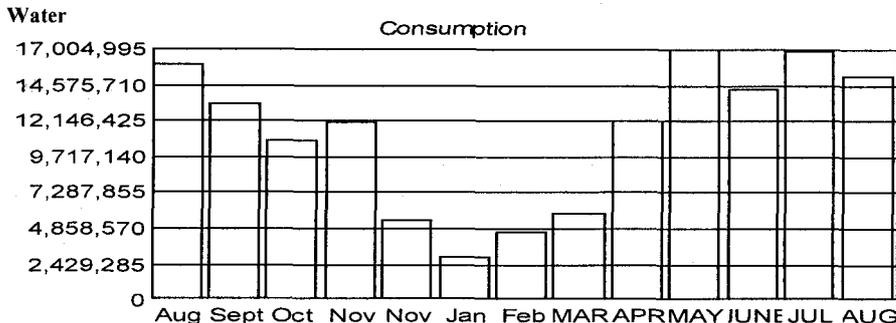
ACCOUNT NUMBER
00120362-02

BILLING DATE
08/31/09

METER NUMBER
53303

DUE DATE
09/15/09

BILLING PERIOD
From 07/31/09 to 08/31/09 = 31 Days

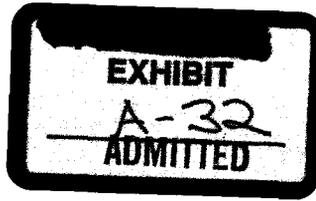


Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85143
(480) 987-9870

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85143
(480) 987-9870



AMOUNT PAID _____

BILLING DATE
08/31/09

ACCOUNT NUMBER
00119200-02

DUE DATE
09/15/09

AMOUNT DUE
\$105,891.69

SWING FIRST GOLF
30761 N GOLF CLUB DR
QUEEN CREEK, AZ 85143



00119200020105891695

PLEASE MAKE ADDRESS CORRECTIONS BELOW



Meter Readings

Readings Dates

Description	DETACH AND MAIL ABOVE PORTION WITH PAYMENT. KEEP BOTTOM PORTION FOR YOUR RECORDS.			Readings Dates		
	Previous	Present	Usage	Read Code	Previous	Present
	492045000	492045000	0	Normal Rd.	7/20/2009	8/20/2009

WATER SERVICE

Water AZ Privilege Tax Credit*	(\$0.10)	Water Usage Credit*	(\$0.84)
Water Minimum	\$900.00	Water AZ Privilege Tax	\$60.30
		Total Water Charges	\$959.36

OTHER CHARGES

Water AZ Superfund Tax Credit*	(\$0.01)	Water AZ Privilege Tax*	\$0.05
Late Fee	\$1,550.71	Total Other Charges	\$1,550.75

Previous Balance	\$103,381.58		
Payment	\$0.00	Total Due	\$105,891.69

CUSTOMER
SWING FIRST GOLF

SERVICE ADDRESS
433 GOLF CLUB DR

ACCOUNT NUMBER
00119200-02

BILLING DATE
08/31/09

METER NUMBER
20040123-08

DUE DATE
09/15/09

BILLING PERIOD
From 07/31/09 to 08/31/09 = 31 Days

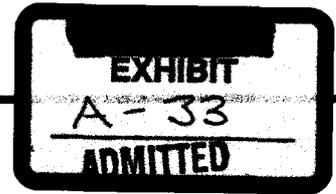
Water	Consumption	
1,405,999		
1,205,142		
1,004,285		
803,428		
602,571		
401,714		
200,857		
0		

Aug Sept Oct Nov Nov Jan Feb MAR APR MAY JUNE JUL AUG

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85143
(480) 987-9870

Brian Tompsett



From: Brian [btompsett@qwest.net]
Sent: Tuesday, January 08, 2008 3:22 PM
To: 'daveashton@gmail.com'; 'Gary Larsen'
Cc: 'Jeff Lundgren'
Subject: RE: meter change
Attachments: JR GC Meter Restriction 001.jpg; JR GC Meter Restriction 002.jpg

Dave-

Attached you will find two pictures of the restriction that was placed in the existing effluent line and meter to your lake. The 8" line had been reduced to a 3" diameter "hole" before even reaching the meter restriction. The restrictions were causing backpressure problems which in turn caused numerous recurring line breaks in the effluent line. We replaced the meter and removed the restriction to prevent future line breaks for the betterment of the entire system.

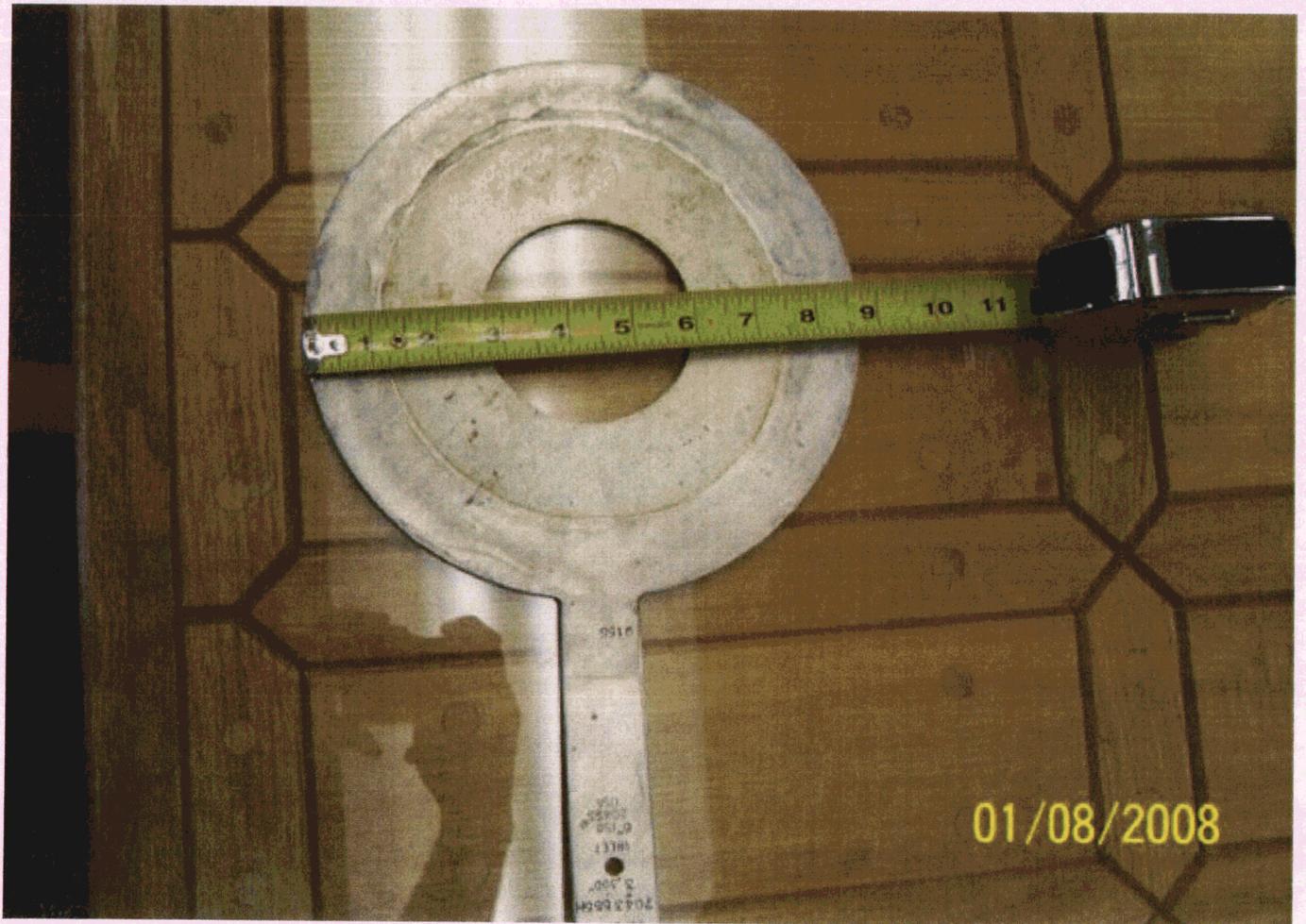
Brian P. Tompsett, P.E.
(480) 998-3300

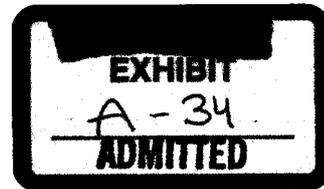
THIS EMAIL IS INTENDED TO BE A PRIVILEGED AND/OR CONFIDENTIAL COMMUNICATION.
IF YOU HAVE RECEIVED IT BY MISTAKE, PLEASE NOTIFY THE SENDER AND IMMEDIATELY
DELETE IT.

From: Dave Ashton [mailto:daveashton@gmail.com]
Sent: Thursday, January 03, 2008 11:59 AM
To: Brian Tompsett; Gary Larsen
Cc: Jeff Lundgren
Subject: meter change

Gary and Brian: some workers from the utility showed up at the course and started digging this morning. It appears they're changing to a larger meter. The previous meter delivered all the water we needed, so can you help me understand the reason for this?

Regards,
Dave





From: Joan Card
Received: 5/6/2005 11:49:13 AM
To: Sonia Overholser; Sonia Overholser
CC:
BCC:
Subject: Re: Congratulations!
=====

Thanks Sonia.

Joan Card
Deputy Administrative Counsel
Arizona Department of Environmental Quality
(602) 771-2226

>>> "Sonia Overholser" <sonia.overholser@azag.gov> 05/05 11:23 AM >>>
Congratulations on being designated as the Water Quality Division Director. I
am looking forward to working with you in this new role. We'll really roll on
Johnson Utilities now!

Sonia



Janice K. Brewer
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

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(602) 771-2300 • www.azdeq.gov

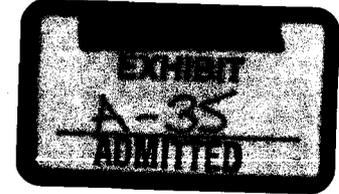


Patrick J. Cunningham
Acting Director

April 10, 2009

Case ID: 106347

Johnson Utilities, LLC
Attn: Brian Tompsett
5230 E Shea Blvd
Scottsdale, AZ 85254



Subject: Closure of the March 09, 2009 Notice of Violation

Dear Mr. Tompsett:

The Arizona Department of Environmental Quality (ADEQ), has closed the Notice of Violation (NOV) issued to Johnson Utilities, LLC on March 09, 2009. ADEQ has closed the NOV based upon its determination that Johnson Utilities, LLC has met the *Documenting Compliance* provisions of the NOV.

ADEQ will not proceed with further action at this time. However, if additional information regarding the alleged violations is discovered, or if further violations occur, ADEQ may reconsider its position and take additional action as appropriate and as allowed by law.

Thank you for your efforts to comply with the Arizona's environmental requirements. Should you have any comments or questions regarding this matter, please do not hesitate to contact me at (602) 771-4841.

Sincerely,

John Gibbons, Manager
Water Quality Compliance
Field Service Unit

C: Pinal County Division of Public Health, P.O. Box 2945, Florence AZ 85232
Dale Pierce, 3610 N Colorado Ave, Florence, AZ 85232
Bill Hare, EPS, WQCFSU, for the File P-103081
WQCFSU Reading File Ref: #FS09-890

Northern Regional Office
1801 W. Route 66 • Suite 117 • Flagstaff, AZ 86001
(928) 779-0313

Southern Regional Office
400 West Congress Street • Suite 433 • Tucson, AZ 85701
(520) 628-6733



Janet Napolitano
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

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(602) 771-2300 • www.azdeq.gov



Stephen A. Owens
Director

NOV 01 2007

October 30, 2007

Case ID #:84092

Johnson International, Inc.
Attn: Brian Tompsett
5230 E Shea Blvd Ste 200
Scottsdale, AZ 85254

Subject: Closure of the August 2, 2007 Notice of Violation

Dear Mr. Tompsett:

The Arizona Department of Environmental Quality (ADEQ), has closed the Notice of Violation (NOV) issued to Johnson International, Inc. on August 02, 2007. ADEQ has closed the NOV based upon its determination that Johnson International Inc has met the *Documenting Compliance* provisions of the NOV.

ADEQ will not proceed with further action at this time. However, if additional information regarding the alleged violations is discovered, or if further violations occur, ADEQ may reconsider its position and take additional action as appropriate and as allowed by law.

Thank you for your efforts to comply with the Arizona's environmental requirements. Should you have any comments or questions regarding this matter, please do not hesitate to contact me at (602) 771-4841.

Sincerely,

John T. Gibbons, Manager
Field Services Unit
Water Quality Compliance

cc: Bill Hare, EPS, WQCFSU
WQCFSU Reading File
Facility File P105324

Northern Regional Office
1801 W. Route 66 • Suite 117 • Flagstaff, AZ
86001
(928) 779-0313

Southern Regional Office
400 West Congress Street • Suite 433 • Tucson, AZ
85701
(520) 628-6733



Janet Napolitano
Governor

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(602) 771-2300 • www.azdeq.gov

JAN 12 2006



Stephen A. Owens
Director

January 3, 2006
Ref: #FS06-332

Case ID # 37416

Mr. Brian Tompsett, Executive Vice President
Johnson Utilities L.L.C.
d/b/a Johnson Utilities Company
5230 East Shea Blvd.
Scottsdale, Arizona 85254

Received by CRH/D
Date 1/12/06

Subject: Closure of the December 15, 2005 Notice of Violation Regarding the Effluent Spill into Queen Creek from the Pecan WRP

Dear Sir:

The Arizona Department of Environmental Quality (ADEQ) has closed the Notice of Violation (NOV) issued to the Johnson Utilities as the owner and operator of the Pecan WRP on December xx, 2005. ADEQ has closed the NOV based upon its determination that the Johnson Utilities has met the *Documenting Compliance* provisions of the NOV.

ADEQ will not proceed with further action at this time. However, if additional information regarding the alleged violations is discovered, or if further violations occur, ADEQ may reconsider its position and take additional action as appropriate and as allowed by law.

Thank you for your efforts to comply with the Arizona's environmental requirements. Should you have any comments or questions regarding this matter, please do not hesitate to contact me at 602 771 4841.

Sincerely,

Romann G. Diaz, Manager
Water Quality Field Services Unit

cc: Pinal County Health Department
Vivian Burns, Program and Project Specialist

Northern Regional Office
1515 East Cedar Avenue • Suite F • Flagstaff, AZ 86004
(928) 779-0313

Southern Regional Office
400 West Congress Street • Suite 433 • Tucson, AZ 85701
(520) 628-6733



Janet Napolitano
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

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(602) 771-2300 • www.azdeq.gov



Stephen A. Owens
Director

September 13, 2005
Ref: #FS06-193

Case ID # 35075

Mr. Brian Tompsett, Vice President
Johnson Utilities Company
5230 East Shea Blvd., Suite 200
Scottsdale, Arizona 85254

Subject: Closure of the July 26, 2005 Notice of Violation Regarding Effluent Monitoring Exceedances

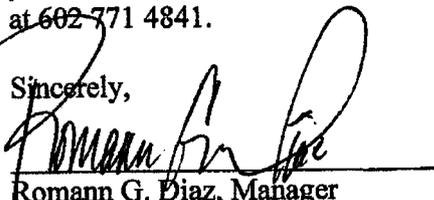
Dear Sir:

The Arizona Department of Environmental Quality (ADEQ) has closed the Notice of Violation (NOV) issued to the Johnson Utilities as the owner and operator of the Section 11 wastewater treatment facility (WWTP) on July 26, 2005. ADEQ has closed the NOV based upon its determination that the Johnson Utilities has met the *Documenting Compliance* provisions of the NOV.

ADEQ will not proceed with further action at this time. However, if additional information regarding the alleged violations is discovered, or if further violations occur, ADEQ may reconsider its position and take additional action as appropriate and as allowed by law.

Thank you for your efforts to comply with the Arizona's environmental requirements. Should you have any comments or questions regarding this matter, please do not hesitate to contact me at 602-771 4841.

Sincerely,



Romann G. Diaz, Manager
Water Quality Field Services Unit

cc: Pinal County Health Department
Vivian Burns, Program and Project Specialist

Northern Regional Office
1515 East Cedar Avenue • Suite F • Flagstaff, AZ 86004
(928) 779-0313

Southern Regional Office
400 West Congress Street • Suite 433 • Tucson, AZ 85701
(520) 628-6733



Janet Napolitano
Governor

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Stephen A. Owens
Director

RECEIVED MAY 23 2005

Ref: #FS05-595
May 16, 2005

Case No. 34567

Brian Tompsett, Vice President
Johnson Utilities Company
5230 E. Shea Blvd., Suite 200
Scottsdale, AZ 85254

Subject: Closure of the April 28, 2005 Notice of Violation

Dear Mrs. Tompsett:

The Arizona Department of Environmental Quality (ADEQ) has closed the Notice of Violation (NOV) issued to Johnson Utilities Company on April 28, 2005. ADEQ has closed the NOV based upon its determination that Johnson Utilities Company has met the *Documenting Compliance* provisions of the NOV.

ADEQ will not proceed with further action at this time. However, if additional information regarding the alleged violations is discovered, or if further violations occur, ADEQ may reconsider its position and take additional action as appropriate and as allowed by law.

Thank you for your efforts to comply with the Arizona's environmental requirements. Should you have any comments or questions regarding this matter, please do not hesitate to contact me at 602 771-4841.

Sincerely,

Romann G. Diaz, Manager
Water Quality Field Services Unit

cc: Vivian Burns, Program and Project Specialist

Northern Regional Office
1515 East Cedar Avenue • Suite F • Flagstaff, AZ 86004
(928) 779-0313

Southern Regional Office
400 West Congress Street • Suite 433 • Tucson, AZ 85701
(520) 628-6733



Janet Napolitano
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

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RECEIVED MAY 03 2005



Stephen A. Owens
Director

April 28, 2005
Ref: #FS05-571

Case ID # 34537

Mr. Brian Tompsett, Vice President
Johnson Utilities Company
5230 East Shea Blvd.
Scottsdale, Arizona 85254

Subject: Closure of the April 6, 2005 Notice of Violation Regarding the Sewage Spill from the Bella Vista Liftstation

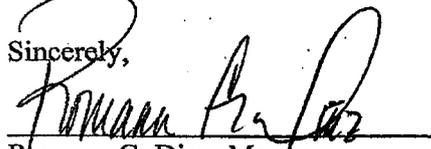
Dear Sir:

The Arizona Department of Environmental Quality (ADEQ) has closed the Notice of Violation (NOV) issued to the Johnson Utilities as the owner and operator of the Bella Vista Liftstation on April 6, 2005. ADEQ has closed the NOV based upon its determination that the Johnson Utilities has met the *Documenting Compliance* provisions of the NOV.

ADEQ will not proceed with further action at this time. However, if additional information regarding the alleged violations is discovered, or if further violations occur, ADEQ may reconsider its position and take additional action as appropriate and as allowed by law.

Thank you for your efforts to comply with the Arizona's environmental requirements. Should you have any comments or questions regarding this matter, please do not hesitate to contact me at 602 771 4841.

Sincerely,


Romann G. Diaz, Manager
Water Quality Field Services Unit

cc: Pinal County Health Department
Vivian Burns, Program and Project Specialist

Northern Regional Office
1515 East Cedar Avenue • Suite F • Flagstaff, AZ 86004
(928) 779-0313

Southern Regional Office
400 West Congress Street • Suite 433 • Tucson, AZ 85701
(520) 628-6733



Janet Napolitano
Governor

ARIZONA DEPARTMENT
OF
ENVIRONMENTAL QUALITY

1110 West Washington Street • Phoenix, Arizona 85007
(602) 771-2300 • www.azdeq.gov



Stephen A. Owens
Director

March 15, 2005
Ref: #FS05-513

Case ID # 32021

Mr. Brian Tompsett, Vice President
Johnson Utilities Company
5230 East Shea Blvd.
Scottsdale, Arizona 85254

Subject: Closure of the September 2, 2004 Notice of Violation

Dear Sir:

The Arizona Department of Environmental Quality (ADEQ) has closed the Notice of Violation (NOV) issued to the Johnson Utilities on September 2, 2004. ADEQ has closed the NOV based upon its determination that Johnson Utilities has met the *Documenting Compliance* provisions of the NOV.

ADEQ will not proceed with further action at this time. However, if additional information regarding the alleged violations is discovered, or if further violations occur, ADEQ may reconsider its position and take additional action as appropriate and as allowed by law.

Thank you for your efforts to comply with the Arizona's environmental requirements. Should you have any comments or questions regarding this matter, please do not hesitate to contact me at 602-771 4841.

Sincerely,

Romann G. Diaz, Manager
Water Quality Field Services Unit

cc: Pinal County Health Department
Vivian Burns, Program and Project Specialist

Northern Regional Office
1515 East Cedar Avenue • Suite F • Flagstaff, AZ 86004
(928) 779-0313

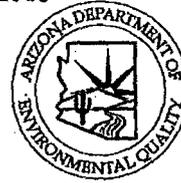
Southern Regional Office
400 West Congress Street • Suite 433 • Tucson, AZ 85701
(520) 628-6733



Janet Napolitano
Governor

MAR 18 2005
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OF
ENVIRONMENTAL QUALITY

1110 West Washington Street • Phoenix, Arizona 85007
(602) 771-2300 • www.azdeq.gov



Stephen A. Owens
Director

March 15, 2005
Ref: #FS05-512

Case ID # 33138

Mr. Brian Tompsett, Vice President
Johnson Utilities Company
5230 East Shea Blvd.
Scottsdale, Arizona 85254

Subject: Closure of the January 3, 2005 Notice of Violation

Dear Sir:

The Arizona Department of Environmental Quality (ADEQ) has closed the Notice of Violation (NOV) issued to the Johnson Utilities on January 3, 2005. ADEQ has closed the NOV based upon its determination that Johnson Utilities has met the *Documenting Compliance* provisions of the NOV.

ADEQ will not proceed with further action at this time. However, if additional information regarding the alleged violations is discovered, or if further violations occur, ADEQ may reconsider its position and take additional action as appropriate and as allowed by law.

Thank you for your efforts to comply with the Arizona's environmental requirements. Should you have any comments or questions regarding this matter, please do not hesitate to contact me at 602 771 4841.

Sincerely,

Romann G. Diaz, Manager
Water Quality Field Services Unit

cc: Pinal County Health Department
Vivian Burns, Program and Project Specialist

Northern Regional Office
1515 East Cedar Avenue • Suite F • Flagstaff, AZ 86004
(928) 779-0313

Southern Regional Office
400 West Congress Street • Suite 433 • Tucson, AZ 85701
(520) 628-6733

AVAILABLE WATER SOURCES FOR JOHNSON RANCH GOLF COURSE (SFG)			
	AVAILABILITY OF SOURCE		
YEAR	CAP	EFFLUENT	SOURCE DELIVERED
1998	✓		CAP
1999	✓		CAP
2000	✓		CAP
2001	✓		CAP
2002	✓		CAP
2003	✓		CAP
2004	✓		CAP
2005	✓		CAP
2006	✓	✓	CAP & EFFLUENT ¹
2007	✓	✓	CAP & EFFLUENT
2008	✓	✓	CAP & EFFLUENT ²
2009	✓	✓	EFFLUENT ³

¹ Effluent first became available from the Santan WWTP in approximately March 2006. The Santan WWTP is the only Johnson Utilities wastewater treatment plant that can supply effluent to the Johnson Ranch Golf Course.

² Johnson Utilities delivered 6,161,000 gallons of CAP water to Swing First Golf pursuant to an invoice dated July 31, 2008, and 1,406,000 of CAP water pursuant to an invoice dated November 30, 2008. This was the only CAP water delivered to Swing First Golf in 2008.

³ Johnson Utilities delivered no CAP water to Swing First Golf in 2009 (through September 30, 2009, which is the date of this chart).



Janet Napolitano
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

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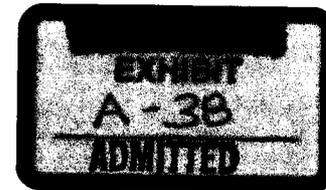
Stephen A. Owens
Director

CERTIFIED MAIL

Return Receipt Requested
March 4, 2004

Case ID: 92021

Johnson Utilities, LLC
Attn: Brian Tompsett
5230 E Shea Blvd, Ste. 200
Scottsdale, AZ 85254-5750



Re: Notice of Violation issued to Johnson Utilities, LLC

Dear Mr. Tompsett:

This letter constitutes the monthly update on the status of Arizona Department of Environmental Quality ("ADEQ") action resulting from ADEQ's inspection of the above-referenced site on January 3, 2008, as required by A.R.S. § 41-1009(H).

The attached Notice of Violation ("NOV") is an informal compliance assurance tool used by ADEQ to put a responsible party (such as a facility owner or operator) on notice that the Department believes a violation of an environmental requirement has occurred. It describes the facts known to ADEQ at the time of issuance and cites the requirement that ADEQ believes the party has violated.

Although ADEQ has the authority to issue appealable administrative orders compelling compliance, an NOV has no such force or effect. Rather, an NOV provides the responsible party an opportunity to do any of the following before ADEQ takes formal enforcement action: (1) meet with ADEQ and discuss the facts surrounding the violation, (2) demonstrate to ADEQ that no violation has occurred, or (3) document that the violation has been corrected.

ADEQ reserves the right to take a formal enforcement action, such as issuing an administrative order or filing a civil lawsuit, regardless of whether the Department has issued an NOV. Neither ADEQ's issuance of an NOV nor its failure to do so precludes the Department from pursuing these remedies. However, the timeliness of a complete response to this notice will be considered by ADEQ in determining if and how to pursue such remedies.

Sincerely,

John Gibbons, Manager
Field Services Unit
Water Quality Compliance

Northern Regional Office
1801 W. Route 66 • Suite 117 • Flagstaff, AZ 86001
(928) 779-0313

Southern Regional Office
400 West Congress Street • Suite 433 • Tucson, AZ 85701
(520) 628-6733



Janet Napolitano
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

1110 West Washington Street • Phoenix, Arizona 85007
(602) 771-2300 • www.azdeq.gov



Stephen A. Owens
Director

June 5, 2008

Brian Tompsett, Vice President
Johnson Utilities Inc.
5230 E. Shea Blvd., Suite 200
Scottsdale, AZ 85254

Re: **Spill Inspection of the Pecan Water Reclamation Plant (WRP), Inventory No. 105324, Place ID 18583, APP No. P105324, AZPDES Permit AZ0025445, Type 2 Reclaimed Water General Permit No. R105491, Middle Gila River Watershed, Inspection ID No. 121176, Case No. 97512**

Dear Mr. Tompsett:

Enclosed is a Notice of Violation ("NOV") and inspection report prepared by William J. Hare concerning the spill complaint inspection conducted at the site on May 20, 2008. The NOV is being issued for two sanitary sewer overflows that occurred during the weekend of May 17-18, 2008 causing the discharge of an estimated 10,000 gallons of sewage into Queen Creek.

The attached Notice of Violation ("NOV") is an informal compliance assurance tool used by the Arizona Department of Environmental Quality ("ADEQ") to put a responsible party (such as a facility owner or operator) on notice that the Department believes a violation of an environmental requirement has occurred. It describes the facts known to ADEQ at the time of issuance and cites the requirement that ADEQ believes the party has violated.

Although ADEQ has the authority to issue appealable administrative orders compelling compliance, an NOV has no such force or effect. Rather, an NOV provides the responsible party an opportunity to do any of the following before ADEQ takes formal enforcement action: (1) meet with ADEQ and discuss the facts surrounding the violation, (2) demonstrate to ADEQ that no violation has occurred, or (3) document that the violation has been corrected.

ADEQ reserves the right to take a formal enforcement action, such as issuing an administrative order or filing a civil lawsuit, regardless of whether the Department has issued an NOV. Neither ADEQ's issuance of an NOV nor its failure to do so precludes the Department from pursuing these remedies. However, the timeliness of a complete response to this notice will be considered by ADEQ in determining if and how to pursue such remedies.

If you have any questions, regarding the above, please contact William J. Hare at (602) 771-4838.

Northern Regional Office
1801 W. Route 66 • Suite 117 • Flagstaff, AZ 86001
(928) 779-0313

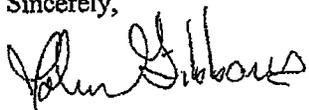
Southern Regional Office
400 West Congress Street • Suite 433 • Tucson, AZ 85701
(520) 628-6733

Printed on recycled paper

Spill Inspection of the Pecan WRP
6/5/2008

Page 2 of 8

Sincerely,

A handwritten signature in black ink, appearing to read "John Gibbons". The signature is written in a cursive style with a large initial "J".

John Gibbons, Manager
Water Quality Field Services Unit

cc: Pinal County Health Department
Facility File, Inventory No. 105324
WQFSU Reading File

WJH:wjh: O&M2CLIR.LET



Janet Napolitano
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ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

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Stephen A. Owens
Director

October 9, 2008

CERTIFIED MAIL- Return Receipt Requested
7008-1830-0001-2297-5393

Johnson Utilities, LLC
Attn: Brian Tompsett
5230 E Shea Blvd
Scottsdale, AZ 85254-5750

Case ID: 99135

Re: Notice of Violation issued to Johnson Utilities

Dear Mr. Tompsett:

This letter constitutes the monthly update on the status of Arizona Department of Environmental Quality ("ADEQ") action resulting from ADEQ's inspection of the above-referenced site on July 2, 2007, as required by A.R.S. § 41-1009(H).

The attached Notice of Violation ("NOV") is an informal compliance assurance tool used by ADEQ to put a responsible party (such as a facility owner or operator) on notice that the Department believes a violation of an environmental requirement has occurred. It describes the facts known to ADEQ at the time of issuance and cites the requirement that ADEQ believes the party has violated.

Although ADEQ has the authority to issue appealable administrative orders compelling compliance, an NOV has no such force or effect. Rather, an NOV provides the responsible party an opportunity to do any of the following before ADEQ takes formal enforcement action: (1) meet with ADEQ and discuss the facts surrounding the violation, (2) demonstrate to ADEQ that no violation has occurred, or (3) document that the violation has been corrected.

ADEQ reserves the right to take a formal enforcement action, such as issuing an administrative order or filing a civil lawsuit, regardless of whether the Department has issued an NOV. Neither ADEQ's issuance of an NOV nor its failure to do so precludes the Department from pursuing these remedies. However, the timeliness of a complete response to this notice will be considered by ADEQ in determining if and how to pursue such remedies.

Sincerely,

John Gibbons, Manager
Filed Services Unit
Water Quality Compliance

C: Pinal County Division of Public Health, P.O. Box 2945, Florence, AZ 85232
John Calkins, Manager, Drinking Water Section, for the file AZ0411128
WQCFSU Reading File Ref: # 09321

Northern Regional Office
1801 W. Route 66 • Suite 117 • Flagstaff, AZ 86001
(928) 779-0313

Southern Regional Office
400 West Congress Street • Suite 433 • Tucson, AZ 85701
(520) 628-6733



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ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

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Stephen A. Owens
Director

October 20, 2008

Mr. Brian Tompsett, Executive Vice President
Johnson Utilities, L.L.C
d/b/a Johnson Utilities Company
5230 East Shea Blvd.
Scottsdale, Arizona 85254

Re: Complaint Inspection of the Johnson Utilities Section 11 Wastewater Treatment Plant (WWTP), Inventory No. 103081, Aquifer Protection Permit (APP) No. P103081, Reuse Permit No. R105412, Middle Gila River Watershed, Inspection ID No. 128214, Case ID Nos. 102722 and 103357

Dear Mr. Tompsett:

Enclosed are two Notices of Violation ("NOV") and an inspection report prepared by William J. Hare and Daniel Czecholinski concerning the inspections conducted at the site on September 25, and October 7, 2008. The NOV's are being issued for the illegal disposal (burial) of biosolids at the Section 11 WWTF in violation of A.R.S. § 49-241(A), the Biosolids Rules promulgated pursuant to A.R.S. § 49-255 *et seq.* and the Aquifer Protection Permit.

The attached NOV's are informal compliance assurance tools used by the Arizona Department of Environmental Quality ("ADEQ") to put a responsible party (such as a facility owner or operator) on notice that the Department believes a violation of an environmental requirement has occurred. They describe the facts known to ADEQ at the time of issuance and cite the requirement that ADEQ believes the party has violated.

Although ADEQ has the authority to issue appealable administrative orders compelling compliance, an NOV has no such force or effect. Rather, an NOV provides the responsible party an opportunity to do any of the following before ADEQ takes formal enforcement action: (1) meet with ADEQ and discuss the facts surrounding the violation, (2) demonstrate to ADEQ that no violation has occurred, or (3) document that the violation has been corrected.

The violations alleged in these NOV's involving the improper transportation and disposal of sewage sludge represent serious threats to public health and the environment. Accordingly, ADEQ has proscribed short timeframes for a response, especially the disclosures and certifications required by law (40 C.F.R. 503 *et seq.*). ADEQ reserves the right to take a formal enforcement action, such as issuing an administrative order or filing a civil lawsuit, regardless of whether the Department has issued an NOV. Neither ADEQ's issuance of these NOV's nor its

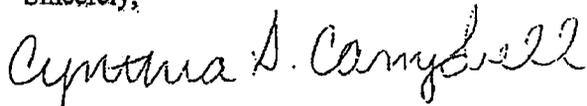
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(928) 779-0313

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400 West Congress Street • Suite 433 • Tucson, AZ 85701
(520) 628-6733

failure to do so precludes the Department from pursuing these remedies. However, the timeliness of a complete response to this notice will be considered by ADEQ in determining if and how to pursue such remedies.

If you have any questions, regarding the above, please contact me at (602) 771-2209.

Sincerely,



Cynthia S. Campbell, Manager
Water Quality Compliance Section

Enclosure: Notice of inspection rights
 Photo-Log from 9/25/08 (Bill Hare)
 Photo-Log from 9/25/08 (Daniel Czecholinski)
 Photo-Log from 10/7/08
 Photographs
 Aerial view of site
 Site diagram
 Chain-of-custody

cc: Pinal County Health Department
 Facility File, Inventory No.103081
 WQFSU Reading File

MAR 18 2009



Janet Napolitano
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

1110 West Washington Street • Phoenix, Arizona 85007
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Stephen A. Owens
Director

March 11, 2009
REF#: SWICU09-175

Case ID: # 103956

CERTIFIED MAIL
Return Receipt Requested

Johnson Utilities LLC
Attention: Mr. Brian Tompsett
5230 E. Shea Blvd
Scottsdale, AZ 85254-5750

Re: Notice of Violation issued to Johnson Utilities LLC

Dear Mr. Tompsett:

This letter constitutes the monthly update on the status of Arizona Department of Environmental Quality ("ADEQ") action resulting from ADEQ's inspection of the above-referenced site on October 7, 2008, as required by A.R.S. § 41-1009(H).

The attached Notice of Violation ("NOV") is an informal compliance assurance tool used by ADEQ to put a responsible party (such as a facility owner or operator) on notice that the Department believes a violation of an environmental requirement has occurred. It describes the facts known to ADEQ at the time of issuance and cites the requirement that ADEQ believes the party has violated.

Although ADEQ has the authority to issue appealable administrative orders compelling compliance, an NOV has no such force or effect. Rather, an NOV provides the responsible party an opportunity to do any of the following before ADEQ takes formal enforcement action: (1) meet with ADEQ and discuss the facts surrounding the violation, (2) demonstrate to ADEQ that no violation has occurred, or (3) document that the violation has been corrected.

ADEQ reserves the right to take a formal enforcement action, such as issuing an administrative order or filing a civil lawsuit, regardless of whether the Department has issued an NOV. Neither ADEQ's issuance of an NOV nor its failure to do so precludes the Department from pursuing these remedies. However, the timeliness of a complete response to this notice will be considered by ADEQ in determining if and how to pursue such remedies.

Sincerely,

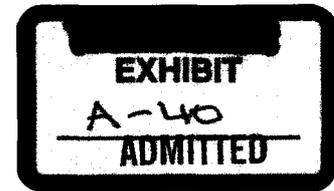
A handwritten signature in black ink, appearing to read "Mindi Cross".

Mindi Cross, Manager
Solid Waste Inspections and Compliance Unit

Cc: Mr. Gary A. Drummond
Jana S. Johnson
George H. Johnson
Gary Larsen
Art Carlton, Department of Public Works, Pinal County
Facility File

Northern Regional Office
1801 W. Route 66 • Suite 117 • Flagstaff, AZ 86001
(928) 779-0313

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(520) 628-6733



1 A. I don't know. Swing First asked for a copy of the report, but Utility refused to provide it.
2 I would expect that if Utility had properly reported and accounted for these transactions,
3 it would have been eager to provide the evidence.

4 **IV THE COMMISSION SHOULD SEND A STRONG MESSAGE TO GEORGE**
5 **JOHNSON'S UTILITY**

6 **A The Commission Needs to Deal Harshly with Johnson Utilities' Blatant**
7 **Disregard for its Customers, Public Safety, the Environment, and Its Public**
8 **Service Obligations**

9 **Q. HOW SHOULD THE COMMISSION DEAL WITH GEORGE JOHNSON'S**
10 **UTILITY IN THIS RATE CASE?**

11 A. I have nine recommendations to deal with Johnson Utilities' blatant disregard for its
12 customers, public safety, the environment, and its public service obligations:

- 13 1. Johnson Utilities should not be allowed to increase its rates until its management and
14 financial practices are investigated.
- 15 2. Johnson Utilities should be required to immediately reduce its water rates and refund
16 its overcharges for the last two years.
- 17 3. Johnson Utilities should be required to refund – in cash, not credits – its illegal
18 superfund tax collections.
- 19 4. Johnson Utilities' Pecan wastewater treatment plant should not be included in rate
20 base.
- 21 5. Johnson Utilities should be required to dismiss all pending defamation lawsuits
22 against its customers, pay all of their court costs and legal fees, and apologize to each
23 customer. I am a customer.
- 24 6. Johnson Utilities should be fined for its blatant disregard of its public service
25 obligations, environmental laws, and explicit commission orders.
- 26 7. Johnson Utilities should be penalized with a reduced return on equity.

1 8. Following the completion of the independent management and financial audits, the
2 commission should require Johnson Utilities to demonstrate why it should not
3 surrender its certificate of convenience and necessity. Mr. Johnson and Mr. Tompsett
4 have both consistently demonstrated that they lack the ethics and integrity necessary
5 to run a monopoly business regulated by the state. There is no one else at Johnson
6 Utilities that makes strategic decisions.

7 9. The Commission should bifurcate this case into two phases

8 I will discuss each of these recommendations in order.

9 **B Johnson Utilities Should Not Be Allowed to Increase Its Rates until Its Books**
10 **and Management Practices Have Been Thoroughly Investigated**

11 **Q. WHY ARE YOU RECOMMENDING THAT UTILITY SHOULD NOT BE**
12 **ALLOWED TO INCREASE ITS RATES UNTIL ITS BOOKS AND**
13 **MANAGEMENT PRACTICES HAVE BEEN THOROUGHLY INVESTIGATED?**

14 **A.** It is likely that what I have so far discussed in this case is only the tip of the iceberg. I
15 am only one of Utility's many customers. I am also only one of hundreds or thousands of
16 companies that has dealt with Utility.

- 17 • If I am personally aware of five possible illegal affiliate transactions, there are likely
18 many more.
- 19 • If I am aware of George Johnson's abuse and intimidation of me and other customers
20 through defamation lawsuits, how many other similar actions has George Johnson
21 taken to intimidate and silence customers?
- 22 • If ADEQ has uncovered two serious environmental violations in just the last year, and
23 four in this decade, how many more threats to public health and safety have gone
24 undiscovered?
- 25 • Based on Mr. Johnson's apparent use of Utility to fund other activities and Utility's
26 delay in its rate filing, it does not appear that Utility's financial records can be relied

**PLAINTIFF'S
EXHIBIT**
A-41
ADMITTED

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Q. HOW SHOULD THE COMMISSION DEAL WITH UTILITY IN THIS RATE CASE?

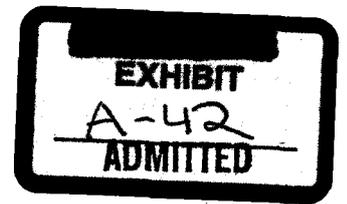
A. I have nine recommendations to deal with Utility's blatant disregard for its customers, public safety, the environment, and its public service obligations:

1. Utility should not be allowed to increase its rates until its management and financial practices are investigated.
2. Utility should be required to immediately reduce its water rates and make refunds.
3. Utility should be required to refund – in cash, not credits – its illegal superfund tax collections.
4. Utility's Pecan Wastewater Treatment Plant should not be included in rate base.
5. Utility should be required to dismiss all pending defamation lawsuits against its customers, and pay all of their court costs and legal fees.
6. Utility should be fined for its blatant disregard of its public service obligations, environmental laws, and explicit commission orders.
7. Utility should be penalized with a reduced rate of return on equity.
8. Following the completion of the independent management and financial audits, the Commission should require Utility to demonstrate why it should not surrender its certificate of convenience and necessity.
9. The Commission should bifurcate this case into two phases.

I will discuss each of these recommendations in order.

B Utility Should Not Be Allowed to Increase Its Rates until Its Books and Management Practices Have Been Thoroughly Investigated

Q. WHY ARE YOU RECOMMENDING THAT UTILITY SHOULD NOT BE ALLOWED TO INCREASE ITS RATES UNTIL ITS BOOKS AND MANAGEMENT PRACTICES HAVE BEEN THOROUGHLY INVESTIGATED?



SWING FIRST GOLF, LLC
RESPONSES TO
JOHNSON UTILITIES' FOURTH SET OF DATA REQUESTS
DOCKET WS-02987A-08-0180
MARCH 11, 2009
(RATE CASE)

JU 4.1 Please identify by docket number any case in which Sonn Rowell has provided testimony before the Arizona Corporation Commission ("Commission").

Response Provided by Sonn Rowell

W-03875A-03-0737 Mountain Glen Water Service, Inc.
W-01431A-05-0351 Valle Verde Water Company
WS-01303A-06-0403 Arizona-American Water Company (represented intervenor)
W-03994A-07-0657 Wickenburg Ranch Water, LLC
W-04074A-08-0094 Del Rio Water Company, LLC

**SWING FIRST GOLF, LLC
RESPONSES TO
JOHNSON UTILITIES' FOURTH SET OF DATA REQUESTS
DOCKET WS-02987A-08-0180
MARCH 11, 2009
(RATE CASE)**

JU 4.2 Has Ms. Rowell previously provided testimony in any legal proceeding in any court of law or before any regulatory body other than the Commission? If so, provide the case number, case caption and the date that Ms. Rowell provided testimony.

Response Provided by Sonn Rowell

No.

**SWING FIRST GOLF, LLC
RESPONSES TO
JOHNSON UTILITIES' FOURTH SET OF DATA REQUESTS
DOCKET WS-02987A-08-0180
MARCH 11, 2009
(RATE CASE)**

JU 4.3 During the time Ms. Rowell was employed by the Arizona Corporation Commission, did Ms. Rowell work on any application filed by Johnson Utilities with the Commission? If so, identify by docket number each application.

Response Provided by Sonn Rowell

No.

**SWING FIRST GOLF, LLC
RESPONSES TO
JOHNSON UTILITIES' FOURTH SET OF DATA REQUESTS
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MARCH 11, 2009
(RATE CASE)**

JU 4.4 Prior to February 25, 2009, did Ms. Rowell ever meet George Johnson? If so, provide the date (or approximate date) of the first meeting.

Response Provided by Sonn Rowell

No.

**SWING FIRST GOLF, LLC
RESPONSES TO
JOHNSON UTILITIES' FOURTH SET OF DATA REQUESTS
DOCKET WS-02987A-08-0180
MARCH 11, 2009
(RATE CASE)**

JU 4.5 Prior to February 25, 2009, did Ms. Rowell ever meet David Ashton? If so, provide the date (or approximate date) of the first meeting.

Response Provided by Sonn Rowell

No.

**SWING FIRST GOLF, LLC
RESPONSES TO
JOHNSON UTILITIES' FOURTH SET OF DATA REQUESTS
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MARCH 11, 2009
(RATE CASE)**

JU 4.6 Prior to February 25, 2009, did Ms. Rowell have any communication with David Ashton?

If so, provide the date (or approximate date) of Ms. Rowell's first communication with Mr. Ashton.

Response Provided by Sonn Rowell

No.

**SWING FIRST GOLF, LLC
RESPONSES TO
JOHNSON UTILITIES' FOURTH SET OF DATA REQUESTS
DOCKET WS-02987A-08-0180
MARCH 11, 2009
(RATE CASE)**

JU 4.7 On page 2 of her Revised Direct Testimony (lines 16-17), Ms. Rowell states that: "I represent small water and wastewater utilities before the Arizona Corporation Commission for rate increase and financing applications." Please identify each water and wastewater company represented by Ms. Rowell in a rate increase application or a financing application before the Commission.

Response Provided by Sonn Rowell

Mountain Glen Water Service, Inc.
Empirita Water Company
Picacho Peak Water Company
Aubrey Water Company
Tonto Hills Utility Company
Why Utility Company
West Village Water Company
Bradshaw Mountain View Water
Valle Verde Water Company

**SWING FIRST GOLF, LLC
RESPONSES TO
JOHNSON UTILITIES' FOURTH SET OF DATA REQUESTS
DOCKET WS-02987A-08-0180
MARCH 11, 2009
(RATE CASE)**

JU 4.8 On pages 3-4 of her Revised Direct Testimony, Ms. Rowell discusses a December 2007 News Release from the Arizona Department of Environmental Quality ("ADEQ") concerning a lawsuit and settlement involving "George Johnson, his affiliate companies, and his contractors." With regard to the referenced lawsuit and settlement, please answer the following questions:

- (a) Was Johnson Utilities a party to the lawsuit?
- (b) Was Johnson Utilities a party to the settlement?
- (c) Has the settlement impacted rate payers of Johnson Utilities?
- (d) If the answer to subpart (c) above is yes, explain how the settlement has impacted rate payers of Johnson Utilities, and quantify any financial harm to rate payers.
- (e) Does Ms. Rowell have first-hand knowledge regarding the facts and circumstances of the lawsuit and settlement?
- (f) If the answer to subpart (e) above is yes, explain how Ms. Rowell obtained first-hand knowledge regarding the facts and circumstances of the lawsuit and settlement.
- (g) How did Ms. Rowell obtain a copy of the ADEQ News Release attached as Exhibit SSR-2 to her Revised Direct Testimony?
- (h) Describe any steps taken by Ms. Rowell to independently verify any of the statements or information contained in the ADEQ News Release attached as Exhibit SSR-2 to her Revised Direct Testimony.

Response Provided by Sonn Rowell

- (a) I do not know if Johnson Utilities ("JU") was a direct party of the lawsuit.
- (b) I do not know if JU was a direct party of the settlement.
- (c) I do not know if the settlement impacted JU rate payers directly or indirectly.
- (d) Not applicable.
- (e) No.
- (f) Not applicable.

**SWING FIRST GOLF, LLC
RESPONSES TO
JOHNSON UTILITIES' FOURTH SET OF DATA REQUESTS
DOCKET WS-02987A-08-0180
MARCH 11, 2009
(RATE CASE)**

- (g) It was part of David Ashton's original testimony in this case.
- (h) None. I consider ADEQ to be a trustworthy source of factual information in my line of work.

**SWING FIRST GOLF, LLC
RESPONSES TO
JOHNSON UTILITIES' FOURTH SET OF DATA REQUESTS
DOCKET WS-02987A-08-0180
MARCH 11, 2009
(RATE CASE)**

JU 4.9 On page 4 of her Revised Direct Testimony (lines 26-28), Ms. Rowell testifies that

"George Johnson and the other defendants agreed to pay a fine of 12.1 million dollars-the largest civil environmental settlement in Arizona history." With regard to this testimony, please answer the following questions:

- (a) Was the 12.1 million dollars referenced in Ms. Rowell's testimony a fine?
- (b) Was the 12.1 million dollars referenced in Ms. Rowell's testimony a civil settlement?
- (c) Does Ms. Rowell believe there is a difference between a fine and a civil settlement? If so, what is the difference?
- (d) Was Johnson Utilities responsible for paying the civil settlement or any portion of the civil settlement?

Response Provided by Sonn Rowell

- (a) The \$12.1 million was a civil environmental settlement.
- (b) The \$12.1 million was a civil environmental settlement.
- (c) A fine could be defined as a forfeiture or penalty to be paid to an offended party in a civil action, while a civil settlement is an agreement reached between parties to a suit, before a judgment is rendered by a court. The funds are still required to be paid to the offended party.
- (d) I do not believe JU was named as a party to the civil environmental settlement.

**SWING FIRST GOLF, LLC
RESPONSES TO
JOHNSON UTILITIES' FOURTH SET OF DATA REQUESTS
DOCKET WS-02987A-08-0180
MARCH 11, 2009
(RATE CASE)**

JU 4.10 On page 4 of her Revised Direct Testimony (lines 31-34), Ms. Rowell references a February 2008 article from Phoenix Magazine, a copy of which is attached as Exhibit SSR-3 to her Revised Direct Testimony. With regard to this article, please answer the following questions:

- (a) Did any of the alleged activities discussed in the Phoenix Magazine article and identified by Ms. Rowell in her Revised Direct Testimony impact rate payers of Johnson Utilities?
- (b) If the answer to subpar (a) above is yes, explain how the alleged activities discussed in the article impacted rate payers of Johnson Utilities, and quantify any financial harm to rate payers.
- (c) Does Ms. Rowell have first-hand knowledge regarding the alleged activities described in the Phoenix Magazine article?
- (d) If the answer to subpart (c) above is yes, explain how Ms. Rowell obtained first-hand knowledge regarding the alleged activities described in the Phoenix Magazine article.
- (e) How did Ms. Rowell obtain a copy of the Phoenix Magazine article attached as Exhibit SSR-3 to her Revised Direct Testimony?
- (f) Describe any steps taken by Ms. Rowell to independently verify any of the statements or information contained in the Phoenix Magazine article attached as Exhibit SSR-3 to her Revised Direct Testimony.

Response Provided by Sonn Rowell

- (a) I do not believe so.
- (b) Not applicable.
- (c) I have seen the destruction in the area near Marana, but do not have first-hand knowledge of what occurred there to cause it.
- (d) Not applicable.
- (e) Phoenix Magazine's website.

**SWING FIRST GOLF, LLC
RESPONSES TO
JOHNSON UTILITIES' FOURTH SET OF DATA REQUESTS
DOCKET WS-02987A-08-0180
MARCH 11, 2009
(RATE CASE)**

- (f) I attempted to contact Ms. Bommersbach, she has not replied.

**SWING FIRST GOLF, LLC
RESPONSES TO
JOHNSON UTILITIES' FOURTH SET OF DATA REQUESTS
DOCKET WS-02987A-08-0180
MARCH 11, 2009
(RATE CASE)**

JU 4.11 On page 5 of her Revised Direct Testimony (lines 5-11), Ms. Rowell discusses a lawsuit by the Environmental Protection Agency ("EPA") against "George Johnson, Johnson International, General Hunt, and contractors" and a resulting civil penalty. With regard to the EPA lawsuit and civil penalty, please answer the following questions:

- (a) Was Johnson Utilities a party to the lawsuit?
- (b) Did the lawsuit result in a penalty being assessed against or paid by Johnson Utilities?
- (c) Did the lawsuit impact rate payers of Johnson Utilities?
- (d) If the answer to subpart (c) above is yes, explain how the referenced lawsuit impacted rate payers of Johnson Utilities, and quantify any financial harm to rate payers.
- (e) Does Ms. Rowell have first-hand knowledge regarding the facts and circumstances of the EPA lawsuit?
- (f) If the answer to subpart (e) above is yes, explain how Ms. Rowell obtained first-hand knowledge regarding the facts and circumstances of the referenced lawsuit.
- (g) How did Ms. Rowell obtain a copy of the document attached as Exhibit SSR-4 to her Revised Direct Testimony?
- (h) Describe any steps taken by Ms. Rowell to independently verify any of the statements or information contained in the document attached as Exhibit SSR-4 to her Revised Direct Testimony.

Response Provided by Sonn Rowell

- (a) I do not know if JU was a direct party of the lawsuit.
- (b) I do not believe JU was directly assessed a penalty. I have no idea if JU paid a penalty as a result of the lawsuit against affiliated parties.
- (c) I do not know if the settlement impacted JU rate payers directly or indirectly.
- (d) Not applicable.
- (e) No.

**SWING FIRST GOLF, LLC
RESPONSES TO
JOHNSON UTILITIES' FOURTH SET OF DATA REQUESTS
DOCKET WS-02987A-08-0180
MARCH 11, 2009
(RATE CASE)**

- (f) Not applicable.
- (g) It was part of David Ashton's original testimony in this case.
- (h) None. I consider the Department of Justice to be a trustworthy source of factual information.

**SWING FIRST GOLF, LLC
RESPONSES TO
JOHNSON UTILITIES' FOURTH SET OF DATA REQUESTS
DOCKET WS-02987A-08-0180
MARCH 11, 2009
(RATE CASE)**

JU 4.12 Is Johnson Utilities legally obligated to follow the tariffs which have been approved by the Arizona Corporation Commission?

Response Provided by Sonn Rowell

I am not a lawyer, and cannot provide a legal opinion.

**SWING FIRST GOLF, LLC
RESPONSES TO
JOHNSON UTILITIES' FOURTH SET OF DATA REQUESTS
DOCKET WS-02987A-08-0180
MARCH 11, 2009
(RATE CASE)**

JU 4.13 On page 5 of her Revised Direct Testimony (lines 15-20), Ms. Rowell discusses an alleged discharge of raw sewage in a neighborhood and into Queen Creek Wash. With regard to this testimony, please answer the following questions:

- (a) Does Ms. Rowell have first-hand knowledge regarding the facts and circumstances of the alleged sewage discharge?
- (b) If the answer to subpart (a) above is yes, explain how Ms. Rowell obtained first-hand knowledge of the facts and circumstances of the sewage discharge.
- (c) Please provide the approximate distance in miles between the site of the sewage discharge and the golf course of Swing First Golf ("SFG").
- (d) Did the sewage discharge impact SFG's golf course? If so, explain how the sewage discharge impacted SFG's golf course, and quantify any financial harm to SFG.

Response Provided by Sonn Rowell

- (a) No.
- (b) Not applicable.
- (c) Approximately five miles.
- (d) I do not believe the sewage discharge impacted the golf course.

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JU 4.14 On page 5 of her Revised Direct Testimony (lines 22-23), Ms. Rowell states that

"George Johnson's Utility entered into a consent decree with ADEQ to clean and disinfect the wash." With regard to this testimony, please answer the following questions:

- (a) Does Ms. Rowell have first-hand knowledge regarding the facts and circumstances of the consent decree?
- (b) If the answer to subpart (a) above is yes, explain how Ms. Rowell obtained first-hand knowledge of the facts and circumstances of the consent decree.
- (c) Did the consent decree involve SFG's golf course? If so, explain how the consent decree involved SFG's golf course.
- (d) With regard to the newspaper article attached as Exhibit SSR-5 to Ms. Rowell's Revised Direct Testimony, how did Ms. Rowell obtain a copy of the article?

Response Provided by Sonn Rowell

- (a) No.
- (b) Not applicable.
- (c) Not to my knowledge.
- (d) It was part of David Ashton's original testimony in this case.

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JU 4.15 On page 6 of her Revised Direct Testimony (lines 4-13), Ms. Rowell quotes from a letter dated June 10, 2008, by then Commissioner William Mundell, a copy of which is attached as Exhibit SSR-6 to her Revised Direct Testimony. With regard to the Mundell letter, please answer the following questions:

- (a) Does Ms. Rowell have first-hand knowledge regarding the facts and circumstances of the letter?
- (b) If the answer to subpart (a) above is yes, explain how Ms. Rowell obtained first-hand knowledge of the facts and circumstances of the letter.
- (c) Did the letter involve SFG's golf course? If so, explain how the letter involves SFG's golf course.
- (d) How did Ms. Rowell obtain a copy of the letter?

Response Provided by Sonn Rowell

- (a) No.
- (b) Not applicable.
- (c) Not to my knowledge.
- (d) It was part of David Ashton's original testimony in this case.

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JU 4.16 On page 6 of her Revised Direct Testimony (lines 18-20), Ms. Rowell testified: "Two residents organized a protest and posted pointed comments on a community web page. In retaliation, Utility sued the two residents for defamation. As you can imagine, since that time the residents have apparently not spoken out." With regard to this testimony, please answer the following questions:

- (a) Prior to filing her Revised Direct Testimony, did Ms. Rowell review the complaint, answer or any other pleadings filed in defamation lawsuit?
- (b) Does Ms. Rowell have first-hand knowledge regarding the facts and circumstances that led to the filing of the defamation lawsuit?
- (c) If the answer to subpart (a) above is yes, explain how Ms. Rowell obtained first-hand knowledge regarding the facts and circumstances that led to the filing of the defamation lawsuit.
- (d) How did Ms. Rowell obtain a copy of the newspaper article attached as Exhibit SSR-7 to her Revised Direct Testimony?
- (e) Describe any steps taken by Ms. Rowell to independently verify any of the statements or information contained in the newspaper article attached as Exhibit SSR-7 to her Revised Direct Testimony.
- (f) Prior to the filing of her Revised Direct Testimony, did Ms. Rowell speak to any defendant named in the defamation lawsuit? If the answer to this question is yes, identify the name of the defendant and the date (or approximate date) that Ms. Rowell spoke to the defendant.
- (g) Provide any evidence that Ms. Rowell has to substantiate her statement that residents named as defendants in the defamation lawsuit have not "spoken out" since the lawsuit was filed?

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Response Provided by Sonn Rowell

- (a) No.
- (b) No.
- (c) Not applicable.
- (d) It was part of David Ashton's original testimony in this case.
- (e) None.
- (f) No.
- (g) I have not located any further articles about either of them, or seen any public comments from them in the docket file.

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JU 4.17 On pages 6-7 of her Revised Direct Testimony (lines 28-29, 1-3), Ms. Rowell testifies regarding the alleged illegal storage of sewage sludge by Johnson Utilities. With regard to this testimony, please answer the following questions:

- (a) Does Ms. Rowell have first-hand knowledge regarding the facts and circumstances of the alleged illegal storage of sewage sludge?
- (b) If the answer to subpart (a) above is yes, explain how Ms. Rowell obtained first-hand knowledge of the facts and circumstances of the alleged illegal storage of sewage sludge.
- (c) Did the alleged illegal storage of sewage sludge involve SFG's golf course? If so, explain how the alleged illegal storage of sewage sludge involved SFG's golf course.
- (d) How did Ms. Rowell obtain a copy of the newspaper article attached as Exhibit SSR-8 to her Revised Direct Testimony?
- (e) Describe any steps taken by Ms. Rowell to independently verify any of the statements or information contained in the newspaper article attached as Exhibit SSR-8 to her Revised Direct Testimony.

Response Provided by Sonn Rowell

- (a) No.
- (b) Not applicable.
- (c) Not to my knowledge.
- (d) It was part of David Ashton's original testimony in this case.
- (e) None.

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JU 4.18 On page 7 of her Revised Direct Testimony (lines 6-7), Ms. Rowell testifies regarding an \$80,000 fine imposed by ADEQ against Johnson Utilities. With regard to this testimony, please answer the following questions:

- (a) Does Ms. Rowell have first-hand knowledge regarding the facts and circumstances of the fine?
- (b) If the answer to subpart (a) above is yes, explain how Ms. Rowell obtained first-hand knowledge of the facts and circumstances of the fine.
- (c) Did the events which resulted in the fine involve SFG's golf course?
- (d) If the answer to subpart (c) above is yes, explain how the events which resulted in the fine involved Swing First Golf's golf course.

Response Provided by Sonn Rowell

- (a) No.
- (b) Not applicable.
- (c) Not to my knowledge.
- (d) Not applicable.

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JU4.19 On page 7 of her Revised Direct Testimony (lines 8-10), Ms. Rowell testifies regarding a \$6,000 fine imposed by ADEQ against Johnson Utilities. With regard to this testimony, please answer the following questions:

- (a) Does Ms. Rowell have first-hand knowledge regarding the facts and circumstances of the fine?
- (b) If the answer to subpart (a) above is yes, explain how Ms. Rowell obtained first-hand knowledge of the facts and circumstances of the fine.
- (c) Did the events which resulted in the fine involve SFG's golf course?
- (d) If the answer to subpart (c) above is yes, explain how the events which resulted in the fine involved SFG's golf course.

Response Provided by Sonn Rowell

- (a) No.
- (b) Not applicable.
- (c) Not to my knowledge.
- (d) Not applicable.

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JU 4.20 On page 7 of her Revised Direct Testimony (lines 12-14), Ms. Rowell testifies regarding a \$90,000 fine imposed by the Arizona Department of Water Resources against Johnson Utilities. With regard to this testimony, please answer the following questions:

- (a) Does Ms. Rowell have first-hand knowledge regarding the facts and circumstances of the fine?
- (b) If the answer to subpart (a) above is yes, explain how Ms. Rowell obtained first-hand knowledge of the facts and circumstances of the fine.
- (c) Did the events which resulted in the fine involve SFG's golf course?
- (d) If the answer to subpart (c) above is yes, explain how the events which resulted in the fine involved SFG's golf course.

Response Provided by Sonn Rowell

- (a) No.
- (b) Not applicable.
- (c) Not to my knowledge.
- (d) Not applicable.

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JU 4.21 On page 7 of her Revised Direct Testimony (lines 17-22), Ms. Rowell testifies regarding the pass-through of a Water Quality Assurance Revolving Fund tax (the "WQARF tax" or "Superfund tax") by Johnson Utilities. Ms. Rowell also testifies at page 2 (lines 16-17) that she represents water utilities before the Commission in rate cases. Please answer the following questions:

- (a) Do any of the water companies represented by Ms. Rowell before the Commission pass-through the WQARF tax to customers on monthly bills. If so, please identify each company or companies.
- (b) Have any of the water companies represented by Ms. Rowell before the Commission obtained specific Commission approval to pass-through the WQARF tax to customers on monthly bills? If so, please provide the decision number of the decision which authorized the pass-through.
- (c) If a water company cannot pass-through the WQARF tax to its customers on monthly bills, what is the appropriate way for the water company to recoup the amount of the WQARF tax?

Response Provided by Sonn Rowell

- (a) Not to my knowledge.
- (b) No.
- (c) Currently, it is appropriate to recover this amount as an expense on the income statement through general rates. This is the recovery method both Staff and RUCO have recommended in this case.

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JU 4.22 On page 8 of her Revised Direct Testimony (lines 10-11), Ms. Rowell testifies that

"Utility's water business was significantly overearning." With regard to this testimony, please answer the following questions:

- (a) What is the authorized rate of return for Johnson Utilities?
- (b) Provide the Commission decision number which established the authorized rate of return for Johnson Utilities.
- (c) Has Ms. Rowell performed an earnings analysis for Johnson Utilities? If so, provide a copy of the earnings analysis and any work papers which support the analysis.

Response Provided by Sonn Rowell

- (a) I do not believe JU has a Commission authorized (set) rate of return. JU is still charging rates set in the granting of the original CC&N, and back then, the ACC did not set a rate of return during the CC&N process.
- (b) Not applicable.
- (c) No.

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JU 4.23 On page 9 of her Revised Direct Testimony (lines 3-19), Ms. Rowell makes nine recommendations. With regard to these recommendations, please answer the following questions:

- (a) Has Ms. Rowell made any of the nine recommendations in any other case in which she has appeared as a witness before the Commission? If so, provide the decision number of the case in which the recommendation was made.
- (b) Did Ms. Rowell develop the nine recommendations as her own work product?
- (c) If Ms. Rowell did not develop the nine recommendations as her own work product, provide the name of the person who developed each recommendation.

Response Provided by Sonn Rowell

- (a) Not to my knowledge.
- (b) No.
- (c) I reviewed Mr. Ashton's original direct testimony and independently determined that the recommendations in that testimony were appropriate.

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JU 4.24 On page 9 of her Revised Direct Testimony (lines 5-6), Ms. Rowell states: "Johnson Utilities should not be allowed to increase its rates until its management and financial practices are investigated." With regard to this testimony, please answer the following questions:

- (a) Provide the decision number of any Commission decision which has adopted this recommendation or one like it.
- (b) Has this recommendation been made in any case before the Commission in which Ms. Rowell has been a witness?
- (c) Does Utilities Division Staff investigate the management practices of a public service corporation as part of its rate case review?
- (d) Does Utilities Division Staff investigate the financial practices of a public service corporation as part of its rate case review?

Response Provided by Sonn Rowell

- (a) I am not aware of any.
- (b) Not to my knowledge. However, the Commission will investigate the management and financial practices of a utility, or lack thereof, and install an outside management company if deemed necessary.
- (c) To an extent, but only for a limited period of time.
- (d) Yes, but only for a limited period of time.

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JU 4.25 On page 9 of her Revised Direct Testimony (line 7), Ms. Rowell states: "Johnson Utilities should be required to immediately reduce its water rates and make refunds."

With regard to this testimony, please answer the following questions:

- (a) By "immediately reduce its water rates" does Ms. Rowell mean that Johnson Utilities should reduce its water rates prior to the issuance of a final decision in this rate case?
- (b) Provide the Commission decision number of any rate case where a public service corporation was required to reduce its rates and make refunds to customers prior to the issuance of a final decision in the rate case.
- (c) Absent an order of the Commission, can a public service corporation voluntarily reduce its rates and charges?

Response Provided by Sonn Rowell

- (a) No, two decisions in this rate case would be more appropriate.
- (b) I am not aware of any.
- (c) For water and wastewater companies, although more of a legal question, my answer would be no. However, phone companies are given a maximum rate and my understanding is they have more flexibility to move around below that maximum.

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JU 4.26 On page 9 of her Revised Direct Testimony (line 10), Ms. Rowell states: "Johnson Utilities' Pecan wastewater treatment plant should not be included in rate base." With regard to this testimony, please answer the following questions:

- (a) Has Ms. Rowell conducted an on-site inspection of the Pecan wastewater treatment plant? If so, provide the date of the inspection.
- (b) Identify all documents pertaining to the Pecan wastewater treatment plant that were reviewed by Ms. Rowell in the preparation of her Revised Direct Testimony.
- (c) Admit that the Pecan wastewater treatment plant is used and useful.
- (d) Admit that the Pecan wastewater treatment plant is not excess capacity.
- (e) Provide copies of all work papers and analyses performed by Ms. Rowell to support her testimony that Pecan wastewater treatment plant should not be included in rate base.

Response Provided by Sonn Rowell

- (a) No.
- (b) Just those attached to my testimony.
- (c) My recommendation is generally based on the Commission's serious public safety concerns with the plant during and after the Test Year. For these reasons, the plant could be treated as not useful.
- (d) I have not formed an opinion on this issue. My recommendation is not based on a determination that there is excess capacity at the plant.
- (e) There are none.

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JU 4.27 On page 9 of her Revised Direct Testimony (lines 11-12), Ms. Rowell states: "Johnson Utilities should be required to dismiss all pending defamation lawsuits against its customers, and pay all of their court costs and legal fees." With regard to this testimony, please answer the following questions:

- (a) Provide legal citations (including statutes, rules, Commission decisions or court cases) to any authority which would permit the Commission to order Johnson Utilities to dismiss a pending lawsuit.
- (b) Provide legal citations (including statutes, rules, Commission decisions or court cases) to any authority which would permit the Commission to order Johnson Utilities to pay another party's legal fees.

Response Provided by Sonn Rowell

- (a) I am not aware of any such authority for or against my recommendation.
- (b) I am not aware of any such authority for or against my recommendation.

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JU 4.28 On page 9 of her Revised Direct Testimony (line 15), Ms. Rowell states: "Johnson Utilities should be penalized with a reduced rate of return on equity." With regard to this testimony, please answer the following questions:

- (a) Has Ms. Rowell made this recommendation in any testimony she has filed with the Commission? If so, please provide a copy of the testimony.
- (b) Provide the decision number of any Commission decision which has adopted this recommendation or one like it.
- (c) Has this recommendation been made in any case before the Commission in which Ms. Rowell has been a witness?
- (d) Provide legal citations (including statutes, rules, Commission decisions or court cases) to any authority which would permit the Commission to penalize a utility with a reduced rate of return on equity.
- (e) Provide copies of all work papers and analyses performed by Ms. Rowell regarding Johnson Utilities' return on equity.

Response Provided by Sonn Rowell

- (a) No.
- (b) Not applicable.
- (c) Not to my knowledge.
- (d) I am not aware of any such authority for or against my recommendation.
- (e) There are none.

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JU 4.29 On page 9 of her Revised Direct Testimony (lines 16-18), Ms. Rowell states that "the Commission should require Johnson Utilities to demonstrate why it should not surrender its certificate of convenience and necessity." With regard to this testimony, please answer the following questions:

- (a) Provide legal citations (including statutes, rules, Commission decisions or court cases) to any authority which would permit the Commission to order the deletion of Johnson Utilities' certificate of convenience and necessity ("CC&N") in this rate case proceeding.
- (b) Has this rate case proceeding been noticed as a CC&N deletion proceeding?
- (c) What is the legal standard in Arizona for deleting the CC&N of a public service corporation?
- (d) Please reconcile Ms. Rowell's testimony with A.R.S. § 40-252.
- (e) Please identify all rate cases in which Ms. Rowell has testified where she has made a recommendation that the Commission should require a public service corporation to demonstrate why it should not surrender its CC&N.
- (f) For each case identified in (e) above, provide the testimony of Ms. Rowell.

Response Provided by Sonn Rowell

- (a) I am not aware of any such authority for or against my recommendation.
- (b) Not to my knowledge.
- (c) I am not a lawyer, and cannot provide a legal opinion.
- (d) I am not a lawyer, and cannot provide a legal opinion.
- (e) There are none.
- (f) Not applicable.

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JU 4.30 Has Ms. Rowell performed an audit of the revenues, expenses or plant additions of Johnson Utilities? If so, provide a copy of the results of the audit, including supporting work papers.

Response Provided by Sonn Rowell

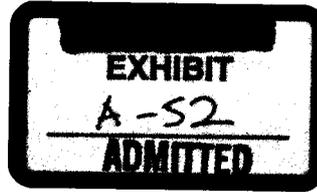
No.

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JU 4.31 Has Ms. Rowell performed a review and/or analysis of the financial records of Johnson Utilities? If so, provide a copy of the review and/or analysis, including supporting work papers.

Response Provided by Sonn Rowell

No.



SEP 08 2009

September 1, 2009

Johnson Utilities, L.L.C
Attention: Mr. Brian Tompsett
5230 E. Shea Blvd.
Scottsdale, AZ 85254



RE: Anthem at Merrill Ranch Development Schedule

Dear Mr. Tompsett,

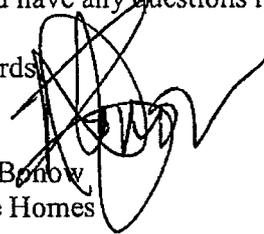
Per the Master Utility Agreement for Water and Wastewater Facilities, dated April 12, 2005, paragraph 9, I am sending you our projected development schedule for Anthem at Merrill Ranch. Below is a list of the units that we plan to develop over the next two years, with the associated number of lots.

2010	
<u>Unit</u>	<u>Number of Lots</u>
37	130
18	102
20	58
Total	290
2011	
<u>Unit</u>	<u>Number of Lots</u>
18	104
17	161
22S	62
35A	117
16	115
Total	559

We are currently working on projections for 2012 and beyond. We currently estimate that we will be developing approximately 500 lots per year. At this rate and the current lotting configuration, we will be developing lots through 2021.

If you have any questions regarding our current projections, please give me a call.

Regards,


Dan Bonow
Pulte Homes

Pulte Homes, Inc.
15111 North Pima Road
Suite 100
Scottsdale, Arizona 85260

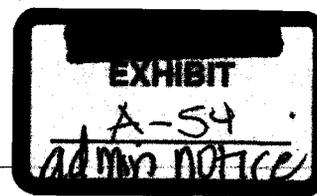
480.391.6000 Phone
480.391.6100 Fax
pulte.com | delwebb.com

Johnson Utilities - Wastewater Division
 Test Year Ended December 31, 2007
 Original Cost Rate Base Performance Adjustments
 Adjustment D



Exhibit
 Rebuttal Schedule B-2
 Page 3.4
 Witness: Bourassa

Line No.	Project No.	Details of Post Test Year Plant	Collection Sewers-Force	WWTP	Plant Sewers	Year in Service	Comment
1			360				
2				380			
3					381		
4							
5	65-0321r	mn sun frms-ls/fm	161,080			2007	Should have been booked in 2007, Completed and placed into service in 2007
6	65-0326r	circle crs lift sta			107,005	2007	Should have been booked in 2007, Completed and placed into service in 2007
7	75-0374r	pecan wwtp phs2		258,098		2007	Should have been booked in 2007, Completed and placed into service in 2007
8	65-0335r	s/lan 1.0mgd wwtp		127,646		2007	Should have been booked in 2007, Completed and placed into service in 2007
9	65-0346r	sec 11 mn wwtp rep/upgrade		447,182		2007	Should have been booked in 2007, Completed and placed into service in 2007
10	65-0346r	pec wwtp ls rep		38,267		2007	Should have been booked in 2007, Completed and placed into service in 2007
11	65-0354r	larado ranch ls			4,910	2007	Should have been booked in 2007, Completed and placed into service in 2007
12	76-0439r	combs rd e/fm	423,945			2007	Should have been booked in 2007, Completed and placed into service in 2007
13	26-0428r	anthem ls-f/m	190,224			2007	Should have been booked in 2007, Completed and placed into service in 2007
14	065-0342r	hunt hwy fm repair	5,787			2007	Should have been booked in 2007, Completed and placed into service in 2007
15	065-0345r	main ls repair	6,561			2007	Should have been booked in 2007, Completed and placed into service in 2007
16	065-0321r	mn sun frms ls/fm	1,189			2007	Should have been booked in 2007, Completed and placed into service in 2007
17	028-0476r	Oasis Liftstation repair			46,340	2007	Should have been booked in 2007, Completed and placed into service in 2007
18	85-0401	hunt hwy so f/m	383,154			2007	Foreman connects Section 11 & Anthem WRP as described on pg25 & 32 of Staffs Report
19		Subtotal	1,171,939	871,194	158,254		
20							
21							
22	65-0366	parks lift station			486,714	2008	Listed as plant in service on Martin's Report Pg 26 under Pecan system
23	46-0429	dc/creek leach field			534,394	2008	Effluent for Pecan was being sent to Trilogy Encanterra in 2007 temporarily until
24		Subtotal			1,021,108		Both projects funded with contributions-in-aid of construction
25							
26		Total	1,171,939	871,194	1,179,363		
27							
28		Summary					
29	360	Collection Sewers - Force	2007 1,171,939	Post Test Year			
30	380	Treatment and Disposal Equip.	871,194	-			
31	381	Plant Sewers	158,254	1,021,108			
32		Total	2,201,386	1,021,108			
33							



5. Where the meter or service line location on the customer's premises is changed at the request of the customer or due to alterations on the customer's premises, the customer shall provide and have installed at his expense all piping necessary for relocating the meter and the utility may make a charge for moving the meter and/or service line.
6. The customer's lines or piping must be installed in such a manner as to prevent cross-connection or backflow.
7. Each utility shall file a tariff for service and meter installations for Commission review and approval.

C. Easements and rights-of-way

1. Each customer shall grant adequate easement and right-of-way satisfactory to the utility to ensure that customer's proper service connection. Failure on the part of the customer to grant adequate easement and right-of-way shall be grounds for the utility to refuse service.
2. When a utility discovers that a customer or his agent is performing work or has constructed facilities adjacent to or within an easement or right-of-way and such work, construction or facility poses a hazard or is in violation of federal, state or local laws, ordinances, statutes, rules or regulations, or significantly interferes with the utility's access to equipment, the utility shall notify the customer or his agent and shall take whatever actions are necessary to eliminate the hazard, obstruction or violation at the customer's expense.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended subsection (B) effective September 28, 1982 (Supp. 82-5).

R14-2-406. Main extension agreements

- A.** Each utility entering into a main extension agreement shall comply with the provisions of this rule which specifically defines the conditions governing main extensions.
- B.** An applicant for the extension of mains may be required to pay to the Company, as a refundable advance in aid of construction, before construction is commenced, the estimated reasonable cost of all mains, including all valves and fittings.
 1. In the event that additional facilities are required to provide pressure, storage or water supply, exclusively for the new service or services requested, and the cost of the additional facilities is disproportionate to anticipated revenues to be derived from future consumers using these facilities, the estimated reasonable cost of such additional facilities may be included in refundable advances in aid of construction to be paid to the Company.
 2. Upon request by a potential applicant for a main extension, the utility shall prepare, without charge, a preliminary sketch and rough estimate of the cost of installation to be paid by said applicant. Any applicant for a main extension requesting the utility to prepare detailed plans, specifications, or cost estimates may be required to deposit with the utility an amount equal to the estimated cost of preparation. The utility shall, upon request, make available within 45 days after receipt of the deposit referred to above, such plans, specifications, or cost estimates of the proposed main extension. Where the applicant accepts utility construction of the extension, the deposit shall be credited to the cost of construction; otherwise the deposit shall be nonrefundable. If the extension is to include oversizing of facilities to be done at the utility's expense, appropriate details shall be set forth in the plans, specifications and cost estimates.

3. Where the utility requires an applicant to advance funds for a main extension, the utility shall furnish the applicant with a copy of the Commission rules on main extension agreements prior to the applicant's acceptance of the utility's extension agreement.
4. In the event the utility's actual cost of construction is less than the amount advanced by the customer, the utility shall make a refund to the applicant within 30 days after the completion of the construction or utility's receipt of invoices related to that construction.
5. The provisions of this rule apply only to those applicants who in the utility's judgment will be permanent customers of the utility. Applications for temporary service shall be governed by the Commission's rules concerning temporary service applications.

C. Minimum written agreement requirements

1. Each main extension agreement shall include the following information:
 - a. Name and address of applicant(s)
 - b. Proposed service address
 - c. Description of requested service
 - d. Description and map of the requested line extension
 - e. Itemized cost estimate to include materials, labor, and other costs as necessary
 - f. Payment terms
 - g. A clear and concise explanation of any refunding provisions, if applicable
 - h. Utility's estimated start date and completion date for construction of the main extension
2. Each applicant shall be provided with a copy of the written main extension agreement.

- D.** Refunds of advances made pursuant to this rule shall be made in accord with the following method: the Company shall each year pay to the party making an advance under a main extension agreement, or that party's assignees or other successors in interest where the Company has received notice and evidence of such assignment or succession, a minimum amount equal to 10% of the total gross annual revenue from water sales to each bona fide consumer whose service line is connected to main lines covered by the main extension agreement, for a period of not less than 10 years. Refunds shall be made by the Company on or before the 31st day of August of each year, covering any refunds owing from water revenues received during the preceding July 1st to June 30th period. A balance remaining at the end of the ten-year period set out shall become non-refundable, in which case the balance not refunded shall be entered as a contribution in aid of construction in the accounts of the Company, however, agreements under this general order may provide that any balance of the amount advanced thereunder remaining at the end of the 10 year period set out, shall thereafter remain payable in whole or in part and in such manner as is set forth in the agreement. The aggregate refunds under this rule shall in no event exceed the total of the refundable advances in aid of construction. No interest shall be paid by the utility on any amounts advanced. The Company shall make no refunds from any revenue received from any lines, other than customer service lines, leading up to or taking off from the particular main extension covered by the agreement.
- E.** Amounts advanced in aid of construction of main extensions shall be refunded in accord with the rules of this Commission in force and effect on the date the agreement therefor was executed. All costs under main extension agreements entered into after the adoption of this rule shall be refunded as provided herein.
- F.** The Commission will not approve the transfer of any Certificate of Public Convenience and Necessity where the transferor

Corporation Commission – Fixed Utilities

has entered into a main extension agreement, unless it is demonstrated to the Commission that the transferor has agreed to satisfy the refund agreement, or that the transferee has assumed and has agreed to pay the transferor's obligations under such agreement.

- G. All agreements entered into under this rule shall be evidenced by a written statement, and signed by the Company and the parties advancing the funds for advances in aid under this rule or the duly authorized agents of each.
- H. The size, design, type and quality of materials of the system, installed under this rule location in the ground and the manner of installation, shall be specified by the Company, and shall be in accord with the requirements of the Commission or other public agencies having authority therein. The Company may install main extensions of any diameter meeting the requirements of the Commission or any other public agencies having authority over the construction and operation of the water system and mains, except individual main extensions, shall comply with and conform to the following minimum specifications:
 1. 150 p.s.i. working pressure rating and
 2. 6" standard diameter.

However, single residential customer advances in aid of construction shall not exceed the reasonable cost of construction of the 6-inch diameter main extension.
- I. All pipelines, valves, fittings, wells, tanks or other facilities installed under this rule shall be the sole property of the Company, and parties making advances in aid of construction under this rule shall have no right, title or interest in any such facilities.
- J. The Company shall schedule all new requests for main extension agreements, and for service under main extension agreements, promptly and in the order received.
- K. An applicant for service seeking to enter into a main extension agreement may request that the utility include on a list of contractors from whom bids will be solicited, the name(s) of any bonded contractor(s), provided that all bids shall be submitted by the bid date stipulated by the utility. If a lower bid is thus obtained or if a bid is obtained at an equal price and with a more appropriate time of performance, and if such bid contemplates conformity with the Company's requirements and specifications, the Company shall be required to meet the terms and conditions of the bid proffered, or to enter into a construction contract with the contractor proffering such bid. Performance bond in the total amount of the contract may be required by the utility from the contractor prior to construction.
- L. Any discounts obtained by the utility from contracts terminated under this rule shall be accounted for by credits to the appropriate account dominated as Contributions in Aid of Construction.
- M. All agreements under this rule shall be filed with and approved by the Utilities Division of the Commission. No agreement shall be approved unless accompanied by a Certificate of Approval to Construct as issued by the Arizona Department of Health Services. Where agreements for main extensions are not filed and approved by the Utilities Division, the refundable advance shall be immediately due and payable to the person making the advance.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended subsections (D) and (K) effective September 28, 1982 (Supp. 82-5). Amended to correct subsection numbering (Supp. 99-4).

R14-2-407. Provision of service

- A. Utility responsibility. Each utility shall be responsible for providing potable water to the customer's point of delivery.
- B. Customer responsibility
 1. Each customer shall be responsible for maintaining all facilities on the customer's side of the point of delivery in a safe and efficient manner and in accordance with the rules of the state Department of Health.
 2. Each customer shall be responsible for safeguarding all utility property installed in or on the customer's premises for the purpose of supplying water to that customer.
 3. Each customer shall exercise all reasonable care to prevent loss or damage to utility property, excluding ordinary wear and tear. The customer shall be responsible for loss of or damage to utility property on the customer's premises arising from neglect, carelessness, or misuse and shall reimburse the utility for the cost of necessary repairs or replacements.
 4. Each customer shall be responsible for payment for any equipment damage resulting from unauthorized breaking of seals, interfering, tampering or bypassing the utility meter.
 5. Each customer shall be responsible for notifying the utility of any failure identified in the utility's equipment.
 6. Water furnished by the utility shall be used only on the customer's premises and shall not be resold to any other person. During critical water conditions, as determined by the Commission, the customer shall use water only for those purposes specified by the Commission. Disregard for this rule shall be sufficient cause for refusal or discontinuance of service.
- C. Continuity of service. Each utility shall make reasonable efforts to supply a satisfactory and continuous level of service. However, no utility shall be responsible for any damage or claim of damage attributable to any interruption or discontinuation of service resulting from:
 1. Any cause against which the utility could not have reasonably foreseen or made provision for, i.e., force majeure
 2. Intentional service interruptions to make repairs or perform routine maintenance
 3. Curtailment.
- D. Service interruptions
 1. Each utility shall make reasonable efforts to reestablish service within the shortest possible time when service interruptions occur.
 2. Each utility shall make reasonable provisions to meet emergencies resulting from failure of service, and each utility shall issue instructions to its employees covering procedures to be followed in the event of emergency in order to prevent or mitigate interruption or impairment of service.
 3. In the event of a national emergency or local disaster resulting in disruption of normal service, the utility may, in the public interest, interrupt service to other customers to provide necessary service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.
 4. When a utility plans to interrupt service for more than four hours to perform necessary repairs or maintenance, the utility shall attempt to inform affected customers at least 24 hours in advance of the scheduled date and estimated duration of the service interruption. Such repairs shall be completed in the shortest possible time to minimize the inconvenience to the customers of the utility.

Corporation Commission – Fixed Utilities

- D. Service establishments, re-establishments or reconnect charge
1. A utility may make a charge as approved by the Commission for the establishment, reestablishment, or reconnection of utility service.
 2. For the purpose of this rule, service establishments are where the customer's facilities are ready and acceptable to the utility and do not require construction on the part of the utility.
- E. Temporary service
1. Applicants for temporary service may be required to pay the utility, in advance of service establishment, the estimated cost of installing and removing the facilities necessary for furnishing sewer service.
 2. Where the duration of service is to be less than one month, the applicant may also be required to advance a sum of money equal to the estimated bill for service.
 3. Where the duration of service is to exceed one month, the applicant may also be required to meet the deposit requirements of the utility.
 4. If at any time during the term of the agreement for service the character of a temporary customer's operations changes so that in the opinion of the utility the customer is classified as permanent, the terms of the utility's main extension rules shall apply.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended to correct subsection numbering (Supp. 99-4).

R14-2-604. Minimum customer information requirements

- A. Information for residential customers
1. Each utility shall make available upon customer request not later than 60 days from the date of request a concise summary of the rate schedule applied for by such customer. The summary shall include the following:
 - a. Monthly minimum or customer charge, identifying the amount of the charge and the specific amount of minimum discharge included in the minimum charge, where applicable.
 - b. Rate calculation, including where applicable, computations based upon seasonal or annual water usages.
 2. The utility shall to the extent practical identify the tariff most advantageous to the customer and notify the customer of such prior to service commencement.
 3. In addition, a utility shall make available upon customer request not later than 60 days from the date of request a copy of the Commission's rules and regulations governing:
 - a. Deposits
 - b. Terminations of service
 - c. Billing and collection
 - d. Complaint handling.
 4. Each utility shall inform all new customers of their rights to obtain the information specified above.
- B. Information required due to changes in tariffs
1. Each utility shall transmit to affected customers by the most economic means available a concise summary of any change in the utility's tariffs affecting those customers.
 2. This information shall be transmitted to the affected customer within 60 days of the effective date of the change.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2).

R14-2-605. Service connections

- A. Priority and timing

1. After an applicant has complied with the utility's application and deposit requirements and has been accepted for service by the utility, the utility shall schedule that customer for service connection.
 2. Service connections shall be scheduled for completion within five working days of the date the customer has been accepted for service, except in those instances when the customer requests service connection beyond the five working day limitation.
 3. When the utility has made arrangements to meet with a customer for service establishment purposes and the utility or the customer cannot make the appointment during the prearranged time, the utility shall reschedule the connection to the satisfaction of both parties.
 4. For the purposes of this rule, establishment of service takes place only when the customer's facilities are ready and acceptable to the utility.
- B. Customer provided facilities
1. An applicant for service shall be responsible for the installation of all plumbing up to the applicant's property line. In addition, the applicant is responsible for the proper grade or leveling of the sewer connection so that it conforms with the collection system of the utility.
 2. Funds collected for service connections may be non-refundable contributions to the utility.
- C. Customer provided equipment safety and operation. Each customer shall be responsible for maintaining all equipment and facilities using or used for utility services located on his side of the point of collection in safe operating condition.
- D. Easements and rights-of-way
1. Each customer shall grant adequate easement and right-of-way satisfactory to the utility to ensure that customer's proper service connection. Failure on the part of the customer to grant adequate easement and right-of-way shall be grounds for the utility to refuse service.
 2. When a utility discovers that a customer or his agent is performing work or has constructed facilities adjacent to or within an easement or right-of-way and such work, construction or facility poses a hazard or is in violation of federal, state or local laws, ordinances, statutes, rules or regulations, or significantly interferes with the utility's access to equipment, the utility shall notify the customer or his agent and shall take whatever actions are necessary to eliminate the hazard, obstruction or violation at the customer's expense.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended to correct subsection numbering (Supp. 99-4).

R14-2-606. Collection main extension agreements

- A. General requirements
1. Each utility entering into a main extension agreement shall comply with the provisions of this rule, which specifically defines the conditions governing collection main extensions.
 2. Upon request by a potential applicant for a collection main extension, the utility shall prepare, without charge, a preliminary sketch and rough estimate of the cost of installation to be paid by said applicant.
 3. Any applicant for a collection main extension requesting the utility to prepare detailed plans, specifications, or cost estimates may be required to deposit with the utility an amount equal to the estimated cost of preparation. The utility shall, upon request, make available within 90 days after receipt of the deposit referred to above, such plans, specifications, or cost estimates of the proposed collec-

Corporation Commission – Fixed Utilities

- tion main extension. Where the applicant accepts the plans and the utility proceeds with construction of the extension, the deposit shall be credited to the cost of construction; otherwise the deposit shall be nonrefundable. If the extension is to include oversizing of facilities to be done at the utility's expense, appropriate details shall be set forth in the plans, specifications and cost estimates.
4. Where the utility requires an applicant to advance funds for a collection main extension, the utility shall furnish the applicant with a copy of the extension tariff of the appropriate utility prior to the applicant's acceptance of the utility's extension agreement.
 5. All collection main extension agreements requiring payment by the applicant shall be in writing and signed by each party before the utility commences construction.
 6. In the event the utility's actual cost of construction is different from the amount advanced by the customer, the utility shall make a refund to or collect additional funds from, the applicant within 120 days after the completion of the construction.
 7. The provisions of this rule apply only to those applicants who in the utility's judgment will be permanent customers of the utility. Applications for temporary service shall be governed by the Commission's rules concerning temporary service applications.
- B. Minimum written agreement requirements**
1. Each collection main extension agreement shall, at a minimum, include the following information:
 - a. Name and address of applicant(s)
 - b. Proposed service address or location
 - c. Description of requested service
 - d. Description and sketch of the requested main extension
 - e. A cost estimate to include materials, labor, and other costs as necessary
 - f. Payment terms
 - g. A clear and concise explanation of any refunding provisions, if appropriate
 - h. The utility's estimated start date and completion date for construction of the collection main extension
 2. Each applicant shall be provided with a copy of the written collection main extension agreement.
- C. Main extension requirements. Each main extension tariff shall include the following provisions:**
1. A maximum footage and/or equipment allowance to be provided by the utility at no charge. The maximum footage and/or equipment allowance may be differentiated by customer class.
 2. An economic feasibility analysis for those main extensions which exceed the maximum footage and/or equipment allowance. Such economic feasibility analysis shall consider the incremental revenues and cost associated with the main extension. In those instances where the requested main extension does not meet the economic feasibility criteria established by the utility, the utility may require the customer to provide funds to the utility, which will make the main extension economically feasible. The methodology employed by the utility in determining economic feasibility shall be applied uniformly and consistently to each applicant requiring a main extension.
 3. The timing and methodology by which the utility will refund any advances in aid of construction as additional customers are served off the main extension. The customer may request an annual survey to determine if additional customers have been connected to and are using service from the main extension. In no case shall the amount of the refund exceed the amount originally advanced.
 4. All advances in aid of construction shall be noninterest bearing.
 5. If after five years from the utility's receipt of the advance, the advance has not been totally refunded, the advance shall be considered a contribution in aid of construction and shall no longer be refundable.
- D. Residential subdivision development and permanent mobile home parks. Each utility shall submit as a part of its main extension tariff separate provisions for residential subdivision developments and permanent mobile home parks.**
- E. Ownership of facilities. Any facilities installed hereunder shall be the sole property of the utility.**
- Historical Note**
Adopted effective March 2, 1982 (Supp. 82-2). Amended to correct subsection numbering (Supp. 99-4).
- R14-2-607. Provision of service**
- A. Utility responsibility**
1. Each utility shall be responsible for the safe conduct and handling of the sewage from the customer's point of collection.
 2. The utility may, at its option, refuse service until the customer has obtained all required permits and/or inspections indicating that the customer's facilities comply with local construction and safety standards.
- B. Customer responsibility**
1. Each customer shall be responsible for maintaining all facilities on the customer's premises in safe operating condition and in accordance with the rules of the state Department of Health.
 2. Each customer shall be responsible for safeguarding all utility property installed in or on the customer's premises for the purpose of supplying utility service to that customer.
- C. Continuity of service. Each utility shall make reasonable efforts to supply a satisfactory and continuous level of service. However, no utility shall be responsible for any damage or claim of damage attributable to any interruption or discontinuation of service resulting from:**
1. Any cause against which the utility could not have reasonably foreseen or made provision for, i.e., force majeure
 2. Intentional service interruptions to make repairs or perform routine maintenance
 3. Any temporary overloading of the utility's collection or treatment facilities.
- D. Service interruption**
1. Each utility shall make reasonable efforts to reestablish service within the shortest possible time when service interruptions occur.
 2. Each utility shall make reasonable provisions to meet emergencies resulting from failure of service, and each utility shall issue instructions to its employees covering procedures to be followed in the event of emergency in order to prevent or mitigate interruption or impairment of service.
 3. In the event of a national emergency or local disaster resulting in disruption of normal service, the utility may, in the public interest, interrupt service to other customers to provide necessary service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.

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ACCOUNTING INSTRUCTIONS

18. Utility Plant - To be Recorded at Cost

A. All amounts included in the accounts for utility plant acquired as an operating unit or system, shall be stated at the cost incurred by the person who first devoted the property to utility service. All other utility plant shall be included in the accounts at the cost incurred by the utility except as otherwise provided in the texts of the intangible plant accounts. Where the term "cost" is used in the detailed plant accounts, it shall have the meaning stated in this paragraph (See Definition 9).

B. When the consideration given for property is other than cash, the value of such consideration shall be determined on a cash basis. In the entry recording such transaction, the actual consideration shall be described with sufficient particularity to identify it. The utility shall be prepared to furnish the Commission the particulars of its determination of the cash value of the consideration if other than cash.

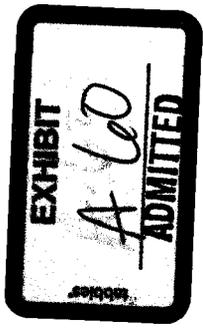
C. When property is purchased under a plan involving deferred payments, no charge shall be made to the utility plant accounts for interest, insurance, or other expenditures occasioned solely by such form of payment.

D. Utility plant accounts shall be charged with construction costs (estimated, if not known) of the utility plant contributed by others or constructed by the utility using contributed cash or its equivalent. For contributed utility plant, the accumulated depreciation or amortization account shall be charged with the estimated amount of depreciation or amortization applicable to the property at the time it was contributed to the utility. Account 271 - Contributions in Aid of Construction shall be credited with the net of the amounts charged to the plant and the accumulated depreciation of amortization accounts. For plant constructed using contributed cash or its equivalent, account 271 - Contributions in Aid of Construction shall be credited with the amount of the cash or its equivalent contribution.

19. Utility Plant - Components of Construction Cost

The cost of construction properly includible in the utility plant accounts shall include, where applicable, the direct and overhead costs as listed and defined hereunder:

(1) "Contract work" includes amounts paid for work performed under contract by other companies, firms, or individuals, costs incident to the award of such contracts, and inspection of such work.



Johnson Utilities
Analysis of Double Counting of Affiliate Profit

Line No.		WATER DIVISION	WASTEWATER DIVISION
1			
2	<u>Computation 1</u>		
3	Staff's Proposed Affiliate Plant (per JMM-W8 and JMM-WW8)	\$ 79,591,151	\$ 118,962,268
4	Staff Proposed Affiliate Profit Percentage (per JMM-W8 and JMM-WW8)	7.50%	7.50%
5	Staff Proposed Affiliate Profit (per JMM-W8 and JMM-WW8)	\$ 5,969,336	\$ 8,922,170
6			
7	Total Staff Proposed Affiliate Profit for Water and Wastewater	\$ 14,891,506	
8			
9	<u>Computation 2</u>		
10	Staff's Proposed Affiliate Plant Before Deductions (from above)	\$ 79,591,151	\$ 118,962,268
11	Deductions		
12	Staff Proposed Post Test Year Plant (per JMM WW-3)	-	(2,684,888)
13	Staff Proposed Not Used and Useful Plant (per JMM-W3 and JMM WW-3)	(4,127,019)	(4,595,298)
14	Staff Proposed Excess Capacity (per JMM-W3 and JMM-WW3)	(1,127,065)	(5,443,062)
15	Staff Proposed Unsupported Plant (per JMM W-3 and JMM-WW3)	(7,959,115)	(11,896,227)
16		(13,213,199)	(24,619,475)
17			
18	Adjusted Plant-in-Service in Rate Base	\$ 66,377,952	\$ 94,342,793
19	Staff Proposed Affiliate Profit Percentage (from above)	7.50%	7.50%
20	Corrected Adjustment	\$ 4,978,346	\$ 7,075,709
21			
22	Double Counted Rate Base Deduction for Affiliate Profit	\$ 990,990	\$ 1,846,461
23			
24	Total Double Counted Rate Base Deduction for Affiliate Profit - Water and Wastewater	\$ 2,837,451	
25			
26	<u>Computation 3</u>		
27	Company Proposed Affiliate Plant (per Rb. B-2, page 3.1)	\$ 26,847,516	\$ 45,724,508
28	Staff Proposed Affiliate Profit Percentage (per JMM-W8 and JMM-WW8)	7.50%	7.50%
29	Affiliate Profit Using Staff's Profit Percentage	\$ 2,013,564	\$ 3,429,338
30			
31	Total Affiliate Profit Using Staff's Profit Percentage and Company's Affiliate Plant	\$ 5,442,902	
32			
33	<u>Computation 4</u>		
34	Company Proposed Affiliate Plant (per Rb. B-2, page 3.1)	\$ 26,847,516	\$ 45,724,508
35	Company Proposed Affiliate Profit Percentage (per Rb. B-2, page 3.1)	1.75%	1.75%
36	Affiliate Profit Using Company's Profit Percentage (per Rb. B-2, page 3.1)	\$ 469,832	\$ 800,179
37			
38	Total Affiliate Profit Using Company's Profit Percentage and Company's Affiliate Plant	\$ 1,270,010	
39			
40			

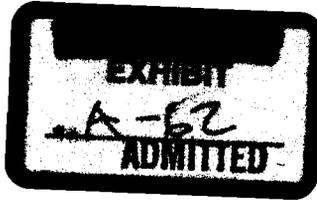


Johnson Utilities
Analysis of Double Counting of Inadequately Supported Plant

Line No.	WATER DIVISION	WASTEWATER DIVISION
1		
2	<u>Computation 1</u>	
3	\$ 79,591,151	\$ 118,962,268
4	10.00%	10.00%
5	\$ 7,959,115	\$ 11,896,227
6		
7	\$ 19,855,342	
8	Total Staff Proposed Unsupported Plant for Water and Wastewater	
9		
10	<u>Computation 2</u>	
11	\$ 79,591,151	\$ 118,962,268
12		
13	(4,127,019)	(2,684,888)
14	(1,127,065)	(4,595,298)
15	(5,969,336)	(5,443,062)
16		(8,922,170)
17	<u>(11,223,420)</u>	<u>(21,645,418)</u>
18	\$ 68,367,731	\$ 97,316,850
19	10.00%	10.00%
20	\$ 6,836,773	\$ 9,731,685
21		
22	<u>\$ 1,122,342</u>	<u>\$ 2,164,542</u>
23		
24	Total Double Counted Rate Base Deduction for Inadequately Supported Plant - Water and Wastewater	
25		
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December 9, 2008

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VIA HAND-DELIVERY AND E-MAIL

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**Re: Responses to Staff's Seventh Set of Data Requests to Johnson Utilities, L.L.C.
(Docket No. WS-02987A-08-0180)**

Dear Robin and Jeff:

On November 4, 2008, Johnson Utilities, L.L.C. ("JU") responded to Staff's Seventh Set of Data Requests in the above-referenced matter. In response to Data Request JMM 7-1, JU provided accounting detail for the years 1998 through 2003. Attached to this updated response to JMM 7-1 is accounting detail for the years 2004 through 2007.

Very truly yours,

SNELL & WILMER

A handwritten signature in black ink, appearing to read "Jeff Crockett".

Jeffrey W. Crockett

JWC:gdb
Enclosure
cc (with enclosure): Brian Tompsett
CROCKETT/SWDMS/9335227.1

**ARIZONA CORPORATION COMMISSION
STAFF'S SEVENTH SET OF DATA REQUESTS TO
JOHNSON UTILITIES, LLC
Docket No. WS-02987A-08-0180
October 15, 2008**

UPDATED RESPONSE

JMM 7-1 Plant Documentation Reconciliation, Water and Wastewater Divisions – This is a follow-up to JMM 1-43 and JMM 1-44. Thank you for the plant cost documentation provided. However, the cost of the plant per the documentation provided does not equal the plan addition (*i.e.* the costs shown on the documentations sums to more and sometimes less than the reported cost of the plant addition).

For example, the documentation provided for the sewer division's 1999 plant addition for account no. 361 was approximately \$949,000 less than the actual cost reported (*i.e.*, \$3,771,477). Please reconcile the differences by providing additional information where needed and indicating on each advance agreement the account no(s) to which the costs were recorded.

Response: See the schedules attached to this data request which contains accounting detail for the years 1998 through 2007.

Prepared by: Brian Tompsett, Executive Vice President
Johnson Utilities, LLC
5230 East Shea Boulevard
Scottsdale, Arizona 85254

JMM 7.1

Account Numbers	Date	303	307	304	330	333	331	311	341	334	335	total
Project		Land	Wells	structures	Resv	services	mains	pumps	meters	Trans equipm	hydrants	total
1998		271,577	115,000	-	-	-	-	-	-	-	-	115,000
1999		244,400	172,300	102,374	-	155,100	2,537,047	331,299	-	36,669	60,225	3,639,414
2000		27,177	-	-	-	317,900	1,396,832	-	-	36,142	221,462	1,999,513
2001		-	98,766	15,502	248,272	-	279,305	64,043	-	(36,142)	-	669,746
2002		-	-	-	-	-	6,209,249	22,050	-	-	167,935	6,399,234
2003		-	203,156	-	-	-	7,937,607	-	1,173,247	-	591,073	9,905,083
Total		271,577	589,222	117,876	248,272	473,000	18,360,040	417,392	1,173,247	36,669	1,040,695	22,727,990

Account Numbers	Date	303	307	304	330	333	331	311	341	334	335	total	missing
Project		Land	Wells	structures	Resv	services	mains	pumps	meters	Trans equipm	hydrants	total	missing
Wells	1998		15,000									15,000	
Johnson Ranch Golf Course	1998		100,000									100,000	
land capital cont	1999	244,400					263,408	24,000				244,400	
J ranch water syst	1999						60,273					287,408	
legal cost	1999						104,528	195,649		3,729		60,273	20,273
Water facilities pit 1	1999		157,300	93,416			116,793	41,650				554,622	
cap supply line	1999						351,513	0				158,443	
Cwip	1999		15,000	8,958		15,700					5,475	429,586	
Invoices paid by 3rd party	1999						210,575					210,575	210,575
Johnson Ranch Unit 02	1999					21,500	256,776				9,200	287,476	
Johnson Ranch Unit 03A	1999					25,400	198,606				10,350	234,556	
Johnson Ranch Unit 03B	1999					27,700	125,057				8,400	161,157	
Johnson Ranch Unit 04A	1999					39,100	351,376				18,400	408,876	
Wild Horse Estates	1999					25,700	222,079				8,400	256,179	
Johnson Ranch Golf Course	1999						148,363	35,000				183,393	
Magic Ranch (Oasis Golf Course)	1999						127,470	35,000				162,470	
Type 2 water rights	2000	9,800										9,800	
Clear creek study	2000	9,340										9,340	
Clear creek study	2000	8,037										8,037	
Johnson Ranch-Lakeview Gardens Unit 5	2000					12,150	62,092.00				11,220.00	85,462	
Johnson Ranch Unit 01	2000					20,450	80,853.00				21,100.00	122,403	
Johnson Ranch Unit 07	2000					86,200	397,998.00				55,651.77	539,850	
Johnson Ranch Unit 08	2000					37,400	133,988.00				22,880.00	194,268	
Johnson Ranch Unit 12	2000					40,000	193,245.00				37,400.00	270,645	

Project	Date	Land	Wells	structures	Resv	services	mains	pumps	meters	Trans equipm	hydrants	total	missing
Johnson Ranch Unit 13	2000					45,100	200,348.00				35,530.00	280,979	
Johnson Ranch Unit 04B	2000					68,800	231,218.00				28,400.00	329,418	
invoices	2000						14,428.20					14,428	
mel clayton ford	2000									19,152		19,152	
courtesy chev	2000									16,990		16,990	16,990
Johnson Ranch Unit 06	2000					7,800	82,661.03				8,280.00	98,741	
Sold item trucks	2001									-36,142		-36,142	
Water facilities ph 1	2001		-157,300		157,300							0	
miscoded in 1999													
Water facilities ph 1	2001			-594	-1,001		-666	13,005				10,744	
Wild Horse plant	2001		54,645	16,096	58,858		11,907	35,519				177,025	
Sun Valley plant	2001		87,104		33,115			15,519				135,738	
Ellsworth Well sites	2001		40,000									40,000	
Oasis Well	2001		74,317									74,317	
mains	2001						268,064					268,064	
Johnson Ranch Unit 04D	2002						636,104.00				0.00	636,104	
& 04F (2)													
Magic Ranch (Oasis Golf	2002						162,470.00					162,470	
Course)													
Johnson Ranch Unit 15	2002						382,851.00				28,400.00	409,251	
Johnson Ranch - Rural	2002						20,059.00				1,760.00	21,819	
Metro / Tosco Sites													
edwards rd wtr plant &	2002						190,687					190,687	
well#1													
oasis water plant#1	2002						382,448					382,448	
bonanza hilands water	2002						592,330					592,330	
lines													
san tan hts waterline	2002						568,967					568,967	
pump station at cap to													
oasis	2002						332,705	22,050				354,755	
oasis water													
wells(#1,2,3)	2002						290,879					290,879	
expansion-100kgal to													
wtr plant#1	2002						64,973					64,973	
cooper rd water line	2002						273,957					273,957	
edward rd water line													
from j/franch	2002						304,854					304,854	
San Tan Villages Parcel													
08	2002						117,988.00				15,000.00	132,988	
San Tan Villages Parcel													
08	2002						134,660.00				15,000.00	149,660	
San Tan Villages Parcel													
05	2002						127,600.00				17,000.00	144,600	
San Tan Villages Parcel													
06	2002						120,774.00				17,000.00	137,774	

Project	Date	Land	Wells	structures	Resv	services	mains	pumps	meters	Trans equipm	hydrants	total	missing
San Tan Villages Parcel 07	2002						141,379.00					141,379	
Johnson Ranch Unit 34-Retail Strip Mail	2002						128,061.00					128,061	
Copper Basin Unit 02	2002						209,133.00					209,133	
San Tan Villages Parcel 01	2002						142,159.00				15,800.00	157,959	
San Tan Villages Parcel 02	2002						158,498.00				0.00	158,498	
San Tan Villages Parcel 03	2002						122,176.00				17,775.00	139,951	
San Tan Villages Parcel 04	2002						150,987.00				15,800.00	166,787	
Johnson Ranch Unit 20 / 21	2002						152,034.00				26,400.00	178,434	
Individual - Water Only	2002						11,483.50					11,484	
ricke well #2	2002		0				86,416	0				86,416	
st hts well	2002		0				21,858	0				21,858	21,858
mystic lks wells[1&2]	2002		0				180,759					180,759	
Circle Cross Parcels 1,2,4,5	2003						554,003.00				85,587.00	639,590	
Circle Cross Ranch, Phase 1-Parcels 2,3,5,6	2003						527,143.00				91,900.00	619,043	
Supersition Views Phase 01	2003						90,411.00					90,411	
Magic Ranch (Oasis) Unit 01- Phase 2	2003						207,242.00				41,916.00	249,158	
Johnson Ranch Unit 16 Phase 1	2003						65,284.00				0.00	65,284	
Johnson Ranch Unit 16 Phase 2	2003						75,005.00				10,560.00	85,565	
Johnson Ranch Unit 16 Phase 3	2003						78,288.00				14,800.00	93,068	
Johnson Ranch Unit 17 Phase 1	2003						58,166.00				0.00	58,166	
Johnson Ranch Unit 17 Phase 2 & 3	2003						140,769.00				24,640.00	165,409	
Johnson Ranch Unit 18 Phase 1	2003						69,420.00				0.00	69,420	
Johnson Ranch Unit 18 Phases 2 & 3	2003						122,605.00				19,360.00	141,965	
Rancho Bella Vista - Phase 01	2003						454,541.00				90,750.00	545,291	
San Tan Heights Parcel A	2003						125,482.00				16,800.00	142,282	
San Tan Heights Parcel D	2003						138,707.00				14,825.00	153,532	
San Tan Heights Parcel I	2003						173,902.00				16,800.00	190,702	
San Tan Heights Parcel B	2003						147,008.00				18,775.00	165,783	

Project	Date	Land	Wells	structures	Resv	services	mains	pumps	meters	Trans equipm	hydrants	total	missing
Shea Utility services	2003								941,763			941,763	
Blvd construction	2003								231,484			231,484	
watrline-jr-oasis wtrplant-8" & 12"	2003						844,173					844,173	
circle cross water plant	2003						751,478					751,478	
ricke well#1 -water plant	2003						181,673					181,673	
santan his water plant#1	2003						327,914					327,914	
copper basin wells	2003		60,000									60,000	
sun valley wells #1, 2, 4 & 5	2003		83,156									83,156	
skyline wells	2003		20,000									20,000	
circle cross wells 1&2	2003		40,000				21,858					40,000	
main plant standpipe	2003						751,478					751,478	
vineyard rd 12"	2003						950,167					950,167	
waterline	2003						252,895.00				38,500.00	292,395	
pecon lift station	2003						68,668.50				5,840.00	75,510	
Magic Ranch (Oasis Sunrise) - Phase 02	2003						131,152.00				14,825.00	145,977	
Superstition Views Phase 02	2003						123,228.00				12,850.00	136,078	
San Tan Heights Parcel C	2003						117,853.00				12,850.00	130,703	
San Tan Heights Parcel E	2003						156,481.00				18,775.00	175,256	
San Tan Heights Parcel F	2003						131,827.40				18,360.00	151,187	
San Tan Heights Parcel J	2003						97,603.00				20,360.00	117,963	
Johnson Ranch Unit 14/52 Phase 1	2003												
Johnson Ranch Unit 14/52 Phase 2	2003												

Project	Date	Land	Wells	structures	Resv	services	mains	pumps	Meters	trans equip	hydrants	total
2004	-	-	458,157	-	-	-	8,997,994	-	-	44,945	-	9,501,096
2005	-	907,116	-	-	-	-	10,361,247	-	1,602,159	-	-	12,870,522
2006	-	3,182,894	6,633,014	-	-	-	13,795,857	-	1,074,809	-	1,368,653	26,055,227
2007	-	-	2,203,163	-	-	-	1,805,404	-	861,887	-	-	4,870,454
Total	-	4,090,010	9,294,334	-	-	333	34,960,503	311	3,538,855	44,945	1,368,653	53,297,300
		303	307	304	330	333	331	334	341	335		(0)
04 Chev p/up shtbed	2004									15,601		15,601
05 Chev p/up shtbed	2004									14,672		14,672
05 Chev p/up shtbed	2004						19,702			14,672		14,672
Brennan, Lupita	2004						32,135					19,702
Call Builders	2004						28,565					32,135
CBC Incorporated	2004						28,036					28,565
Chamberlin, Randy (KEM Homes, Inc)	2004						64,085					28,036
Circle Cross Ranch Phase II Parcel 06B	2004						101,778					64,085
Circle Cross Ranch Phase II Parcel 07	2004						113,064					101,778
Circle Cross Ranch Phase II Parcel 08	2004						104,148					113,064
Circle Cross Ranch Phase II Parcel 09	2004						146,471					104,148
Circle Cross Ranch Phase II Parcel 10	2004						113,361					146,471
Circle Cross Ranch Phase II Parcel 11	2004						103,983					113,361
Circle Cross Ranch Phase II Parcel 14	2004						113,036					103,983
Circle Cross Ranch Phase II Parcel 15	2004											113,036
Circle cross water plant	2004			458,157								458,157
Copper Basin (Village) Unit 4	2004						394,684					394,684
Copper ranch unit 3	2004						962,396					962,396
Diamante Homes, Inc.	2004						13,372					13,372
Johnson Ranch Unit 19, 43, 44 & 45	2004						251,935					251,935
Johnson Ranch Unit 23B	2004						134,371					134,371
Johnson Ranch Unit 24	2004						130,895					130,895
Johnson Ranch Unit 25	2004						118,025					118,025

Project	Date	Land	Wells	structures	Resv	services	mains	pumps	Meters	trans equip	hydrants	total
Johnson Ranch Unit 27, Phase 1	2004						101,903					101,903
Johnson Ranch Unit 27, Phase 2	2004						16,489					16,489
Johnson Ranch Unit 28	2004						139,272					139,272
Johnson Ranch Unit 29 Phase 2	2004						75,865					75,865
Johnson Ranch Unit 39, 40B, 50-Phase 1	2004						85,390					85,390
Johnson Ranch Unit 39, 40B, & 50-Phase 2	2004						44,898					44,898
Johnson Ranch Unit 42, Phase 2	2004						64,453					64,453
Johnson Ranch Unit 46, Phase 1	2004						57,718					57,718
Johnson Ranch Unit 51	2004						25,641					25,641
Kent, Joel and Pat	2004						50,212					50,212
Kimpel, Robert & Lynn	2004						11,923					11,923
Legler, Justin	2004						8,751					8,751
Magic Ranch Estates	2004						149,160					149,160
Magma Ranch	2004						867,702					867,702
Maurer, Mark	2004						35,398					35,398
Morning Sun Farms Phase 01	2004						272,426					272,426
Morning Sun Farms Phase 02	2004						391,205					391,205
Oasis at Magic Ranch Phase 3 & 4	2004						244,458					244,458
Rancho Bella Vista South - Phase 01	2004						77,525					77,525
Rancho Bella Vista South - Phase 01	2004						184,636					184,636
Rickie well #3 and 8" water line	2004						136,085					136,085
San Tan Heights Parcel A 01	2004						149,531					149,531
San Tan Heights Parcel A 02	2004						157,555					157,555
San Tan Heights Parcel A 03	2004						184,467					184,467
San Tan Heights Parcel A 04	2004						132,952					132,952
San Tan Heights Parcel A 05	2004						122,453					122,453
San Tan Heights Parcel A 06	2004						137,610					137,610
San Tan Heights Parcel A 07	2004						186,146					186,146

Project	Date	Land	Wells	structures	Resv	services	mains	pumps	Meters	trans equip	hydrants	total
San Tan Heights Parcel A 08	2004						208,912					208,912
Schamack Custom Homes (W. Todd Schafter)	2004						15,178					15,178
Skyline Ranch Phase 01, Parcel A	2004						155,387					155,387
Skyline Ranch Phase 01, Parcel B	2004						112,944					112,944
Skyline Ranch Phase 01, Parcel C	2004						138,866					138,866
Skyline Ranch Phase 01, Parcel D	2004						149,670					149,670
Skyline Ranch Phase 02, Parcel A	2004						190,408					190,408
Skyline Ranch Phase 02, Parcel B	2004						115,906					115,906
Skyline Ranch Phase 02, Parcel C	2004						163,046					163,046
Skyline Ranch Phase 02, Parcel D	2004						91,340					91,340
Skyline Ranch Phase 02, Parcel E	2004						153,156					153,156
Skyline Ranch Phase 02, Parcel F	2004						143,388					143,388
Skyline Ranch Phase 02, Parcel G	2004						119,364					119,364
Skyline Ranch Phase 02, Parcel H	2004						97,238					97,238
Turcoote, David	2004						57,331					57,331
2005 meters 1	2005								259,613			259,613
2005 meters 2	2005								156,138			156,138
2005 meters 3	2005								245,377			245,377
2005 meters 4	2005								269,915			269,915
2005 meters 5	2005								216,672			216,672
2005 meters 6	2005								246,199			246,199
2005 meters 7	2005								1,458			1,458
2005 meters 8	2005								206,787			206,787
Bell, Mark and Jody	2005						14,915					14,915
Cannon, Tom	2005						36,828					36,828
Circle Cross Ranch Phase IIB Parcel 12	2005						91,828					91,828
Circle Cross Ranch Phase IIB Parcel 13	2005						104,973					104,973
Circle Cross Ranch Phase IIB Parcel 16	2005						86,955					86,955
Circle Cross Ranch Phase IIB Parcel 17	2005						79,118					79,118
Circle Cross Ranch Phase IIB Parcel 18	2005						57,998					57,998

Project	Date	Land	Wells	structures	Resv	services	mains	pumps	Meters	trans equip	hydrants	total
Circle Cross Ranch Phase IIB Parcel 19	2005						107,470					107,470
Circle Cross Ranch Phase IIB Parcel 20	2005						90,453					90,453
Circle Cross Ranch Phase IIB Parcel 21	2005						90,893					90,893
Cresfield Manor@AZ Farms Village	2005						818,760					818,760
Davis, Greg	2005						7,366					7,366
felix 12" waterline	2005						437,290					437,290
Felix rd waterline	2005						124,606					124,606
Fortuna, Dawn & David	2005						7,152					7,152
g/l entry reclass from meters	2005						92,193					92,193
Grant, Kelly & Mary	2005						14,367					14,367
Heritage Estates (PROMISSORY NOTE 5/2006)	2005						181,968					181,968
heritage rd water line	2005						2,123,520					2,123,520
Magic Ranch (Oasis) - Phase 05, 06	2005						177,679					177,679
Magic Ranch Parcel G portions of K and F	2005						185,808					185,808
Magic Ranch Parcel G portions of K and F	2005						438,716					438,716
Magma Ranch II Unit 01	2005						670,368					670,368
Magma Ranch II Unit 02	2005						493,385					493,385
Magma Ranch II Unit 03	2005						607,984					607,984
Magma Ranch II Unit 04	2005						358,565					358,565
morn sun fms well- booked	2005		373,303									373,303
Morning Sun Farms Phase 03	2005						497,695					497,695
Neilson, Pat	2005						4,803					4,803
QUAIL RUN	2005						824,322					824,322
Rancho Bella Vista South - Phase 02	2005						134,338					134,338
Rancho Bella Vista South - Phase 03A	2005						175,123					175,123
rancho sendero well#1 wtr line	2005						76,653					76,653
Rancho Sendro Well	2005		433,238									433,238

Project	Date	Land	Wells	structures	Resv	services	mains	pumps	Meters	trans equip	hydrants	total
Rounds, Rob	2005						3,908					3,908
San Tan Heights Parcel C 06	2005						145,637					145,637
San Tan Heights Parcel C 07	2005						135,121					135,121
San Tan Heights Parcel C 08	2005						137,705					137,705
San Tan Heights Parcel C 09	2005						158,857					158,857
San Tan Heights Parcel C 10	2005						145,596					145,596
San Tan Heights Parcel C 11	2005						133,218					133,218
San Tan Heights Parcel C 12	2005						162,312					162,312
San Tan Heights Parcel C 13	2005						24,820					24,820
santant hts well #2	2005		100,575									100,575
Sundance Development Taylor, Scott (Astoria Homes Inc)	2005						11,695					11,695
Turcotte, David	2005						38,518					38,518
Turcotte, David	2005						15,000					15,000
WJB Construction	2005						29,558					29,558
antherm water plant#1& well	2006			2,186,298								2,186,298
Anthem at Merrill Ranch UNIT 02	2006						112,503				15,829	128,332
Anthem at Merrill Ranch UNIT 03	2006						241,826				20,034	261,860
Anthem at Merrill Ranch UNIT 04	2006						319,513				53,462	372,976
Anthem at Merrill Ranch UNIT 05	2006						253,866				32,630	286,495
Anthem at Merrill Ranch UNIT 06	2006						320,265				56,327	376,592
Anthem at Merrill Ranch UNIT 07	2006						253,483				29,721	283,204
Anthem at Merrill Ranch UNIT 08	2006						213,743				51,086	264,829
Anthem at Merrill Ranch UNIT 09	2006						412,797				46,349	459,145
Anthem at Merrill Ranch UNIT 10	2006						72,056				19,742	91,798
Anthem at Merrill Ranch UNIT 11	2006						300,769				22,866	323,635
Anthem at Merrill Ranch UNIT 12	2006						221,132				56,906	278,038

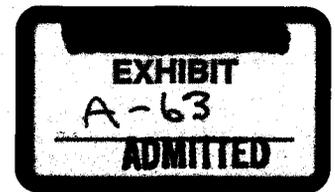
Project	Date	Land	Wells	structures	Resv	services	mains	pumps	Meters	trans equip	hydrants	total
Anthem at Merrill Ranch UNIT 13	2006						224,006				22,545	246,551
Anthem at Merrill Ranch UNIT 14	2006						266,534				35,859	302,392
Anthem at Merrill Ranch UNIT 15	2006						112,475				26,043	138,518
Anthem at Merrill Ranch UNIT 19	2006						201,406				27,006	228,411
Anthem at Merrill Ranch UNIT 21	2006						228,465				28,003	256,468
Anthem at Merrill Ranch UNIT 23	2006						280,653				25,264	305,917
Anthem at Merrill Ranch UNIT 25	2006						170,349				18,036	188,385
Anthem at Merrill Ranch UNIT 27	2006						335,993				41,655	377,647
Anthem at Merrill Ranch UNIT 29	2006						229,041				29,240	258,281
Anthem at Merrill Ranch UNIT 39	2006						108,785				13,917	122,701
antherm well-3	2006		740,536									740,536
antherm well-4	2006		745,755									745,755
arizona frms wtr-felix 4 mile east	2006						1,392,348					1,392,348
bella vista 8" water main	2006						556,892					556,892
Call Builders	2006						36,672					36,672
cir/cross 2&3 watline/gary rd	2006						822,304					822,304
cooper rd water main	2006						242,843					242,843
Copper Basin (Village) Unit 5	2006						518,007				94,060	612,067
Copper Basin Unit 01	2006						446,287				82,909	529,197
crestfield mannor well # 1	2006		526,273									526,273
Dana Kepner invoices	2006										10,111	10,111
Dana kepner invoices	2006								790,603			790,603
edwards rd water line	2006						15,210					15,210
ellsworth well #1 repair	2006		28,951									28,951
Flores, Javier	2006						2,946					2,946
g// entry move fm expense	2006								90,056			90,056
Gary 1, LLC	2006						14,533					14,533

Project	Date	Land	Wells	structures	Resv	services	mains	pumps	Meters	trans equip	hydrants	total
gary rd. 16" water line	2006						459,042					459,042
hardison well # 1	2006		712,624									712,624
Hundley, Sterling	2006						15,632					15,632
johnson ranch plant repair	2006			100,808								100,808
Johnson Ranch Unit 26B	2006						92,618				11,560	104,178
Johnson Ranch Unit 32	2006						111,824				13,320	125,144
Johnson Ranch Unit 37 & 38	2006						36,060				4,520	40,580
johnson ranch well 2 repair	2006		1,550									1,550
johnson ranch well 3 repair	2006		88,945									88,945
johnson ranch well 4 repair	2006		35,538									35,538
johnson ranch well 5 repair	2006		42,018									42,018
Kempton, Mitch	2006						45,546					45,546
Magic Ranch (Palms) - UNIT 1	2006						264,314			37,300		301,614
Magic Ranch (Palms) - UNIT 2	2006						106,926				17,500	124,426
Magic Ranch Parcels B and C	2006						443,149				53,800	496,949
Mendoza, Luis & Rosie	2006						22,088					22,088
mitchell rd water line	2006						354,238					354,238
morn sun famirs wtr plant/well#2	2006				1,997,931							1,997,931
oasis water plant repair	2006											38,108
oasis well 1 repair	2006		27,642									27,642
oasis well 2 repair	2006		18,386									18,386
oasis well 3 repair	2006		15,837									15,837
ranch sendero plant#1/well#2	2006				973,708							973,708
Rancho Bella Vista - Units 2a 2b 2c 3a 3b	2006						773,893				146,764	920,658
rickie water plant	2006				1,256,625							1,256,625
San Tan (Salita Del Sol) - Water Only	2006						114,345				34,000	148,345
Shea invoices	2006								194,150			194,150

Project	Date	Land	Wells	structures	Resv	services	mains	pumps	Meters	trans equip	hydrants	total
SILVERADO UNIT 01A	2006						73,555				16,180	89,735
SILVERADO UNIT 01B	2006						89,538				16,180	105,718
SILVERADO UNIT 01C	2006						83,849				16,180	100,029
SILVERADO UNIT 01D	2006						107,771				16,180	123,951
SILVERADO UNIT 01E	2006						73,223				16,180	89,403
SILVERADO UNIT 01F	2006						120,676				16,180	136,856
SILVERADO UNIT 01G	2006						162,133				16,180	178,313
SILVERADO UNIT 01H	2006						140,206				16,180	156,386
silverado rch 12"	2006						575,520					575,520
wtrline	2006											
Whitewing at San Tan	2006						476,707				52,150	528,857
Magma	2006						36,757					36,757
Whiting, Ken	2006											
Wildhorse Phase 2 -	2006						88,550				8,700	97,250
Water Only	2006											
Wildhorse estate watr	2006		198,839	79,536								278,375
plant	2006											
Arnhem Market Place at	2007						331,782					331,782
Merrill Ranch	2007						73,284					73,284
Bella Villagio	2007											
Bonanza Highlands	2007						44,777					44,777
(Parcel 6, Lots 1-5)	2007											
Borgata at San Tan Unit	2007						238,580					238,580
1	2007						14,718					14,718
Cascade Scottsdale at	2007											
Gilbert	2007											
circle cross water plant	2007			16,517								16,517
cooper rd wter line to	2007						48,156					48,156
magma	2007						731,125					731,125
cooper rd wtrline	2007								915,825			915,825
Dana Kepner invoices	2007											
edward rd water plant	2007			12,424								12,424
Jones, Spencer &	2007						16,275					16,275
Lindsay	2007											
Jranch wter plant Repair	2007			54,437								54,437
Jranch wter plant	2007											
expansion	2007			905,348								905,348
Kelley Construction	2007						29,986					29,986
King, David	2007						24,898					24,898
Lee, Tart Sing	2007						20,119					20,119

Project	Date	Land	Wells	structures	Resv	services	mains	pumps	Meters	trans equip	hydrants	total
MacPhail, Scott	2007						14,789					14,789
Morn sun farm wtr plant exp	2007			1,187,817								1,187,817
NewCO2, L.L.C.	2007						53,620					53,620
oasis main line relocation	2007						7,211					7,211
reclass to inventory	2007								(213,823)			(213,823)
San Tan Homes, LLC	2007						28,186					28,186
Shea Utility invoice	2007								159,885			159,885
skyline ranch water main	2007						112,645					112,645
Sundance Development, LLC - (20 acres)	2007						15,255					15,255
wild horse wtr plant	2007			26,620								26,620

ARIZONA CORPORATION COMMISSION
STAFF'S THIRTEENTH SET OF DATA REQUESTS TO
JOHNSON UTILITIES, L.L.C.
DOCKET NO. WS-02987A-08-0180
March 11, 2009



Subject: All information responses should ONLY be provided in searchable PDF, DOC or EXCEL files via email or electronic media.

JMM 13-1 Overhead Allocations – For each overhead allocation included in plant, please provide the following:

- a. Identify the dollar amount of each component of the overhead allocation, i.e., provide a descriptive name.

Response: Please see the schedule attached.

- b. The amount of overhead by plant account and year.

Response: Please see the schedule attached.

- c. Source documentation that cross-references to each component of overhead, such as copies of all contracts, invoices, time sheets, etc. that underlie the cost.

Additionally, please provide:

- i. The number of hours directly charged to each plant addition by affiliate employee by year. As part of your response, please provide the timesheets and any other supporting documentation.
- ii. W-2s showing the salary of the affiliate employee or contractor employee paid during the applicable years.
- iii. All time and/or cost studies to support your allocation methodology.
- iv. Titles and/or lease agreements, receipts for fuel cost, invoices for transportation expense and mileage logs to support transportation costs.
- v. Copies of each page of all allocated insurance contracts and all other types of contracts such as maintenance, software, etc.

Response: The information requested is unattainable within 7 days. The source data requested would take an extensive internal audit that would take months to provide.

- d. The basis of the allocation (e.g., number of customers)

Response: Construction contracts up to 2003 included an overhead amount of 3% of the base contract price (2.75% of the total amount booked). In 2004 it was determined by the construction company that the amount it was charging was not covering its overhead expenses and the rate was increased to 8% of the base contract (7% of the total amount booked).

**ARIZONA CORPORATION COMMISSION
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JOHNSON UTILITIES, L.L.C.
DOCKET NO. WS-02987A-08-0180
March 11, 2009**

e. The actual calculation used to make the allocation.

Response: See item d.

f. The general ledger account the allocation is recorded in.

Response: See item b above.

Prepared by: Brian Tompsett, Executive Vice President
Johnson Utilities, LLC
5230 East Shea Boulevard
Scottsdale, Arizona 85254

ATTACHMENT 13-1a

Water Project	Date	Overhead and Profit Rate	Profit	Income Tax on profit	Sales Tax	Payroll	Insurance	Legal & Accounting	Automotive Expense
J ranch water syst	1999	5%	\$5,030	\$2,012	\$10,789	\$4,821.27	\$711.33	\$2,292.08	\$79.04
Water facilities pit 1	1999	5%	\$9,706	\$3,882	\$20,819	\$9,303.78	\$1,372.69	\$4,423.11	\$152.52
cap supply line	1999	5%	\$2,773	\$1,109	\$5,948	\$2,657.88	\$392.15	\$1,263.58	\$43.57
Water facilities ph 1	2001	5%	\$188	\$75	\$403	\$180.23	\$26.59	\$85.68	\$2.95
Wild Horse plant	2001	5%	\$3,098	\$1,239	\$6,645	\$2,969.59	\$438.14	\$1,411.77	\$48.68
Sun Valley plant	2001	5%	\$2,375	\$950	\$5,095	\$2,277.00	\$335.95	\$1,082.51	\$37.33
Oasis Well	2001	5%	\$1,301	\$520	\$2,790	\$1,246.67	\$183.93	\$592.68	\$20.44
mains	2001	5%	\$4,691	\$1,876	\$10,062	\$4,496.77	\$663.46	\$2,137.81	\$73.72
edwards rd wtr plant & well#1	2002	5%	\$3,337	\$1,335	\$7,158	\$3,198.77	\$471.95	\$1,520.73	\$52.44
oasis water plant#1	2002	5%	\$6,693	\$2,677	\$14,356	\$6,415.57	\$946.56	\$3,050.03	\$105.17
bonanza hilands water lines	2002	5%	\$10,366	\$4,146	\$22,235	\$9,336.33	\$1,466.02	\$4,723.83	\$162.89
san tan his waterline	2002	5%	\$9,957	\$3,983	\$21,358	\$9,544.42	\$1,408.19	\$4,537.51	\$156.47
pump station at cap to oasis	2002	5%	\$6,208	\$2,483	\$13,317	\$5,951.02	\$878.02	\$2,829.17	\$97.56
oasis water wells(#1,2,3) expansion-100kgal to wtr plant#1	2002	5%	\$5,090	\$2,036	\$10,919	\$4,879.49	\$719.92	\$2,319.76	\$79.99
cooper rd water line	2002	5%	\$1,137	\$455	\$2,439	\$1,089.92	\$160.81	\$518.16	\$17.87
edward rd water line from j/ranch	2002	5%	\$4,794	\$1,918	\$10,284	\$4,595.63	\$678.04	\$2,184.81	\$75.34
ricke well #2	2002	5%	\$5,335	\$2,134	\$11,443	\$5,113.92	\$754.51	\$2,431.21	\$83.83
st his well	2002	5%	\$1,512	\$605	\$3,244	\$1,449.63	\$213.88	\$689.17	\$23.76
mystic lks wells(1&2)	2002	5%	\$383	\$153	\$820	\$366.67	\$54.10	\$174.32	\$6.01
waterline-j-oasis wtrplant-8" & 12"	2002	5%	\$3,163	\$1,265	\$6,785	\$3,032.23	\$447.38	\$1,441.55	\$49.71
circle cross water plant	2003	5%	\$14,773	\$5,909	\$31,688	\$14,161.00	\$2,089.33	\$6,732.28	\$232.15
ricke well#1-water plant	2003	5%	\$13,151	\$5,260	\$28,209	\$12,606.04	\$1,859.91	\$5,993.04	\$206.66
santan his water plant#1	2003	5%	\$5,179	\$1,272	\$6,820	\$3,047.56	\$449.64	\$1,448.84	\$49.96
sun valley wells #1,2,4&5	2003	5%	\$5,738	\$2,295	\$12,309	\$5,500.76	\$811.59	\$2,615.11	\$90.18
main plant standpipe	2003	5%	\$1,455	\$582	\$3,121	\$1,394.94	\$205.81	\$663.17	\$22.87
vineyard rd 12" waterline	2003	5%	\$383	\$153	\$820	\$366.67	\$54.10	\$174.32	\$6.01
pecan creek lift station	2003	5%	\$13,151	\$5,260	\$28,209	\$12,606.04	\$1,859.91	\$5,993.04	\$206.66
Circle cross water plant	2003	5%	\$16,628	\$6,651	\$35,667	\$15,999.05	\$2,351.66	\$7,577.58	\$261.30
Rickle well #3 and 8" water line	2004	10%	\$8,018	\$3,207	\$17,198	\$19,563.30	\$2,886.39	\$9,300.59	\$320.71
felix 12" waterline	2004	10%	\$2,381	\$953	\$5,108	\$5,810.83	\$857.34	\$2,762.53	\$95.26
Felix rd waterline	2005	10%	\$7,653	\$3,061	\$16,415	\$18,672.27	\$2,754.92	\$8,876.98	\$306.10
heritage rd water line	2005	10%	\$2,181	\$872	\$4,677	\$5,320.68	\$785.02	\$2,529.50	\$87.22
	2005	10%	\$37,162	\$14,865	\$79,712	\$90,674.29	\$13,378.17	\$43,107.45	\$1,486.46

Water Project	Date	Overhead and Profit Rate	Profit	Income Tax on profit	Sales Tax	Payroll	Insurance	Legal & Accounting	Automotive Expense
Rancho sendero well#1 wtr line	2005	10%	\$1,341	\$537	\$2,877	\$3,273.07	\$482.91	\$1,556.05	\$53.66
Rancho Sendero Well	2005	10%	\$7,582	\$3,033	\$16,263	\$18,499.26	\$2,729.40	\$8,794.73	\$303.27
santan his well #2	2005	10%	\$1,760	\$704	\$3,775	\$4,294.55	\$633.62	\$2,041.67	\$70.40
antherm water plant#1& well	2006	10%	\$38,260	\$15,304	\$82,068	\$93,354.91	\$13,773.67	\$44,381.84	\$1,530.41
antherm well-3	2006	10%	\$12,959	\$5,184	\$27,798	\$31,620.89	\$4,665.38	\$15,032.88	\$518.38
antherm well-4	2006	10%	\$13,051	\$5,220	\$27,994	\$31,843.73	\$4,698.25	\$15,138.82	\$522.03
arizona frms wtr	2006	10%	\$24,366	\$9,746	\$52,265	\$59,453.28	\$8,771.80	\$28,264.67	\$974.64
bellia vista 8" water main	2006	10%	\$9,746	\$3,898	\$20,904	\$23,779.28	\$3,508.42	\$11,304.90	\$389.82
cir/cross 2&3	2006	10%	\$14,390	\$5,756	\$30,867	\$35,112.39	\$5,180.52	\$16,692.78	\$575.61
waterline/gary rd	2006	10%	\$4,250	\$1,700	\$9,116	\$10,369.40	\$1,529.91	\$4,929.71	\$169.99
cooper rd water main	2006	10%	\$9,210	\$3,684	\$19,755	\$22,471.84	\$3,315.52	\$10,683.33	\$368.39
crestfield mannor well # 1	2006	10%	\$266	\$106	\$571	\$649.45	\$95.82	\$308.75	\$10.65
edwards rd water line	2006	10%	\$507	\$203	\$1,087	\$1,236.21	\$182.39	\$587.71	\$20.27
ellsworth well #1 repair	2006	10%	\$8,033	\$3,213	\$17,231	\$19,601.09	\$2,891.96	\$9,318.55	\$321.33
gary rd. 16" water line	2006	10%	\$12,471	\$4,988	\$26,750	\$30,429.04	\$4,489.53	\$14,466.27	\$498.84
hardison well # 1	2006	10%	\$1,764	\$706	\$3,784	\$4,304.50	\$635.09	\$2,046.40	\$70.57
johnson ranch main	2006	10%	\$6,199	\$2,480	\$13,297	\$15,125.95	\$2,231.70	\$7,191.02	\$247.97
waterplant repair	2006	10%	\$34,964	\$13,986	\$74,997	\$85,311.63	\$12,586.96	\$40,557.99	\$1,398.55
mittell rd water line	2006	10%	\$667	\$267	\$1,430	\$1,627.21	\$240.08	\$773.59	\$26.68
morning sun farms wtr plant/well#2	2006	10%	\$484	\$193	\$1,038	\$1,180.31	\$174.14	\$561.13	\$19.35
oasis water plant repair	2006	10%	\$322	\$129	\$690	\$785.08	\$115.83	\$373.24	\$12.87
oasis well 1 repair	2006	10%	\$277	\$111	\$594	\$676.24	\$99.77	\$321.49	\$11.09
oasis well 3 repair	2006	10%	\$17,040	\$6,816	\$36,551	\$41,577.35	\$6,134.36	\$19,766.28	\$681.60
ranch sendero plant#1/well#2	2006	10%	\$21,991	\$8,796	\$47,171	\$53,657.89	\$7,916.74	\$25,509.49	\$879.64
rickla water plant expansion	2006	10%	\$10,072	\$4,029	\$21,604	\$24,574.72	\$3,625.78	\$11,683.06	\$402.86
silverado ranch 12" waterline	2006	10%	\$4,872	\$1,949	\$10,450	\$11,886.63	\$1,753.77	\$5,651.02	\$194.86
Wildhorse Estates Water Plant	2006	10%							

Sewer Project	Date	Overhead and Profit Rate	Profit	Income Tax on profit	Sales Tax	Payroll	Insurance	Legal & Accounting	Automotive Expense
marwood WWTP	1999	5%	\$520	\$208	\$1,115	\$1,268.62	\$187.17	\$603.11	\$20.80
JR SEWER TRUCK LINE	2000	5%	\$2,588	\$1,035	\$5,552	\$6,315.46	\$931.79	\$3,002.43	\$103.53
JR main lift station	2000	5%	\$14,695	\$5,878	\$31,521	\$35,856.47	\$5,290.30	\$17,046.52	\$587.81
JR unit 4a force main	2000	5%	\$2,423	\$969	\$5,197	\$5,912.11	\$872.28	\$2,810.68	\$96.92
effluent supply line to precision course	2000	5%	\$1,936	\$774	\$4,153	\$4,723.86	\$696.96	\$2,245.77	\$77.44
marwood WWTP	2001	5%	\$354	\$142	\$760	\$864.25	\$127.51	\$410.87	\$14.17
Section 11 WWTP	2001	5%	\$58,173	\$23,269	\$124,782	\$141,943.21	\$20,942.44	\$67,481.20	\$2,326.94
Section 11 Recharge basin	2002	5%	\$3,552	\$1,421	\$7,619	\$8,666.73	\$1,278.70	\$4,120.25	\$142.08
santan lift-station	2002	5%	\$11,547	\$4,619	\$24,767	\$28,173.55	\$4,156.75	\$13,393.98	\$461.86
resue line	2002	5%	\$1,105	\$442	\$2,370	\$2,695.48	\$397.69	\$1,281.46	\$44.19
Pecan Creek lift station	2003	5%	\$16,604	\$6,642	\$35,616	\$40,513.80	\$5,977.45	\$19,260.66	\$664.16
circle cross lift station	2004	10%	\$5,105	\$2,042	\$10,950	\$12,455.50	\$1,837.70	\$5,921.47	\$204.19
Morning sun farms lift station	2004	10%	\$8,206	\$3,283	\$17,603	\$20,023.82	\$2,954.33	\$9,519.52	\$328.26
Gantzell rd 12" reclaim line (effluent)	2005	10%	\$3,822	\$1,529	\$8,198	\$9,326.03	\$1,375.97	\$4,433.69	\$152.89
Gantzell rd 18" force main	2005	10%	\$5,910	\$2,364	\$12,677	\$14,419.96	\$2,127.54	\$6,855.39	\$236.39
hunt highway 10" force main	2005	10%	\$1,694	\$678	\$3,634	\$4,134.20	\$609.96	\$1,965.44	\$67.77
Pecan wrtp	2005	10%	\$134,079	\$53,631	\$287,599	\$327,152.01	\$48,268.33	\$155,531.28	\$5,363.15
Precision WWTP	2005	10%	\$29,327	\$11,731	\$62,907	\$71,558.64	\$10,557.83	\$34,019.68	\$1,173.09
santan wrtp	2005	10%	\$129,455	\$51,782	\$277,682	\$315,870.93	\$46,603.91	\$150,168.15	\$5,178.21
anthem force main and lift station	2006	10%	\$19,263	\$7,705	\$41,318	\$47,000.91	\$6,934.56	\$22,344.70	\$770.51
Cambria lift station phs2	2006	10%	\$7,539	\$3,015	\$16,170	\$18,394.39	\$2,713.93	\$8,744.87	\$301.55
circle cross lift station	2006	10%	\$26,158	\$10,463	\$56,108	\$63,824.83	\$9,416.78	\$30,342.95	\$1,046.31
combs rd east force main	2006	10%	\$131	\$52	\$280	\$318.93	\$47.05	\$151.62	\$5.23
cooper rd sewer force main	2006	10%	\$356	\$142	\$763	\$868.48	\$128.14	\$412.88	\$14.24
copper basin lift station	2006	10%	\$651	\$260	\$1,396	\$1,588.31	\$234.34	\$755.10	\$26.04

Sewer Project	Date	Overhead and Profit Rate	Profit	Income Tax on profit	Sales Tax	Payroll	Insurance	Legal & Accounting	Automotive Expense
empire force main/gary rd	2006	10%	\$762	\$305	\$1,634	\$1,858.90	\$274.26	\$883.74	\$30.47
Heritage felix lift station	2006	10%	\$14,545	\$5,818	\$31,199	\$35,490.30	\$5,236.27	\$16,872.44	\$581.81
heritage rd force main	2006	10%	\$20,363	\$8,145	\$43,679	\$49,686.32	\$7,330.77	\$23,621.36	\$814.53
hunt highway south reclaim line	2006	10%	\$6,452	\$2,581	\$13,840	\$15,743.08	\$2,322.75	\$7,484.42	\$258.08
joy rd lift station	2006	10%	\$668	\$267	\$1,434	\$1,630.76	\$240.60	\$775.28	\$26.73
JR 4A lift station upgrade	2006	10%	\$5,888	\$2,355	\$12,630	\$14,366.53	\$2,119.65	\$6,829.99	\$235.52
JR 4D&4F lift station force main upgrade	2006	10%	\$10,900	\$4,360	\$23,382	\$26,597.15	\$3,924.17	\$12,644.55	\$436.02
judd rd offsite sewer	2006	10%	\$364	\$146	\$781	\$888.67	\$131.12	\$422.48	\$14.57
magic ranch lift station	2006	10%	\$3,990	\$1,596	\$8,558	\$9,735.47	\$1,436.38	\$4,628.34	\$159.60
main lift station	2006	10%	\$5,422	\$2,169	\$11,630	\$13,229.48	\$1,951.89	\$6,289.43	\$216.88
main wwtp sec 11 upgrade	2006	10%	\$12,943	\$5,177	\$27,763	\$31,581.35	\$4,659.54	\$15,014.08	\$517.73
oasis mainline relocation	2006	10%	\$905	\$362	\$1,941	\$2,207.50	\$325.70	\$1,049.47	\$36.19
pecan wwtp lift/sta	2006	10%	\$7,935	\$3,174	\$17,020	\$19,360.39	\$2,856.45	\$9,204.12	\$317.38
pecan wwtp phs2	2006	10%	\$128,595	\$51,438	\$275,836	\$313,771.34	\$46,294.13	\$149,169.98	\$5,143.79
santan wwtp phs2	2006	10%	\$95,254	\$38,101	\$204,319	\$232,418.75	\$34,291.29	\$110,494.16	\$3,810.14

Water Project	Date	Overhead and Profit Rate	Profit	Income Tax on profit	Sales Tax	Payroll	Insurance	Legal & Accounting	Automotive Expense
J ranch water syst	1999	5%	\$5,030	\$2,012	\$10,789	\$4,821.27	\$711.33	\$2,292.08	\$79.04
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main plant standpipe	2003	5%	\$1,455	\$582	\$3,121	\$1,394.94	\$205.81	\$663.17	\$22.87
vineyard rd 12" waterline	2003	5%	\$383	\$153	\$820	\$366.67	\$54.10	\$174.32	\$6.01
pecan creek lift station	2003	5%	\$13,151	\$5,260	\$28,209	\$12,606.04	\$1,859.91	\$5,993.04	\$206.66
Circle cross water plant	2003	5%	\$16,628	\$6,651	\$35,667	\$15,939.05	\$2,351.66	\$7,577.58	\$261.30
Rickie well #3 and 8" water line	2004	10%	\$8,018	\$3,207	\$17,198	\$19,563.30	\$2,886.39	\$9,300.59	\$320.71
felix 12" waterline	2004	10%	\$2,381	\$953	\$5,108	\$5,810.83	\$857.34	\$2,762.53	\$95.26
Felix rd waterline	2005	10%	\$7,653	\$3,061	\$16,415	\$18,672.27	\$2,754.92	\$8,876.98	\$306.10
heritage rd water line	2005	10%	\$2,181	\$872	\$4,677	\$5,320.68	\$785.02	\$2,529.50	\$87.22
	2005	10%	\$37,162	\$14,865	\$79,712	\$90,674.29	\$13,378.17	\$43,107.45	\$1,486.46

Water Project	Date	Overhead and Profit Rate	Profit	Income Tax on profit	Sales Tax	Payroll	Insurance	Legal & Accounting	Automotive Expense
rancho sendero well#1 wtr line	2005	10%	\$1,341	\$537	\$2,877	\$3,273.07	\$482.91	\$1,556.05	\$53.66
Rancho Sendro Well	2005	10%	\$7,582	\$3,033	\$16,263	\$18,499.26	\$2,729.40	\$8,794.73	\$303.27
santan his well #2	2005	10%	\$1,760	\$704	\$3,775	\$4,294.55	\$633.62	\$2,041.67	\$70.40
anthem water plant#1& well	2006	10%	\$38,260	\$15,304	\$82,068	\$93,354.91	\$13,773.67	\$44,381.84	\$1,530.41
anthem well-3	2006	10%	\$12,959	\$5,184	\$27,798	\$31,620.89	\$4,665.38	\$15,032.88	\$518.38
anthem well-4	2006	10%	\$13,051	\$5,220	\$27,994	\$31,843.73	\$4,698.25	\$15,138.82	\$522.03
arizona frms wtr	2006	10%	\$24,366	\$9,746	\$52,265	\$59,453.28	\$8,771.80	\$28,264.67	\$974.64
bella vista 8" water main	2006	10%	\$9,746	\$3,898	\$20,904	\$23,779.28	\$3,508.42	\$11,304.90	\$389.82
cir/cross 2&3 waterline/gary rd	2006	10%	\$14,390	\$5,756	\$30,867	\$35,112.39	\$5,180.52	\$16,692.78	\$575.61
cooper rd water main	2006	10%	\$4,250	\$1,700	\$9,116	\$10,369.40	\$1,529.91	\$4,929.71	\$169.99
crestfield mannor well # 1	2006	10%	\$9,210	\$3,684	\$19,755	\$22,471.84	\$3,315.52	\$10,683.33	\$368.39
edwards rd water line	2006	10%	\$266	\$106	\$571	\$649.45	\$95.82	\$308.75	\$10.65
ellsworth well #1 repair	2006	10%	\$507	\$203	\$1,087	\$1,236.21	\$182.39	\$587.71	\$20.27
gary rd. 16" water line	2006	10%	\$8,093	\$3,213	\$17,231	\$19,601.09	\$2,891.96	\$9,318.55	\$321.33
hardison well # 1	2006	10%	\$12,471	\$4,988	\$26,750	\$30,429.04	\$4,489.53	\$14,466.27	\$498.84
johnson ranch main waterplant repair	2006	10%	\$1,764	\$706	\$3,784	\$4,304.50	\$635.09	\$2,046.40	\$70.57
mitcheell rd water line	2006	10%	\$6,199	\$2,480	\$13,297	\$15,125.95	\$2,231.70	\$7,191.02	\$247.97
morning sun farms wtr plant/well#2	2006	10%	\$34,964	\$13,986	\$74,997	\$85,311.63	\$12,586.96	\$40,557.99	\$1,398.55
oasis water plant repair	2006	10%	\$667	\$267	\$1,430	\$1,627.21	\$240.08	\$773.59	\$26.68
oasis well 1 repair	2006	10%	\$484	\$193	\$1,038	\$1,180.31	\$174.14	\$561.13	\$19.35
oasis well 2 repair	2006	10%	\$322	\$129	\$690	\$785.08	\$115.83	\$373.24	\$12.87
oasis well 3 repair	2006	10%	\$277	\$111	\$594	\$676.24	\$99.77	\$321.49	\$11.09
ranch sendero plant#1/well#2	2006	10%	\$17,040	\$6,816	\$36,551	\$41,577.35	\$6,134.36	\$19,766.28	\$681.60
rickett water plant expansion	2006	10%	\$21,991	\$8,796	\$47,171	\$53,657.89	\$7,916.74	\$25,509.49	\$879.64
silverado ranch 12" waterline	2006	10%	\$10,072	\$4,029	\$21,604	\$24,574.72	\$3,625.78	\$11,683.06	\$402.86
Wildhorse Estates Water Plant	2006	10%	\$4,872	\$1,949	\$10,450	\$11,886.63	\$1,753.77	\$5,651.02	\$194.86

Sewer Project	Date	Overhead and Profit Rate	Profit	Income Tax on profit	Sales Tax	Payroll	Insurance	Legal & Accounting	Automotive Expense
marwood WWTP	1999	5%	\$520	\$208	\$1,115	\$1,268.62	\$187.17	\$603.11	\$20.80
JR SEWER TRUCK LINE	2000	5%	\$2,588	\$1,035	\$5,552	\$6,315.46	\$931.79	\$3,002.43	\$103.53
JR main lift station	2000	5%	\$14,695	\$5,878	\$31,521	\$35,856.47	\$5,290.30	\$17,046.52	\$587.81
JR unit 4a force main	2000	5%	\$2,423	\$969	\$5,197	\$5,912.11	\$872.28	\$2,810.68	\$96.92
effluent supply line to precision course	2000	5%	\$1,936	\$774	\$4,153	\$4,723.86	\$696.96	\$2,245.77	\$77.44
marwood WWTP	2001	5%	\$354	\$142	\$760	\$864.25	\$127.51	\$410.87	\$14.17
Section 11 WWTP	2001	5%	\$58,173	\$23,269	\$124,782	\$141,943.21	\$20,942.44	\$67,481.20	\$2,326.94
Section 11 Recharge basin	2002	5%	\$3,552	\$1,421	\$7,619	\$8,666.73	\$1,278.70	\$4,120.25	\$142.08
santan lift-station	2002	5%	\$11,547	\$4,619	\$24,767	\$28,173.55	\$4,156.75	\$13,393.98	\$461.86
resue line	2002	5%	\$1,105	\$442	\$2,370	\$2,695.48	\$397.69	\$1,281.46	\$44.19
Pecan Creek lift station	2003	5%	\$16,604	\$6,642	\$35,616	\$40,513.80	\$5,977.45	\$19,260.66	\$664.16
circle cross lift station	2004	10%	\$5,105	\$2,042	\$10,950	\$12,455.50	\$1,837.70	\$5,921.47	\$204.19
Morning sun farms lift station	2004	10%	\$8,206	\$3,283	\$17,603	\$20,023.82	\$2,954.33	\$9,519.52	\$328.26
Gantzell rd 12" reclaim line (effluent)	2005	10%	\$3,822	\$1,529	\$8,198	\$9,326.03	\$1,375.97	\$4,433.69	\$152.89
Gantzell rd 18" force main	2005	10%	\$5,910	\$2,364	\$12,677	\$14,419.96	\$2,127.54	\$6,855.39	\$236.39
hunt highway 10" force main	2005	10%	\$1,694	\$678	\$3,634	\$4,134.20	\$609.96	\$1,965.44	\$67.77
Pecan wwtp	2005	10%	\$134,079	\$53,631	\$287,599	\$327,152.01	\$48,268.33	\$155,531.28	\$5,363.15
Precision WWTP	2005	10%	\$29,327	\$11,731	\$62,907	\$71,558.64	\$10,557.83	\$34,019.68	\$1,173.09
santan wwtp	2005	10%	\$129,455	\$51,782	\$277,682	\$315,870.93	\$46,603.91	\$150,168.15	\$5,178.21
anthem force main and lift station	2006	10%	\$19,263	\$7,705	\$41,318	\$47,000.91	\$6,934.56	\$22,344.70	\$770.51
Cambria lift station phs2	2006	10%	\$7,539	\$3,015	\$16,170	\$18,394.39	\$2,713.93	\$8,744.87	\$301.55
circle cross lift station	2006	10%	\$26,158	\$10,463	\$56,108	\$63,824.83	\$9,416.78	\$30,342.95	\$1,046.31
combs rd east force main	2006	10%	\$131	\$52	\$280	\$318.93	\$47.05	\$151.62	\$5.23
cooper rd sewer force main	2006	10%	\$356	\$142	\$763	\$868.48	\$128.14	\$412.88	\$14.24
copper basin lift station	2006	10%	\$651	\$260	\$1,396	\$1,588.31	\$234.34	\$755.10	\$26.04

Sewer Project	Date	Overhead and Profit Rate	Profit	Income Tax on profit	Sales Tax	Payroll	Insurance	Legal & Accounting	Automotive Expense
empire force main/gary rd	2006	10%	\$762	\$305	\$1,634	\$1,858.90	\$274.26	\$883.74	\$30.47
Heritage felix lift station	2006	10%	\$14,545	\$5,818	\$31,199	\$35,490.30	\$5,236.27	\$16,872.44	\$581.81
heritage rd force main	2006	10%	\$20,363	\$8,145	\$43,679	\$49,686.32	\$7,330.77	\$23,621.36	\$814.53
hunt highway south reclaim line	2006	10%	\$6,452	\$2,581	\$13,840	\$15,743.08	\$2,322.75	\$7,484.42	\$258.08
joy rd lift station	2006	10%	\$668	\$267	\$1,434	\$1,630.76	\$240.60	\$775.28	\$26.73
JR 4A lift station upgrade	2006	10%	\$5,888	\$2,355	\$12,630	\$14,366.53	\$2,119.55	\$6,829.99	\$235.52
JR 4D&4F lift station force main upgrade	2006	10%	\$10,900	\$4,360	\$23,382	\$26,597.15	\$3,924.17	\$12,644.55	\$436.02
judd rd offsite sewer	2006	10%	\$364	\$146	\$781	\$888.67	\$131.12	\$422.48	\$14.57
magic ranch lift station	2006	10%	\$3,990	\$1,596	\$8,558	\$9,735.47	\$1,436.38	\$4,628.34	\$159.60
main lift station	2006	10%	\$5,422	\$2,169	\$11,630	\$13,229.48	\$1,951.89	\$6,289.43	\$216.88
main wwtp sec 11 upgrade	2006	10%	\$12,943	\$5,177	\$27,763	\$31,581.35	\$4,659.54	\$15,014.08	\$517.73
oasis mainline relocation	2006	10%	\$905	\$362	\$1,941	\$2,207.50	\$325.70	\$1,049.47	\$36.19
pecan wwtp lift/sta	2006	10%	\$7,935	\$3,174	\$17,020	\$19,360.39	\$2,856.45	\$9,204.12	\$317.38
pecan wwtp phs2	2006	10%	\$128,595	\$51,438	\$275,836	\$313,771.34	\$46,294.13	\$149,169.98	\$5,143.79
santan wwtp phs2	2006	10%	\$95,254	\$38,101	\$204,319	\$232,418.75	\$34,291.29	\$110,494.16	\$3,810.14

ATTACHMENT 13-1b

Overhead Plant Account

Water Project	Date	307	304	330	331	311	334
J ranch water syst	1999	\$0	\$0	\$0	\$7,244	\$660	\$0
Water facilites plt 1	1999	\$4,326	\$2,569	\$0	\$2,875	\$5,380	\$103
cap supply line	1999	\$0	\$0	\$0	\$3,212	\$1,145	\$0
Water facilites ph 1	2001	\$0	-\$16	-\$28	-\$18	\$358	\$0
Wild Horse plant	2001	\$1,503	\$443	\$1,619	\$327	\$977	\$0
Sun Valley plant	2001	\$2,395	\$0	\$911	\$0	\$427	\$0
Oasis Well	2001	\$2,044	\$0	\$0	\$0	\$0	\$0
mains	2001	\$0	\$0	\$0	\$7,372	\$0	\$0
edwards rd wtr plant & well#1	2002	\$0	\$0	\$0	\$5,244	\$0	\$0
oasis water plant#1	2002	\$0	\$0	\$0	\$10,517	\$0	\$0
bonanza hifands water lines	2002	\$0	\$0	\$0	\$16,289	\$0	\$0
san tan hts waterline	2002	\$0	\$0	\$0	\$15,647	\$0	\$0
pump station at cap to oasis	2002	\$0	\$0	\$0	\$9,149	\$606	\$0
oasis water wells(#1,2,3)	2002	\$0	\$0	\$0	\$7,999	\$0	\$0
expansion-100kgal to wtr plant#1	2002	\$0	\$0	\$0	\$1,787	\$0	\$0
cooper rd water line	2002	\$0	\$0	\$0	\$7,534	\$0	\$0
edward rd water line from jranch	2002	\$0	\$0	\$0	\$8,383	\$0	\$0
ricke well #2	2002	\$0	\$0	\$0	\$2,376	\$0	\$0
st hts well	2002	\$0	\$0	\$0	\$601	\$0	\$0
mystic lks wells[1&2]	2002	\$0	\$0	\$0	\$4,971	\$0	\$0
watrlne-jr-oasis wtrplant-8"&12"	2003	\$0	\$0	\$0	\$23,215	\$0	\$0
circle cross water plant	2003	\$0	\$0	\$0	\$20,666	\$0	\$0
ricke well#1-water plant	2003	\$0	\$0	\$0	\$4,996	\$0	\$0
santan hts water plant#1	2003	\$0	\$0	\$0	\$9,018	\$0	\$0
sun valley wells #1,2,4&5	2003	\$2,287	\$0	\$0	\$0	\$0	\$0
main plant standpipe	2003	\$0	\$0	\$0	\$601	\$0	\$0
vineyard rd 12" waterline	2003	\$0	\$0	\$0	\$20,666	\$0	\$0
pecan creek lift station	2003	\$0	\$0	\$0	\$26,130	\$0	\$0
Circle cross water plant	2004	\$0	\$0	\$0	\$32,071	\$0	\$0
Rickie well #3 and 8" water line	2004	\$0	\$0	\$0	\$9,526	\$0	\$0
felix 12" waterline	2005	\$0	\$0	\$0	\$30,610	\$0	\$0
Felbx rd waterline	2005	\$0	\$0	\$0	\$8,722	\$0	\$0
heritage rd water line	2005	\$0	\$0	\$0	\$148,646	\$0	\$0
rancho sendero well#1 wtr line	2005	\$0	\$0	\$0	\$5,366	\$0	\$0
Rancho Sendro Well	2005	\$30,327	\$0	\$0	\$0	\$0	\$0
santan hts well #2	2005	\$7,040	\$0	\$0	\$0	\$0	\$0
anthem water plant#1& well	2006	\$0	\$153,041	\$0	\$0	\$0	\$0
anthem well-3	2006	\$51,838	\$0	\$0	\$0	\$0	\$0
anthem well-4	2006	\$52,203	\$0	\$0	\$0	\$0	\$0
arizona frms wtr	2006	\$0	\$0	\$0	\$97,464	\$0	\$0
bella vista 8" water main	2006	\$0	\$0	\$0	\$38,982	\$0	\$0
cir/cross 2&3 waterline/gary rd	2006	\$0	\$0	\$0	\$57,561	\$0	\$0
cooper rd water main	2006	\$0	\$0	\$0	\$16,999	\$0	\$0

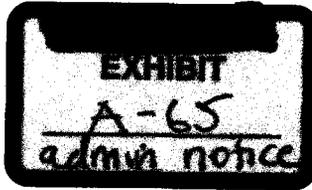
Water Project	Date	307	304	330	331	311	334
crestfield mannor well # 1	2006	\$36,839	\$0	\$0	\$0	\$0	\$0
edwards rd water line	2006	\$0	\$0	\$0	\$1,065	\$0	\$0
ellsworth well #1 repair	2006	\$2,027	\$0	\$0	\$0	\$0	\$0
gary rd. 16" water line	2006	\$0	\$0	\$0	\$32,133	\$0	\$0
hardison well # 1	2006	\$49,884	\$0	\$0	\$0	\$0	\$0
johnson ranch main waterplant repair	2006	\$0	\$7,057	\$0	\$0	\$0	\$0
mittchell rd water line	2006	\$0	\$0	\$0	\$24,797	\$0	\$0
morning sun farms wtr plant/well#2	2006	\$0	\$139,855	\$0	\$0	\$0	\$0
oasis water plant repair	2006	\$0	\$2,668	\$0	\$0	\$0	\$0
oasis well 1 repair	2006	\$1,935	\$0	\$0	\$0	\$0	\$0
oasis well 2 repair	2006	\$1,287	\$0	\$0	\$0	\$0	\$0
oasis well 3 repair	2006	\$1,109	\$0	\$0	\$0	\$0	\$0
ranch sendero plant#1/well#2	2006	\$0	\$68,160	\$0	\$0	\$0	\$0
rickie water plant expansion	2006	\$0	\$87,964	\$0	\$0	\$0	\$0
silverado ranch 12" waterline	2006	\$0	\$0	\$0	\$40,286	\$0	\$0
Wildhorse Estates Water Plant	2006	\$13,919	\$5,568	\$0	\$0	\$0	\$0

Overhead Plant Account

Sewer Project	Date	375	354	371	381	360
marwood WWTP	1999	\$817	\$0	\$0	\$0	\$0
JR SEWER TRUCK LINE	2000	\$4,067	\$0	\$0	\$0	\$0
JR main lift station	2000	\$23,093	\$0	\$0	\$0	\$0
JR unit 4a force main	2000	\$3,808	\$0	\$0	\$0	\$0
effluent supply line to precision course	2000	\$3,042	\$0	\$0	\$0	\$0
marwood WWTP	2001	\$0	\$399	\$0	\$158	\$0
Section 11 WWTP	2001	\$0	\$6,672	\$0	\$84,743	\$0
Section 11 Recharge basin	2002	\$0	\$0	\$0	\$5,582	\$0
santan lift-station	2002	\$0	\$0	\$0	\$18,145	\$0
resue line	2002	\$0	\$0	\$0	\$1,736	\$0
Pecan Creek lift station	2003	\$0	\$0	\$0	\$26,092	\$0
circle cross lift station	2004	\$0	\$0	\$20,419	\$0	\$0
Morning sun farms lift station	2004	\$0	\$0	\$32,826	\$0	\$0
Gantzell rd 12" reclaim line (effluent)	2005	\$0	\$0	\$0	\$15,289	\$0
Gantzell rd 18" force main	2005	\$0	\$0	\$0	\$23,639	\$0
hunt highway 10" force main	2005	\$0	\$0	\$0	\$6,777	\$0
Pecan wwtp	2005	\$0	\$0	\$0	\$536,315	\$0
Precision WWTP	2005	\$0	\$0	\$0	\$117,309	\$0
santan wwtp	2005	\$0	\$0	\$0	\$517,821	\$0
anthem force main and lift station	2006	\$0	\$0	\$0	\$0	\$77,051
Cambria lift station phs2	2006	\$0	\$0	\$30,155	\$0	\$0
circle cross lift station	2006	\$0	\$0	\$104,631	\$0	\$0
combs rd east force main	2006	\$0	\$0	\$0	\$0	\$523
cooper rd sewer force main	2006	\$0	\$0	\$0	\$0	\$1,424
copper basin lift station	2006	\$0	\$0	\$2,604	\$0	\$0
empire force main/gary rd	2006	\$0	\$0	\$0	\$0	\$3,047
Heritage felix lift station	2006	\$0	\$0	\$58,181	\$0	\$0
heritage rd force main	2006	\$0	\$0	\$81,453	\$0	\$0
hunt highway south reclaim line	2006	\$0	\$0	\$25,808	\$0	\$0
joy rd lift station	2006	\$0	\$0	\$2,673	\$0	\$0
JR 4A lift station upgrade	2006	\$0	\$0	\$23,552	\$0	\$0
JR 4D&4F lift staton force main upgrade	2006	\$0	\$0	\$43,602	\$0	\$0
judd rd offsite sewer	2006	\$0	\$0	\$0	\$0	\$1,457
magic ranch lift station	2006	\$0	\$0	\$15,960	\$0	\$0
main lift station	2006	\$0	\$0	\$21,688	\$0	\$0
main wwtp sec 11 upgrade	2006	\$0	\$0	\$0	\$51,773	\$0

Sewer Project	Date	375	354	371	381	360
oasis mainline relocation	2006	\$0	\$0	\$0	\$0	\$3,619
pecan wwtp lift/sta	2006	\$0	\$0	\$31,738	\$0	\$0
pecan wwtp phs2	2006	\$0	\$0	\$0	\$514,379	\$0
santan wwtp phs2	2006	\$0	\$0	\$0	\$381,014	\$0

NEW APPLICATION



2000 AUG 29 P 4: 20

AZ CORP COMMISSION
DOCUMENT CONTROL

1 FENNEMORE CRAIG
A Professional Corporation
2 Jay L. Shapiro (No. 014650)
Karen Errant (No. 016173)
3 3003 North Central Avenue
Suite 2600
4 Phoenix, Arizona 85012-2913
Telephone: (602) 916-5000
5
6 Attorneys for Gold Canyon
Sewer Company, Inc.

BEFORE THE ARIZONA CORPORATION COMMISSION

8
9 IN THE MATTER OF THE
APPLICATION OF GOLD CANYON
10 SEWER COMPANY, INC., AN
ARIZONA CORPORATION, FOR
11 ADJUSTMENTS TO ITS RATES AND
CHARGES FOR SEWER UTILITY
12 SERVICE.

DOCKET NO.
DOCKET NO. SW-02519A-00-0638
APPLICATION

13 Gold Canyon Sewer, Inc., an Arizona corporation, ("Gold Canyon" or the
14 "Company") hereby applies for an order approving certain increases in its rates and
15 charges for sewer utility service, and in support of such application states as
16 follows:

17 1. Gold Canyon is an Arizona corporation engaged in providing sewer
18 utility service within unincorporated portions of Pinal County. Gold Canyon holds a
19 Certificate of Convenience and Necessity granted by order of the Arizona
20 Corporation Commission (the "Commission"). See Decision No. 56631 (September
21 14, 1989).

22 2. At present, Gold Canyon has approximately 2000 sewer service
23 connections. Gold Canyon's customer base is mostly residential with a small
24 number of commercial establishments.

25 3. Gold Canyon's business office is located at 1921 South Alma School
26 Rd., Suite 205, Mesa, Arizona 85210, and its telephone number is (480) 491-4208.

1 Gold Canyon's manager is Allan R. Converse who is responsible for supervising the
2 Company's day-to-day operations.

3 4. Gold Canyon has retained Mr. Ronald L. Kozoman and Mr. Thomas
4 Bourassa, who are certified public accountants, to assist in the preparation of this
5 application. Mr. Kozoman's address is 1605 West Mulberry Drive, Phoenix, Arizona
6 85015, and his telephone number is (602) 274-7325 (telecopier (602) 274-7374).
7 Copies of all data requests and other requests for information relating to the
8 application should be directed to Mr. Kozoman with a copy to undersigned counsel
9 for Gold Canyon, Jay L. Shapiro.

10 5. Gold Canyon's present rates and charges for sewer utility service were
11 approved by the Commission in Decision No. 56631 (September 14, 1989). Those
12 rates were the initial rates set when the Company was issued a CC&N. Gold
13 Canyon has never before sought or received an increase in its rates. Revenues from
14 Gold Canyon's utility operations are presently inadequate to allow the Company to
15 recover its operating expenses and provide a just and reasonable rate of return on
16 the fair value of its property. Accordingly, Gold Canyon is requesting certain
17 adjustments to its rates and charges so that the Company may recover its operating
18 expenses and earn a just and reasonable rate of return on the fair value of its utility
19 property.

20 6. Attached hereto at Tab A in support of this application are Schedules
21 A-1 through H-5, and certain related schedules and information, as required by
22 A.A.C. R14-2-103 for rate applications by Class B sewer utilities. The test year
23 utilized by Gold Canyon is the 12-month period which ended March 31, 2000. Gold
24 Canyon requests that the Commission utilize such test year, with appropriate
25 adjustments for utility plant that has been completed and placed in service prior to
26 the hearing on this application and appropriate adjustments for known and

1 measurable changes in Gold Canyon's revenues and operating expenses. Gold
2 Canyon will agree to the use of its original cost rate base as its "fair value" rate
3 base in order to simplify this proceeding.

4 7. During the test year, Gold Canyon had adjusted revenues from its
5 sewer utility operations of approximately \$1,271,367 and adjusted operating
6 expenses of approximately \$1,117,014, resulting in actual operating income of
7 \$43,323 and adjusted operating income of \$154,353. The Company's adjusted
8 original cost rate base is \$3,784,243 and the adjusted rate of return on the fair
9 value of Gold Canyon's property was equal to 4.08%.

10 8. The rate adjustments sought by Gold Canyon herein will produce an
11 increase in Gold Canyon's revenues from sewer utility operations of approximately
12 \$476,564, which is an increase of approximately 39.70% above Gold Canyon's
13 adjusted test year operating revenues. While this is not an insignificant increase, it
14 must be emphasized that Gold Canyon's original cost rate base has increased by
15 over \$2.8 million since Gold Canyon's current rates were established. It should also
16 be emphasized that a major portion of the increased revenue will come from the
17 collection of hook-up fees rather than increases in monthly rates to existing
18 customers. As requested, the increase in monthly rates is approximately 9%.

19 9. It is contemplated that the requested hook-up fee will be charged to
20 builders, developers and/or new homeowners for each lot or other property to which
21 new service is established. Gold Canyon's proposal to treat the hook-up fee as
22 revenue is made in order to offset the substantial increase in monthly service
23 charges that would be necessary if all of the additional revenue requirement were to
24 be collected from existing customers. In this way, Gold Canyon proposes to meet
25 its revenue requirement and fund future expansions of wastewater treatment
26 capacity without causing existing customers to incur substantially higher rate

1 increases. Gold Canyon proposes to segregate all amounts collected as hook-up
2 fees in a separate interest bearing account and to utilize such amounts only for the
3 purpose of expanding wastewater treatment capacity and building other needed
4 plant.

5 10. Attached hereto at Tabs B and C, respectively, in support of this
6 application are the Direct Testimony of Thomas Bourassa and the Direct Testimony
7 of Ronald L. Kozoman. Mr. Bourassa and Mr. Kozoman's testimonies describe Gold
8 Canyon's present financial picture and explain the requested rate increases including
9 a discussion of the financial schedules and information filed in support of Gold
10 Canyon's application, Gold Canyon's rate base, income statement, cost of capital,
11 cost of service and proposed rates.

12 WHEREFORE, Gold Canyon requests the following relief:

13 A. That the Commission, upon proper notice, conduct a hearing to
14 determine the fair value of Gold Canyon's utility property;

15 B. That the Commission, based upon its determination of fair value,
16 permanently approve the adjustments to Gold Canyon's rates and charges for sewer
17 utility service proposed by Gold Canyon herein, or approve such other rates and
18 charges as will produce a just and reasonable rate of return on the fair value of Gold
19 Canyon's utility property; and

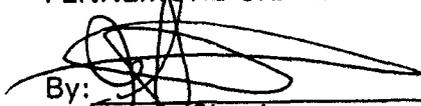
20 C. That the Commission authorize such other and further relief as may be
21 appropriate in accordance with applicable law.

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RESPECTFULLY SUBMITTED this 29th day of August, 2000.

FENNEMORE CRAIG



By: Jay L. Shapiro
Karen Errant
Attorneys for Gold Canyon Sewer Company,
Inc.

AN ORIGINAL and 10 copies
of the foregoing was delivered
this 24th day of
August, 2000, to:

Docketing Supervisor
Docket Control
Arizona Corporation Commission
1200 West Washington St.
Phoenix, AZ 85007

A COPY of the foregoing
was delivered this 24th day of
August, 2000, to:

Mr. Jerry L. Rudibaugh
Chief Hearing Officer
Hearing Division
Arizona Corporation Commission
1200 West Washington St.
Phoenix, AZ 85007

Lyn Farmer, Chief Counsel
Legal Division
Arizona Corporation Commission
1200 West Washington St.
Phoenix, AZ 85007

Deb Scott
Director of Utilities
Utilities Division
Arizona Corporation Commission
1200 West Washington St.
Phoenix, AZ 85007

By: Mary House
1096026.1/41452.002

A

Gold Canyon Sewer Company
Test Year Ended March 31, 2000

Index of Standard Filing Schedules

Page 1

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A-2	Summary of the results of operations for the test year and for the test year and the two fiscal years ended prior to the end of the test year, compared with the projected year.
A-3	Summary of capital structure for the test year and two fiscal years ended prior to the end of the test year, compared to the projected year
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B-3	Schedule listing pro forma adjustments to gross plant in service and accumulated depreciation for the RCND rate base Omitted RCND Not Requested
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Schedule
No.

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E-3	Comparative statements of changes in financial position for the test year and the two fiscal years ended prior to the test year
E-4	Statement of changes in stockholder's equity for the test year and the two fiscal years ended prior to the test year
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E-8	Comparative schedule of all significant taxes charged to operations for the test year and the two fiscal years ended prior to the end of the test year.
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F-2	Projected changes in financial position for the projected year compared with the test year, at present and proposed rates
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F-4	Important assumption used in preparing forecasts and projections.
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H-2	Comparison of revenues by class of service and by rate schedule for the test year at present and proposed rates
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H-5	Bill counts.

Gold Canyon Sewer Company
 Test Year Ended March 31, 2000
 Computation of Increase in Gross Revenue
 Requirements As Adjusted

Exhibit
 Schedule A-1
 Page
 Witness: Bourassa

Line No.					
1	Adjusted Rate Base			\$	3,784,243
2					
3	Adjusted Operating Income				154,353
4					
5	Current Rate of Return				4.08%
6					
7	Required Operating Income			\$	443,722
8					
9	Required Rate of Return				11.73%
10					
11	Operating Income Deficiency			\$	289,370
12					
13	Gross Revenue Conversion Factor				1.6469
14					
15	Increase in Gross Revenue Requirement			\$	476,564
16					
17					
18		Present	Proposed	Dollar	Percent
19	Customer	Rates *	Rates *	Increase	Increase
20	<u>Classification</u>				
21	Residential	\$ 710,292	\$ 776,481	\$ 66,199	9.32%
22	Commercial	139,776	152,804	13,027	9.32%
23	Effluent	51,454	56,250	4,796	9.32%
24					
25	Residential customer revenue annualized to end of year, based on year end number of customers	92,796	101,445	8,649	9.32%
26					
27	Revenues from customer growth	257,400	281,390	23,990	9.32%
28					
29					
30	Subtotal of Sewer Revenues	\$ 1,251,719	\$ 1,368,379	\$ 116,660	9.32%
31	Hook up fees	-	360,000	360,000	-
32	Miscellaneous Revenues	19,648	19,648	-	0%
33					0%
34	Total Revenues	\$ 1,271,367	\$ 1,748,027	\$ 476,660	37.49%
35					
36	* Includes Annualization of Revenues to Year End Customers for Residential & Commercial and revenues from customer growth.				
37					
38	* Includes revenues from proposed revenue hook-up fee.				
39					
40	SUPPORTING SCHEDULES:				
41	B-1				
42	C-1				
43	G-2				
44	H-1				

Gold Canyon Sewer Company
 Test Year Ended March 31, 2000
 Summary of Results of Operations

Exhibit
 Schedule A-2
 Page 1
 Witness: Bourassa

Line No.	Description	Prior Years Ended		Test Year		Projected Year	
		12/31/98	12/31/99	Actual 3/31/00	Adjusted 3/31/00	Present Rates 3/31/01	Proposed Rates 3/31/01
1	Gross Revenues	\$ 616,765	\$ 864,318	\$ 921,171	\$ 1,271,367	\$ 1,271,367	\$ 1,748,027
2							
3	Revenue Deductions and	450,298	806,501	877,848	1,117,014	1,117,014	1,304,247
4	Operating Expenses						
5							
6	Operating Income	\$ 166,477	\$ 57,817	\$ 43,323	\$ 154,353	\$ 154,353	\$ 443,781
7							
8	Other Income and	-	50,350	50,350	-	-	-
9	Deductions						
10							
11	Interest Expense	184,793	668,752	309,524	72,138	72,138	72,138
12							
13	Net Income	\$ (18,316)	\$ (560,585)	\$ (215,851)	\$ 82,214	\$ 82,214	\$ 371,642
14							
15	Earned Per Average						
16	Common Share	(18,316.00)	(560,585.00)	(215,850.94)	82,214.34	82,214.34	371,642.42
17							
18	Dividends Per						
19	Common Share	-	-	-	-	-	-
20							
21	Payout Ratio	-	-	-	-	-	-
22							
23	Return on Average						
24	Invested Capital	-0.49%	-19.59%	-7.63%	3.03%	1.87%	8.46%
25							
26	Return on Year End						
27	Capital	-0.64%	-19.47%	-7.47%	2.84%	1.90%	8.59%
28							
29	Return on Average						
30	Common Equity	-2.85%	-95.75%	-24.04%	7.62%	2.51%	11.35%
31							
32	Return on Year End						
33	Common Equity	-6.00%	-64.75%	-23.21%	2.66%	2.38%	10.74%
34							
35	Times Interest Earned						
36	Before Income Taxes	0.90	0.16	0.30	0.67	2.73	8.99
37							
38	Times Total Interest and						
39	Preferred Dividends Earned						
40	After Income Taxes	0.90	0.16	0.30	0.50	2.03	5.83
41							
42							
43	SUPPORTING SCHEDULES						
44	(a) E-2						
45	(b) C-1						
46	(c) F-1						

Gold Canyon Sewer Company
 Test Year Ended March 31, 2000
 Summary of Capital Structure

Exhibit
 Schedule A-3
 Page 1
 Witness: Bourassa

Line No.	Description:	Prior Years Ended		Test	Projected
		12/31/98	12/31/99	Year 3/31/00	Year 3/31/01
1					
2					
3	Long-Term Debt	606,621	673,349	691,866	681,115
4					
5	Total Debt	\$ 606,621	\$ 673,349	\$ 691,866	\$ 681,115
6					
7					
8	Preferred Stock	-	-	-	-
9					
10	Common Equity	(305,173)	(865,758)	(930,136)	3,460,786
11					
12					
13	Total Capital & Debt	\$ 301,448	\$ (192,409)	\$ (238,270)	\$ 4,141,901
14					
15					
16	Capitalization Ratios:				
17					
18	Long-Term Debt	*	*	*	16.44%
19					
20	Total Debt	*	*	*	16.44%
21					
22					
23	Preferred Stock	-	-	-	-
24					
25	Common Equity	*	*	*	83.56%
26					
27					
28	Total Capital	*	*	*	100.00%
29					
30					
31	Weighted Cost of				
32	Senior Capital	*	*	*	10.03%
33					
34					
35					
36					
37					
38	SUPPORTING SCHEDULES: (a) E-1				
39					
40					

Gold Canyon Sewer Company
Test Year Ended March 31, 2000
Construction Expenditures
and Gross Utility Plant in Service

Exhibit
Schedule A-4
Page 1
Witness: Bourassa

<u>Line No.</u>	<u>Construction Expenditures</u>	<u>Net Plant Placed in Service</u>	<u>Gross Utility Plant in Service</u>
1			
2	Prior Year Ended 12/31/98	-	3,174,646
3			
4	Prior Year Ended 12/31/99	-	3,174,646
5			
6	Test Year Ended 03/31/00	162,188	3,174,646
7			
8	Projected Year Ended 3/31/01	1,640,852	4,736,885
9		1,803,040 (a)	
10		(240,801) (b)	
11	SUPPORTING SCHEDULES:		
12	F3		
13	C2, Page 4		
14			
15	(a) New waste water treatment plant.		
16	(b) Retired plant.		
17			

Gold Canyon Sewer Company
 Test Year Ended March 31, 2000
 Summary Changes in Financial Position

Exhibit
 Schedule A-5
 Page 1
 Witness: Bourassa

Line No.	Prior Year Ended 12/31/98	Prior Year Ended 12/31/99	Test Year Ended 3/31/00	Projected Year Present Rates 3/31/01	Projected Year Proposed Rates 3/31/01
1					
2					
3					
4					
5	Cash Flows from Operating Activities				
6	\$ (18,316)	\$ (560,685)	\$ (216,851)	\$ 82,214	\$ 371,642
7	Adjustments to reconcile net income to net cash provided by operating activities:				
8	Depreciation and Amortization				
9	80,327	79,367	79,366	124,442	124,442
10	Changes in Certain Assets and Liabilities:				
11	Deferred Income Taxes & Credits				
12	-	-	-	-	-
13	4,610	(26,523)	(57)	-	-
14	-	-	-	-	-
15	-	-	-	-	-
16	-	14,232	14,232	-	-
17	-	-	-	-	-
18	-	-	-	-	-
19	-	-	-	-	-
20	\$ 66,621	\$ (493,609)	\$ (122,310)	\$ 206,656	\$ 498,085
21	Cash Flow From Investing Activities:				
22	-	-	-	(2,104,228)	(2,104,228)
23	-	-	-	-	-
24	\$ -	\$ -	\$ -	\$ (2,104,228)	\$ (2,104,228)
25	Cash Flow From Financing Activities				
26	(Decrease) Increase in Net Amounts due to Parent and Affiliates				
27	(117,970)	528,950	333,522	(3,128,215)	(3,128,215)
28	-	-	-	-	-
29	-	-	-	810,000	810,000
30	-	-	-	-	-
31	60,116	66,728	1,835	-	-
32	-	-	-	(10,751)	(10,751)
33	-	-	-	-	-
34	-	-	-	-	-
35	-	-	-	4,121,255	4,121,255
36	\$ (57,854)	\$ 595,878	\$ 335,357	\$ 1,792,289	\$ 1,792,289
37	8,767	102,169	213,047	(105,283)	184,145
38	28,145	36,912	(21,309)	191,736	191,736
39	\$ 36,912	\$ 139,081	\$ 191,738	\$ 86,455	\$ 375,883

Gold Canyon Sewer Company
Test Year Ended March 31, 2000
Summary of Rate Base

Exhibit
Schedule B-1
Page 1
Witness: Bourassa

Line No.			
1	Gross Utility Plant in Service	\$	4,736,885
2	Less: Accumulated Depreciation		249,693
3			
4	Net Utility Plant in Service	\$	4,487,192
5			
6	Less:		
7	Advances in Aid of		
8	Construction		810,000
9	Contributions in Aid of		
10	Construction - Net of amortization		-
11			
12			
13	Plus:		
14	Allowance for Working Capital		107,051
15			
16			
17	Total Rate Base	\$	<u>3,784,243</u>

- 18
- 19
- 20
- 21 SUPPORTING SCHEDULES:
- 22 (a) B-2
- 23 (b) B-3
- 24 (c) B-5
- 25
- 26

Gold Canyon Sewer Company
 Test Year Ended March 31, 2000
 Rate Base Proforma Adjustments

Exhibit
 Schedule B-2
 Page 1
 Witness: Bourassa

Line No.		Actual at End of Test Year	Proforma Adjustment Label	Adjustment Amount	Adjusted at end of Test Year
1	Gross Utility				
2	Plant in Service	\$ 3,174,846	(2)	1,803,040	\$ 4,736,885
3			(3)	(240,801)	
4	Less:				
5					
6	Accumulated				
7	Depreciation	489,642	(1)	852	249,693
8			(3)	(240,801)	
9	Net Utility Plant				
10	In Service	\$ 2,685,004			\$ 4,487,192
11					
12	Less:				
13	Advances in Aid of				
14	Construction	-	(2)	810,000	810,000
15	Contributions in Aid of				
16	Construction - Net	-			-
17					
18	Plus:				
19	Working capital	107,051			107,051
20					
21					
22	Total				<u>\$ 3,784,243</u>

(1) Difference between Accumulated Depreciation per Book and Plant Schedule B2, page 2a-2e.

(2) See Schedule B2, Page 2

(3) Retired plant and associated accumulated depreciation not recorded on books.

SUPPORTING SCHEDULES:

E1

C2, Page 4

B2

B2, Page 2a-2e

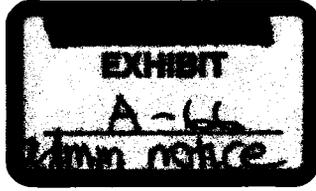
Gold Canyon Sewer Company
Test Year Ended March 31, 2000
Proposed New Plant

Exhibit
Schedule B-2
Page 2
Witness: Bourassa

Line No.	Plant Description	Estimated Cost	Line Extension Funds	Parent Company Funded (a)
1	Wastewater Treatment Plant	1,803,040	810,000	993,040
2				
3				
4				
5	Total Cost of Plant Additions	<u>1,803,040</u>	<u>810,000</u>	<u>993,040</u>
6				
7	(a) Funded with additional paid-in-capital.			

BEFORE THE ARIZONA CORPORATION COMMISSION OCT 30 2001

1
2 WILLIAM A. MUNDELL
3 COMMISSIONER
4 JIM IRVIN
5 COMMISSIONER
6 MARC SPITZER
7 COMMISSIONER



DOCKETED BY *sd*

DECISION NO. 64186

DOCKET NO. SW-02519A-00-0638

8 IN THE MATTER OF THE APPLICATION OF
9 GOLD CANYON SEWER COMPANY FOR
10 ADJUSTMENTS TO ITS RATES AND CHARGES
11 FOR WASTEWATER UTILITY SERVICE.

OPINION AND ORDER

12 DATE OF HEARING: August 23, 2001 (public comment)
13 August 30, 2001 (hearing)
14 PLACE OF HEARING: Phoenix, Arizona
15 PRESIDING JUDGE: Stephen Gibelli
16 APPEARANCES: Jay L. Shapiro, FENNEMORE CRAIG, P.C., on
17 behalf of Gold Canyon Sewer Company, Inc.;
18 Roland Kelly, on behalf of the Intervenor
19 MountainBrook Village at Gold Canyon
20 Homeowners Association;
21 Teena Wolfe, Staff Attorney, Legal Division on
22 behalf of the Utilities Division.

BY THE COMMISSION:

23 On August 29, 2000, Gold Canyon Sewer Company, Inc. ("Gold Canyon" or "Company")
24 filed with the Arizona Corporation Commission ("Commission") a rate application.

25 On September 28, 2000, the Commission's Utilities Division Staff ("Staff") filed a letter
26 notifying the Company that its application met the sufficiency requirements outlined in A.A.C. R14-
27 2-103 and classifying the Company as a Class B utility.

28 On October 2, 2000, a Procedural Order was issued setting the matter for hearing on June 14,
2001.

On December 26, 2000, Arizona Water Company ("AWC") filed a Motion to Intervene.

On January 9, 2001, by Procedural Order, AWC was granted intervention.

On January 17, 2001, the MountainBrook Village Homeowners Association ("MVHA") filed

1 a Motion to Intervene.

2 On February 7, 2001, by Procedural Order, MVHA was granted intervention.

3 On March 2, 2001, Gold Canyon, MVHA, and Staff filed a stipulation requesting a 60-day
4 suspension of the timeclock rules. Intervenor AWC did not oppose the Stipulation.

5 On March 28, 2001, a Procedural Order was issued scheduling a public comment session for
6 April 10, 2001 and rescheduling the hearing from June 14, 2001 to August 23, 2001.

7 On August 23, 2001, public comment was taken.

8 On August 30, 2001, a hearing was held in Phoenix, Arizona after public comment was taken.

9 * * * * *

10 Having considered the entire record herein and being fully advised in the premises, the
11 Commission finds, concludes, and orders that:

12 **FINDINGS OF FACT**

13 1. Gold Canyon is an Arizona corporation that was granted a Certificate of Convenience
14 and Necessity in Decision No. 56631 (September 14, 1989) to provide sewer service in Pinal County,
15 Arizona.

16 2. Gold Canyon has approximately 2000 sewer service connections with a customer base
17 of mostly residential customers and a small number of commercial establishments.

18 3. On August 29, 2000, Gold Canyon filed with the Commission an application for a rate
19 increase.

20 4. The Company's current rates and charges were authorized in Decision No. 56631
21 (September 14, 1989).

22 5. On September 28, 2000, the Commission's Utilities Division Staff filed a letter
23 notifying the Company that its application met the sufficiency requirements outlined in A.A.C. R14-
24 2-103 and classifying the Company as a Class B utility.

25 6. On November 15, 2000, the Company filed an Affidavit of Mailing indicating that it
26 mailed notice of its financing application to its customers on November 4, 2000.

27 7. On January 9, 2001, AWC was granted intervention.
28

1 8. On January 24 and February 8, 2001, petitions with approximately 700 signatures
2 were filed which opposed the Company's proposed rate increase.

3 9. On February 7, 2001, MVHA was granted intervention.

4 10. In its application, Gold Canyon proposed an original cost rate base ("OCRB") of
5 \$3,784,243 with an 11.73 percent rate of return yielding an operating income of \$443,781.

6 11. In its Direct testimony, Staff proposed an OCRB of \$2,366,342 with a 10.50 percent
7 rate of return yielding a required operating income of \$248,466.

8 12. Prior to the hearing, the proposed wastewater rates of each of the parties were as
9 follows:

<u>Customer Class</u>	<u>Present rates</u>	<u>Company proposed</u>	<u>Staff proposed</u>
Residential	\$33.00	\$36.08	\$27.65
Commercial, per gallon per day	0.165	0.180	0.138
Effluent Sales (per 1,000 gallons)	0.7672	0.8387	0.7672
Residential charge for dwelling less than 700 SF	18.00	19.68	15.08
Homeowner's Associations, per dwelling	30.00	32.80	25.14
Reclaimed non-potable water per A.F.	250.00	273.30	209.47

11 13. On July 18, 2001, MVHA filed a letter indicating its full support for the Staff position
12 in this matter.

13 14. On August 21, 2001, Gold Canyon, Staff, and MVHA indicated in a telephonic
14 conference that they were in the process of negotiating a settlement in this matter and requested a
15 short continuance to allow them additional time for such discussions.

16 15. On August 21, 2001, a Procedural Order was issued continuing the hearing to August
17 30, 2001.

18 16. On August 23, 2001, Public Comment was held and approximately 100 customers
19 attended. About eight customers spoke opposing a rate increase.

20 17. On August 29, 2001, Staff filed the Settlement Agreement entered into by the
21
22
23
24
25
26
27
28

1 Company, MVHA, and Staff. A copy of the Settlement Agreement is attached as Exhibit A and
2 incorporated herein by reference.

3 18. Staff and MVHA's willingness to enter into this agreement is premised in part on their
4 belief that Applicant's recent change in ownership from a developer owned utility to a separate
5 invested owned utility will lead to improved operation of the Company. The terms of the Settlement
6 Agreement are intended to resolve all the issues among the parties in a manner consistent with the
7 public interest.

8 19. Staff and MVHA agree that this settlement resolves the issue of whether Applicant has
9 met the requirements imposed by the Commission in Decision No. 56631 (September 14, 1989)
10 concerning the provision of actual invoices and other forms of verification to show the actual cost of
11 Applicant's utility assets in this rate proceeding.

12 20. As part of the Settlement Agreement, the Applicant will submit, before June 1, 2005,
13 for a rate review by the Commission using a 2004 test year.

14 21. As part of the Settlement Agreement, the Applicant also agrees to comply with A.A.C.
15 R14-2-610(D)(2) by implementing the NARUC system of accounting for Class A wastewater utilities
16 by March 31, 2002 and to submit its April 15, 2002 annual report in a format consistent with the
17 NARUC system of accounts.

18 22. As part of the Settlement Agreement, the Applicant agrees to file an annual report,
19 with the first filing due on January 31, 2003, of the wastewater Hook-Up Fee for new service
20 containing the following information:

- 21 (a) name of each utility paying Hook-Up Fee;
22 (b) amount of Hook-Up Fee paid by each entity;
23 (c) description of utility plant constructed with Hook-Up Fee funds;
24 (d) balance of Hook-Up Fee account;
25 (e) interest earned on Hook-Up Fee account;
26 (f) any other pertinent information requested by Staff.

27 23. Pursuant to the Settlement Agreement, the Company, MVHA, agreed not to seek an
28

1 increase in its rates and charges for sewer utility services within 24 months of the issuance of an
2 order approving the Agreement except in the case of an emergency.

3 24. Pursuant to the Settlement Agreement, the Company, MVHA, and Staff have agreed
4 that Gold Canyon's rates shall be increased to produce an additional \$76,000 in annual revenues.
5 The parties have agreed on an OCRB of \$3,797,387, which shall be the Fair Value Rate Base
6 ("FVRB"), and a rate of return of 10.5 percent on Gold Canyon's FVRB.

7 25. Gold Canyon's present rates and charges as well as the settlement's proposed rates and
8 charges are as follows:

Customer Classification	Present Rates	Settlement Rates	Percent Change
Residential	\$33.00	\$35.00	6.06%
Commercial (per gallon, per day)	0.165	0.175	6.06%
Effluent Sales (per 1,000 gallons)	0.767	0.814	6.06%
Residential charge for dwelling less than 700 SF	18.00	19.09	6.06%
Homeowner's Associations, per dwelling	30.00	31.82	6.07%
Reclaimed non-potable water per A.F.	250.00	265.180	6.07%
<u>Other Service Charges</u>			
Establishment	\$25.00	25.00	
Establishment (After Hours)	50.00	50.00	
Re-Establishment (Within 12 months)	(b)	(b)	
Re-Establishment (After Hours)	40.00	40.00	
Reconnection (Delinquent)	(c)	(c)	
Reconnection (Delinquent and After Hours)	30.00	30.00	
Minimum Deposit Requirement (residential)	(a)	(a)	
Minimum Deposit Requirement (non-residential)	(a)	(a)	
Deposit Interest	6.00%	6.00%	
NSF Check	10.00	10.00	
Deferred Payment finance charge (per month)	1.50%	1.50%	
Late Payment Charge (per month)	1.50%	1.50%	
Main Extension Tariff (per Rule R14-2-406B)	Cost	Cost	
Hook-Up Fee for New Service	150.00	Per Tariff	

26 (a) Residential – two times the average bill. Non-residential – two and one-half times the
27 average bill.

28 (b) Minimum charge times the number of full months disconnected.

1 (c) Actual cost of physical disconnection and reconnection (if same customer) and there
2 shall be no charge if there is no physical work performed.

3 26. On August 30, 2001, a hearing was held in this matter. No members of the public
4 made an appearance at the hearing to oppose the proposed Settlement Agreement. However, one
5 customer did file a letter subsequent to the hearing opposing the Settlement Agreement.

6 27. Gold Canyon is in full compliance with Arizona Department of Environmental Quality
7 ("ADEQ") regulations.

8 28. For purposes of this proceeding, Gold Canyon's FVRB is \$3,797,387 and a fair and
9 reasonable rate of return on that FVRB is 10.5 percent. Gold Canyon's required operating income is
10 \$398,726.

11 CONCLUSIONS OF LAW

12 1. Gold Canyon Sewer Company, Inc. is a public service corporation within the meaning
13 of Article XV of the Arizona Corporation Commission and A.R.S. Sections 40-250, 40-251, 40-301,
14 40-302 and 40-303.

15 2. The Commission has jurisdiction over Gold Canyon Sewer Company, Inc. and of the
16 subject matter of the application.

17 3. Notice of the application was provided in the manner prescribed by law.

18 4. The settlement terms, as well as the rates and charges authorized hereafter are just and
19 reasonable and should be adopted.

20 ORDER

21 IT IS THEREFORE ORDERED that the Settlement Agreement filed August 29, 2001 is
22 hereby adopted.

23 IT IS FURTHER ORDERED that Gold Canyon Sewer Company, Inc. shall increase its rates
24 and charges in accordance with the rate schedules set forth in Exhibit A to the Settlement Agreement,
25 consistent with the Findings of Fact and Conclusions of Law contained herein so as to result in a
26 \$76,000 annual increase in the Company's revenue.

27 IT IS FURTHER ORDERED that Gold Canyon Sewer Company, Inc. shall timely comply
28 with Findings of Fact No.'s 20, 21, 22 and 23.

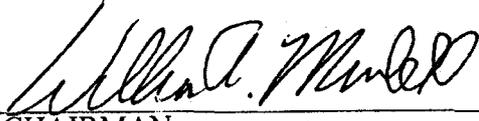
1 IT IS FURTHER ORDERED that such new rates and charges shall be effective for Gold
2 Canyon Sewer Company, Inc.'s billings on or after November 1, 2001.

3 IT IS FURTHER ORDERED that Gold Canyon Sewer Company, Inc. shall notify its
4 customers of the rates and charges authorized herein and the effective date of same by means of an
5 insert in its next regular monthly billing.

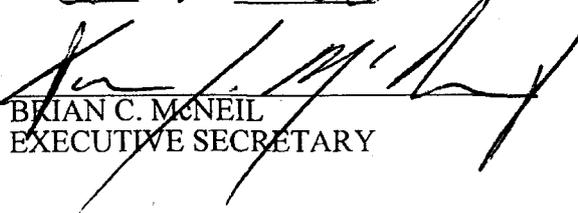
6 IT IS FURTHER ORDERED that Gold Canyon Sewer Company, Inc. shall file with the
7 Commission within 60 days from the effective date of this Decision a copy of the notice it sends to its
8 customers of the new rates and charges.

9 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

10 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

11 
12 
13 CHAIRMAN COMMISSIONER COMMISSIONER
14 

15 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
16 Secretary of the Arizona Corporation Commission, have
17 hereunto set my hand and caused the official seal of the
18 Commission to be affixed at the Capitol, in the City of Phoenix,
19 this 30th day of October, 2001.

20 
21 BRIAN C. McNEIL
22 EXECUTIVE SECRETARY

23
24
25
26 DISSENT _____
27 SG:mlj

28 SERVICE LIST FOR: GOLD CANYON SEWER COMPANY, INC.
DOCKET NO. SW-02519A-00-0638

1 Jay L. Shapiro
FENNEMORE CRAIG
2 3003 North Central Avenue, Suite 2600
Phoenix, Arizona 85012-2913
3 Attorneys for Gold Canyon Sewer Company, Inc.

4 Robert W. Geake
Vice President and General Counsel
5 Arizona Water Company
P.O. Box 29006
6 Phoenix, Arizona 85038-9006

7 Roland Kelly, Chairman
MountainBrook Village, Sewer Adhoc Committee
8 5325 S. Hedge Hog Drive
Gold Canyon, AZ 85219

9 Christopher Kempley, Chief Counsel
10 Teena Wolfe
Legal Division
11 ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
12 Phoenix, Arizona 85007

13 Steve Olea, Acting Director
Utilities Division
14 ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
15

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SETTLEMENT AGREEMENT

Applicant Gold Canyon Sewer Company ("Applicant"), Intervenor Mountainbrooke Village at Gold Canyon ("Intervenor"), and Arizona Corporation Commission, Utilities Division, staff ("Staff"), each a party (and collectively the "Parties") to Arizona Corporation Commission Docket No. SW-02519A-00-0638 captioned IN THE MATTER OF THE APPLICATION OF GOLD CANYON SEWER COMPANY, INC., AN ARIZONA CORPORATION, FOR ADJUSTMENTS TO ITS RATES AND CHARGES FOR WASTEWATER UTILITY SERVICE (the "Application"), hereby stipulate and agree to the following settlement provisions in connection with Applicant's request for adjustments to its rates and charges for sewer utility service. Staff and Intervenor's willingness to enter into this agreement is premised in part on their belief that Applicant's recent change in ownership from a developer owned utility to a separate investor owned utility will lead to improved operation of the Company. The following terms and conditions of this Agreement are intended to resolve all the issues among the undersigned parties in a manner consistent with the public interest.

Terms and Conditions

The parties to this Agreement include Applicant, Intervenor and Staff, who hereby agree to the following:

1. Statement of Intentions and Admissions. Applicant, Intervenor and Staff hereby agree that the purpose of this Agreement is to resolve contested matters in Docket No. SW-02519A-00-0638 in a manner consistent with the public interest. The Parties further recognize that: (1) this Agreement acts as a procedural device to propose the Parties' settlement terms to the Commission; and (2) this Agreement has no binding force or effect until finally approved by an order of the Commission. Nothing contained in this Agreement is an admission by any Party that any of the positions taken, or that might be

EXHIBIT A

taken by each in this proceeding, is unreasonable or unlawful. In addition, acceptance of this Agreement by any of the Parties is without prejudice to any position taken by any Party in these proceedings.

2. Settlement Schedule. Applicant, Intervenor, and Staff hereby agree that the settlement concerning all financial and other accounting aspects of the Application reached between the Parties is illustrated on the schedule prepared by Staff and attached hereto as Attachment A and incorporated herein by this reference (the "Settlement Schedule"). Applicant, Intervenor, and Staff hereby acknowledge and agree that the figures set forth in the Settlement Schedule are the result of negotiation and do not necessarily reflect the position of any Party to this Agreement.

3. Rates. Applicant, Intervenor, and Staff hereby agree to a residential rate of \$35.00 per line per month, a commercial rate of \$0.175 per 1,000 gallons, and an effluent sales rate of \$0.814 per 1,000 gallons.

4. Adjusted Rate Base. Applicant, Intervenor, and Staff hereby agree to an adjusted Original Cost Rate Base of \$3,797,387, which shall be the Fair Value Rate Base. Applicant, Intervenor and Staff further agree that the Gross Utility Plant in Service amount shown in the Settlement Schedule does not include all contributed plant that may be in service and that the exclusion of such contributed plant does not impact Applicant's rate base, revenue requirement or rates. Staff and Intervenor agree that this settlement resolves the issue of whether Applicant has met the requirements imposed by the Commission in Decision No. 56631 (September 14, 1989) concerning the provision of actual invoices and other forms of verification to show the actual cost of Applicant's utility assets in this rate proceeding.

5. Total Revenue. Applicant, Intervenor, and Staff hereby agree to total revenues of \$1,347,367, which amount includes an increase in revenues of \$76,000 annually.

6. Total Operating Expense. Applicant, Intervenor, and Staff hereby agree to a total operating expense of \$948,641.

7. Required Operating Income. Applicant, Intervenor, and Staff hereby agree to a required operating income of \$398,726.
8. Rate of Return. Applicant, Intervenor, and Staff hereby agree to an overall rate of return of 10.50 percent, which is based on a cost of equity and a cost of debt equal to 10.5 percent. This agreed upon rate of return is the result of negotiation. Applicant's agreement to accept a return on equity equal to 10.5 percent does not constitute Applicant's agreement that 10.5 percent is an adequate or appropriate return on equity or that Applicant agrees with any other Party's recommended return on equity or the testimony offered in support of such recommendation.
9. Depreciation Rate. Applicant, Intervenor, and Staff hereby agree that Applicant will use a depreciation rate equal to 2.5 percent in its accounting practices for ratemaking purposes.
10. Rate Design. Applicant, Intervenor, and Staff hereby agree to the rate design attached hereto as Attachment B and incorporated herein by this reference. Within 15 days after approval of this Agreement, Applicant shall file tariff sheets reflecting the rates, charges, and terms of service contemplated in this Agreement as approved by the Commission.
11. Rate Review. Applicant agrees to submit, before June 1, 2005, for a rate review by the Corporation Commission using a 2004 test year.
12. Rate Increases. Applicant hereby agrees that it will not seek an increase in its rates and charges for sewer utility services within 24 months of the issuance of an order approving this Agreement except in the case of an emergency.
13. Hook-Up Fee for New Service. Applicant, Intervenor, and Staff hereby agree that a Hook-up Fee Tariff is appropriate to permit Applicant to recover a portion of the capital costs associated with plant additions needed to serve new customers. The form of tariff for this fee is attached hereto as Attachment C and incorporated herein by this reference.

Applicant agrees to file annual reports, with the first filing due on January 31, 2003, of the wastewater Hook-Up Fee for new service containing the following information:

1. Name of each entity paying Hook-Up Fee;
2. Amount of Hook-Up Fee paid by each entity;
3. Description of utility plant constructed with Hook-Up Fee funds;
4. Balance of Hook-Up Fee account;
5. Interest earned on Hook-Up Fee account;
6. Any other pertinent information requested by Staff.

14. NARUC Accounting. Applicant agrees to comply with AAC Rule R14-2-610 (D) (2) by implementing the NARUC system of accounting for class A wastewater utilities by March 31, 2002 and to submit its April 15, 2002 annual report in a format consistent with the NARUC system of accounts. Applicant hereby agrees to obtain and retain for a reasonable period of time detailed source documents for all services performed by contractors and for any rate base additions.

15. New Customer Information. Applicant hereby agrees to continue using reasonable efforts to establish customer accounts for all persons or entities receiving sewer utility service, including, without limitation, obtaining customer information from Arizona Water Company, the provider of water utility services within Applicant's certificated service area.

16. Effluent Disposal and Reuse. Applicant hereby agrees to the following:

(a) To use reasonable efforts to properly dispose of all effluent and sludge in a manner that complies with law, including, without limitation, the rules and regulations of the Arizona Department of Environmental Quality.

(b) To use reasonable efforts to enter into a new contract concerning the delivery of effluent to the golf courses currently purchasing effluent generated at Applicant's wastewater treatment facility.

(c) To use reasonable efforts to develop additional and alternative methods for disposing of effluent generated at Applicant's wastewater treatment facility.

(d) To apply for, within six months of an order approving this Agreement, Arizona Department of Environmental Quality and all other required permits authorizing the reuse and/or disposal of the total amount of effluent generated by Applicant's wastewater treatment facility.

17. Staff Authority. The Parties recognize that: (1) the Staff does not have the power to bind the Commission; and (2) for purposes of settlement, the Staff acts in the same manner as a party in proceedings before the Commission.

18. Commission Authority to Modify. Each provision of this Agreement is in consideration and support of all other provisions, and expressly conditioned upon acceptance by the Commission without material change; provided, however, that the Parties further recognize that the Commission will evaluate the terms of this Agreement, and that after such evaluation the Commission may require immaterial modifications to the terms hereof before accepting this Agreement.

19. Commission Approval. In the event that the Commission adopts an order approving all of the terms of this Agreement without material change, such action by the Commission constitutes approval of the Agreement, and thereafter the Parties shall abide by its terms.

20. Effect of Modification by the Commission. In the event that any Party objects to any modification to the terms of this Agreement made by the Commission in an order approving this Agreement, such Party shall timely file an application for rehearing under A.R.S. § 40-253. In the event that a Party does not file such an application, that Party shall be deemed: (i) to have accepted any modifications made by the Commission; and (ii) to have conclusively and irrefutably accepted that any modifications to the terms of this Agreement are not material and therefore the Commission order does adopt the terms of this Agreement without material change.

21. Application for Rehearing. If any Party to this Agreement files an application for rehearing and alleges that the Commission has failed to approve all terms of the Agreement without material change, then such application shall be deemed a withdrawal of the Agreement, and the Parties shall request a procedural order setting Applicant's original Application for hearing. Such hearing shall be without prejudice to the position of any Parties, and this Agreement and any supporting documents relating thereto shall not be admitted into evidence for any purpose nor used by the Commission in its final consideration of the issues raised in this Docket.

22. Appeal of Commission Decision. If a Party's application for rehearing alleges that the Commission has failed to approve all terms of this Agreement without material change, and the application for rehearing is denied, either by Commission order or by operation of law, and such Party still objects to any modification to the terms of this Agreement made by the Commission, that Party shall timely file an appeal of the Commission's decision pursuant to A.R.S. § 40-254 or § 40-254.01, as appropriate. In the event that the Party does not file such an appeal, it shall be deemed: (i) to have accepted any modifications made by the Commission; and (ii) to have conclusively and irrefutably accepted that any modifications to the terms of this Agreement are not material and therefore the Commission's order approves the Agreement without material change.

23. Limitations. The terms and provisions of this Agreement apply solely to and are binding only in the context of the provisions and results of this Agreement and none of the positions taken in this Agreement by any of the Parties may be referred to, cited to, or relied upon by any other Party in any fashion as precedent or otherwise in any proceeding before the Commission or any other regulatory agency or before any court of law for any purpose except in furtherance of the purpose and results of this Agreement.

24. Definitive Text. The "Definitive Text" of this Agreement shall be the text adopted by the Commission in an order adopting substantially all the terms of this Agreement including all modifications made by the Commission in such order.

25. Severability. Each of the terms of the Definitive Text of this Agreement are in consideration and support of all other terms. Accordingly, such terms are not severable.

26. Support and Defend. The Parties pledge to support and defend this Agreement before the Commission. If this Agreement enters into force the Parties will support and defend this Agreement before any court or regulatory agency in which it may be at issue.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on
the 29th day of August, 2001.

GOLD CANYON SEWER COMPANY

ARIZONA CORPORATION
COMMISSION UTILITIES
DIVISION STAFF

By: 
Its: Counsel of Record

By: 
Its: ACTING DIRECTOR

MOUNTAINBROOKE VILLAGE
AT GOLD CANYON

By: Roland J. Kelly
Its: Chair M BV ad-hoc

PHX/JSH-APIRO/1218725.1/41452.002

Gold Canyon Sewer Company Inc.
 Docket No. SW-02519A-00-0638
 Test Year Ended March 31, 2000

Attachment A

ORIGINAL COST RATE BASE

Gross Utility Plant in Service	\$	5,041,567
Less:		
Accumulated Depreciation		(489,643)
Net Plant in Service	\$	<u>4,551,925</u>
Less:		
Advances in Aid of Construction		(810,000)
Settlement Rate Base	\$	<u>3,741,925</u>
Plus: Working Capital		55,463
Settlement Original Cost Rate Base	\$	<u><u>3,797,387</u></u>
Rate of Return		-10.50%
Operating Income	\$	<u><u>398,726</u></u>

Utility Plant in Service 3/31/00	\$	3,174,646
Pro Forma		1,866,921
Gross Plant in Service	\$	<u><u>5,041,567</u></u>

Accumulated Depreciation		
IRS-12/31/99	\$	469,801
IRS-3/31/00=79,366/12*3		19,842
	\$	<u><u>489,643</u></u>

DECISION NO. 64186

Attachment B

Gold Canyon Sewer Company
 Present and Proposed Rates
 Test Year Ended March 31, 2000

Line No.	Customer Classification and Meter Size	Present Rates	Proposed Rates	Percent Change
1	Monthly Charge for:			
2	Residential	\$ 33.00	\$ 35.00	6.0606%
3	Commercial, per gallon per day	0.165	0.175	6.0606%
4	Effluent Sales (per 1,000 gallons)	0.767	0.814	6.0606%
5	Residential charge for dwelling less than 700 SF	18.00	19.090	6.0556%
6	Homeowner's Associations, per dwelling	30.00	31.820	6.0667%
7	Recalim:sd non-pottable water per A.F.	250.00	265.180	6.0720%
8				
9				
10				
11				

DECISION NO. 64186

Attachment B

Gold Canyon Sewer Company
 Present and Proposed Rates
 Test Year Ended March 31, 2000

Line No.	Other Service Charges	Present Rates	Proposed Rates
1	Establishment	\$ 25.00	\$ 25.00
2	Establishment (After Hours)	50.00	50.00
3	Re-Establishment (With-in 12 Months)	(b)	(b)
4	Re-Establishment (After Hours)	40.00	40.00
5	Reconnection (Delinquent)	(c)	(c)
6	Reconnection (Delinquent and After Hours)	30.00	30.00
7	Min Deposit Requirement (Residential)	(a)	(a)
8	Min Deposit Requirement (Non-Residential)	(a)	(a)
9	Deposit Interest	6.00%	6.00%
10	NSF Check	10.00	10.00
11	Deferred Payment finance charge, Per Month	1.50%	1.50%
12	Late Payment Charge, Per Month	1.50%	1.50%

Cost

150.00 Per Tariff

- 18 (a) Residential - two times the average bill. Non-residential - two and one-half times the average bill.
- 19 (b) Minimum charge times number of full months disconnected.
- 20 (c) Actual cost of physical disconnection and reconnection (if same customer) and there shall be no charge if there is no physical work performed.

IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE TAX. PER COMMISSION RULE (14-2-409.D 5).
 ALL ADVANCES AND/OR CONTRIBUTIONS ARE TO INCLUDE LABOR, MATERIALS, OVERHEADS, AND ALL APPLICABLE TAXES, INCLUDING ALL GROSS-UP TAXES FOR INCOME TAXES.
 COST TO INCLUDE LABOR, MATERIALS AND PARTS, OVERHEADS AND ALL APPLICABLE TAXES.

Attachment C

TARIFF SCHEDULE

UTILITY: GOLD CANYON SEWER COMPANY, INC.

SHEET NO. 1

DOCKET NO. SW-02519A-00-0638

DECISION NO.

EFFECTIVE DATE:

OFF-SITE FACILITIES HOOK-UP FEE

I. Purpose and Applicability

The purpose of the hook-up fee payable to Gold Canyon Sewer Company, Inc. ("the Company") pursuant to this tariff is to equitably apportion the costs of constructing additional facilities to provide wastewater treatment, effluent disposal, and sludge disposal among all new service line connections.

These charges are applicable to all new service line connections that will be served by sewer collection mains constructed pursuant to sewer collection main extension agreements entered into after the effective date of this tariff. The charges are one-time charges and are payable as a condition to the Company's establishment of service, as more particularly provided below.

II. Definitions

Unless the context otherwise requires, the definitions set forth in R-14-2-601 of the Arizona Corporation Commission's rules and regulations governing sewer utilities shall apply in interpreting this tariff schedule.

"Applicant" means any party entering into an agreement with Company for the installation of sewer facilities to supply new service lines.

"Company" means Gold Canyon Sewer Company, Inc., an Arizona corporation.

"Collection Main Extension Agreement" means any agreement whereby an Applicant agrees to advance the costs of the installation of wastewater facilities to the Company to serve new service lines, or install wastewater facilities to serve new service lines and transfer ownership of such wastewater facilities to the Company.

"Off-Site Facilities" means lift stations, wastewater treatment equipment, effluent disposal equipment, sludge disposal equipment and related appurtenances necessary for proper operation, including engineering and design costs. Off-Site facilities may also include force mains, collection mains and related appurtenances necessary for proper operation, if these facilities are not for the exclusive use of the applicant and these facilities will benefit the entire sewer system.

DECISION NO. 64186-

Gold Canyon Sewer Company, Inc. Docket No. SW-02519A-00-0638
 Off-Site Facilities Hook-Up Fee
 Page 2

“Service line” means and includes all sewer lines that transport sewage from a customer’s point of collection to a common source (normally a collection main) of collection of the utility’s for single-family residential, commercial, industrial, or other uses, regardless of pipe size.

III. Off-Site Hook-Up Charges

Each new service line shall pay the total off-site capacity charge, derived from the following table:

HOOK-UP FEE CHARGE TABLE		
Service Line Size	Factor	Total Fee
4-inch	1	\$ 900
6-inch	2.25	\$ 2,025
8-inch	4	\$ 3,600
Larger than 8-inch	6.25	\$ 5,625

IV. Terms and Conditions

- (A) Assessment of One Time Hook-Up Charge: The hook-up fee may be assessed only once per service line, or lot within a platted subdivision (service line installation charges). This assessment will be associated only with new collection main extension agreements entered into after the effective date of this tariff. However, this provision does not exempt from the hook-up fee, any newly created parcel(s) which is the result of further subdivision of a lot or land parcel and which does not have a service line.
- (B) Use of Off-Site Hook-Up Fee: Hook-Up fees may only be used to pay for the capital items of off-site facilities, or for repayment of loans obtained for installation of off-site facilities. Off-site hook-up fees shall not be used for repairs, maintenance, plant replacements, or operational purposes.
- (C) Time of Payment:
- (1) In the event that the Applicant is required to enter into a collection main extension agreement, whereby the Applicant agrees to advance the costs of installing collection mains, manholes, lift stations, force mains and other on-site improvements in order to extend service in accordance with R-14-2-606, payment of the charges required hereunder shall be made by the applicant at the time the collection main agreement advance is due.

DECISION NO. 64426

Gold Canyon Sewer Company, Inc. Docket No. SW-02519A-00-0638
Off-Site Facilities Hook-Up Fee
Page 3

- (2) In the event that the Applicant is not required to enter into a collection main extension agreement, the charges hereunder shall be due and payable at the time the service line installation fee is due and payable.
- (D) Failure to Pay Charges; Delinquent Payments: - Under no circumstances will the Company set a service line or otherwise allow service to be established if the Applicant has not paid in full all charges as provided by this off-site hook-up fee tariff.
- (E) Off-Site Hook-Up Fee Non-refundable: - The amounts collected by the Company pursuant to the off-site hook-up fee shall be non-refundable contributions in aid of construction.
- (F) Use of Charges Received: All funds collected by the Company as off-site hook-up fees, shall be deposited into a separate interest bearing trust account and used solely for the purposes of paying for the costs of off-site facilities, including repayment of loans obtained for the installation of off-site facilities that will benefit the entire sewer system.
- (G) Off-Site Hook-Up Fees In Addition to Other Charges: The off-site hook-up fees shall be in addition to any costs associated with a collection main extension agreement for on-site facilities, and are in addition to the amounts to be advanced pursuant to charges authorized under other sections of this tariff
- (H) Disposition of Excess Funds: After all necessary and desirable off-site facilities are constructed utilizing funds collected pursuant to the off-site hook-up fee or the off-site hook-up fee has been terminated by order of the Arizona Corporation Commission (Commission), any funds remaining in the trust shall be refunded. The manner of the refund shall be determined by the Commission at the time a refund becomes necessary.

Effective Date: _____

DECISION NO. 64186..