0000104371

Transcript Exhibit(s)

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

Exhibit # : S1-S15, S-17, S-18, S20, S25, S30 S31, S36-S46, Sf1-Sf13, Sf15-Sf42, Sf44-Sf46, Sf48

Arizona Corporation Commission
DOCKETED
OCT 29 2009
DOCKETED BY

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AZ CORP COMMISSION

EXHIBIT
S-1
administrative notice

B. The Commission may request additional analyses to be conducted by the utilities to improve specified components of the utilities' analyses.

C. In making its consistency determination, the Commission shall consider the following factors:
1. The total cost of electric energy services.
2. The degree to which the factors which affect demand, including demand management, have been taken into account.
3. The degree to which non-utility supply alternatives, such as cogeneration and self generation, have been taken into account.
4. Uncertainty in demand and supply analyses, forecasts, and plans, and the flexibility of plans enabling response to unforeseen changes in supply and demand factors.
5. The reliability of power supplies.

D. The Commission may subsequently consider its consistency determination in its review of financing applications, in general rate cases, and in other matters in which the supply of or demand for energy services is a significant factor.

Historical Note
Adopted effective February 3, 1989 (Supp. 89-1).

ARTICLE 8. PUBLIC UTILITY HOLDING COMPANIES AND AFFILIATED INTERESTS

R14-2-801. Definitions

In this Article, unless the context otherwise requires:
1. "Affiliate," with respect to the public utility, shall mean any other entity directly or indirectly controlling or controlled by, or under direct or indirect common control with, the public utility. For purposes of this definition, the term "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any entity, shall mean the power to direct the management policies of such entity, whether through ownership of voting securities, or by contract, or otherwise.
2. "Commission." The Arizona Corporation Commission.
3. "Entity." A corporation, partnership, limited partnership, joint venture, trust, estate, or natural person.
4. "Holding Company" or "Public Utility Holding Company." Any affiliate that controls a public utility.
5. "Reorganize" or "Reorganization." The acquisition or divestiture of a financial interest in an affiliate or a utility, or reconfiguration of an existing affiliate or utility's position in the corporate structure or the merger or consolidation of an affiliate or a utility.
6. "Subsidiary." Any affiliate controlled by a utility.
7. "System of Accounts. The accounting system or systems prescribed for utilities by the Commission.
8. "Utility" or "Public Utility. Any Class A investor-owned public service corporation subject to the jurisdiction of the Arizona Corporation Commission.

Historical Note
Adopted effective July 30, 1992 (Supp. 92-3).

R14-2-802. Applicability

A. These rules are applicable to all Class A investor-owned utilities under the jurisdiction of the Commission and are applicable to all transactions entered into after the effective date of these rules.

B. Information furnished to the Commission in compliance with these rules will not be open to public inspection, or made public, except on order of the Commission, or by the Commission, or a Commissioner in the course of a hearing or proceeding.

Historical Note
Adopted effective July 30, 1992 (Supp. 92-3).

R14-2-803. Organization of Public Utility Holding Companies

A. Any utility or affiliate intending to organize a public utility holding company or reorganize an existing public utility holding company will notify the Commission's Utilities Division in writing at least 120 days prior thereto. The notice of intent will include the following information:
1. The names and business addresses of the proposed officers and directors of the holding company;
2. The business purposes for establishing or reorganizing the holding company;
3. The proposed method of financing the holding company and the resultant capital structure;
4. The resultant effect on the capital structure of the public utility;
5. An organization chart of the holding company that identifies all affiliates and their relationships within the holding company;
6. The proposed method for allocating federal and state income taxes to the subsidiaries of the holding company;
7. The anticipated changes in the utility's cost of service and the cost of capital attributable to the reorganization;
8. A description of diversification plans of affiliates of the holding company; and
9. Copies of all relevant documents and filings with the United States Securities and Exchange Commission and other federal or state agencies.
10. The contemplated annual and cumulative investment in each affiliate for the next five years, in dollars and as a percentage of projected net utility plant, and an explanation of the reasons supporting the level of investment and the reasons this level will not increase the risks of investment in the public utility.
11. An explanation of the manner in which the utility can assure that adequate capital will be available for the construction of necessary new utility plant and for improvements in existing utility plant at no greater cost than if the utility or its affiliate did not organize or reorganize a public utility holding company.

B. The Commission staff will, within 30 days after receipt of the notice of intent, notify the Applicant of any questions which it has concerning the notice or supporting information. The Commission will, within 60 days from the receipt of the notice of intent, determine whether to hold a hearing on the matter or approve the organization or reorganization without a hearing.

C. At the conclusion of any hearing on the organization or reorganization of a utility holding company, the Commission may reject the proposal if it determines that it would impair the financial status of the public utility, otherwise prevent it from attracting capital at fair and reasonable terms, or impair the ability of the public utility to provide safe, reasonable and adequate service.

Historical Note
Adopted effective July 30, 1992 (Supp. 92-3).

R14-2-804. Commission Review of Transactions Between Public Utilities and Affiliates

A. A utility will not transact business with an affiliate unless the affiliate agrees to provide the Commission access to the books and records of the affiliate to the degree required to fully audit, examine or otherwise investigate transactions between the public utility and the affiliate. In connection therewith, the Commission may require production of books, records,

accounts, memoranda and other documents related to these transactions.

B. A utility will not consummate the following transactions without prior approval by the Commission:
   1. Obtain a financial interest in any affiliate not regulated by the Commission, or guarantee, or assume the liabilities of such affiliate;
   2. Lend to any affiliate not regulated by the Commission, with the exception of short-term loans for a period less than 12 months in an amount less than $100,000; or
   3. Use utility funds to form a subsidiary or divest itself of any established subsidiary.

C. The Commission will review the transactions set forth in subsection (B) above to determine if the transactions would impair the financial status of the public utility, otherwise prevent it from attracting capital at fair and reasonable terms, or impair the ability of the public utility to provide safe, reasonable and adequate service.

D. Every transaction in violation of subsection (A) or (B) above is void, and the transaction shall not be made on the books of any public service corporation.

E. The system of accounts used by the public utility will include the necessary accounting records needed to record and compile transactions with each affiliate.

Historical Note
Adopted effective July 30, 1992 (Supp. 92-3).

R14-2-805. Annual Filing Requirements of Diversification Activities and Plans

A. On or before April 15th of each calendar year, all public utilities meeting the requirements of R14-2-802 and public utility holding companies will provide the Commission with a description of diversification plans for the current calendar year that have been approved by the Boards of Directors. As part of these filings, each public utility meeting the requirements of R14-2-802 will provide the Commission the following information:
   1. The name, home office location and description of the public utility's affiliates with whom transactions occur, their relationship to each other and the public utility, and the general nature of their business;
   2. A brief description of the business activities conducted by the utility's affiliates with whom transactions occurred during the prior year, including any new activities not previously reported;
   3. A description of plans for the utility's subsidiaries to modify or change business activities, enter into new business ventures or to acquire, merge or otherwise establish a new business entity;
   4. Copies of the most recent financial statements for each of the utility's subsidiaries;
   5. An assessment of the effect of current and planned affiliated activities on the public utility's capital structure and the public utility's ability to attract capital at fair and reasonable rates;
   6. The bases upon which the public utility holding company allocates plant, revenue and expenses to affiliates and the amounts involved; an explanation of the derivation of the factors; the reasons supporting that methodology and the reasons supporting the allocation;
   7. An explanation of the manner in which the utility's capital structure, cost of capital and ability to raise capital at reasonable rates have been affected by the organization or reorganization of the public utility holding company;
   8. The dollar amount transferred between the utility and each affiliate during the annual period, and the purpose of each transfer;
   9. Contracts or agreements to receive, or provide management, engineering, accounting, legal, financial or other similar services between a public utility and an affiliate;
   10. Contracts or agreements to purchase or sell goods or real property between a public utility and an affiliate; and
   11. Contracts or agreements to lease goods or real property between a public utility and an affiliate.

B. After reviewing the diversification plans, the Commission may, within 90 days after plans have been provided, request additional information, or order a hearing, or both, should it conclude after its review that the business activities would impair the financial status of the public utility, otherwise prevent it from attracting capital at fair and reasonable terms, or impair the ability of the public utility to provide safe, reasonable and adequate service.

Historical Note
Adopted effective July 30, 1992 (Supp. 92-3).

R14-2-806. Waiver from the Provisions of this Article

A. The Commission may waive compliance with any of the provisions of this Article upon a finding that such waiver is in the public interest.

B. Any affected entity may petition the Commission for a waiver by filing a verified application for waiver setting forth with specificity the circumstances whereby the public interest justifies noncompliance with all or part of the provisions of this Article.

C. If the Commission fails to approve, disapprove, or suspend for further consideration an application for waiver within 30 days following filing of a verified application for waiver, the waiver shall become effective on the 31st day following filing of the application.

Historical Note
Adopted effective July 30, 1992 (Supp. 92-3).

ARTICLE 9. CUSTOMER-OWNED PAY TELEPHONES

R14-2-901. Definitions

In this Article, unless the context otherwise requires:
   1. "Affiliate" means any other entity directly or indirectly controlling or controlled by, or under direct or indirect common control with, a customer of record. For purposes of this subsection, the term "control, (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any entity, means the power to direct the management policies of such entity, whether through the ownership of voting securities, by contract, or otherwise.
   2. "Customer of record" means a premises owner or vendor, who has either applied to, or who has obtained from, an LEC an access line to be a COPT provider.
   3. "Customer-owned pay telephone (COPT) provider" means an entity authorized by the Commission to provide public pay telephone service to end-users and which is not a certificated LEC on the effective date of this Article. For purposes of compliance with Article 5 of this Chapter, "COPT provider" does not mean a "utility" as defined in R14-2-501(24).
   4. "'800' service" means calls to telephone numbers which normally can be reached without charge to the calling party by dialing 1-800 plus 7 digits.
   5. "Entity" means a corporation, partnership, limited partnership, joint venture, trust, estate, or natural person.

JOHNSON UTILITIES, L.L.C

5230 East Shea Boulevard * Scottsdale, Arizona 85254
PH: (480) 998-3300; FAX: (480) 483-7908

EXHIBIT
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S-2
ADMITTED
ALL-STATE LEGAL®

April 16, 2007

Ernest Johnson, Director
Arizona Corporation Commission
Utilities Division
1200 W. Washington
Phoenix, AZ 85007

RECEIVED
APR 16 2007
AZ CORP COMM
Director Utilities

Re: Johnson Utilities, LLC; Affiliated Interest Annual Filing

Dear Mr. Johnson:

Johnson Utilities, LLC, dba Johnson Utilities Company, hereby provides the annual filing as required by the Arizona Administrative Code, Title 14, Article 8.

The Company has not organized or reorganized as contemplated by Rule 803 during calendar 2006, nor since becoming a Class A public utility corporation.

As required by Rule 804A, the books and records of the Company and its affiliates are available for Commission review, and the Company has not consummated any transactions contemplated by Rule 804 B.

The Company has no diversification plans pursuant to Rule 805, but provides the attached list of serial responses to the data required in Rule 805A.

In the event you have any questions regarding these matters, please do not hesitate to call.

Sincerely,

Brian P. Tompsett, P.E.
Executive Vice President

Enclosures

cc: Brian Bozzo
Richard Sallquist

51030.00000.1701

JOHNSON UTILITIES, L.L.C

*5230 East Shea Boulevard * Scottsdale, Arizona 85254*
PH: (480) 998-3300; FAX: (480) 483-7908

JOHNSON UTILITIES, LLC
AACR R14-2-805A Responses.

For calendar year ending in December 31, 2006

1. Central Pinal Contracting, L.L.C.
   5230 E. Shea Blvd., Suite #200, Scottsdale, AZ 85254.
   General Contracting and Construction Services

   Specific Engineering, L.L.C.
   5230 E. Shea Blvd., Suite #220, Scottsdale, AZ 85254.
   Civil Engineering Services

   Shea Utility Services Company, Inc.
   5230 E. Shea Blvd., Suite #200, Scottsdale, AZ 85254.
   Management Services

   Utility Contracting Services, L.L.C.
   5230 E Shea Blvd., Suite #200, Scottsdale, AZ 85254
   Line Extension Agreement Services

   The Club at Oasis, L.L.C.
   5230 E Shea Blvd., Suite #200, Scottsdale, AZ 85254
   Effluent Disposal Services

   George H Johnson and Jana S. Johnson, as Co-Trustees of The George H. Johnson Revocable Trust, dated July 9, 1987
   5230 E. Shea Blvd., Suite #200, Scottsdale, AZ
   Leases Office Space

   The affiliates are related through common, but not identical, ownership and all support Johnson Utilities, L.L.C. in its operations.

2. **Shea Utility Services Company-** Contracts with Johnson Utilities for management of the day to day operations of Johnson Utilities.

   Central Pinal Contracting- Contracts with Johnson Utilities for construction of Utility plants & lines. CPC also contracts with Specific Engineering for all engineering related work on these projects.

   Specific Engineering- Contracts with Johnson Utilities for general engineering services and Central Pinal Contracting for engineering services on their projects.

JOHNSON UTILITIES, L.L.C

5230 East Shea Boulevard * Scottsdale, Arizona 85254
PH: (480) 998-3300; FAX: (480) 483-7908

Utility Contracting Services- Contracts with Johnson Utilities for negotiating Line Extension Agreements with Developers.

The Club at Oasis- Contracts with Johnson Utilities for Effluent Disposal

George H Johnson Trust- Leases Office Space to Johnson Utilities

3. Not Applicable. Johnson Utilities does not have any subsidiaries.

4. Not Applicable. Johnson Utilities does not have any subsidiaries.

5. The Affiliated Companies do not borrow money from Johnson Utilities and do not affect the capital structure of Johnson Utilities. Johnson Utilities does through the normal course of business owe the affiliated companies money for services rendered. This would not affect Johnson Utilities ability to attract capital at a fair and reasonable rate.

6. Not Applicable. There are no allocations among these entities, only cost based contracts as described herein.

7. Not Applicable. The utility has not sought, or obtained, outside capital, and has no intention of doing so.

8. There were no funds transferred between Johnson Utilities and the Affiliates. Johnson Utilities only makes payments on contracts and/or invoices for services rendered.

9. Johnson Utilities has numerous contracts for management, engineering, and construction, legal services in 2006, and are listed below and available upon request.

   Central Pinal Contracting- Numerous agreements for construction services
   Shea Utility Services- A single agreement is in place for management services
   Specific Engineering- Numerous agreements are in place for engineering services.
   Utility Contracting Services- A single agreement is in place for agreement services

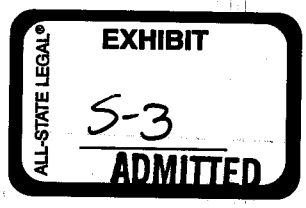
10. Not Applicable. The Utility has not purchased or sold goods between any affiliate.

JOHNSON UTILITIES, L.L.C

5230 East Shea Boulevard * Scottsdale, Arizona 85254
PH: (480) 998-3300; FAX: (480) 483-7908

11. Johnson Utilities, L.L.C. has two lease agreements with the George H. Johnson Trust. One is for the lease of the corporate office and the other is for the lease of the operations office.

1-14-04AM /



Inya Arzo ARTICLES OF ORGANIZATION
OF
12-31-03 CENTRAL PINAL CONTRACTING, L.L.C.
L-1110258-9

KNOW ALL MEN BY THESE PRESENTS:

The undersigned, for the purpose of forming a limited liability company under and pursuant to the laws of the State of Arizona, does hereby adopt these Articles of Organization:

ARTICLE I

The name of this limited liability company is CENTRAL PINAL CONTRACTING, L.L.C. OK RB

ARTICLE II

The purpose for which this limited liability company is organized is the transaction of any and all lawful business for which a limited liability company may be organized under the laws of the State of Arizona, as they may be amended from time to time.

ARTICLE III

The address of the registered office of this limited liability company is 5230 E. Shea Blvd., Suite 200, Scottsdale, Arizona 85254.

ARTICLE IV

The name and business address of the agent for service of process of this limited liability company is Gary A. Drummond, Esq., 2525 E. Arizona Biltmore Circle, Suite 117, Phoenix, Arizona 85016.

ARTICLE V

Management of this limited liability company is vested in a manager.

ARTICLE VI

The name and business address of each person who is a manager of this limited liability company and each member who owns a twenty percent (20%) or greater interest in the capital or profits of this limited liability company are:

Atlas Southwest, Inc. 5230 E. Shea Blvd., Suite 200 Scottsdale, Arizona 85254	Manager

Crisbar, L.L.C.
5230 E. Shea Blvd., Suite 200
Scottsdale, Arizona 85254

Member

ARTICLE VII

A member, manager, employee, officer or agent of this limited liability company is not liable, solely by reason of being a member, manager, employee, officer or agent, for the debts, obligations and liabilities of this limited liability company whether arising in contract or tort, under a judgment, decree or order of a court or otherwise. If Arizona law is subsequently amended to authorize further elimination or limitation of liability of members, managers, employees, officers or agents of limited liability companies, then the liability of a member, manager, employee, officer or agent of this limited liability company, in addition to the limitation on personal liability provided herein, shall be limited to the fullest extent permitted by Arizona law.

ARTICLE VIII

This limited liability company shall indemnify, to the fullest extent allowed by applicable law, any member, manager, employee, officer or agent of this limited liability company.

ARTICLE IX

The duration of this limited liability company shall be perpetual.

IN WITNESS WHEREOF, the undersigned has set his hand this 31st day of December, 2003.

ATLAS SOUTHWEST, INC., an Arizona corporation

By: _____
George H. Johnson

Its: President

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 31st day of December, 2003, by George H. Johnson, President of ATLAS SOUTHWEST, INC., an Arizona corporation.

NANCEE P. IRWIN
NOTARY PUBLIC - ARIZONA
MARICOPA COUNTY
My Commission Expires 5-20-2005

_____
Notary Public

My Commission Expires:
May 20, 2005

51030.00112.1

SALLQUIST & DRUMMOND, P.C.
ATTORNEYS AT LAW
2525 EAST ARIZONA BILTMORE CIRCLE
SUITE A-117
PHOENIX, ARIZONA 85016-2129

GARY A. DRUMMOND

PHONE (602) 224-9222
FACSIMILE (602) 224-9366
E-MAIL gary@sd-law.com

December 31, 2003

Central Pinal Contracting, L.L.C.
5230 E. Shea Boulevard, Suite 200
Scottsdale, AZ 85254

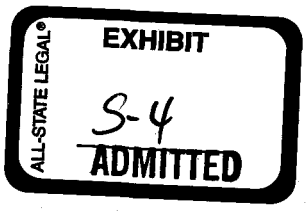
Gentlemen:

I, Gary A. Drummond, having been designated to act as statutory agent for Central Pinal Contracting, L.L.C., an Arizona limited liability company, hereby consents to act in that capacity until renewal or resignation is submitted in accordance with the Arizona Revised Statutes.

Sincerely,

Gary A. Drummond
For the Firm

51030.00112.2



AZ CORPORATION COMMISSION
FILED

APR 0 3 2008

FILE NO. L-1162589

ARTICLES OF AMENDMENT TO

THE ARTICLES OF ORGANIZATION OF

CENTRAL PINAL CONTRACTING, L.L.C.

Pursuant to the provisions of Section 29-633, Arizona Revised Statutes, undersigned limited liability company adopts the following Articles of Amendment to its Articles Organization:

I.

The name of the limited liability company is:

CENTRAL PINAL CONTRACTING, L.L.C.

II.

The initial Articles of Organization of the limited liability company were filed December 31, 2003.

III.

Article IV of the Articles of Organization is hereby amended to read as follows:

"ARTICLE IV

The name and business address of the agent for service of process of this limited liability company is Gary A. Drummond, Esq., 1430 E. Missouri Ave., Suite B-125, Phoenix, Arizona 85014-0001."

IV.

Article VI of the Articles of Organization is hereby amended to read as follows:

"ARTICLE VI

The names and business addresses of each person who is a manager of this limited liability company and each member who owns a twenty percent (20%) or greater interest in the capital or profits of this limited liability company are:

Managers:

Christopher E. Johnson
5230 E. Shea Blvd., # 200
Scottsdale, Arizona 85254

Barbara A. Johnson
5320 E. Shea Blvd., #200
Scottsdale, Arizona 85254

Member:

Christopher E. Johnson and
Barbara A. Johnson, Trustees of the
Roadrunner Trust U/T/A dated
January 1, 2007
5230 E. Shea Blvd., #200
Scottsdale, Arizona 85254

IN WITNESS WHEREOF, the foregoing amendment is executed as of the 1st of January, 2007.

CENTRAL PINAL CONTRACTI
L.L.C., an Arizona limited liability compa

By: ATLAS SOUTHWEST, INC.,
Arizona corporation
Its: Manager

By: _____
George H. Johnson
Its: President

The undersigned, having been designated to act as Statutory Agent, hereby cons to act in that capacity until removal or resignation is submitted in accordance with the Ari Revised Statutes.

_____
Gary A. Drummond, Esq.

Arizona Corporation Commission
State of Arizona Public Access System

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Corporate Inquiry

File Number: L-1110258-9 Check Corporate Status

Corp. Name: CENTRAL PINAL CONTRACTING, L.L.C.

Domestic Address

5310 E SHEA BLVD #2
SCOTTSDALE, AZ 85254

Statutory Agent Information

Agent Name: GARY A DRUMMOND

Agent Mailing/Physical Address:
1430 E MISSOURI STE B-125
PHOENIX, AZ 85014

Agent Status: APPOINTED 12/31/2003
Agent Last Updated: 04/08/2008

Additional Corporate Information

Corporation Type: DOMESTIC L.L.C.	**Business Type:**
Incorporation Date: 12/31/2003	**Corporate Life Period:** PERPETUAL
Domicile: ARIZONA	**County:** MARICOPA
Approval Date: 12/31/2003	**Original Publish Date:** 01/26/2004

Member Information

BARBARA A JOHNSON MANAGER 5320 E SHEA BLVD #200 SCOTTSDALE,AZ 85254 **Date of Taking Office:** 04/03/2008	CHRISTOPHER E JOHNSON MANAGER 5230 E SHEA BLVD #200 SCOTTSDALE,AZ 85254 **Date of Taking Office:** 04/03/2008

Last Updated: 04/08/2008	Last Updated: 04/08/2008
CHRISTOPHER/BARBARA A JOHNSON MEMBER TRUSTEES OF THE ROADRUNNER TRUST 5230 E SHEA BLVD #200 SCOTTSDALE,AZ 85254 **Date of Taking Office:** 04/03/2008 **Last Updated:** 04/08/2008	

Scanned Documents

(Click on gray button to view document - will open in a new window)

Document Number	Description	Date Received
00862704	PUB OF ARTICLES OF ORGANIZATION	01/26/2004
00866933	PUB FILM ONLY	02/02/2004
01506485	AMENDMENT	04/03/2008
02709129	CHANGE(S)	03/04/2009

Back To Top

Amendments

Amendment Date	Amendment Type	Publish Date	Publish Exception
04/03/2008	AMENDMENT		WAIVE

Back To Top

Microfilm

Location	Date Received	Description
11631018009	12/31/2003	ARTICLES OF ORGANIZATION
31782002587	01/26/2004	PUB OF ARTICLES OF ORGANIZATION
31784002326	02/02/2004	PUB FILM ONLY

Back To Top

- **Corporate Name Search Instructions**
- **General Web Site Usage Instructions**
- **Return to STARPAS Main Menu**

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APPR. M. Morey - Gentile
TERM
DATE 3-26-04

OK 4-6-4

EXHIBIT
S-5
ADMITTED
ALL-STATE LEGAL®

ARTICLES OF ORGANIZATION
OF
SPECIFIC ENGINEERING, L.L.C.

L- 1124919-0

KNOW ALL MEN BY THESE PRESENTS:

The undersigned, for the purpose of forming a limited liability company under and pursuant to the laws of the State of Arizona, does hereby adopt these Articles of Organization:

ARTICLE I

The name of this limited liability company is SPECIFIC ENGINEERING, L.L.C.

ARTICLE II

The purpose for which this limited liability company is organized is the transaction of any and all lawful business for which a limited liability company may be organized under the laws of the State of Arizona, as they may be amended from time to time.

ARTICLE III

The address of the registered office of this limited liability company is 5230 E. Shea Blvd., Suite 200, Scottsdale, Arizona 85254.

ARTICLE IV

The name and business address of the agent for service of process of this limited liability company is Gary A. Drummond, Esq., 2525 E. Arizona Biltmore Circle, Suite 117, Phoenix, Arizona 85016.

ARTICLE V

Management of this limited liability company is vested in a manager.

ARTICLE VI

The name and business address of each person who is a manager of this limited liability company and each member who owns a twenty percent (20%) or greater interest in the capital or profits of this limited liability company are:

Atlas Southwest, Inc.
5230 E. Shea Blvd., Suite 200
Scottsdale, Arizona 85254

Manager

Atlas Southwest, Inc.
5230 E. Shea Blvd., Suite 200
Scottsdale, Arizona 85254

Member

ARTICLE VII

A member, manager, employee, officer or agent of this limited liability company is not liable, solely by reason of being a member, manager, employee, officer or agent, for the debts, obligations and liabilities of this limited liability company whether arising in contract or tort, under a judgment, decree or order of a court or otherwise. If Arizona law is subsequently amended to authorize further elimination or limitation of liability of members, managers, employees, officers or agents of limited liability companies, then the liability of a member, manager, employee, officer or agent of this limited liability company, in addition to the limitation on personal liability provided herein, shall be limited to the fullest extent permitted by Arizona law.

ARTICLE VIII

This limited liability company shall indemnify, to the fullest extent allowed by applicable law, any member, manager, employee, officer or agent of this limited liability company.

ARTICLE IX

The duration of this limited liability company shall be perpetual.

IN WITNESS WHEREOF, the undersigned has set his hand this 26th day of March, 2004.

ATLAS SOUTHWEST, INC., an Arizona corporation

By: _____
George H. Johnson

Its: President

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 26th day of March, 2004, by George H. Johnson, President of ATLAS SOUTHWEST, INC., an Arizona corporation.

_____
Notary Public

My Commission Expires:
May 20, 2005

51070.0021.1

SALLQUIST & DRUMMOND, P.C.
ATTORNEYS AT LAW
2525 EAST ARIZONA BILTMORE CIRCLE
SUITE A-117
PHOENIX, ARIZONA 85016-2129

GARY A. DRUMMOND

PHONE (602) 224-9222
FACSIMILE (602) 224-9366
E-MAIL gary@sd-law.com

March 26, 2004

Specific Engineering, L.L.C.
5230 E. Shea Boulevard, Suite 200
Scottsdale, AZ 85254

Gentlemen:

I, Gary A. Drummond, having been designated to act as statutory agent for Specific Engineering, L.L.C., an Arizona limited liability company, hereby consents to act in that capacity until renewal or resignation is submitted in accordance with the Arizona Revised Statutes.

Sincerely,

Gary A. Drummond
For the Firm

51030.00121.2

Arizona Corporation Commission
State of Arizona Public Access System

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EXHIBIT S-6 ADMITTED

Corporate Inquiry

File Number: L-1124919-0 Check Corporate Status

Corp. Name: SPECIFIC ENGINEERING, L.L.C.

Domestic Address

5310 E SHEA BLVD #2
SCOTTSDALE, AZ 85254

Statutory Agent Information

Agent Name: GARY A DRUMMOND

Agent Mailing/Physical Address:
1430 E MISSOURI AVE
STE B125
PHOENIX, AZ 85014

Agent Status: APPOINTED 03/26/2004
Agent Last Updated: 04/04/2008

Additional Corporate Information

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Incorporation Date: 03/26/2004	**Corporate Life Period:** PERPETUAL
Domicile: ARIZONA	**County:** MARICOPA
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Member Information

CHRISTOPHER E JOHNSON MANAGER 5230 E SHEA BLVD #200 SCOTTSDALE,AZ 85254 **Date of Taking Office:** 03/28/2008 **Last Updated:** 04/04/2008	BARBARA A JOHNSON MANAGER 5230 E SHEA BLVD #200 SCOTTSDALE,AZ 85254 **Date of Taking Office:** 03/28/2008 **Last Updated:** 04/04/2008
BARBARA A JOHNSON TRUSTEE	CHRISTOPHER E JOHNSON TRUSTEE

MEMBER OF THE ROADRUNNER TRUST 5230 E SHEA BLVD #200 SCOTTSDALE,AZ 85254 **Date of Taking Office:** 03/28/2008 **Last Updated:** 04/04/2008	MEMBER OF THE ROADRUNNER TRUST 5230 E SHEA BLVD #200 SCOTTSDALE,AZ 85254 **Date of Taking Office:** 03/28/2008 **Last Updated:** 04/04/2008

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Back To Top

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Back To Top

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Back To Top

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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission
DOCKETED
SEP 30 2005
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COMMISSIONERS

JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES

IN THE MATTER OF THE APPLICATION OF CHAPARRAL CITY WATER COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.

DOCKET NO. W-02113A-04-0616

DECISION NO. 68176

OPINION AND ORDER

DATE OF PRE-HEARING CONFERENCE: May 26, 2005

DATE OF HEARING: May 31, June 1, June 6 and June 8, 2005

PLACE OF HEARING: Phoenix, Arizona

ADMINISTRATIVE LAW JUDGE: Teena Wolfe

IN ATTENDANCE: Kristen K. Mayes, Commissioner

APPEARANCES: Norman D. James and Jay L. Shapiro, FENNEMORE CRAIG, on behalf of Chaparral City Water Company;

Daniel Pozefsky, on behalf of the Residential Utility Consumer Office; and

David Ronald, Staff Attorney, Legal Division, on behalf of the Utilities Division of the Arizona Corporation Commission.

BY THE COMMISSION:

I. INTRODUCTION

A. Procedural History

On August 24, 2004, Chaparral City Water Company ("Chaparral City" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for a determination of the current fair value of its utility plant and property and for increases in its rates and charges for utility

TABLE OF CONTENTS

I. **INTRODUCTION** 1
- A. Procedural History 1
- B. Rate Application 2

II. **RATE BASE** 3
- A. Plant in Service 3
  - 1. Shea Water Treatment Plant Expansion 4
  - 2. Fountain Hills Boulevard Main 6
  - 3. CAP Hook-Up Fees 7
  - 4. Reclassification of Expenses to Plant in Service 8
- B. Accumulated Depreciation 8

III. **ORIGINAL COST RATE BASE** 9

IV. **RECONSTRUCTION COST NEW RATE BASE** 9

V. **FAIR VALUE RATE BASE** 9

VI. **OPERATING INCOME** 9
- A. Expenses 9
  - 1. Expense Normalization 10
  - 2. Legal Expense Related to Purchase from MCO 11
  - 3. Tank Inspection and Cleaning Expense 11
  - 4. Wages and Salaries Expense 12
  - 5. Purchased Power Expense 13
  - 6. Property Tax Expense 13
  - 7. Depreciation Expense 15
- B. Statement of Operating Income 16

VII. **COST OF CAPITAL** 16
- A. Capital Structure and Cost of Debt 16
  - 1. Capital Structure 16
  - 2. Cost of Debt 16
- B. Cost of Equity 17
  - 1. Chaparral City 17
  - 2. Staff 21
  - 3. RUCO 24
  - 4. Conclusion 25
- C. Cost of Capital Summary 26

VIII. **RATE OF RETURN** 26

IX. **AUTHORIZED INCREASE/DECREASE** 28

X. **RATE DESIGN** 28

XI. **OTHER ISSUES** 31
- A. Automatic Adjustment Mechanism 31
- B. Depreciation Rates 34
- C. Cross Connection Backflow Tariff 35
- D. Water Service Curtailment Tariff 35
- E. Non-Account Water 36
- F. Arsenic Issues 36

XII. **FINDINGS OF FACT** 37

XIII. **CONCLUSIONS OF LAW** 41

XIV. **ORDER** 41

service based thereon.

On September 14, 2004, the Residential Utility Consumer Office ("RUCO") filed an Application to Intervene, which was granted.

On September 23, 2004, the Commission's Utilities Division Staff ("Staff") filed a letter stating that the Company's application met the sufficiency requirements set forth in A.A.C. R14-2-103, and classifying the Company as a Class A utility.

On September 28, 2005, a Rate Case Procedural Order was issued setting a hearing date and setting procedural deadlines for public notice, intervention, discovery, and for prefiling direct, rebuttal, surrebuttal and rejoinder testimony.

On February 15, 2005, the Company filed a Notice of Publication certifying that public notice was published in *The Fountain Hills Times* on January 26, 2005. Public notice of the application and hearing was also mailed to each of the Company's customers in their January 2005 bills. Written public comments in opposition to the rate increase were received as set forth herein. Aside from RUCO, no other party requested intervention.

A hearing was held as scheduled before a duly authorized Administrative Law Judge of the Commission, commencing on May 31, 2005 and continuing on June 1, June 6 and June 8, 2005. Public comment was taken at the commencement of the hearing. The Company, RUCO, and Staff appeared and presented evidence at the hearing. Following the filing of closing briefs on July 6, 2005, and reply briefs on July 20, 2005, the matter was taken under advisement pending the submission of a Recommended Opinion and Order to the Commission. On July 28, 2005, the Company filed a Request for Official Notice of Rate Increases Requested by Arizona Public Service Company and Salt River Project.

B. <u>Rate Application</u>

Chaparral City is an Arizona corporation wholly owned by American States Water Company

("American States"), which is publicly traded on the New York Stock Exchange. American States' primary operating subsidiary is Southern California Water Company. In October 2000, as approved by this Commission in Decision No. 62909 (September 18, 2000), American States purchased Chaparral City's stock from MCO Properties, Inc. ("MCO"), the real estate developer that owned and operated the Company. Chaparral City provides water utility service to approximately 12,000 customers located in the northeastern portion of the Phoenix metropolitan area, including the Town of Fountain Hills and a small portion of the City of Scottsdale. The majority of the Company's approximately 11,340 residential customers during the test year were served by ¾-inch meters, but approximately 3,000 residential customers have larger meters. During the test year, the Company also provided service to over 300 commercial customers and over 400 irrigation customers.

The application is based on a test year ended December 31, 2003. The Company is requesting an increase in revenues of $1,773,091, or 28.59 percent, for a total revenue requirement of $7,795,935. This revenue requirement is lower than that requested in the application due to the Company's adoption of a number of adjustments recommended by Staff and RUCO, and other adjustments the Company made. RUCO is recommending an increase in revenues of $603,988, or 9.74 percent, for a total revenue requirement of $6,803,753. Staff is recommending a revenue increase of $809,692, or 13.05 percent, for a total revenue requirement of $7,012,536. Based on adjustments to the Company's filing as set forth herein, we authorize an increase in revenues of $1,107,620, an increase of 17.86 percent, for a total revenue requirement of $7,310,464.

II. RATE BASE

A. Plant in Service

The Company is proposing a total of $42,538,338 for plant in service relating to its Original Cost Rate Base ("OCRB") (Bourassa Rj. Sched. B-1). Of that amount, $ 2,979,239 represents plant additions placed in service after the test year: $2,038,443 for the expansion of its Shea Water

Treatment Plant ("Shea WTP"), and $940,979 related to the Fountain Hills Boulevard transmission main (Bourassa Rb. Sched. B-2).

1. Shea Water Treatment Plant Expansion

The Company is requesting rate base treatment of $2,038,442 for the Shea WTP expansion. The expansion was begun in 2003 and brought on line in March 2004. The Company has two facilities that are used to treat its CAP water allocation. The Company's original treatment facility is a package plant with a current treatment capacity of about 3 million gallons per day ("gpd"). The Shea WTP consists of three separate treatment modules, each module having a treatment capacity of 5 million gpd. The first module was brought on line in 1996, and the expansion includes the final two treatment modules. The Company had planned to bring these modules on line before the end of the 2003 test year but was delayed in obtaining final regulatory approvals. The Company argues on brief that prior to its acquisition of the Chaparral City system, the prior owner had ignored growth and that as a result, the Company lacked sufficient operational flexibility in its water treatment facilities to perform routine repairs and maintenance or address emergencies. From the years 1995 through 2001, no additional treatment capacity was constructed, despite the fact that the Company added over 4,400 customers, for an average growth rate of ten percent per year (Hanford Rj. at 2, citing Scott Dt., Exhibit MSJ at 13). During the test year, the Company's peak demand exceeded 10 million gpd but it could treat only 8 million gpd of CAP water (Tr. at 63).

RUCO does not oppose the inclusion of the Shea WTP in rate base. According to RUCO's witness, the full Shea WTP capacity was required for water provisioning to the test year customer base, and the Company's construction costs were known and measurable, and paid, during the test year (Moore Dt. at 12). RUCO is recommending that the total actual cost of $2,038,443 be allowed in rate base as post-test year plant (*Id.*).

Staff disagrees with the Company and RUCO, arguing that the Shea WTP is not revenue

neutral as it was not needed during the test year (Moe Dt. at 10), and is recommending its exclusion from test year plant in service. Staff asserts that because the Shea WTP expansion increases treatment capacity, increased revenues from water sales are possible, and that no corresponding increase in test year revenues was made to account for this possibility; that the Company was able to meet peak demand in the test year using groundwater as a supplement to its CAP allocation; and that the Company will benefit more than the ratepayers from the additional protection against outages that the increased treatment capacity will provide. However, it appears that if the expansion had been placed in service during the test year, just three months earlier, Staff would have allowed it in rate base (*see* Bourassa Rj. at Exhibit TJB-2, Staff Data Response 3-17).

As Staff argued on brief in support of its recommendation to include the post-test year Fountain Hills Boulevard transmission main in rate base, inclusion of post-test year plant always causes some mismatch between revenues and expenses, even if post-test year plant is revenue neutral, used and useful, and the value of the additions is known (*see* Staff Cl. Br. at 2-3). Therefore, even though quantification of the inevitable mismatch may not be possible, the significance of the mismatch requires careful consideration (*see id.*). Given that ninety percent of the Company's water supply comes from CAP water, which must be treated before it can be delivered to customers for potable purposes, the ability of the Company to reliably treat its test year CAP water supply is an important factor that weighs heavily in our consideration of whether to include the Shea WTP expansion in rate base. We find that the weight of the evidence in this proceeding supports the Company's assertion that the Shea WTP expansion, which the Company paid for during the test year, and has been used and useful since March of 2004, allows the Company to reliably meet test year peak demands during the summer months with CAP water, which is a renewable resource we wish to encourage, while retaining the ability to take individual modules off line for repairs and to meet emergency needs. We find credible the Company's assertion that prior to the Shea WTP expansion,

the Company had been operating with minimal flexibility for routine maintenance and repairs and had no operating safety margin in the event of a need to shut down some of its treatment facilities. These factors support, in this particular case, treating the Shea WTP expansion, which was paid for during the test year and placed in service within three months following the test year, as if it were actually in service at the end of the test year. We will therefore adopt RUCO's recommendation that the total actual cost of $2,038,443 associated with the Shea WTP be allowed in rate base.

2. Fountain Hills Boulevard Main

The Company also requests inclusion of $940,797 in rate base for the Company's share of the cost of installing the Fountain Hills Boulevard main. The Fountain Hills Boulevard main is a 16-inch water transmission main approximately two miles in length, that was placed in service in November 2004. Because a portion of this main was constructed in connection with new development, part of its cost was paid by the developer.

RUCO objects to including the full amount of the Company's cost associated with the main in rate base. RUCO claims that installation of the main results in operating expense savings due to reduced pumping costs, and that the Company's request does not account for the purported savings (RUCO Cl. Br. at 5-6). RUCO did not calculate the savings it alleges, arguing that the burden is on the Company to establish the plant value, taking into account both the cost and the savings (*Id.*, fn 4).

Staff recommends that the Fountain Hills Boulevard main be included in rate base. Staff states that the main addition provides operational flexibility and improved service to customers (Scott Dt., Exhibit MSJ at 7); that it will assist in providing CAP water flow to blend with the Company's Well Number 10 groundwater source in order to reduce the arsenic concentration in water from that well (*Id.*); and that any revenues that would potentially come from the transmission line would be incidental (Moe Dt. at 10). Staff's engineering witness testified that there are no pumping cost savings associated with the new main, because its installation does not result in changes in the way

the system is operated (Tr. at 635-638).

The Fountain Hills Boulevard transmission main has been used and useful since November 2004, providing operational flexibility and improved service to customers. The weight of the evidence does not demonstrate a reduction in operating costs attributable to its operation that would necessitate a reduction in its cost. Based on the evidence presented, we find that the Company's cost associated with the Fountain Hills Boulevard transmission main, $940,797, should be included in rate base.

3. CAP Hook-Up Fees

In the Company's last rate case, Decision No. 57395 (May 23, 1991), the Commission ordered that a portion of the revenue requirement determined in that case be recovered by means of hook-up fees from new customers due to the unique circumstance that the required revenue increase was due primarily to CAP facilities coming on line (*see* pages 4-5 of Decision No. 57395). In its current application, the Company proposes that the entirety of its revenue requirement be recovered in accordance with traditional rate making principles, through customers' rates. Chaparral City made an accounting adjustment to remove $220,000 in test year hook-up fees from test year revenues (Kozoman Dt. Sched. H-1). All the parties to this case are in agreement that the hook-up fees should no longer be treated as revenues.

RUCO proposes that an adjustment also be made to increase test year contributions-in-aid of construction ("CIAC") by $220,000, the amount of test year hook-up fees, which would reduce the Company's rate base by $220,000. RUCO argues that this adjustment is necessary in order to recognize that hook-up fees financed $220,000 of plant during the test year. The Company objects to this adjustment, because it does not include a corresponding $220,000 adjustment to the asset side of the balance sheet.

RUCO's proposal assumes that the $220,000 collected during the test year as hook-up fees

was used to pay for plant additions. In most circumstances, such an assumption would be correct, because this Commission normally limits the use of hook-up fees to the installation of utility plant. However, as described by the Company's witness (Tr. at 829-832), Decision No. 57395 did not limit the use of the authorized "hook-up fees" to plant investment, but clearly intended that the "hook-up fees" be treated as operating revenues (Decision No. 57395 at 5-6). The $220,000 represents test year revenue and not plant additions. RUCO's proposed adjustment is therefore unnecessary and will not be adopted.

The Company does not have an approved hook-up fee tariff on file at this time. We will require the Company to file a hook-up fee tariff, and to obtain Commission approval of the tariff prior to collecting any hook-up fees on a going-forward basis.

4. Reclassification of Expenses to Plant in Service

RUCO recommends the removal of $5,686 of repairs and maintenance expense associated with water treatment plant. The Company proposes that the expense be reclassified as water treatment plant and Staff agrees. This proposal is reasonable and will be adopted.

Staff recommends that $26,850 from outside services expense be reclassified to meters and pumping equipment. The Company agrees with this recommendation, which is reasonable and will be adopted.

B. <u>Accumulated Depreciation</u>

The Company proposes an adjustment to decrease accumulated depreciation by $11,421, in order to correct for an error in the Company's filing (Co. Rb. Sched. B-2 at 3). Staff proposed additional adjustments to accumulated depreciation associated with the reclassification of expenses to plant in service discussed above, and with the removal of vehicles from plant in service as agreed to by the Company. These adjustments are reasonable and will be adopted, for total accumulated depreciation of $11,980,749.

III. ORIGINAL COST RATE BASE

With the adjustments discussed above, test year plant in service is $42,539,165, and deducting accumulated depreciation results in net plant in service of $30,558,416. As proposed by the Company, test year net CIAC is $258,143, advances in aid of construction ("AIAC") is $10,327,171, customer deposits are $1,070,331, and deferred income tax credits are $1,872,006. Deducting these items from net plant in service results in an adjusted original cost rate base ("OCRB") for ratemaking purposes of $17,030,765.

IV. RECONSTRUCTION COST NEW RATE BASE

Chaparral City submitted schedules reflecting both an OCRB and an estimated reconstruction cost new less depreciation ("RCND") rate base. Staff reviewed the Company's RCN study and agreed with the Company's plant in service values (Scott Dt., Exhibit MSJ at 6). The adjustments discussed above and reflected in our determination of OCRB are equally applicable to the Company's proposed RCND. Based on the foregoing discussion, we therefore adopt an adjusted RCND for ratemaking purposes of $23,649,830.

V. FAIR VALUE RATE BASE

Chaparral City is proposing a FVRB based on the average of its OCRB and RCND. Staff also utilized this approach. RUCO recommends a FVRB equal to its OCRB. We find that the average of the adjusted OCRB and RCND provides a reasonable measurement of the current value of the Company's property dedicated to public service. Based upon a 50/50 weighting of the OCRB and RCND, we find Chaparral City's FVRB at December 31, 2003 to be $20,340,298. The rate of return to be applied to FVRB is discussed in Section VIII below.

VI. OPERATING INCOME

A. Expenses

Several adjustments to operating expenses that Staff and RUCO proposed were either agreed

to by the Company prior to the hearing or were not addressed on brief by the Company.[1] We find those proposed adjustments to be reasonable and they will be adopted. Remaining contested operating expense issues are addressed below.

1. Expense Normalization

Staff proposes normalization adjustments in several accounts in which Staff believes test year expenses were not representative of a normal year. The expense accounts to which Staff proposes normalization adjustments are office expenses, outside services, transportation expenses, and miscellaneous expenses. Staff asserts that while operating expenses normally remain fairly stable from year to year, a ratio analysis reveals that the test year expenses in these accounts show a dramatic change from prior years and are not reflective of normal expense levels (Tr. at 731; Moe Sb. at 6). Due to the significant fluctuation in expenses in these accounts, Staff recommends that the actual 2003 test year expense amounts in these accounts be normalized by averaging them with the actual expense amounts incurred in the years 2001 and 2002, in order to mitigate any extenuating circumstances leading to the test year expense levels (Moe Dt. at 14-18; Tr. at 815-16).

Chaparral City advocates for the use of actual test year expenses. The Company claims that Staff's normalization adjustment is not based on known and measurable changes in expenses, and asserts that the averages will produce unrealistic results on a going forward basis (Bourassa Rb. at 33). The Company asserts that 2001 and 2002 expense levels do not reflect current operating expense levels because it took until 2003 for the Company to get its operations up to the current level of system reliability after acquiring the system from MCO in late 2000 (Hanford Rj. at 7-8).

Test year expenses are used to estimate the level of expense that a Company will experience during the period that rates will be in effect. Normalization of expenses is an appropriate ratemaking tool that insures that unusual levels of expense in a test year do not skew expense recovery, and is

[1]The parties were informed that issues not briefed would be assumed waived. *See* Transcript of Pre-hearing Conference at 11.

used not only in cases where test year expenses are abnormally high, but also in cases where test year expenses are abnormally low. In this case, the evidence presented shows test year expenses in these four accounts to be abnormally high. The 2001 and 2002 expense levels in these accounts are known and measurable. Averaging these known and measurable amounts with the unusually high 2003 test year levels recognize the "across the board increase in expenses" the Company claims has occurred, while producing a realistic estimate of reasonable expenses in these accounts on a going-forward basis. Chaparral City argues that use of year 2004 expenses would have illustrated whether the 2003 expense levels were unusual, or reflect operating expense levels on a going forward basis (Co. Br. at 19). However, because the Company did not provide a comparison of 2004 expenses to test year expenses (Tr. at 732), its argument is speculative. Based on the record evidence, we find it appropriate to normalize the test year level of expenses in these four accounts. Staff's recommendation is reasonable and will be adopted.

2. Legal Expense Related to Purchase from MCO

RUCO recommends that the legal expenses associated with the purchase of the Company from MCO be disallowed from test year outside services expenses because they were unique and not a typical or recurring expense. Chaparral City concedes that the same legal matters resulting in expense during the test year may not reoccur, but that the test year reflects a level of annual legal expenses that a utility of the Company's size is likely to incur in the future (Bourassa Rb. at 35-36; Bourassa Rj. at 22). The legal expenses in question are included in outside services expense, which will be normalized, as discussed above. We find that the normalization of test year outside services expense addresses this issue appropriately and that no further adjustment is necessary.

3. Tank Inspection and Cleaning Expense

The Company proposes to remove operating expenses of $35,400 incurred during the test year for tank inspection and cleaning, and to instead amortize and recover those costs over five years at

approximately $7,080 per year (Bourassa Rb. at 31; Rb. Scheds. B-2 at 5 and C-2 at 8). The Company's witness testified that the inspection and cleaning may not be an annual recurring expense, but that it is a prudent and necessary expense incurred in the provision of water services (Bourassa Rb. at 31). RUCO recommends that these costs be disallowed, because they were already recovered through 2003 operating expenses, and the next inspection has not been scheduled (Moore Sb. at 16-17). Staff asserts that its expense normalization adjustment addresses this issue, and recommends that the Company's proposed adjustment not be adopted. We concur with Staff that its normalization adjustment to outside services expense appropriately addresses the issue. Both the disallowance proposed by RUCO and the Company's proposal to amortize this particular expense are therefore unnecessary.

4. Wages and Salaries Expense

The Company, Staff and RUCO proposed that a portion of the Company's wages and salaries expense be capitalized. The capitalization rate for 2003 was 17.46 percent and the 2004 capitalization rate was 17.31 percent (Bourassa Rb. at 30). The Company and Staff both propose the use of the 2004 capitalization rates, which are known and are the most current rates (*Id.*, Bourassa Rj. at 19; Moe Sb. at 14), which results in proposed wages and salaries expense of $991,217. In arriving at its lower recommended wages and salaries expense of $877,231, RUCO uses the capitalization rate that the Company originally provided to it, and does not accept the corrected capitalization rate the Company later provided. (Moore Sb. at 13). The Company asserts that it originally erroneously provided RUCO the Company's payroll system coded default percentages, and not its actual capitalization rate (Bourassa Rb. at 30, Rj. at 19). We agree with the Company and Staff's use of the 2004 capitalization rate of 17.31 percent, as it reflects known and most current rates, and will adopt their recommended wages and salaries expense of $991,217.

5. Purchased Power Expense

The Company proposes that purchased power expense should be adjusted to take into account recent rate increases of Salt River Project ("SRP") and Arizona Public Service Company ("APS") (Bourassa Rj. at 17). Staff agrees with this adjustment (Moe Sb. at 16). RUCO opposes this adjustment claiming that the increases in power rates are too far outside the test year (Moore Sb. at 11). The SRP and APS rate increases are known and measurable expenses. The adjustment proposed by the Company and Staff is appropriate and will be adopted, for total purchased power expense of $510,947.

6. Property Tax Expense

The Arizona Department of Revenue ("ADOR") determines the value of utility property for tax purposes using a formula that is based on the utility's historical revenues. The Company and Staff propose to follow recent Commission Decisions[2] to use adjusted test-year revenues in the application of the ADOR formula in order to determine allowed property tax expense (Bourassa Rj. at 16; Moe Dt. at 19). RUCO continues to disagree with the Commission's use of adjusted test year revenues in the application of the ADOR formula for estimating property tax expense for ratemaking purposes, and argues that only historical revenues should be used.

In an attempt to support its argument, RUCO compared the results of its methodology, using the Company's historical revenues for the years 2001, 2002 and 2003, with the results of the Commission's methodology, using the Company's historical revenues and adjusted test year revenues, in order to predict the property taxes assessed by ADOR in 2004 (*see* Hearing Exhibit R-2), and asserts that because its methodology more accurately predicted the actual 2004 tax assessment,

[2] *E.g., Rio Rico Utilities,* Decision No. 67279 (October 5, 2004) (finding that use of only historic revenues understates the expense level); *Arizona Water Company,* Decision No. 64282 (December 28, 2001) (accepting Arizona Water Company's property tax calculation, which included proposed revenues); *Bella Vista Water Company,* Decision No. 65350 (November 1, 2002) (concluding that "the most logical approach is to use the two most recent historic years' revenues, and the projected revenues under the newly approved rates"); *Arizona American Water Company,* Decision No. 67093 (June 30, 2004).

that the Commission should adopt its approach (RUCO Br. at 8-9). We do not agree. Exhibit R-2 does not, and cannot, include a comparison of results of RUCO's backward-looking methodology with results of the Commission's approach for any years beyond 2004, because the actual assessments for the years following 2004 are unknown. What is known is that any revenue increase approved in this proceeding will increase the Company's property taxes, barring the occurrence of very extraordinary circumstances. ADOR will never again use the inputs of revenues for the years 2001, 2002 and 2003, the years RUCO advocates using in this proceeding, to determine property tax levels for Chaparral City. RUCO's calculation methodology, which uses only historical revenues, unfairly and unreasonably understates property tax expense, and is therefore inappropriate for ratemaking purposes.

As we have repeatedly found, the input of known revenue increases is necessary in order to fairly estimate property tax expense for ratemaking purposes. RUCO has not demonstrated in this proceeding a basis for departure from our prior determinations on this issue.[3] We will therefore adopt the recommendations of the Company and Staff to follow recent Commission Decisions to use adjusted test year revenues in determining property tax expense.

The legislature recently enacted Arizona House Bill 2779, which will gradually lower the assessment ratio for Class 1 properties, such as utility property, from 25 percent to 20 percent over a ten year period, by means of a reduction in the assessment ratio of ½ percent a year. Assessment ratios are applied to full cash value to derive an assessed value on which property tax is applied (Tr. at 643). Although the new assessment ratios are known, their actual effect on the amount of property taxes assessed in the future is unknown, because unlike the assessment ratios which are set by the legislature, actual property tax rates are set by counties and other governmental entities (Tr. at 643, 645). As requested, the parties introduced schedules at the hearing that estimate the impact of HB

[3] RUCO has not appealed prior Commission Decisions rejecting its proposed methodology.

2779 on the Company's property tax expense level (*see* Hearing Exhibits A-26, R-8, S-15). The schedules show that even if property tax rates were to remain constant, the effect of calculating HB 2779's lower assessment ratios into property tax estimates would have a de minimus effect on rates in this case (*see* Tr. at 596; 644). No party recommended that its property tax calculation be amended.

Based on the revenue requirement we adopt herein, and utilizing the methodology adopted by the Commission in our prior Decisions for the reasons set forth herein, an allowance will be made for property tax expense in the amount of $299,495.

7. Depreciation Expense

The Company's application showed test year depreciation expense of $920,648. The Company did not perform a depreciation study, but chose instead to base its depreciation rates on Staff's developed typical and customary depreciation rates (Bourassa Rb at 2, Rj. at 17). Based on its proposed plant in service amounts, the Company proposed test year adjusted depreciation expense of $1,432,828 (Bourassa Rj. Sched. C-1, p. 1). Staff accepted the Company's use of Staff's developed typical and customary depreciation rates to calculate its proposed test year adjusted depreciation expense of $1,365,295, based on its proposed plant in service (Moe Sb. Sched. JRM-24). RUCO disagrees with the use of Staff's developed typical and customary depreciation rates and proposes the use of a different set of depreciation rates instead, as discussed in Section XI hereinbelow. Using its proposed depreciation rates, RUCO proposed test year adjusted depreciation expense of $1,113,339, based on its proposed plant in service amounts (Moore Dt. Sched. RLM-10, p. 1 of 2). Applying RUCO's proposed depreciation rates to the plant in service amounts approved herein would result in test year adjusted depreciation expense of approximately $1,139,194. Consistent with our discussion of appropriate depreciation rates in Section XI hereinbelow, we adopt test year adjusted depreciation expense of $1,432,828, based on the plant in service amounts authorized herein and using the depreciation rates proposed by the Company and Staff.

B. Statement of Operating Income

The Company's adjusted test year operating revenues, as agreed by the parties, were $6,202,844. In accordance with the discussion above, the Company's adjusted test year operating expenses for ratemaking purposes total $5,588,597, for an adjusted test year operating income of $614,247.

VII. COST OF CAPITAL

Chaparral City, Staff and RUCO presented cost of capital analyses for purposes of determining a fair value rate of return in this proceeding. The cost of equity proposed by Chaparral City's witness, Dr. Thomas Zepp, translates to a recommended overall weighted average cost of capital of 8.2 percent if its requested automatic adjustment mechanisms for purchased water and purchased power costs are approved, and 8.6 percent if they are not approved. Staff is recommending, based on the analysis of Staff witness Alejandro Ramirez, a weighted average cost of capital of 7.6 percent. Based on the analysis of its witness William Rigsby, RUCO believes the Commission should adopt RUCO's recommended 7.66 percent weighted average cost of capital.

A. Capital Structure and Cost of Debt

1. Capital Structure

The parties are in agreement that the Company's capital structure as of December 31, 2003 should be used to determine the Company's weighted cost of capital, as follows:

Long Term Debt	$ 8,363,309	41.27%
Common Equity	11,901,727	58.73%
Total Capital	$ 20,265,036	100.00%

2. Cost of Debt

The parties also agree that the Company's cost of long term debt is 5.1 percent, which results in a weighted cost of debt of 2.11 percent.

B. Cost of Equity

Although the cost of debt can be determined from fixed cost rates, the cost assigned to the equity component of the capital structure can only be estimated. The cost of equity recommendations advocated by the parties are: Chaparral City, 10.4 percent if its requested automatic adjustment mechanisms for purchased water and purchased power costs are approved, and 11.0 percent if they are not approved; RUCO, 9.45 percent; and Staff, 9.3 percent.

1. Chaparral City

Chaparral City's witness, Dr. Zepp, prepared estimates of the cost of equity based on the discounted cash flow ("DCF") model used by the Federal Energy Regulatory Commission ("FERC") and the risk premium method used by the staff of the California Public Utility Commission ("CPUC staff"). The DCF method of estimating the cost of capital is based on the theory that the present value of a stock is equal to the present value of all expected future dividends or cash flows. The constant growth DCF model assumes that a company will grow at the same rate indefinitely, while the non-constant growth DCF model does not assume that dividends grow at a constant rate over time. The constant-growth DCF formula includes three variables used to estimate the cost of equity: 1) the expected annual dividend; 2) the current stock price; and 3) the expected infinite annual growth rate of dividends ("dividend growth rate"). The constant-growth DCF model calculates a dividend yield by dividing the expected annual dividend by the current stock price, and then adds the resulting dividend yield to the expected infinite annual growth rate of dividends. The Company prefers FERC's constant growth DCF method to the constant growth DCF method used by Commission Staff, because the FERC's method eliminates from consideration any individual utility equity cost estimate that is not at least forty basis points above the cost of investment grade bonds (Zepp Dt. at 24, 30). The Company argues that Staff's constant growth methodology, which does not reject such estimates, lowers Staff's average growth inputs for the model and its resulting equity cost estimate

(Zepp Rj. at 10-13). The Company also advocates use of the risk premium method used by the CPUC staff to estimate the cost of equity instead of the capital asset pricing model ("CAPM") used by Commission Staff, because the CPUC staff's risk premium approach estimates the risk premium by comparing authorized and actual returns on equity ("ROE") with the current yield of investment grade bonds or other debt instruments (Zepp Dt. at 4-5 and 33-34). Using these methods, Dr. Zepp presented updated equity cost estimates in his rejoinder testimony that range from 10.4 percent to 10.9 percent based on the six publicly-traded water utilities included in the sample group.[4] Using the CPUC staff's risk premium approach and interest forecasts, rather than current interest rates, the Company estimated the cost of equity for the water utility sample at 10.5 percent to 10.7 percent (Zepp Rj. at 7-8 and Rejoinder Table 6). Dr. Zepp's analysis included a study of authorized ROEs for the sample group of water utilities, which range from 9.7 percent to 12.7 percent, for an average 10.4 percent, and looked at the returns on equity actually being earned by those water utilities, which averaged 10.0 percent. Dr. Zepp also cited *Value Line*, a source of financial data to which all the parties referred in their analyses, for *Value Line's* projections of returns on common equity of 11.0 percent, 11.5 percent and 12.0 percent for 2005, 2006 and 2008-2010, respectively, for the water utility industry. Dr. Zepp claims that these measures of the cost of equity indicate an equity cost of greater than 10.0 percent for the sample utilities and, he asserts, a higher equity return for Chaparral City, based on his belief that the Company is more risky.

The Company is critical of Staff's implementation of the DCF model, because instead of relying solely on forward-looking estimates of growth, Staff gives a 50 percent weight to historic growth data from 1994-2003, which results in a lower dividend growth rate and a lower equity cost

[4] The Company and Staff used the same six publicly-traded water utilities as proxies in their analyses: American States Water (Chaparral City's parent), Aqua America, California Water Service, Connecticut Water Services, Middlesex Water Company and SJW Corp. RUCO used the three largest publicly-traded water utilities in this group in its analysis: American States Water, Aqua America and California Water Service. These companies represent the water utilities that are currently analyzed by the *The Value Line Investment Survey Small and Mid Cap Edition* and *The Value Line Investment Survey ("Value Line")*.

estimate. The Company also argues that Staff's historic dividend growth rates are extremely low, and produce results that are in some cases below the cost of an investment grade bond (*see* Hearing Exhibit A-23), and that Staff's application of the average dividend yield to compute its equity cost "masks" this fact. Dr. Zepp advocates the use of future, rather than historic growth rates, based on his belief that forecasts already incorporate the historic information used by Staff (Zepp Dt. at 25). The Company believes that giving 50 percent weight to historic growth rates double counts what has happened in the past, and that investors are more interested in a stock's future performance than its past performance. The Company states that it therefore prefers the forward-looking approach used by the FERC (Co. Br. at 36). In rejoinder testimony, Dr. Zepp restated Staff witness Ramirez' constant growth DCF model estimate, using the average dividend yield (3.3 percent) and an average of Mr. Ramirez' projected growth rates (7.5 percent), and reached a result of 10.8 percent which is virtually identical to Dr. Zepp's updated estimate using the FERC one-step method, 10.9 percent (Zepp Rj. at 10). Dr. Zepp also restated Staff's multi-stage DCF estimate using Staff's data but also including Staff's 8.7 percent estimate of intrinsic growth which Staff used in a different model and also used a different terminal, second stage growth rate. The results of Dr. Zepp's restatement is a cost of equity estimate of 10.1 percent (Zepp Rj. at 14). The Company states that the multi-stage DCF model that Staff uses is similar to the two-step DCF model FERC uses, but is critical of the choices Staff made to implement its model, such as the assumption that average growth will initially be only 3.7 percent, and after 2008, will be 6.5 percent. The Company prefers the assumption in the FERC model that it will take many years before the terminal growth rate will be the same as gross domestic product ("GDP") growth, and the fact that the model therefore gives greater weight to the estimate of near term, stage 1 growth. As for stage 2 growth estimates, the Company also prefers to use the geometric average annual GDP growth rate, which is 6.4 percent, rather than Staff's use of the arithmetic average annual GDP growth rate, which is 6.8 percent. The inputs preferred by Dr. Zepp lead to

higher equity cost estimates.

The Company also finds Staff's use of the CAPM model in estimating its equity cost problematic. Dr. Zepp criticizes the Staff's assumption in the CAPM that Chaparral City has the same beta[5] as the average beta of the six publicly traded water utilities in the sample group, 0.68, because, in his opinion, Chaparral City is a more risky operation than the public utilities in the sample group and would have a beta closer to 1.0, which would result in a higher equity cost estimate (Zepp Rb. at 22). Dr. Zepp is also critical of Staff's selection of the average yield on five, seven and ten year Treasury Securities for its risk-free rate, on the basis that most investors hold securities for a five to ten year period (*see* Ramirez Dt. at 26-27). The Company argues that the investors' holding period is not relevant, and Staff's choice reduces the equity cost estimate. The Company would instead prefer the use of a long-term Treasury Bond rate as the risk-free rate (Zepp Rb. at 18-19). The Company further argues that although Staff has used an average of intermediate-term Treasury rates as the risk-free rate, Staff used the long-term Treasury rate to estimate the market risk premium and claims that this creates a mismatch (Zepp Rj. at 15). The Company also argues that recent empirical studies of the CAPM have shown that the returns estimated for low data stocks like the water utility sample group are too low relative to required returns for average risk stocks (Tr. at 245), and quotes an article published last year by Drs. Eugene Fama and Kenneth French which concludes that "despite its seductive simplicity, the CAPM's empirical problems probably invalidate its use in applications."[6] On rejoinder, Dr. Zepp restated Staff's CAPM equity cost estimates using its preferred inputs, and reached an equity cost estimate of 10.2 percent (Zepp Rj. at 15-17). The Company argues that this updated CAPM estimate is conservative for the reasons stated in its criticism of the CAPM.

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[5] Beta measures the systematic risk of a company. The market's beta is 1.0; therefore, a security with a beta higher than 1.0 is riskier than the market, and a security with a beta lower than 1.0 is less risky than the market.

[6] Eugene F. Fama and Kenneth R. French, "The Capital Asset Pricing Model: Theory and Evidence" 18 *Journal of Economic Perspectives* 25-46 (Summer 2004).

While the Company does not disagree regarding the basic formula RUCO used to derive its sustainable growth rate to derive its estimate of dividend growth, the Company argues that RUCO's witness Rigsby's reliance on his personal analysis of *Value Line* forecasts depresses his dividend growth estimate and reduces the equity cost produced by Mr. Rigsby's DCF model (Zepp Rb. at 31-33; Tr. at 296-99). Dr. Zepp claims that RUCO's dividend growth estimate is flawed in that its external "sv" growth rate includes an understated estimate of the stock financing rate ("s") compared to forecasted stock financing rates (Zepp Rb. at 32, Rebuttal Table 15). Dr. Zepp is also critical of RUCO's estimates of the "v" in its external growth rate, and asserts that that there is no evidence supporting Mr. Rigsby's opinion, based on Dr. Morin's text on regulatory finance (*see* Hearing Exhibit A-16), that the market prices of a utility stock will move toward book value. Using equity cost estimates based on Mr. Rigsby's data, but using different inputs, Dr. Zepp produced a restatement of RUCO's constant growth DCF model in two different ways. Dr. Zepp used RUCO's dividend yields, adjusted RUCO's historical average retention growth rate ("br") growth rate and stock financing ("vs") growth rate estimates to reach an equity cost of 10.7 percent (Zepp Rb. at 31-33 and Rebuttal Tables 15 and 16). Dr. Zepp performed another restatement of RUCO's DCF analysis using forecasts of growth instead of sustainable growth and reached an equity cost estimate of 10.6 percent (Zepp Rj. at 22 and Rejoinder Table 9).

2. Staff

Staff's witness Ramirez prepared estimates of the cost of equity using market-based models: a constant-growth DCF model, a multi-stage, or non-constant growth DCF model, and a CAPM analysis. To calculate dividend yield in its constant-growth DCF calculation, Staff divided the expected annual dividend as forecasted by *Value Line* by the spot stock price on April 20, 2005. Staff states that it used a spot stock price, rather than a historical average of stock prices, in order to be consistent with the efficient markets hypothesis of finance theory, which holds that the current

stock price includes investors' expectations of future returns and is the best indicator of those expectations.[7] Staff then added the resulting dividend yield to its estimate of a dividend growth rate. To reach its dividend growth rate determination, Staff used a combination of historical and projected dividend-per-share ("DPS") growth provided by *Value Line*, and also examined historical and projected growth in earnings-per-share ("EPS") and intrinsic growth. Staff's analysis produced an average of historic and projected growth rates of 5.8 percent, which when added to Staff's dividend yield calculation of 3.3 percent, produced Staff's constant growth DCF estimate of 9.1 percent. Staff's multi-stage DCF model incorporates two growth rates; a near term growth rate and a long-term growth rate to account for the assumption that investors expect dividends to grow at a non-constant rate in the near term (stage 1 growth) and then to grow at a constant rate in the long term (stage 2 growth) (Ramirez Dt. at 23). To calculate stage 1 growth, Staff forecasted four years of dividends for each of the utilities in the sample group using *Value Line's* expected dividends for the first year and projected DPS growth rate for the three subsequent years; and to estimate its stage 2 growth, Staff used the 6.5 percent rate of GDP growth from 1929 to 2003, which Staff believes is appropriate because it assumes that the water industry is expected to grow neither faster nor slower than the overall economy (Ramirez Dt. at 24). Staff reached a multi-stage DCF estimate of 9.5 percent. Staff calculated its overall DCF estimate of 9.3 percent by averaging the results of its constant-growth and multi-stage DCF estimates.

Staff also performed a CAPM analysis using a historical market risk premium estimate, reaching an estimate of 9.1 percent, and a current market risk premium estimate, reaching an estimate of 9.3 percent, to reach its overall CAPM estimate of 9.2 percent (Ramirez Dt. at 25-29). Based on its DCF and CAPM estimates, Staff recommends a cost of equity of 9.3 percent.

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[7] Ramirez Dt. at 15. Use of spot market price has been adopted in recent Commission Decisions, including *Arizona Water Company*, Decision No. 66849 (March 19, 2004), and *Arizona-American Water Company*, Decision No. 67093 (June 30, 2004).

Staff disagrees with the Company's use of the FERC DCF analysis because it miscalculates dividend yields and relies only on analysts' forecasts, which are overly optimistic (Ramirez Dt. at 40-41). Staff states that the FERC DCF multi-stage analysis relies more heavily on analysts' forecasts than on GDP growth, and asserts that it is more reasonable to rely on the GDP than on analysts' forecasts, which are known to be overly optimistic (Ramirez Dt. at 42-45). Staff further argues that the FERC multi-stage DCF analysis assumes that the water industry will grow indefinitely at a rate that outpaces the historical GDP growth, which is impossible. Staff also asserts that Dr. Zepp's modification of Staff's multi-stage DCF analysis introduces a supernormal growth stage between stage 1 and stage 2 growth in Staff's model (Ramirez Sb. at 10). Staff addresses Dr. Zepp's criticism of its use of the geometric average, and not the arithmetic average, of GDP growth. Staff states that while the arithmetic mean represents typical performance over single periods, it is more appropriate to use the geometric average because it better represents long-term performance (Ramirez Sb. at 11).

Staff is also critical of Chaparral City's use of the CPUC staff's risk premium analysis to estimate its cost of equity, because the risk premium analysis erroneously assumes that accounting ROEs are equal to the cost of equity. Staff states that this assumption is contrary to the basic proposition in finance that cost of equity is less than the allowed rate of return on equity, and argues that the risk premium analysis used by the CPUC staff is flawed due to its suggestion that investors' actual cost of equity is lower than historical or book ROE. Staff believes that reliance on a risk premium analysis comparing allowed ROEs to the cost of equity is misplaced because it is capital markets, not regulatory commissions, that determine the cost of equity. Staff argues that although certain ROEs may have been allowed in prior regulatory decisions, there are numerous factors which are not always identified in a commission decision that may have influenced the rate of return approved in a particular proceeding; that the particulars behind each case cannot always be known; and that even if the particulars were known, the witnesses who testified in those past cases are not

available for cross-examination in this case (Ramirez Dt. at 51).

Staff is also critical of Dr. Zepp's use of forecasted interest rates, rather than spot market rates, to conduct his risk premium analysis. Staff asserts that Dr. Zepp's reliance on forecasts of ten-year Treasury securities, long-term Treasury securities, and Baa corporate bond rates are biased, and argues that the best forecast of tomorrow's yield is simply today's yield (Ramirez Dt. at 47-49). In response to Dr. Zepp's argument that the sample water companies Staff used are not representative of Chaparral City because Chaparral City has more systematic risk than the sample companies, Staff argues that Chaparral City and the sample water companies are in the same business and should have on average the same systematic risk, and that no evidence was submitted to support the Company's claim otherwise with regard to potential rate base disallowances, existence of or lack of adjustment mechanisms, or transitions to a multi-tier declining block rate design (Ramirez Dt. at 35-39). Staff argues that market risk is related to economy-wide perils that affect all businesses, such as inflation, interest rates and general business cycles, and that unique risk does not affect the cost of equity, because firm-specific risk can be eliminated through shareholder diversification. Staff asserts that its assumption that all water companies have similar betas is therefore reasonable, and states that even if Staff had not performed a CAPM analysis, its cost of equity recommendation would still be 9.3 percent based on its DCF estimates.

3. **RUCO**

RUCO believes that given the current environment of low inflation and low interest rates, its 9.45 percent cost of equity estimate is reasonable; that despite the fact that Chaparral City's equity level is slightly higher than the average of the sample companies (59 percent as compared to 56 percent) RUCO did not make a downward adjustment to its DCF estimates; that its DCF growth rate estimates exceed analysts' growth rates by 49 to 60 basis points; and that its recommended 9.45 percent cost of equity estimate is extremely close to the 9.50 ROE *Value Line* projection for

American States, Chaparral City's parent, for the 2005 operating period (Rigsby Dt. at 41). RUCO is critical of the Company's reliance on securities analysts' projections alone to arrive at its estimates of growth without attributing any significance to historical data, and points out that Mr. Rigsby's estimates take into account the fact that past projections of *Value Line* analysts have tended to be somewhat higher than the actual returns on the common equity of water utilities. RUCO states that its methodology for determining the "sv" component of Mr. Rigsby's DCF growth figure, rather than being subjective, as the Company charges, objectively relies on the work of Dr. Roger A. Morin as well as other academics in the field of finance and the resulting theory that the market price of a utility's common stock will move toward book value, or a market to book ratio of 1.0, if regulators allow a rate of return that is equal to the cost of capital (Rigsby Dt. at 16; Tr. at 318-22; Hearing Exhibit A-16). RUCO points out that while the Company believes Mr. Rigsby's growth estimates are too low, his average "br + sv" growth estimate is 60 basis points higher than the average of *Value Line's* projections on EPS, DPS, and book value per share; that his growth estimate is 185 basis points higher than the average projections of analysts at *Value Line,* and 470 basis points higher than *Value Line's* 5-year average of historical data for the water utilities it follows (Rigsby Dt. at 21).

4. Conclusion

The Company, Staff and RUCO all used a DCF model. The Company's estimates varied significantly from Staff and RUCO's estimates due primarily to differences in its dividend growth estimation. We note that while the Company criticized Staff and RUCO for choosing inputs that "depressed" their cost of equity estimates, the Company's choices resulted in higher cost of equity estimates. We agree with Staff and RUCO that relying solely on analysts' forecasts of the short-term growth rate of the water industry may be unreasonable, and believe that averaging past growth rates with growth rate forecasts produces a more reasonable estimate, because analysts' forecasts are known to be optimistic. We are not convinced that the methodology FERC uses to estimate cost of

capital for the energy and gas industry companies it regulates is appropriately applied to monopoly water utilities. We disagree with the use of a risk premium analysis for cost of equity estimation for the reasons Staff states, as set forth above. We find, after examining the evidence presented, that Staff's DCF methodology provides a more reasonable cost of equity estimate than the Company's. Staff's analysis is based on sound economic principles, and produces a cost of equity estimate that represents a fair and reasonable estimate of Chaparral City's cost of equity for purposes of this proceeding, and will produce a return commensurate with returns on investment in other enterprises with risk corresponding to that of the Company. As described above, Staff arrived at a 9.3 percent cost of equity estimate through application of both the constant growth and multi-stage DCF models and the CAPM.

C. Cost of Capital Summary

	Percentage	Cost	Weighted Cost
Long-Term Debt	41.2%	5.1%	2.1%
Common Equity	58.8%	9.3%	5.5%
Weighted Average Cost of Capital			7.6%

VIII. RATE OF RETURN

Chaparral City advocates that its proposed cost of capital be adopted as a rate of return to be applied to its FVRB to determine required operating income (Bourassa Rb. at 2). Staff recommends that the weighted average cost of capital be used to determine a fair value rate of return in accordance with the Commission's traditional rate of return methodology. As stated earlier, RUCO recommends that its recommended OCRB be adopted as the Company's FVRB without regard to the Company's RCND, and recommends that its proposed weighted average cost of capital be applied to the resulting FVRB.

The Company claims that both Staff and RUCO "ignored FVRB" when they multiplied their recommended rates of return by their recommended OCRBs to determine Chaparral City's operating

income, and then divided the operating income by the FVRB to compute a fair value rate of return (Co. Br. at 6-7). The Company claims that this methodology results in rates based solely on original cost rather than fair value (*Id.*). The Company further claims that the approach advocated by Staff and RUCO violates the fair value standard (Co. Br. at 10).

RUCO argues that this Commission has historically and consistently averaged a utility's OCRB and RCND to determine a FVRB and then computed a fair value rate of return to apply to FVRB in calculating operating income (RUCO Reply Br. at 3). RUCO asserts that the Company is attempting to persuade the Commission to approve an operating income methodology that considers rate base and rate of return on two different bases, and that its arguments should be rejected, because if rate base and rate of return are not stated on the same basis, operating income will be overstated (RUCO Br. at 1-2).

Staff states that in this case, Staff has considered and recommended a finding of fair value and a fair rate of return on that fair value. Staff states that in order to ensure that the Company is given the opportunity to earn a fair rate of return on the fair value of its plant, Staff proposed a cost of capital analysis, and based on its analysis, proposed a weighted average cost of capital which, when applied to the Company's OCRB, yields just and reasonable rates. Staff further states that its recommended FVRB similarly provides the Company with an opportunity to earn its cost of capital, and that allowing a higher rate of return on the Company's FVRB than the return Staff recommends would provide the utility with an opportunity to earn windfall profits, and would not yield just and reasonable rates as required by Article XV, Section 3 of the Arizona Constitution (Staff Br. at 8).

We disagree with the Company's assertion that the rate of return methodology used by this Commission to determine revenue requirement violates the fair value standard. The Company attempts to equate the weighted average cost of capital to a rate of return, when in fact, this cost of capital estimate is used as a tool to determine a just and reasonable rate of return. The rate of return

methodology and resulting revenue increase proposed by Chaparral City would produce an excessive return on FVRB. There has been no legitimate basis presented for departing from the traditional ratemaking methodology of applying a fair value rate of return to the Company's FVRB in this proceeding. For the reasons advocated by Staff and RUCO, we find that applying a fair value rate of return to the FVRB is just, reasonable, and in accord with the mandates of the Arizona Constitution, and will adopt it in this case.

IX. AUTHORIZED INCREASE/DECREASE

With the adjustments adopted herein, the adjusted test year operating income is $614,247. The 7.6 percent cost of capital translates into a 6.36 percent fair value rate of return on FVRB of $20,340,298 as authorized hereinabove. Applying the 6.36 percent rate of return to the FVRB produces required operating income of $1,294,338. This is $680,091 more than the Company's test year adjusted operating income. Multiplying the deficiency by the gross revenue conversion factor of 1.6286 results in an increase in revenues of $1,107,596, or a 17.86 percent net increase over test year adjusted revenues.

X. RATE DESIGN

In its rate application, the Company proposed a two-tier, inverted block rate design, with different breakover points for each size meter based on its cost of service study (Kozoman Dt. at 11-20, Exh. A-14, Sched. G-1 through G-9). In its rebuttal filing, the Company accepted nearly all of the elements of Staff's proposed rate design, including the use of three inverted commodity rate tiers for residential customers on ¾-inch meters, with all other customers having two inverted commodity rate tiers; Staff's recommended breakover points between tiers; elimination of the current additional charge to recover costs for pumping water to elevation zones two and three; elimination of the 1,000 gallons of water in the monthly minimum charge; and the continuation of a single, uniform volume rate for irrigation water service (Kozoman Rj. at 34, Tr. at 771-74). Staff's recommended breakover

points for ¾-inch residential meters are 3,000 gallons and 9,000 gallons; and for ¾-inch commercial and industrial meters, one breakover point of 9,000 gallons; with increasing single breakover points as meter sizes increase. The Company states that it recognizes the importance of encouraging water conservation, including the use of rate design to encourage customers to implement conservation measures and reduce their water use (Co. Reply Br. at 37). The Company disagrees, however, with Staff's recommended spread between the commodity rates and also with the commodity rates Staff recommends for irrigation water service.

Chaparral City contends that Staff's recommended inverted tier rate design with its proposed spread between commodity rates may lead to reduced water use by customers, and that if it does, the rate design will impact its ability to earn its authorized rate of return. The Company believes that Staff is actually proposing a "lifeline" rate because Staff's recommended commodity rate for the first tier is below the Company's existing commodity rates, and is only applicable to residential customers on ¾" meters, and that Staff is using the subsidy of the lower rate for first tier usage to create a larger spread between the tiered commodity rates. The Company asserts that rates should be designed in a way that accounts for possible reductions in water use (Co. Br. at 54-55), and urges that the risk that a new rate design may lead to under-recovery of the Company's authorized revenue requirement should be recognized in the return on equity authorized in this proceeding (*Id.* at 58). Taking the alternative point of view, the Company also argues on brief that if Staff's recommended rate design will not reduce existing customers' water usage, it should not be required to implement inverted tier rates (Co. Br. at 59).

Staff asserts that its inverted tier rate design was developed to promote long term conservation goals, and includes commodity rates that are spread far enough apart to send appropriate price signals to customers regarding the importance and value of water, which is a limited resource in this state. Staff disputes the Company's assertion that its first tier is a "lifeline" rate, because its proposal is not

designed according to income level, but instead is focused on sending an appropriate price signal based on customers' meter size and usage (Staff Br. at 4). Staff states that it cannot predict whether customers will actually decide to use less water in a particular year; that no evidence was presented supporting the Company's claim that there will be a significant short-term change in water use as a result of the implementation of inverted-tier rates; and that the Company's service area still has a rapidly-growing customer base (Staff Reply Br. at 3).

RUCO proposes a rate design that charges each customer the same commodity rate for the same level of usage (RUCO Br. at 14). RUCO's three tier inverted block rate structure has its first breakover point at 8,000 gallons, the present average residential usage, with the second breakover point at 73,000 gallons, which it calculated based on the average of the Company's original proposed graduated breakover points (Moore Dt. at 32). RUCO believes this rate design provides a balanced approach that does not discriminate between classes or meter sizes, and that since its breakover points are based on average customer usage, provides a price incentive against above-average use, which could result in the conservation of water resources (RUCO Reply Br. at 9).

The Company disagrees with RUCO's rate design because it shifts revenue recovery away from residential customers, who have smaller meters, and onto commercial and industrial customers, who have larger meters. The Company believes that RUCO's rate design is inequitable to customers on larger sized meters because customers with smaller meters will have a substantial portion of their usage fall into the lower-priced rate block, with little of their usage reaching into the highest price rate block, while customers with larger meters will have the bulk of their usage fall into the higher tiers, without regard to whether their water usage is excessive or wasteful.

Of the rate designs presented, we find that Staff's proposal best addresses the goals of conservation, efficient water use, affordability, fairness, and simplicity.[8] We find also that the risk of

[8] Public comment was presented concerning the Company's irrigation rates as originally proposed by the Company. We note that the irrigation commodity rate we approve herein remains lower than other commodity rates.

revenue instability that the Company fears is sufficiently offset by the current growth in the Company's customer base to allow the implementation of a conservation-oriented rate design at this time. Although the Company provided testimony speculating that Staff's proposed rate design might cause such drastic reductions in water usage that the Company would be unable to recover its authorized revenue requirement, we do not find this conjecture convincing. As Staff's uncontroverted growth analysis demonstrates, the Company still has a growing customer base (*see* Scott Dt., Exhibit MSJ at 5), and new growth will be available to compensate for possible reductions in usage by existing customers, if demand proves to be elastic and existing customers respond to the conservation signals by reducing their usage in response to the new rate design. If, even with customer growth, the Company finds it is not recovering its authorized revenue requirement, it is within the Company's control to file a rate case. After considering the evidence presented, we find that it is in the public interest for the Company to implement the conservation-oriented rate design proposed by Staff.

XI. OTHER ISSUES

A. Automatic Adjustment Mechanisms

The Company requests approval to implement automatic adjustment mechanisms which would allow the Company to directly pass through to its ratepayers increases and decreases in two of its most significant operating expenses, purchased water and power costs, through a surcharge mechanism.[9] Staff and RUCO recommend against approval of the requested adjustment mechanisms.

Approximately 90 percent of the Company's water supply comes from Central Arizona Project ("CAP") water delivered through the Central Arizona Water Conservation District ("CAWCD") (Hanford Rb. at 3). Under its subcontract with the United States and CAWCD,

[9] Adjusted test year purchased water costs are $823,781 and adjusted test year purchased power costs are $510,947.

Chaparral City pays an annual water service capital charge, based on its total CAP allocation, and a separate delivery charge based on the amount of CAP water actually used (Hanford Dt. at 6). Chaparral City is also a member of the Central Arizona Groundwater Replenishment District ("CAGRD") administered by CAWCD. The Company pays fees to the CAGRD for groundwater replenishment services based on the quantity of ground water pumped (Hanford Dt. at 6-7). The Company's witness claims that based on the advisory rates published by CAWCD for the years 2006, 2007 and 2008, purchased water costs will increase over the adjusted test year level by more than $50,000 per year by 2008 and that these increases will amount to over $100,000 of unrecovered water expense over the three year period (Bourassa Rj. at 24).

Chaparral City purchases power from both APS and SRP. The Company projects annual expense increases from SRP and APS of over 5 percent per year over adjusted test year levels (Co. Br. at 24).

Staff agrees that the Company's purchased water costs are significant, but in contrast to the Company's estimate that its purchased water expense will increase by more than $50,000 per year, Staff's analysis of advisory rates showed that the Company's purchased water expense will not increase over test year levels by $50,000 until 2008 (Exh. S-7, Exh. 5). Staff does not believe that the incremental cost level or volatility associated with possible rate increases or decreases associated with the Company's water supply are significant enough to justify a purchased water adjustment mechanism in this case, and recommends denial of the Company's request. Regarding purchased power expense, Staff does not disagree that purchased power expense is a significant cost for Chaparral City, but points out that the issue to be considered in implementing an adjustment mechanism is not merely whether the cost is significant, but whether the incremental cost level, or volatility, associated with possible rate increases or decreases is significant. Staff asserts that the future rate increases the Company projects from SRP and APS do not constitute a level of volatility

great enough to warrant the need for a purchased power adjustment mechanism. In particular, Staff differentiates the possible increases in Chaparral City's purchased power expense from the volatility of APS' constantly changing fuel and purchased power costs, which led to the Commission's recent approval of a Power Supply Adjustor for APS.

We do not disagree with the Company that its purchased water and purchased power expenses are significant. However, we agree with Staff and RUCO that these expenses do not constitute a level of volatility that would justify the extraordinary ratemaking treatment that the Company requests. As we stated in Decision No. 56450, there is a danger of piecemeal regulation inherent in adjustment mechanisms. Because adjustor mechanisms allow automatic increases in rates without a simultaneous review of a Company's unrelated costs, an adjustment mechanism has a built-in potential of allowing a Company to increase rates based on certain isolated costs when its other costs are declining, or when overall revenues are increasing faster than costs due to customer growth. Such circumstances can result in increases to ratepayers through adjustors even when the Company's level of earnings would not warrant a rate increase, such that the utility's net income is increased outside a rate case. In addition, as we stated in Decision No. 66849 (March 19, 2004), adjustment mechanisms may also provide a disincentive for a utility to obtain the lowest possible cost commodity because the costs are simply passed through to ratepayers. For these reasons, adjustment mechanisms should be implemented only under very special circumstances. Based on the evidence in this proceeding, circumstances do not exist in this case to justify the risks of piecemeal regulation inherent in adjustment mechanisms, and we will not approve the Company's requests.

On July 28, 2005, the Company filed a request that administrative notice be taken of an application filed on July 22, 2005 in Docket No. E-01345A-05-0526 by APS requesting recovery of $100 million in unrecovered fuel and purchased power costs through the Power Supply Adjustor mechanism approved in Decision No. 67744 (April 7, 2005). The July 28, 2005 filing also requested

that administrative notice be taken of SRP's announcement that it intends to increase its residential and business rates on or about November, 2005. The Company asserts that the APS filing and the SRP announcement are relevant to its request for authorization of a purchased power adjustment mechanism.

We note that the Commission has not ruled on the APS PSA request, and that the SRP announcement indicated an effective date of November 2005. This means that future changes in SRP's rates, and any changes to APS' rates resulting from its July 22, 2005 filing, will take place more than one and a half years following the end of the 2003 test year in this case. As explained above, the expenses we approve herein already include an adjustment for known and measurable post-test year changes in the Company's electricity costs. The Company indicated that it is likely to file another rate case within three to four years (Tr. at 647; Bourassa Dt. at 14). If the Company experiences a further increase in costs during 2006 as a result of the anticipated SRP increase, or as a result of a Decision on the APS filing, it will be appropriate to examine such increases in the context of the Company's other concurrent expenses, rather than simply authorizing the Company to pass those costs through to ratepayers.

B. <u>Depreciation Rates</u>

The Company is proposing to utilize the depreciation rates proposed by Staff on a going forward basis. Staff has developed typical and customary depreciation rates within a range of anticipated equipment life by individual National Association of Regulatory Utility Commissioners ("NARUC") category (Scott Dt., Exhibit MSJ at 7, 16). These are the depreciation rates that have been adopted in recent rate cases (*See, e.g.* Decision No. 67279 (October 5, 2004) (Rio Rico Utilities, Inc.)). RUCO disagrees with the use of these depreciation rates, which it states are among the highest rates the Commission has recently approved. In the absence of a depreciation study, which would have provided a definitive set of depreciation rates, RUCO proposes depreciation rates that it states

represent an average of 24 different water systems. The Company criticizes the methodology RUCO used to develop its proposed depreciation rates, because it mixes composite rates with individual depreciation rates by plant category in order to calculate average rates, and because the resulting depreciation rates were not compared with the expected useful lives of the assets to which they would be applied (Tr. at 554-555). We find that the Staff proposal more closely estimates the expected life of the Company's assets than RUCO's proposal, and will order the Company to adopt the typical and customary depreciation rates that Staff has developed as set forth in Mr. Scott's Direct Testimony, Exhibit MSJ at 16.

C. Cross-Connection and Backflow Prevention Tariff

Attached to Company witness Mr. Hanford's direct testimony was a proposed cross-connection and backflow prevention tariff. There was no objection or comment on the proposed tariff during this proceeding and the Company requested that it be approved. We will therefore approve it and require that a conforming copy of the tariff be filed along with the tariffs for its new rates.

D. Water Service Curtailment Tariff

Also attached to Mr. Hanford's direct testimony was a water service curtailment tariff. In Staff's direct testimony, Staff proposes an alternative form of tariff similar to tariffs approved in the past for Class A water utilities. The Company is in agreement with Staff's proposed form of tariff and requests that it be approved. Staff recommends that the Company be directed to file a copy of a water service curtailment tariff within 45 days of this Decision, for Staff's review and certification. We will therefore direct the Company to file a copy of the tariff in conformance with the form of tariff attached to the direct testimony of Mr. Scott in Exhibit MSJ at 8, within 45 days of this Decision, for Staff's review and certification.

E. Non-Account Water

Staff notes in its direct testimony that Chaparral City's non-account water was over 11 percent, which exceeds Staff's recommendation that non-account water should be 10 percent or less. Staff states that the Company is aware of its non-account water and believes that some of its meters are being under read and that the Company is currently monitoring its meter reading practices. Staff recommends that the Company docket the results of meter monitoring as a compliance item in this case by July 30, 2006; that if the reported water loss for the period from June 1, 2005 through June 1, 2006 exceeds 10 percent, that the Company be required to prepare either a report containing a detailed analysis and a plan to reduce non-account water to below 10 percent, or to submit a cost-benefit analysis demonstrating that it is not cost-effective to reduce non-account water below 10 percent. The Company did not object to Staff's recommendation. We will adopt Staff's recommendation in this case.

F. Arsenic Issues

As noted above, 90 percent of Chaparral City's water supply consists of treated CAP water. However, the Company has two active wells, Well Number 10 and Well Number 11, which show concentrations of arsenic slightly above the 10 parts per billion maximum contaminant level ("MCL") for arsenic that will become effective in January, 2006 (Scott Dt., Exh. MSJ at 5). Staff notes in its direct testimony that a blend line has already been constructed to Well Number 10 and that the Fountain Hills Boulevard main will be used to blend CAP water with ground water from Well Number 11 (*Id.*). The Company does not object to Staff's recommendation that the Company be required to submit, by November 30, 2005, a plan describing how the Company will comply with the new arsenic MCL when the CAP canal is out of service. We find this recommendation to be reasonable and will adopt it.

* * * * * * * * * *

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

FINDINGS OF FACT

1. Chaparral City is a public service corporation engaged in providing water utility service to approximately 12,000 customers located in the northeastern portion of the Phoenix metropolitan area, including the Town of Fountain Hills and a small portion of the City of Scottsdale under authority granted by the Commission in Decision No. 41243 (April 20, 1971). The Company's business office is located at 12021 N. Panorama Drive in Fountain Hills, Arizona, 85268.

2. Chaparral City is currently charging rates approved in Decision No. 57395 (May 23, 1991), based on a test year ended December 31, 1988.

3. Chaparral City is an Arizona corporation wholly owned by American States Water Company, which is publicly traded on the New York Stock Exchange. American States' primary operating subsidiary is Southern California Water Company.

4. In October 2000, as approved in Decision No. 62909 (September 18, 2000), American States purchased Chaparral City's stock from MCO Properties, Inc., the real estate developer that owned and operated Chaparral City.

5. On August 24, 2004, Chaparral City filed with the Commission an application requesting an increase in revenues of $1,797,182.

6. On September 14, 2004, RUCO filed an Application to Intervene, which was granted. No other requests for intervention were filed.

7. On September 23, 2004, Staff filed a letter stating that the Company's application met the sufficiency requirements set forth in A.A.C. R14-2-103, and classifying the Company as a Class A utility.

8. On September 28, 2005, a Procedural Order was issued setting this matter for hearing and setting related procedural deadlines.

9. On February 15, 2005, the Company filed a Notice of Publication certifying that public notice was published in *The Fountain Hills Times* on January 26, 2005. Public notice of the

application and hearing was also mailed to each of the Company's customers in their January 2005 bills.

10. Written public comments in opposition to the amount of the requested rate increase were received on February 10, February 14, February 28, March 10, March 23, April 8, April 20, April 21, May 24, May 31,[10] and June 14, 2005.

11. A hearing was held as scheduled commencing on May 31, 2005 and continuing on June 1, June 6 and June 8, 2005.

12. Public comment opposing the proposed increase in irrigation rates was provided on May 31, 2005 by Ken Watkins, the golf course superintendent of the FireRock Country Club. Mr. Watkins also filed written public comment in this docket on March 23, 2005 and June 14, 2005. Mr. Watkins stated that FireRock would be adversely impacted by the rate increase because even though the golf course uses effluent when possible, it sometimes must rely on potable water.

13. Public comment against the proposed increase in irrigation rates was also provided on May 31, 2005 by Joe Miller, the golf course superintendent of The Golf Club at Eagle Mountain. Mr. Miller also stated that his golf course sometimes must use potable water for irrigation, and that it would be adversely affected by the proposed rate increase. Mr. Miller also filed written public comment in this docket on April 8, 2005 and May 24, 2005. Don Rea, the General Manager of The Golf Club at Eagle Mountain also filed a letter dated April 5, 2005 opposing the increase in irrigation rates on April 21, 2005 and again May 24, 2005.

14. For ratemaking purposes, Chaparral City's OCRB, RCND and FVRB for the test year ended December 31, 2003 are determined to be $17,030,765, $23,649,830, and $20,340,298, respectively.

15. With the adjustments adopted herein, the adjusted test year operating income is $614,247.

16. The 7.6 percent cost of capital translates into a 6.36 percent fair value rate of return on FVRB of $20,340,298 as authorized hereinabove. Applying the 6.36 percent rate of return to the

[10] The public comment letter filed on May 31, 2005 (the date the hearing commenced) included a request by a customer that a "rate adjustment" made in 2003 be investigated. If the Commission's Consumer Services Section has not already done so, it should promptly contact this customer, and inform the Commission if further action is required.

FVRB produces required operating income of $1,294,338. This is $680,091 more than the Company's test year adjusted operating revenue. Multiplying the deficiency by the gross revenue conversion factor of 1.6286 results in an increase in revenues of $1,107,596, or a 17.86 percent net increase over test year adjusted revenues.

17. The rates set herein result in a monthly increase of $3.83, from $30.49 to $34.32, or 12.57 percent, for the average usage residential customer (9,187 gallons), and a monthly increase of $2.41, from $22.53 to $24.94, or 10.70 percent, for the median usage (5,501 gallons) residential customer.

18. The rate of return methodology and resulting revenue increases proposed by Chaparral City would produce an excessive return on FVRB.

19. It is in the public interest to implement a rate design that promotes long-term conservation goals.

20. The rate design approved herein addresses the goals of conservation, efficient water use, affordability, fairness, simplicity, and revenue stability, and is in the public interest.

21. The methodology adopted herein for estimation of property tax expense fairly estimates property tax expense.

22. Based on the evidence presented, circumstances do not exist in this case to justify the risks of piecemeal regulation inherent in adjustment mechanisms, and Chaparral City's request to implement automatic adjustment surcharge mechanisms for its purchased power and purchased water costs will not be approved.

23. The typical and customary depreciation rates developed by Staff as set forth on page 16 of Exhibit MSJ attached to the Direct Testimony of Staff witness Mr. Scott are just and reasonable and should be used by Chaparral City on a going-forward basis.

24. The cross-connection and backflow prevention tariff attached to the Direct Testimony of Mr. Hanford is reasonable and should be approved. Chaparral City should be required to file a conforming copy of the tariff when it files the tariffs setting forth the new rates we approve herein.

25. Staff's recommendation that the Company be directed to file a copy of a water service curtailment tariff that conforms to the form of tariff attached to the direct testimony of Mr. Scott in

Exhibit MSJ at 8, within 45 days of this Decision, for Staff's review and certification, is reasonable and should be adopted.

26. Staff's recommendation regarding meter monitoring and reporting in relation to Chaparral City's 11 percent test year level of non-account water is reasonable and should be adopted.

27. Staff's recommendation that Chaparral City be required to submit, by November 30, 2005, a plan describing how it will comply with the new arsenic MCL when the CAP canal is out of service, is reasonable and should be adopted.

28. Because an allowance for the property tax expenses of Chaparral City Water Company, Inc. is included in the Company's rates and will be collected from its customers, the Commission seeks assurances from the Company that any taxes collected from ratepayers have been remitted to the appropriate taxing authority. It has come to the Commission's attention that a number of water companies have been unwilling or unable to fulfill their obligation to pay the taxes that were collected from ratepayers, some for as many as twenty years. It is reasonable, therefore, that as a prophylactic measure Chaparral City Water Company, Inc. annually file, as part of its annual report, an affidavit with the Utilities Division attesting that the Company is current in paying its property taxes in Arizona.

29. As discussed herein, it is reasonable to require Chaparral City to cease charging hook-up fees until such time that it has an approved hook-up fee tariff on file.

30. The Maricopa County Environmental Service Department has determined that the Company's system is currently delivering water that meets water quality standards required by Title 18, Chapter 4 of the Arizona Administrative Code.

31. The Company is located in the Phoenix Active Management Area ("AMA") and is therefore subject to the Arizona Department of Water Resources' water use and monitoring requirements. The AMA has reported that the Company is in compliance with its water use and monitoring requirements.

32. The fair value rate base, fair value rate of return, and rates and charges adopted herein are just and reasonable.

CONCLUSIONS OF LAW

1. Chaparral City is a public service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. Sections 40-250 and 40-241.

2. The Commission has jurisdiction over the Company and the subject matter of the application.

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

ORDER

IT IS THEREFORE ORDERED that Chaparral City Water Company, Inc. is hereby directed to file with the Commission on or before September 30, 2005, the following revised schedules of rates and charges:

MONTHLY USAGE CHARGE:
(All Zones and Classes)

¾" Meter	$ 13.60
1" Meter	22.70
1 ½" Meter	45.40
2" Meter	73.00
3" Meter	146.00
4" Meter	227.00
6" Meter	454.00
8" Meter	730.00
10 Meter	1,043.00
12 Meter	1,980.00
Fire Hydrants - Basic Service	No Monthly Usage Charge
Fire Hydrants – Used for Irrigation	$146.00

Commodity Rates Per 1,000 Gallons

¾" Meter (Residential)	
From 1 to 3,000 Gallons	$1.68
From 3,001 to 9,000 Gallons	2.52
Over 9,000 Gallons	3.03
¾" Meter (Commercial and Industrial)	
From 1 to 9,000 Gallons	2.52
Over 9,000 Gallons	3.03
1" Meter (Residential, Commercial and Industrial)	
From 1 to 24,000 Gallons	2.52
Over 24,000 Gallons	3.03

1 ½" Meter (Residential, Commercial and Industrial)	
From 1 to 60,000 Gallons	2.52
Over 60,000 Gallons	3.03
2" Meter (Residential, Commercial and Industrial)	
From 1 to 100,000 Gallons	2.52
Over 100,000 Gallons	3.03
3" Meter (Residential, Commercial and Industrial)	
From 1 to 225,000 Gallons	2.52
Over 225,000 Gallons	3.03
4" Meter (Residential, Commercial and Industrial)	
From 1 to 350,000 Gallons	2.52
Over 350,000 Gallons	3.03
6" Meter (Residential, Commercial and Industrial)	
From 1 to 725,000 Gallons	2.52
Over 725,000 Gallons	3.03
8" Meter (Residential, Commercial and Industrial)	
From 1 to 1,125,000 Gallons	2.52
Over 1,125,000 Gallons	3.03
10" Meter (Residential, Commercial and Industrial)	
From 1 to 1,500,000 Gallons	2.52
Over 1,500,000 Gallons	3.03
12" Meter (Residential, Commercial and Industrial)	
From 1 to 2,250,000 Gallons	2.52
Over 2,250,000 Gallons	3.03
Irrigation/Bulk (All Meters)	
All Gallons	1.56
Fire Hydrant Irrig./Const. (All Meters)	
All Gallons	1.56
(Standpipe) Fire Hydrants	

All Gallons	2.52
Fire Sprinklers	
All Gallons	2.52

Service Line and Meter Installation Charges	Meter	Line	Total
5/8" x ¾" Meter	$135.00	$385.00	$520.00
¾" Meter	215.00	385.00	600.00
1" Meter	255.00	435.00	690.00
1 ½" Meter	465.00	470.00	935.00
2" Turbine Meter	965.00	630.00	1,595.00
2" Compound Meter	1,690.00	630.00	2,320.00
3" Turbine Meter	1,470.00	805.00	2,275.00
3" Compound Meter	2,265.00	845.00	3,110.00
4" Turbine Meter	2,350.00	1,170.00	3,520.00
4" Compound Meter	3,245.00	1,230.00	4,475.00
6" Turbine Meter	4,545.00	1,730.00	6,275.00
6" Compound Meter	6,280.00	1,770.00	8,050.00
8" & Larger	At Cost	At Cost	At Cost

Establishment	$25.00
Establishment (After Hours)	35.00
Reconnection (Delinquent)	35.00
Reconnection (Delinquent and After Hours)	50.00
Meter Test	35.00
Deposit Requirement (Residential)	*
Deposit Requirement (Non Residential Meter)	*
Hydrant Meter Deposit	50.00
Deposit Interest	*
Re-establishment (within 12 months)	**
Re-establishment (after hours)	**
NSF Check	25.00
Deferred Payment, per month	1.50%
Meter Re-read	25.00
Charge of moving customer meter-Customer Requested	Cost
After hours service charge	Refer to above service charges
Late Charge per month	1.50%

Monthly Service Charge for Fire Sprinkler	
4" or smaller	$10.00
6"	10.00
8"	10.00

10"	10.00
Larger than 10"	10.00

* Per Commission rule A.A.C. R-14-2-403(B).

** Months off system times the monthly minimum per Commission rule A.A.C. R14-2-403(D).

*** 1% of monthly minimum for a comparable size meter connection, but no less than $5.00 per month. The service charge for fire sprinklers is only applicable for service lines separate and distinct for the primary water service line.

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 R14-2-409D(5).

All advances and/or contributions are to include labor, materials, overheads and all applicable taxes, including all gross-up taxes for income taxes, if applicable.

IT IS FURTHER ORDERED that the revised schedule of rates and charges approved herein shall be effective for all service rendered after September 30, 2005.

IT IS FURTHER ORDERED that Chaparral City Water Company, Inc. shall notify its customers of the revised schedules of rates and charges authorized herein by means of an insert in its next regularly scheduled billing in a form and manner acceptable to the Commission's Utilities Division Staff.

IT IS FURTHER ORDERED that the cross-connection and backflow prevention tariff attached to the Direct Testimony of Mr. Hanford is hereby approved.

IT IS FURTHER ORDERED that Chaparral City Water Company, Inc., shall file in Docket Control, as a compliance item in this case, a conforming copy of the cross-connection and backflow prevention tariff approved herein by September 30, 2005.

IT IS FURTHER ORDERED that Chaparral City Water Company, Inc. shall file in Docket Control, as a compliance item in this case, within 45 days, a water service curtailment tariff conforming to the form of tariff attached to the direct testimony of Mr. Scott in Exhibit MSJ at 8, for Staff's review and certification.

IT IS FURTHER ORDERED that Chaparral City Water Company, Inc. shall file in Docket Control, as a compliance item in this case, by November 30, 2005, a plan describing how it will comply with the United States Environmental Protection Agency rule regarding the maximum

contaminant level for arsenic when the Central Arizona Project canal from which it takes water delivery is out of service.

IT IS FURTHER ORDERED that in recognition of ongoing drought conditions in Arizona, the Company shall provide the Commission within 1 year of the effective date of this order detailed plans on how the Company's customers could increase the use of effluent and reduce their reliance on groundwater specifically as it pertains to golf courses, ornamental lakes and other aesthetic water features.

IT IS FURTHER ORDERED that Chaparral City Water Company, Inc. shall annually file, as part of its annual report, an affidavit with the Utilities Division attesting that the Company is current in paying its property taxes in Arizona.

IT IS FURTHER ORDERED that Chaparral City Water Company, Inc. shall cease charging hook-up fees until such time that it has an approved off-site facilities hook-up fee tariff on file.

IT IS FURTHER ORDERED that Chaparral City Water Company, Inc. shall adopt the typical and customary depreciation rates developed by Staff as set forth on page 16 of Exhibit MSJ attached to the Direct Testimony of Staff witness Mr. Scott.

IT IS FURTHER ORDERED that Chaparral City Water Company, Inc. shall file in this docket, as a compliance item in this case, by July 30, 2006, the results of its meter monitoring for the period from June 1, 2005 through June 1, 2006. If the reported water loss for the period from June 1, 2005 through June 1, 2006 exceeds 10 percent, Chaparral City Water Company, Inc. shall file, by September 30, 2006, either: 1) a report containing a detailed analysis and a plan to reduce non-account water to below 10 percent, or 2) a cost-benefit analysis demonstrating that it is not cost-effective to reduce non-account water below 10 percent.

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IT IS FURTHER ORDERED that Chaparral City Water Company, Inc.'s requests for approval of automatic adjustment mechanisms for its purchased water costs and purchased power costs are hereby denied.

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 30th day of Sept., 2005.

BRIAN C. McNEIL
EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____

SERVICE LIST FOR: CHAPARRAL CITY WATER COMPANY

DOCKET NO.: W-02113A-04-0616

Norman D. James
Jay L. Shapiro
FENNEMORE CRAIG
3003 N. Central Avenue, Ste. 2600
Phoenix, AZ 85012
Attorneys for Chaparral City Water Company

Scott S. Wakefield, Chief Counsel
RUCO
1110 W. Washington, Ste. 220
Phoenix, AZ 85007

Christopher Kempley, Chief Counsel
Legal Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

Ernest Johnson, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

09/23/2009

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Corporate Inquiry

File Number: L-1087321-1 Check Corporate Status

Corp. Name: THE CLUB AT OASIS, L.L.C.

Domestic Address

5230 E SHEA BLVD #200
SCOTTSDALE, AZ 85254

Statutory Agent Information

Agent Name: GARY A DRUMMOND

Agent Mailing/Physical Address:
1430 E MISSOURI AVE STE B-125
PHOENIX, AZ 85014

Agent Status: APPOINTED 07/23/2003
Agent Last Updated: 03/24/2009

Additional Corporate Information

Corporation Type: DOMESTIC L.L.C.	**Business Type:**
Incorporation Date: 07/23/2003	**Corporate Life Period:** PERPETUAL
Domicile: ARIZONA	**County:** MARICOPA
Approval Date: 07/23/2003	**Original Publish Date:** 08/15/2003

Member Information

BARBARA A JOHNSON MANAGER 5310 E SHEA BLVD #2 SCOTTSDALE,AZ 85254 **Date of Taking Office:** 08/27/2009 **Last Updated:** 09/02/2009	GEORGE JOHNSON MANAGER 5310 E SHEA BLVD #2 SCOTTSDALE,AZ 85254 **Date of Taking Office:** 07/23/2003 **Last Updated:** 09/02/2009
ROADRUNNER TRUST DTD 1/1/2007 MEMBER	

CHRIS & BARBARA JOHNSON, CO TR
USTEES
5310 E SHEA BLVD #2
SCOTTSDALE,AZ 85254
Date of Taking Office: 08/27/2009
Last Updated: 09/02/2009

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02694766	CHANGE(S)	02/19/2009
02883722	AMENDMENT	08/27/2009

Back To Top

Amendments

Amendment Date	Amendment Type	Publish Date	Publish Exception
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Back To Top

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Location	Date Received	Description
11604012040	07/23/2003	ARTICLES OF ORGANIZATION
20323001032	08/15/2003	PUBLICATION OF ARTICLES OF ORGANIZATION
20323024027	08/21/2003	PUBLICATION OF ARTICLES OF ORGANIZATION

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Corporate Inquiry

File Number: -0201217-9 Check Corporate Status

Corp. Name: ATLAS SOUTHWEST, INC.

Domestic Address

5230 E SHEA BLVD #200
SCOTTSDALE, AZ 85254

Statutory Agent Information

Agent Name: GARY A DRUMMOND

Agent Mailing/Physical Address:
1430 E MISSOURI AVE STE B-12
PHOENIX, AZ 85014

Agent Status: APPOINTED 12/14/2001
Agent Last Updated: 08/21/2006

Additional Corporate Information

Corporation Type: PROFIT	**Business Type:** REAL ESTATE
Incorporation Date: 12/14/1987	**Corporate Life Period:** PERPETUAL
Domicile: ARIZONA	**County:** MARICOPA
Approval Date: 01/14/1988	**Original Publish Date:** 02/12/1988

Officer Information

GEORGE H JOHNSON PRESIDENT 5230 E SHEA BLVD #200	JANA S JOHNSON SECRETARY 5230 E SHEA BLVD #200

SCOTTSDALE,AZ 85254 **Date of Taking Office:** 01/22/1988 **Last Updated:** 08/11/2005	SCOTTSDALE,AZ 85254 **Date of Taking Office:** 01/22/1988 **Last Updated:** 08/11/2005
GEORGE H JOHNSON TREASURER 5230 E SHEA BLVD #200 SCOTTSDALE,AZ 85254 **Date of Taking Office:** 01/22/1988 **Last Updated:** 06/30/2009	JANA S JOHNSON VICE-PRESIDENT 5230 E SHEA BLVD #200 SCOTTSDALE,AZ 85254 **Date of Taking Office:** 01/22/1988 **Last Updated:** 06/30/2009

Director Information

GEORGE H JOHNSON DIRECTOR 5230 E SHEA BLVD #200 SCOTTSDALE,AZ 85254 **Date of Taking Office:** 01/22/1988 **Last Updated:** 06/30/2009	JANA S JOHNSON DIRECTOR 5230 E SHEA BLVD #200 SCOTTSDALE,AZ 85254 **Date of Taking Office:** 01/22/1988 **Last Updated:** 06/30/2009

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2008	07	06/13/2008			
2007	07	07/12/2007			
2006	07	06/28/2006			
2005	07	05/31/2005			
2004	07	05/20/2004			
2003	07	05/13/2003			
2002	07	05/23/2002			
2001	07	06/29/2001			
2000	07	06/26/2000			
1999	07	10/15/1999			
1998	07	03/17/2000			
1997	07	02/17/1998			
1996	12	06/24/1997			
1995	12	04/11/1996			
1994	12	07/19/1995			
1993	12	03/10/1994	CHECK NOT ENDORSED	06/16/1995	

1992	12	03/16/1993			
1991	12	04/14/1992			
1990	12	05/30/1991			
1989	12	04/16/1990			06/15/1991
1988	12	02/28/1989			

Back To Top

Scanned Documents

(Click on gray button to view document - will open in a new window)

Document Number	Description	Date Received
-00006834	95 ANNUAL REPORT	04/11/1996
-00099433	96 ANNUAL REPORT	06/24/1997
-00159017	97 ANNUAL REPORT	02/17/1998
00080714	99 ANNUAL REPORT	11/09/1999
00131723	98 ANNUAL REPORT	03/17/2000
00170629	00 ANNUAL REPORT	06/26/2000
00330717	01 ANNUAL REPORT	06/29/2001
00416097	AGENT APPOINTMENT/CORP ADDR CHG	12/14/2001
00498492	02 ANNUAL REPORT	05/23/2002
00702070	03 ANNUAL REPORT	05/13/2003
00940385	04 ANNUAL REPORT	05/20/2004
01224144	05 ANNUAL REPORT	05/31/2005
01657110	06 ANNUAL REPORT	06/28/2006
02077317	07 ANNUAL REPORT	07/12/2007
02459226	08 ANNUAL REPORT	06/13/2008
02800180	09 ANNUAL REPORT	06/01/2009

Back To Top

Microfilm

Location	Date Received	Description
10348012008	12/14/1987	ARTICLES
20065023013	02/12/1988	PUBLICATION OF ARTICLES
10445018019	02/28/1989	88 ANNUAL REPORT

10533023045	04/16/1990	89 ANNUAL REPORT
20112034047	04/16/1991	90 EXTENSION
10625022007	05/30/1991	90 ANNUAL REPORT
10683009042	04/14/1992	91 ANNUAL REPORT
10743026023	03/16/1993	92 ANNUAL REPORT
10832010014	03/10/1994	93 ANNUAL REPORT
10960002049	07/19/1995	94 ANNUAL REPORT
11018020005	04/11/1996	95 ANNUAL REPORT
11147034028	04/07/1997	96 ANNUAL REPORT
11128008030	05/21/1997	AGENT APPOINTMENT/CORP ADDR CHG
11201014014	08/25/1997	97 ANNUAL REPORT
31556002584	11/09/1999	99 ANNUAL REPORT
31574000414	03/17/2000	98 ANNUAL REPORT
31583002007	06/26/2000	00 ANNUAL REPORT
31624002330	06/29/2001	01 ANNUAL REPORT
31644002398	12/14/2001	AGENT APPOINTMENT/CORP ADDR CHG
32017003961	12/14/2001	AGENT APPOINTMENT/CORP ADDR CHG
31666002434	05/23/2002	02 ANNUAL REPORT
31723002013	05/13/2003	03 ANNUAL REPORT
31808001658	05/20/2004	04 ANNUAL REPORT
31884001369	05/31/2005	05 ANNUAL REPORT
31990002772	06/28/2006	06 ANNUAL REPORT
32072001954	07/12/2007	07 ANNUAL REPORT
32147001169	06/13/2008	08 ANNUAL REPORT

Back To Top

- **Corporate Name Search Instructions**
- **General Web Site Usage Instructions**
- **Return to STARPAS Main Menu**
- **Return to A.C.C. Corporations Division Main Page**
- **Return to Arizona Corporation Commission Home Page**

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09/24/2009 8:12 AM

Jump To...

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Corporate Inquiry

File Number: L-1109976-8 Check Corporate Status

Corp. Name: CRISBAR, L.L.C.

Domestic Address

5310 E SHEA BLVD #2
SCOTTSDALE, AZ 85254

Statutory Agent Information

Agent Name: GARY A DRUMMOND

Agent Mailing/Physical Address:
1430 E MISSOURI AVE STE B-125
PHOENIX, AZ 85014

Agent Status: APPOINTED 12/30/2003
Agent Last Updated: 03/26/2009

Additional Corporate Information

Corporation Type: DOMESTIC L.L.C.	**Business Type:**
Incorporation Date: 12/30/2003	**Corporate Life Period:** PERPETUAL
Domicile: ARIZONA	**County:** MARICOPA
Approval Date: 12/30/2003	**Original Publish Date:** 01/26/2004

Member Information

ATLAS SOUTHWEST INC MANAGER 5230 E SHEA BLVD #200 SCOTTSDALE,AZ 85254 **Date of Taking Office:** 12/30/2003 **Last Updated:** 01/14/2004	GEORGE H JOHNSON REV TRUST MEMBER GEORGE H JOHNSON (TRUSTEE) JANA S JOHNSON (TRUSTEE) 5230 E SHEA BLVD #200 SCOTTSDALE,AZ 85254 **Date of Taking Office:** 12/30/2003 **Last Updated:** 01/14/2004

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Document Number	Description	Date Received
00862701	PUB OF ARTICLES OF ORGANIZATION	01/26/2004
00866932	PUB FILM ONLY	02/02/2004
02698899	CHANGE(S)	02/25/2009

Back To Top

Microfilm

Location	Date Received	Description
11631017018	12/30/2003	ARTICLES OF ORGANIZATION
31782002584	01/26/2004	PUB OF ARTICLES OF ORGANIZATION
31784002325	02/02/2004	PUB FILM ONLY

Back To Top

- **Corporate Name Search Instructions**
- **General Web Site Usage Instructions**
- **Return to STARPAS Main Menu**
- **Return to A.C.C. Corporations Division Main Page**
- **Return to Arizona Corporation Commission Home Page**

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S-11
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ARIZONA CORPORATION COMMISSION
CORPORATIONS DIVISION

Phoenix Address 1300 West Washington
Phoenix, Arizona 85007-2929

Tucson Address 400 West Congress
Tucson, Arizona 85701-1347

CERTIFICATE OF DISCLOSURE
A.R.S. §10-202 D

CHECK APPROPRIATE BOX A OR B
ANSWER "C"

Shea Utility Services Company, Inc.
EXACT CORPORATE NAME

THE UNDERSIGNED CERTIFY THAT

A. No persons serving either by elections or appointment as officers, directors, trustees, incorporators and persons controlling or holding over 10% of
[X] the issued and outstanding common shares or 10% of any other proprietary, beneficial or membership interest in the corporation

1. Have been convicted of a felony involving a transaction in securities, consumer fraud or antitrust in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate.
2. Have been convicted of a felony, the essential elements of which consisted of fraud, misrepresentation, theft by false pretenses, or restraint of trade or monopoly in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate
3. Have been or are subject to an injunction, judgment, decree or permanent order of any state or federal court entered within the seven-year period immediately preceding the execution of this Certificate wherein such injunction, judgment, decree or permanent order
   (a) Involved the violation of fraud or registration provisions of the securities laws of that jurisdiction; or
   (b) Involved the violation of the consumer fraud laws of that jurisdiction, or
   (c) Involved the violation of the antitrust or restraint of trade laws of that jurisdiction

B. For any person or persons who have been or are subject to one or more of the statements in Items A 1 through A 3 above, the following
[ ] information MUST be attached

1. Full name, prior name(s) and aliases if used
2. Full birth name
3. Present home address
4. Prior addresses (for immediate preceding 7-year period)
5. Date and location of birth
6. Social Security number
7. The nature and description of each conviction or judicial action, date and location, the court and public agency involved and file or cause number of case

C. Has any person serving as an officer, director, trustee or incorporator of the corporation served in any such capacity or held or controlled over 20% of the issued and outstanding common shares, or 20% of any other proprietary, beneficial or membership interest in any corporation which has been placed in bankruptcy, receivership or had its charter revoked, or administratively or judicially dissolved by any state or jurisdiction?

Yes_____ No X

IF YOUR ANSWER TO THE ABOVE QUESTION IS "YES" YOU MUST ATTACH THE FOLLOWING INFORMATION FOR EACH CORPORATION

1. Name and address of the corporation
2. Full name (including aliases) and address of each person involved
3. State(s) in which the corporation
   (a) Was incorporated (b) Has transacted business
4. Dates of corporate operation
5. Date and case number of Bankruptcy or date of revocation/administrative dissolution

D. The fiscal year end adopted by the corporation is _____

Under penalties of law, the undersigned incorporator(s)/officer(s) declare(s) that I(we) have examined this Certificate, including any attachments, and to the best of my(our) knowledge and belief it is true, correct and complete. THE SIGNATURE(S) MUST BE DATED WITHIN THIRTY (30) DAYS OF THE DELIVERY DATE.

BY [signature] BY [signature]

PRINT NAME George H. Johnson PRINT NAME Jana S. Johnson

TITLE President DATE 12/10/98 TITLE Secretary DATE 12/10/98

DOMESTIC CORPORATIONS: ALL INCORPORATORS MUST SIGN THE INITIAL CERTIFICATE OF DISCLOSURE. If within sixty days, any person becomes an officer, director, trustee or person controlling or holding over 10% of the issued and outstanding shares or 10% of any other proprietary, beneficial, or membership interest in the corporation and the person was not included in this disclosure, the corporation must file an AMENDED certificate signed by at least one duly authorized officer of the corporation.

FOREIGN CORPORATIONS: MUST BE SIGNED BY AT LEAST ONE DULY AUTHORIZED OFFICER OF THE CORPORATION

CF 0022 - Business Corporations
Rev 7/96

DEC 18 12 15 PM '98

12/18/98

0860560-6

12-23-98

ARTICLES OF INCORPORATION

OF

SHEA UTILITY SERVICES COMPANY, INC.

KNOW ALL MEN BY THESE PRESENTS:

I, the undersigned, for the purpose of forming a corporation under and pursuant to the laws of the State of Arizona, do hereby adopt these Articles of Incorporation:

ARTICLE I

The name of the Corporation is Shea Utility Services Company, Inc. OK LM

ARTICLE II

The name and address of the Incorporator is as follows:

George H. Johnson
5230 E. Shea Boulevard
Scottsdale, AZ 85254

All powers, duties and responsibilities of the above incorporator shall cease at the time of delivery of these Articles of Incorporation to the Arizona Corporation Commission for filing.

ARTICLE III

The purpose for which this Corporation is organized is the transaction of any or all lawful business for which corporations may be incorporated under the laws of the State of Arizona, as they may be amended from time to time. The Corporation initially intends to engage in the business of providing utility management services.

ARTICLE IV

The known place of business of the Corporation shall be 5230 E. Shea Boulevard, Scottsdale, Arizona 85254. Offices may also be maintained at such other place or places, either within or without the State of Arizona, as may be designated from time to time by the Board of Directors, or as the business of the Corporation may require.

ARTICLE V

The Corporation shall have authority to issue a total of one hundred thousand (100,000) shares of common stock with no par value. Shares of the Corporation's common stock may be issued upon such terms and conditions as shall be prescribed by the Board of Directors of the Corporation and may be issued in exchange for cash, services or anything of right or value. The judgment of the Board of Directors as to the value of property or services taken in exchange for stock, as to the determination of cash reserves and operating capital and as to the value of consideration received from time to time for the sale of stock, shall be conclusive in the absence of fraud. The stock of this Corporation shall be fully paid for when issued and shall be forever nonassessable.

ARTICLE VI

The holders from time to time of the common stock of the Corporation shall have preemptive rights as to the common stock then or thereafter authorized to be issued, including treasury stock.

ARTICLE VII

The number of Directors constituting the initial Board of Directors shall be two (2). The names and addresses of the persons who are to serve as Directors until the first annual meeting of Shareholders or until their successors be elected and qualified are as follows:

George H. Johnson
5230 E. Shea Boulevard
Scottsdale, AZ 85254

Jana S. Johnson
5230 E. Shea Boulevard
Scottsdale, AZ 85254

The minimum and maximum number of Directors that shall from time to time serve the Corporation shall be set forth in the Bylaws of the Corporation.

ARTICLE VIII

The Board of Directors of the Corporation may, from time to time, distribute on a pro rata basis a portion of the assets of the Corporation, in cash or property, to its shareholders from the capital surplus of the Corporation.

ARTICLE IX

The Board of Directors of the Corporation may, from time to time, cause the Corporation to purchase its own shares to the extent of the unreserved and unrestricted earned and capital surplus of the Corporation.

ARTICLE X

The duration of the Corporation shall be perpetual.

ARTICLE XI

Directors shall not be personally liable to the Corporation or its shareholders for monetary damages for breach of fiduciary duty as a director, except for liability to the extent provided by applicable law for (i) any breach of the director's duty of loyalty to the Corporation or its shareholders; (ii) acts or omissions which are not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) authorizing the unlawful payment of a dividend or other distribution on the Corporation's capital stock or the unlawful purchase of its capital stock; (iv) any transaction from which the director derived an improper personal benefit; and (v) a violation of Arizona Revised Statutes §10-041, as and if amended. If Arizona law is subsequently amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the Corporation, in addition to the limitation on personal liability provided herein, shall be limited to the fullest extent permitted by Arizona law.

ARTICLE XII

The Corporation shall indemnify, to the fullest extent allowed by law, any person who incurs liability or expense by reason of such person acting as an officer or director of the Corporation. This indemnification shall be mandatory in all circumstances in which indemnification is permitted by law.

ARTICLE XIII

Richard L. Sallquist, 2525 E. Arizona Biltmore Circle, Suite 117, Phoenix, Arizona 85016, who has been a bona fide resident of the State of Arizona at least three (3) years, is hereby appointed Statutory Agent of this Corporation upon whom all notices of process, including summons, may be served. The Board of Directors may revoke the appointment of such agent at any time and shall have the power to fill any vacancy.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of December, 1998.

George H. Johnson

51036.0000 229

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 18th day of December, 1998, by George H. Johnson.

Stephanie Sawyer
Notary Public

My commission expires:

10-1-2002

OFFICIAL SEAL
STEPHANIE SAWYER
Notary Public - State of Arizona
MARICOPA COUNTY
My Comm. Expires Oct. 1 2002

51030 00000.229

SALLQUIST & DRUMMOND, P.C.
ATTORNEYS AT LAW
2525 EAST ARIZONA BILTMORE CIRCLE
SUITE 117
PHOENIX ARIZONA 85016-2129

RICHARD L. SALLQUIST

PHONE (602) 224-9222
FACSIMILE (602) 224-9366

December 18, 1998

Arizona Corporation Commission
Attention: Incorporating Division
1300 W. Washington Street
Phoenix, Arizona 85007

Re: Shea Utility Services Company, Inc.
Our Reference No. 51030.00000

Gentlemen:

I, Richard L. Sallquist, Esq., having been designated to act as Statutory Agent for the above-referenced Corporation, hereby consent to act in that capacity until renewal or resignation is submitted in accordance with the Arizona Revised Statutes.

Sincerely,

Richard L. Sallquist, Esq.

51030.00000.237

STATE OF ARIZONA
CORPORATION COMMISSION
CORPORATION ANNUAL REPORT
& CERTIFICATE OF DISCLOSURE

REI AZ Corp. Commission

EXHIBIT
S-12
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DUE ON OR BEFORE 12/18/2004 FY04-05 FILING FEE $45.00

The following information is required by A.R.S. §§10-1022 & 10-11022 for all corporations organized pursuant to Arizona Revised Statutes, Title 10. The Commission's authority to prescribe this form is A.R.S. §§10-121.A. & 10-3121.A. YOUR REPORT MUST BE SUBMITTED ON THIS ORIGINAL FORM. Make changes or corrections where necessary. Information for the report should reflect the current status of the corporation. See instructions on page 4 for proper format.

A.C.C. CORPORATIONS DIV. RECEIVED DEC 1 8 2004 DOCUMENTS ARE SUBJECT TO REVIEW BEFORE

1. -0860560-6
SHEA UTILITY SERVICES COMPANY, INC.
5230 E SHEA BLVD # 200
SCOTTSDALE, AZ 85254

Business Phone: _____ [Business phone is optional.]
State of Domicile: ARIZONA Type of Corporation: BUSINESS

2. Statutory Agent: RICHARD L SALLQUIST
Mailing Address: 2525 E ARIZONA BILTMORE CIR #117
City, State, Zip: PHOENIX, AZ 85016

Physical Address, If Different.
Physical Address:
City, State, Zip:

ACC USE ONLY
Fee $ 15
Penalty $ _____
Reinstate $ _____
Expedite $ _____
Resubmit $ _____

Use this box only if appointing a new Statutory Agent

If appointing a new statutory agent, the new agent MUST consent to that appointment by signing below.

I, (individual) or We, (corporation or limited liability company) having been designated the new Statutory Agent, do hereby consent to this appointment until my removal or resignation pursuant to law.

_____
Signature of new Statutory Agent

_____
Printed Name of new Statutory Agent

3. Secondary Address:

(Foreign Corporations are REQUIRED to complete this section).

4. Check the one category below which best describes the CHARACTER OF BUSINESS of your corporation.

BUSINESS CORPORATIONS

__ 1. Accounting
__ 2. Advertising
__ 3. Aerospace
__ 4. Agriculture
__ 5. Architecture
__ 6. Banking/Finance
__ 7. Barbers/Cosmetology
__ 8. Construction
__ 9. Contractor
__ 10. Credit/Collection
__ 11. Education
__ 12. Engineering
__ 13. Entertainment
__ 14. General Consulting
__ 15. Health Care
__ 16. Hotel/Motel
__ 17. Import/Export
__ 18. Insurance
__ 19. Legal Services
__ 20. Manufacturing
__ 21. Mining
__ 22. News Media
__ 23. Pharmaceutical
__ 24. Publishing/Printing
__ 25. Retailing/Livestock
__ 26. Real Estate
__ 27. Restaurant/Bar
__ 28. Retail Sales
__ 29. Science/Research
__ 30. Sports/Sporting Events
__ 31. Technology/Computers
__ 32. Technology/General
__ 33. Television/Radio
__ 34. Tourism/Convention Services
__ 35. Transportation
__ 36. Utilities
__ 37. Veterinary Medicine/Animal Care
X 38. Other Management

NON-PROFIT CORPORATIONS

1. __ Charitable
2. __ Benevolent
3. __ Educational
4. __ Civic
5. __ Political
6. __ Religious
7. __ Social
8. __ Literary
9. __ Cultural
10. __ Athletic
11. __ Science/Research
12. __ Hospital/Health Care
13. __ Agricultural
14. __ Animal Husbandry
15. __ Homeowner's Association
16. __ Professional, commercial, industrial or trade association
17. __ Other _____

-0065560-6 SHEA UTILITY SERVICES COMPANY, INC.

5. **CAPITALIZATION:** (Business Corporations and Business Trusts are REQUIRED to complete this section.)

Business trusts must indicate the number of transferable certificates held by trustees evidencing their beneficial interest in the trust estate. Please examine the corporation's original Articles of Incorporation for the amount of shares authorized. Review all corporation amendments to determine if the original number of shares has changed. Examine the corporation's minutes for the number of shares issued. Please Print or Type Clearly.

Number of Shares/Certificates Authorized	Class	Series Within Class (If any)
100,000	Common	no par

Number of Shares/Certificates Issued	Class	Series Within Class (If any)
1,000	Common	no par

6. **SHAREHOLDERS:** (Business Corporations and Business Trusts are REQUIRED to complete this section.)

List shareholders holding more than 20% of any class of shares issued by the corporation, or having more than a 20% beneficial interest in the corporation. Please Type or Print Clearly.

NONE ☐

Name: George H. Johnson

Name:

Name:

Name:

7. **OFFICERS** Please Type or Print Clearly. You Must List at Least One.

Name: George H. Johnson
Title: President
Address: 5230 E. Shea Blvd., Suite 200
Scottsdale, AZ 85254
Date taking office: 12/18/98

Name: Jana S. Johnson
Title: Secretary/Treasurer
Address: 5230 E. Shea Blvd., Suite 200
Scottsdale, AZ 85254
Date taking office: 12/18/98

Name: Brian P. Tomnsett
Title: Executive Vice President
Address: 5230 E. Shea Blvd., Suite 200
Scottsdale, AZ 85254
Date taking office: 1/2/03

Name:
Title:
Address:
Date taking office:

8. **DIRECTORS** Please Type or Print Clearly. You Must List at Least One.

Name: George H. Johnson
Address: 5230 E. Shea Blvd., Suite 200
Scottsdale, AZ 85254
Date taking office: 12/18/98

Name: Jana S. Johnson
Address: 5230 E. Shea Blvd., Suite 200
Scottsdale, AZ 85254
Date taking office: 12/18/98

Name:
Address:
Date taking office:

Name:
Address:
Date taking office:

Please Enter Corporation Name: Shaw Utility Services Company, Inc. File number 0860560-6 Page 3

9. FINANCIAL DISCLOSURE (A.R.S. §10-11622.A.9)
Nonprofit corporations must attach a financial statement (e.g. income/expense statement, balance sheet including assets, liabilities). All other forms of corporations are exempt from filing a financial disclosure.

9A. MEMBERS (A.R.S. § 10-11622.A.8)

Only Nonprofit Corporations must answer this question.

This corporation DOES ☐ DOES NOT ☐ have members.

10. CERTIFICATE OF DISCLOSURE (A.R.S. §§10-1622.A.6 & 10-11622.A.7)
Has ANY person serving either by election or appointment as an officer, director, trustee, incorporator and/or person controlling or holding more than 10% of the issued and outstanding common shares or 10% of any other proprietary, beneficial or membership interest in the corporation been: [Underlined portion pertains to business corporations only]

1. Convicted of a felony involving a transaction in securities, consumer fraud or antitrust in any state or federal jurisdiction within the seven year period immediately preceding the execution of this certificate?
2. Convicted of a felony, the essential elements of which consisted of fraud, misrepresentation, theft by false pretenses or restraint of trade or monopoly in any state or federal jurisdiction within the seven year period immediately preceding execution of this certificate?
3. Or are subject to an injunction, judgment, decree or permanent order of any state or federal court entered within the seven year period immediately preceding execution of this certificate where such injunction, judgment, decree or permanent order involved the violation of:
   (a) fraud or registration provisions of the securities laws of that jurisdiction, or
   (b) the consumer fraud laws of that jurisdiction, or
   (c) the antitrust or restraint of trade laws of that jurisdiction?

One box must be marked: YES ☐ NO ☒

If "YES", the following information must be submitted as an attachment to this report for each person subject to one or more of the actions stated in Items 1. through 3. above.

1. Full name and prior names used.
2. Full birth name.
3. Present home address.
4. Prior addresses (for immediate preceding 7 year period).
5. Date and location of birth.
6. Social Security Number
7. The nature and description of each conviction or judicial action; the date and location; the court and public agency involved, and the file or cause number of the case.

11. STATEMENT OF BANKRUPTCY, RECEIVERSHIP or CHARTER REVOCATION (A.R.S. §§10-202.D.2, 10-3202.D.2, 10-1623 & 10-11623)

A) Has the corporation filed a petition for bankruptcy or appointed a receiver? One box must be marked: YES ☐ NO ☒

B) Has any person serving as an officer, director, trustee or incorporator of the corporation served in any such capacity OR held or controlled over 10% of the issued and outstanding common shares, or 10% of any other proprietary, beneficial or membership interest in any corporation which has been placed in bankruptcy, receivership or had its charter revoked, or administratively or judicially dissolved by any state or jurisdiction?

[Underlined portion pertains to business corporations only]

One box must be marked: YES ☐ NO ☒

If "YES" to A and/or B, the following information must be submitted as an attachment to this report for each person subject to the statement above.

1. The names and addresses of each corporation and the person or persons involved. (e.g. officer, director, trustee or major stockholder)
2. The state in which each corporation was a) incorporated b) transacted business.
3. The dates of corporate operation.
4. If any involved person (listed in #1) has been involved in any other bankruptcy proceeding within the past year, the name and address of each corporation.
5. Date, Case number and Court where the bankruptcy was filed or receiver appointed.
6. Name and address of court appointed receiver.

12. SIGNATURES: Annual Reports must be signed and dated by at least one duly authorized officer or they will be rejected.

I declare, under penalty of law that all corporate income tax returns required by Title 43 of the Arizona Revised Statutes have been filed with the Arizona Department of Revenue. I further declare under penalty of law that I (we) have examined this report and the certificate, including any attachments, and to the best of my (our) knowledge and belief they are true, correct and complete.

Name: George H. Johnson Date: 12-19-06 Name: _____ Date: _____

Signature: [signature] Signature: _____

Title: President Title: _____

(Signator(s) must be duly authorized corporate officer(s) listed in section 7 of this report.)

Arizona Corporation Commission
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09/21/2009 1:34 PM

Jump To...

Annual Reports Scanned Documents Microfilm

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Corporate Inquiry

File Number: -0860560-6 Check Corporate Status

Corp. Name: SHEA UTILITY SERVICES COMPANY, INC.

Domestic Address

5310 E SHEA BLVD STE 2
SCOTTSDALE, AZ 85254

Statutory Agent Information

Agent Name: GARY A DRUMMOND

Agent Mailing/Physical Address:
1430 E MISSOURI AVE STE B-125
PHOENIX, AZ 85014

Agent Status: APPOINTED 12/17/2008
Agent Last Updated: 01/09/2009

Additional Corporate Information

Corporation Type: BUSINESS	**Business Type:** MANAGEMENT
Incorporation Date: 12/18/1998	**Corporate Life Period:** PERPETUAL
Domicile: ARIZONA	**County:** MARICOPA
Approval Date: 12/18/1998	**Original Publish Date:** 01/29/1999

Officer Information

CHRISTOPHER E JOHNSON PRESIDENT 5230 E SHEA BLVD #200	BARBARA A JOHNSON SECRETARY 5230 E SHEA BLVD #200

SCOTTSDALE,AZ 85254 **Date of Taking Office:** 01/01/2007 **Last Updated:** 01/31/2008	SCOTTSDALE,AZ 85254 **Date of Taking Office:** 01/01/2007 **Last Updated:** 01/31/2008
BARBARA A JOHNSON TREASURER 5230 E SHEA BLVD #200 SCOTTSDALE,AZ 85254 **Date of Taking Office:** 01/01/2007 **Last Updated:** 01/31/2008	

Director Information

CHRISTOPHER E JOHNSON DIRECTOR 5230 E SHEA BLVD #200 SCOTTSDALE,AZ 85254 **Date of Taking Office:** 01/01/2007 **Last Updated:** 01/09/2009	BARBARA A JOHNSON DIRECTOR 5230 E SHEA BLVD #200 SCOTTSDALE,AZ 85254 **Date of Taking Office:** 01/01/2007 **Last Updated:** 01/09/2009

Annual Reports

Next Annual Report Due: 12/18/2009

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File Year	File Month	Date Received	Reason Returned	Date Returned	Extension
2008	12	12/17/2008			
2007	12	12/28/2007			
2006	12	11/21/2006			
2005	12	01/30/2006			
2004	12	12/16/2004			
2003	12	10/17/2003			
2002	12	10/17/2002			
2001	12	12/10/2001			
2000	12	10/31/2000			
1999	12	12/01/1999			

Back To Top

Scanned Documents

(Click on gray button to view document - will open in a new window)

Document Number	Description	Date Received

00086853	99 ANNUAL REPORT	12/01/1999
00221569	00 ANNUAL REPORT	10/31/2000
00412738	01 ANNUAL REPORT	12/10/2001
00591221	02 ANNUAL REPORT	10/17/2002
00805149	03 ANNUAL REPORT	10/17/2003
01085243	04 ANNUAL REPORT	12/16/2004
01456007	05 ANNUAL REPORT	01/30/2006
01801207	06 ANNUAL REPORT	11/21/2006
02253001	07 ANNUAL REPORT	12/28/2007
02642322	08 ANNUAL REPORT	12/17/2008

Back To Top

Microfilm

Location	Date Received	Description
11290024034	12/18/1998	ARTICLES
20237037041	01/29/1999	PUB OF ARTICLES
20236033043	02/05/1999	PUB OF ARTICLES
31560000734	12/01/1999	99 ANNUAL REPORT
31597001141	10/31/2000	00 ANNUAL REPORT
31644001259	12/10/2001	01 ANNUAL REPORT
31693000777	10/17/2002	02 ANNUAL REPORT
31766000189	10/17/2003	03 ANNUAL REPORT
31842001798	12/16/2004	04 ANNUAL REPORT
31947002402	01/30/2006	05 ANNUAL REPORT
32021002882	11/21/2006	06 ANNUAL REPORT
32099003509	12/28/2007	07 ANNUAL REPORT

Back To Top

- **Corporate Name Search Instructions**
- **General Web Site Usage Instructions**
- **Return to STARPAS Main Menu**
- **Return to A.C.C. Corporations Division Main Page**
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Review #24,572,358

EXHIBIT
not confrd.
S-14
ADMITTED
ALL-STATE LEGAL®

JOHNSON UTILITIES, L.L.C

5230 East Shea Boulevard * Scottsdale, Arizona 85254
PH: (480) 998-3300; FAX: (480) 483-7908

April 15, 2008

RECEIVED

APR 15 2008

AZ CORP COMM
Director Utilities

Ernest Johnson, Director
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

Re: Johnson Utilities, LLC; Affiliated Interest Annual Filing

Dear Mr. Johnson:

Johnson Utilities, LLC, dba Johnson Utilities Company, hereby provides the annual filing as required by the Arizona Administrative Code, Title 14, Article 8.

The Company has not organized or reorganized as contemplated by Rule 803 during calendar 2007, nor since becoming a Class A public utility corporation.

As required by Rule 804A, the books and records of the Company and its affiliates are available for Commission review, and the Company has not consummated any transactions contemplated by Rule 804 B.

The Company has no diversification plans pursuant to Rule 805, but provides the attached list of serial responses to the data required in Rule 805A.

In the event you have any questions regarding these matters, please do not hesitate to call.

Sincerely,

Brian P. Tompsett
Executive Vice President

Enclosures

cc: Brian Bozzo
Richard Sallquist

JOHNSON UTILITIES, L.L.C

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PH: (480) 998-3300; FAX: (480) 483-7908

JOHNSON UTILITIES, LLC
AACR R14-2-805A Responses.

For calendar year ending in December 31, 2007

1. The Club at Oasis, L.L.C.
   5230 E Shea Blvd., Suite #200, Scottsdale, AZ 85254
   Effluent Disposal Services

   George H Johnson and Jana S. Johnson, as Co-Trustees of The George H. Johnson Revocable Trust, dated July 9, 1987
   5230 E. Shea Blvd., Suite #200, Scottsdale, AZ 85254
   Leases Office Space

   Central Arizona Solid Waste, L.L.C.
   5230 E Shea Blvd., Suite #200, Scottsdale, AZ 85254
   Solid Waste Services

   Johnson International, L.L.C.
   5230 E Shea Blvd., Suite #200, Scottsdale, AZ 85254
   Development Business

   The affiliates are related through common, but not identical, ownership.

2. **The Club at Oasis-** Contracts with Johnson Utilities for Effluent Disposal

   George H Johnson Trust- Leases Office Space to Johnson Utilities, Receives interest on a note,

   Central Arizona Solid Waste- Reimbursed for Insurance Expenses paid.

   Johnson International- Receives reimbursements on Advances in Aid of Construction.

3. Not Applicable. Johnson Utilities does not have any subsidiaries.

4. Not Applicable. Johnson Utilities does not have any subsidiaries.

5. The Affiliated Companies do not borrow money from Johnson Utilities and do not affect the capital structure of Johnson Utilities. Johnson Utilities does through the normal course of business owe the affiliated companies money for services

5230 East Shea Boulevard * Scottsdale, Arizona 85254
PH: (480) 998-3300; FAX: (480) 483-7908

rendered. This would not affect Johnson Utilities ability to attract capital at a fair and reasonable rate.

6. Not Applicable. There are no allocations among these entities, only cost based contracts as described herein.

7. Not Applicable. The utility has not sought, or obtained, outside capital, and has no intention of doing so.

8. There were no funds transferred between Johnson Utilities and the Affiliates. Johnson Utilities only makes payments on contracts and/or invoices for services rendered.

9. Not Applicable. The utility has no contracts or agreements to receive or provide management, engineering, accounting, legal, and financial services with an affiliate.

10. Not Applicable. The Utility has not purchased or sold goods between any affiliate.

11. Johnson Utilities, L.L.C. has two lease agreements with the George H. Johnson Trust. One is for the lease of the corporate office and the other is for the lease of the operations office.

Dec

BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission
DOCKETED
NOV 01 2002
DOCKETED BY

EXHIBIT
S-15
admin notice

WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER

IN THE MATTER OF THE APPLICATION OF BELLA VISTA WATER CO., INC. AN ARIZONA CORPORATION TO DETERMINE THE FAIR VALUE OF ITS PROPERTIES FOR RATE MAKING PURPOSES, TO FIX A JUST AND REASONABLE RATE OF RETURN THEREON, AND TO APPROVE RATE SCHEDULES AND TARIFFS DESIGNED TO DEVELOP SUCH RETURN.

DOCKET NO. W-02465A-01-0776

DECISION NO. 65350

OPINION AND ORDER

DATE OF HEARING: July 25 and 26, 2002
August 16, 2002

PLACE OF HEARING: Tucson, Arizona

ADMINISTRATIVE LAW JUDGE: Jane L. Rodda

APPEARANCES: Mr. William Sullivan, MARTINEZ & CURTIS, P.C., on behalf of Bella Vista Water Company, Inc.;

Mr. Daniel W. Pozefsky, Staff Attorney, on Behalf of the Residential Utility Consumer Office;

Mr. Jason Gellman, Staff Attorney, Legal Divison, on behalf of the Utilities Division of the Arizona Corporation Commission.

BY THE COMMISSION:

Procedural Background

Bella Vista Water Company, Inc. ("Bella Vista" or "Company") provides water utility services to approximately 6,659 residential and commercial customers in and around the City of Sierra Vista, in Cochise County, Arizona. Bella Vista filed an application to increase its rates with the Arizona Corporation Commission ("Commission") on September 28, 2001. The Company filed an amendment to its application on October 16, 2001. The Company used a test year of December 31, 2000. The Commission authorized Bella Vista's current rates in Decision No. 61730 (June 4,

1999).[1]

On October 29, 2001, the Commission's Utilities Division Staff ("Staff") notified the Company that its application was sufficient and that it is classified as a Class B utility.

The Commission granted intervention to the Residential Utility Consumer Office ("RUCO") on December 4, 2001.

By Procedural Order dated November 4, 2001, the Hearing Division established procedural guidelines for the conduct of the proceeding and set the matter for hearing to commence July 25, 2002, in Tucson, Arizona.

Pursuant to the procedural schedule, Staff and RUCO filed direct testimony on April 29, 2002. Bella Vista filed rebuttal testimony on May 28, 2002. Staff and RUCO filed surrebuttal testimony on June 18, 2002. Bella Vista filed rejoinder testimony on July 9, 2002.

On December 20, 2001, Bella Vista Mailed notice of the hearing on its rate application to its customers. The Commission has not received any comments from the public in response to the application.

The hearing convened as scheduled on July 25, 2002, and continued on July 26, 2002, and August 16, 2002. Ms. Judith Gignac, the Company's general manger, and consultants Messers. Ron Kozoman, CPA, and Ken Bourassa, CPA, testified for the Company; Ms. Marylee Diaz-Cortez and Mr. William Rigsby testified for RUCO; and Messers. Alexander Igwe, Lyndon Hammond and Joel Reiker, testified for Staff.

Staff, RUCO and the Company filed closing briefs on September 9, 12, and 13, 2002, respectively.

Summary of Issues

The Company claims test year operating revenues of $2,908,067, and test year operating expenses of $2,435,335, for an adjusted test year operating income of $472,732, a 6.3 percent rate of return on adjusted rate base. Bella Vista proposes that the Commission authorize a $388,766, or 13.38 percent, increase in revenues, based on a 9.5 percent return on a rate base of $7,488,816.

[1] Decision No. 61730 also approved the merger/consolidation of Bella Vista and Nicksville Water Co., Inc.

In support of its filing, the Company asserts that it has never earned the 10.75 percent return authorized in its last rate case (Decision No. 61730) and has made additions and improvements to its system, including $2.1 million of capital improvements financed by the Water Infrastructure Finance Authority ("WIFA"). The Company states it has accepted almost all of Staff's proposed adjustments to the income statement and rate base. The areas of dispute involving income are property taxes, professional and consulting costs, income taxes and depreciation expense. The disputed rate base issues are post-test year plant, cash working capital and deferred income taxes.[2] Bella Vista disagrees with both Staff and RUCO concerning the appropriate cost of capital.

RUCO determined that test year revenues were $2,908,067, which based on adjusted test year operating expenses of $2,385,278, produced operating income of $522,789, a 9.45 percent rate of return on adjusted rate base of $5,534,519. RUCO recommends that based on a weighted cost of capital of 9.66 percent, that the Commission authorize a rate increase of no more than $19,133, a revenue increase of 0.66 percent. RUCO recommends a reduction in water rates, but an increase in miscellaneous income.

Staff calculated that the Company had test year revenues of $2,907,775, and adjusted test year operating expenses of $2,395,005, producing operating income of $512,770, a 9.02 percent rate of return on an adjusted rate base of $5,687,016. Staff recommends that revenues be decreased by $86,727, or 2.87 percent, based on its proposed 8.1 percent rate of return on adjusted rate base. Staff's proposed return is based on the Company's current capital structure that includes $2.1 million in WIFA debt, although Staff excludes the plant financed by the debt from rate base.

Rate Base Issues

Bella Vista advocates a Fair Value Rate Base ("FVRB") of $7,488,816. Bella Vista accepts all of Staff's rate base adjustments except a) eliminating cash working capital; b) eliminating post-test year plant; and c) the calculation of deferred income tax credits. The Company did not accept RUCO's calculation of accumulated depreciation because it is based on applying a depreciation factor that was approved for the Nicksville Water Co., an entity that ceased to exist when it was

[2] The disputes over depreciation expense, income taxes and deferred taxes result from differences of opinion concerning appropriate expenses and rate base, and not on methodology.

merged with Bella Vista. *Bella Vista also disagrees with RUCO's failure to accept Staff's* adjustment to advances-in-aid-of-construction balances and deduction of customer deposits.

Post-Test Year Plant

The Company's Position

The most significant rate base issue is the inclusion of post-test year plant. The Company proposed including $1,797,279 of plant constructed after the end of the test year, but in service prior to the hearing.

The post-test year plant includes:

- Apache Booster Station ($131,120). This project involved installing a new well, booster station, and interconnecting two wells serving the Rail Oaks area. Mains were installed along Apache Point Road and continued in major streets. This project was intended to improve service in the Rail Oaks area which had been served by a single well and having difficulty meeting customer demands. The project was completed and in service on July 3, 2001.
- Rio Grand Well ($72,472). When the original well at Apache was determined to have insufficient production capacity to warrant development, the Company acquired a well easement at Rio Grande Road and Richards Road for a third well. This project included the land acquisition, the well drilling, and the main along Richards Road to connect the Rio Grande well with the Apache Point booster station and the Rail Oaks system. The facilities were completed and placed in service on December 12, 2001. Bills were not received until after the start of 2002 and the plant was not booked as in-service until 2002.
- SR92 Interconnection ($1,065,044). This project interconnects three systems- Welch, Nicksville and Rail Oaks with a 12 inch line, which increased availability and reliability of water service in the area of several low-producing wells. The first phase was completed and in service on August 30, 2001, and the third phase was completed and in service on October 23, 2001.

- SR 90 Interconnection ($176,709). This project ties two wells at the Vista View subdivision with the main Bella Vista system via a 12-inch line. It services the Sierra Vista Regional Health Center and the Cochise County Juvenile Center. It increases the reliability of the eastern portion of Bella Vista's system. Work was completed and the project in service on November 20, 2001.
- Colombo Avenue ($82,482). This project involved the installation of an 8 inch main in the extension of the arterial roadway and was completed and in service on October 1, 2001.
- Well # 18 ($115,993). Well #18 is one of the Company's major wells and serves the northwest quadrant of the City. It uses four booster pumps. This project involved rebuilding all four booster pumps and the re-coating and painting the interior and exterior of the 1.5 million gallon storage tank and two 5,000 gallon pressure tanks at the well site. The project was completed and in service on August 5, 2001.
- Line Replacement ($54,300). This project involved lowering and relocation of water mains as the City and County made road improvements. It was completed and in service June 8, 2001.
- Guilio Cesare Main ($3,000). This project involved installing a main line to loop the system and was in service December 28, 2000.
- Fry Township Water Mains ($21,310). This project involved the lowering and relocation of mains due to the installation of new sewer lines by the City, and was completed and in service November 30, 2001.
- Stump Canyon Water Main ($30,815). Replaced 1 inch ranch pipe with 4 inch C900 PVC. In service January 3, 2002.
- Miscellaneous projects ($44,094). These projects included replacing the motor at Well #19 due to failure, looping mains from 7th Street to Tacoma Street, upgrading computer equipment to run valve maps on in-house system, replacing a failed booster at the Vista View Booster station, upgrading a main along the County portion of SR 90, replacing a

failed pump and motor at Nicksville sell site #10 and purchasing hydrant meter for construction workers.

The Company believes it is appropriate to include this post-test year plant as it was installed to serve existing customers, is necessary for system reliability, is revenue neutral, and is used and useful sufficiently in advance of the hearing to allow Staff a reasonable opportunity to inspect the plant. All post-test year plant at issue here was in service no later than January 3, 2002, with the majority in service by October 23, 2001. Staff verified the plant was in service and received invoices supporting the cost. The Company argues that Staff and RUCO's refusal to consider the post-test year plant ignores the totality of the Commission's rules, the Commission's history of recognizing post-test year additions and the specific evidence presented in this case.

Bella Vista does not dispute the Commission's discretion to use an historic test year as long as the Commission does not abuse its discretion and does not refuse to consider all relevant evidence. Neither does Bella Vista dispute the Commission's discretion to exclude post-test year, or even test year plant, where the evidence indicates either (1) the plant is not needed to service existing customers or (2) material changes in revenues or expenses related to the plant creates a substantial mismatch between revenues, expenses and plant. However, Bella Vista argues, the use of the historic test year must not arbitrarily and illegally deprive Bella Vista of a fair return on the fair value of its plant devoted to public use. Under the approach taken by Staff and RUCO, plant placed in service December 31, 2000, would be recognized, while plant placed in service January 1, 2001 would not, and Bella Vista views this as "the epitome of arbitrariness" and "inherently discriminatory". The Company asserts that post-test year plant must be treated like any other pro forma adjustment. Bella Vista asserts any rate making is premised on the desire to forecast future conditions.

The Company complains that Staff and RUCO focus on A.A.C. R14-2-103(A)(3)(p) which defines the historic test year, but ignore the Commission's other filing requirements (A.A.C. R14-2-103(A)(3)(i), (h) and (n) which permit pro forma adjustments as well as requiring "projected" data. The Company argues that nothing in the rules requires greater reliance on the historic year than on projected data. In using its discretion, the Company argues, the Commission must give due consideration to all relevant factors. In this case, Bella Vista asserts, it made pro forma adjustments

to reflect known and definite changes and to ensure the test year provided a more realistic relationship between revenue, expenses and rate base at the time the rates would be effective.

The Company argues the evidence is uncontraverted that the Company does not have a rapidly growing customer base; that the plant was installed to service existing customers to increase system reliability; and that revenue levels and operating income of the Company decreased in 2001 over the test year. Based on these facts and its experience operating the system, the Company concluded that the operation of the additional plant would have no impact on revenues and no significant impact on operating costs. Neither Staff nor RUCO conducted any study of the impacts of the plant, but Staff's engineer testified that any impact of the new plant would be negligible.

The Company notes that the Commission has routinely included post-test year plant in rate base. In Bella Vista's prior rate case, both Staff and RUCO supported including post-test year plant and did not require the Company to quantify the plant's impact on revenues or expenses, as they now do. The Company claims it relied on the Commission's historic treatment of post-test year plant when it proceeded with an extensive capital improvement program funded with borrowed funds and in deciding the timing of its rate application. The Company claims that Staff's position is a radical departure from Commission precedent and should not be implemented on an ad hoc basis after the Company has financed $2.1 million of plant improvements and filed a rate application. The Company cites numerous examples of circumstances where the Commission approved post-test year plant.

The Company argues that Staff's and RUCO's positions in this case fly in the face of Arizona case law that confirms the use of the historic test year, but also the right to consider pro forma adjustments. See Arizona Corporation Commission v. Arizona Public Service Co., 113 Ariz. 368, 555 P.2d 326 (1976). In Ariz. Corp. Comm'n. v. A.P.S., the Court also stated that "[i]t appears to be in the public interest to have stability in the rate structure within the bounds of fairness and equity rather than a constant series of rate hearings." Bella Vista argues that Staff's and RUCO's suggestion that post-test year plant cannot be considered, results in an irrational and inequitable situation and that every regulated utility that adds revenue neutral plant for the benefit of existing ratepayers, will have to wait 19 to 24 months, or more, before earning any return on it.

RUCO's Position

RUCO opposed the inclusion of the post test year plant in rate base on the grounds that there are no extenuating circumstances that warrant violating the requirement of A.A.C. R14-2-103(B), which requires that rate applications be based on a historical test year. RUCO argues that the Commission traditionally relies on the historic test year to determine fair and reasonable rates and that fair and reasonable rates can only be determined if there is a matching of all ratemaking elements. The use of an historic test year guarantees a matching of all rate base and operating revenues. RUCO asserts that outside of special or unique circumstances, the Commission generally requires the following criteria be met to warrant inclusion of post test year plant in rate base:

1) the cost be known and measurable;
2) the test year revenues match the post-test year investment;
3) the test year expenses match the post-test year investment; and
4) the plant be used and useful.

RUCO argues that Bella Vista's post-test year addition would violate the second and third criteria because the effect the additions would have on operating expense levels are unknown. RUCO acknowledged that the Commission has allowed the inclusion of post test year plant in other cases, but argues that the reasons the Commission deviated from its general practice in those cases are not present in the current case. RUCO specifically cites the Far West Water Company case (Decision No. 62649) and Paradise Valley Water Company (Decision No. 60220). RUCO distinguishes these cases based on the fact that Bella Vista's post-test year plant additions are not the result of a Commission order, or to address water quality concerns and were not made as a result of an extraordinary event.

Staff's Position

Staff also opposed the inclusion of post-test year plant because to do so would violate the matching principle and not be in keeping with widely accepted rate making principles. Staff argues the impacts of the Company's proposed post-test year plant on revenues and expenses are not known and measurable. Staff asserts that Arizona is an historic test year state and that Commission rules (A.A.C. R14-2-103(A)(3)(p)) require the end of the test year to be the most recent practical date

available prior to filing. Staff states that while pro forma adjustments are allowed, when appropriate, the starting point for determining rate base, revenues and expenses is the test year that the Company chooses when it files its case. Staff states that pro forma adjustments are defined in A.A.C. R14-2-103(A)(3)(i) as "adjustments to actual test year results and balances to obtain a more normal relationship between revenues, expenses and rate base." A.A.C. R14-2-103(A)(3)(h) defines Original Cost Rate Base as the "depreciated original cost, prudently invested, of the property (exclusive of contributions and/or advances in aid of construction) at the end of the test year, used or useful, plus a proper allowance for working capital and including all applicable pro forma adjustments." Staff defines the issue in this case as whether the pro forma adjustments to rate base also includes known and measurable changes to revenues and expenses. In this case, Staff argues, the Company has failed to quantify the effects of post-test year plant on revenues and expenses and failed to apply the matching principle.

Staff testified that it is incorrect to assume that because plant additions do not provide service to new customers, the impact is revenue neutral. Staff stated that new plant may improve system reliability resulting in lower expenses and increased revenues. Further, Staff argues no extraordinary circumstances justify including the plant into rate base.

Staff argues it is the Company's burden to show that the post-test year plant will not add to revenues, not Staff's burden to show it would not. Staff believes the Company could not substantiate its claim the additions are revenue neutral because it is impossible to quantify the impacts this post-test year plant will have on revenues and expenses. Staff states that the Company's argument that the need for the plant to ameliorate vulnerability to drought conditions and the fact that curtailment on the Rail Oaks system was less severe in 2002 than in 2000 can have an impact on revenues. Further, Staff argues, the new plant could make the system more reliable and thus more attractive to growth which could impact revenue.

Staff argues that because the majority of plant was not in service until the latter half of 2001, there is no way to quantify the impacts on revenues or operating expense. Staff argues that because the Company could not quantify the impacts of the new plant on revenues and expense, and because the impacts are not known and measurable, it is improper to include the post-test year plant. Staff

argues that the Far West Water & Sewer Rate case, the Paradise Valley Water Company rate case and the Gold Canyon Sewer rate case, relied on by the Company as support for including post-test year plant, are distinguishable from the current case. Staff argues under Arizona case law, the Commission has discretion to consider pro forma adjustments and it may include those adjustments into rate base, but there is no requirement that it must include post-test year plant. See Consol. Water Util., Ltd v. Arizona Corp. Comm'n, 178 Ariz. 478, 483-84, 875 P.2d 137, 142-43 (App. 1994) and Litchfield Park Serv. Co. v. Arizona Corp. Comm'n, 178 Ariz. 431, 437-38, 874 P.2d 988, 994-95 (App. 1994).

Resolution

Court decisions have confirmed the Commission has broad authority to determine fair value. While this Commission utilizes the historic test year as a starting point, the rules permit, and in the past we have allowed, pro forma adjustments in order to more accurately reflect reality during the period the rates will be in effect. In Decision No. 62993 (November 3, 2000), in which the Commission considers its Water Task Force's Report, the Commission approved Staff's request to order Staff to develop a policy with specific requirements for expense changes, revenue changes, and plant additions that occur after the test year. At that time, in connection with its recommendations concerning a future test year, Staff stated:

> Staff believes there is no need to change the present method used by the Commission. At present, the Commission employs an historic test year but does allow for pro forma additions for known and measurable costs. It is Staff's opinion that this is a very good combination of both historic and future test years. Presently, this is done on a case-by-vase basis.

Staff thought the process could be improved and sought authorization to develop a policy that would include, but not be limited to :

a. Method of matching new expenses with new revenues.

b. Revenue neutral plant, i.e. plant to serve existing, not future customers.

c. Revenue neutral plant will be installed within a specific time frame, preferably one year.

d. Revenue neutral plant is necessary to provide proper and adequate service to existing customers.

Staff has not yet developed such policy. Until a comprehensive policy can be established and

approved by the Commission, we believe the current case-by-case analysis should be continued. In this case, all of the plant was installed within a year and three days of the end of the test year, with much of it earlier than that. Furthermore, the preponderance of evidence indicates there is no material mismatch between the plant investment, revenues and expenses.

No party argues that the post-test year plant in question was not necessary or was not used and useful at the time of the hearing. The Company presented evidence that the plant would not materially affect revenues and expenses. It recognized that the new plant must be maintained and the new wells and booster station will cause the Company to incur additional power costs and there will be additional testing costs associated with the new wells, but believed these costs should be somewhat offset by the nominal power savings associated with the improvements to the four booster stations at Well #18. The Company did not seek to adjust expenses associated with these costs. There was a suggestion that increased reliability to the Rail Oaks system which had experienced curtailments in the past, may increase revenues. We find this possibility insufficient to overcome either the evidence that the impact on revenues will be nominal or the burden that would result from excluding the plant. Staff's engineer testified he believed any impact on revenues and expenses would be nominal.

We believe that it is not in the public interest for Bella Vista to incur the expense associated with another rate case to begin earning a return on plant that is being dedicated to provide service to existing customers. We do not want to discourage companies like Bella Vista from proactively addressing system reliability needs. The Company relied on past Commission decisions that allowed post-test year plant in determining the timing of its rate application. We do not agree with Staff and RUCO that the Commission has always required extraordinary circumstances to allow post-test year plant. Until this Commission establishes a clear policy concerning post-test year plant, we do not believe it is fair to refuse to consider post-test year plant when the majority of evidence indicates that there will not be a material mismatch between revenues and expenses and the investment in the plant.[3]

[3] We concur with Staff that the Company has the burden to demonstrate that the post-test year plant is revenue neutral, but believe, based on the totality of evidence in this case, that the Company has met that burden.

Cash Working Capital

Company's Position

Bella Vista employed the formula method to calculate cash working capital. Bella Vista states it used this method in every prior rate case it has filed, and that it is a widely accepted method for calculating cash working capital. The Company argues that no rule, regulation or order precludes it from utilizing the formula method for calculating cash working capital. Bella Vista states that Staff provided no evidence whatsoever of the Company's cash working capital, and the Commission cannot ignore Bella Vista's evidence that cash working capital should be $143,846. RUCO also utilized the formula method for determining cash working capital (although recommending an allowance of $128,948 based on its recommended operating expenses).

Staff's Position

Staff argues that the Company, by using the formula method to calculate cash working capital, has not met its burden to justify cash working capital. Staff advocates that the Company should use a lead-lag study because such studies are more accurate methods of determining cash working capital. Lead lag studies measure the timing of actual transactions and cash flow. Staff criticized the formula method because it always results in a positive cash working capital, while a lead lag study could confirm that cash working capital should be zero or a negative number. Staff argues that the Company's argument that it is too expensive to perform a lead lag study is not sufficient justification to allow the proposed $143,846 in cash working capital.

Resolution

In this case, RUCO and the Company relied on the formula method to calculate cash working capital, while Staff argued that a lead lag study is required to meet the Company's burden to show that positive working capital is appropriate. The Company has historically relied on the formula method in past rate cases and argues a lead lag study is too expensive.

We concur with Staff that a lead lag study more accurately determines the need for a cash working capital allowance. The Company's formulaic calculation of cash working capital is the only evidence in this case, as no other party performed a lead lag study or provided other evidence of a different cash working capital need. We accept the Company's use of the formula method of

calculating cash working capital for the purposes of this case, however, in future rate filings, we will require Bella Vista to perform a lead lag study if it wants to include an allowance for cash working capital. As a Class B utility, any extra burden on the Company from performing such study is not unreasonable and is outweighed by the benefits of a more accurate method of determining cash working capital. We note that this requirement is consistent with past Decisions affecting Class B utilities. Thus, based on our approved operating expenses, we authorize a working capital allowance of $137,550.

Accumulated Depreciation

Company's Position

The Company accepts Staff's calculation of accumulated depreciation, but RUCO has not. RUCO used two different depreciation rates in calculating accumulated depreciation. RUCO applies the 5 percent composite depreciation rate for plant that used to be held by Nicksville Water Co. Bella Vista argues that RUCO's position must fail for two reasons: 1) as a result of the merger/consolidation approved in Decision No. 61730, Nicksville ceased to exist together with the depreciation rate approved for Nicksville; and 2) it is unreasonable for a party to accept a rate base and depreciation expense in a settlement utilizing one depreciation rate and then argue that a higher depreciation rate should be utilized for computing an accumulated depreciation in the next rate case.

RUCO's Position

RUCO did not brief this issue. In testimony RUCO states that Bella Vista's previous rate case, which was a settlement, makes no mention of new depreciation rates. RUCO states that pursuant to A.A.C. R14-2-102(C)(4) depreciation rates cannot be changed absent a Commission order authorizing such change.

Resolution

In Decision No. 61730, Bella Vista's last rate case, the Commission approved a settlement between the Company, RUCO and Staff. In that Decision, the Commission adopted the negotiated overall value for FVRB and did not rule on particular components of rate base. At that time the parties did not present evidence of their intent regarding depreciation rates. Although RUCO disputes that in approving the settlement agreement, the Commission adopted Staff's pre-settlement

plant values, it appears that the ultimately agreed-upon amount is consistent with Staff's position in the earlier case. It is reasonable to conclude, absent evidence to the contrary, that when the Commission approved the merger/consolidation that Nicksville, and its depreciation rates ceased to exist. Consequently, we adopt the Company's and Staff's position on this issue.

Rate Base Summary

Based on the foregoing, we adopt an Original Cost Rate Base ("OCRB") of $7,482,520, which includes $1,797,279 of post-test year plant, and a cash working capital allowance of $137,550. Because the Company presented no evidence of reconstruction cost new depreciation rate base, the OCRB is deemed the Fair Value Rate Base ("FVRB").

Income Statement Issues

Professional and Consulting Fees

Company's Position

Bella Vista includes $50,356 for professional and consulting fees in Operating Expenses. RUCO recommends $47,021 and Staff proposes $39,430. The Company contests RUCO's recommendation to disallow $1,487 in legal fees related to the critical habitat for the Laoch Minnow and the Leopard Frog, both endangered species, since monitoring these activities is necessary due to potential adverse impact on water resources. The Company also contests the disallowance of $27,600 for environmental studies at all the Company's wellsites and $9,898 for due diligence costs associated with the potential acquisition of three water companies for their production capabilities, since the environmental assessments will aid the Company in securing loans and dealing with ADEQ in the future, and the due diligence expense is similar to preliminary costs for locating a new well. The Company proposes to amortize these two costs over a three year period.

RUCO's Position

RUCO did not brief this issue, but stated that the fees it recommends be disallowed are related to the potential sale of Bella Vista.

Staff's Position

Staff recommends that $27,600 expended for an environmental review related to selling the Company's operations and $9,890 expended for a due diligence review of its system relating to

potential acquisition of three water companies should not be allowed. Staff argues that the environmental review was not related to providing water service and the due diligence review was not the result of its normal cost of doing business. Staff asserts that shareholders rather than ratepayers reaped the benefits of these expenditures. If the Company had not been seeking to sell operations or acquire other companies, it would not have commissioned either study.

Resolution

We concur with Staff. The Company did not incur these expenses for the benefit of ratepayers, and they are not on-going expenses. Consequently, we accept Staff's recommended $39,430 for Professional Fees.

Property Tax Calculation

Company's Position

All parties employ the Arizona Department of Revenue ("ADOR") methodology that utilizes three historic years of revenue to determine property taxes. The Company states that the only issue is what years to include in the formula. The Company states it advocates using 2000, 2001 and the revenues approved by this proceeding as the most accurate forecast of the future property tax expense. Bella Vista states that Staff utilizes 1999 and 2000 with its proposed revenues and RUCO uses years 1998, 1999 and 2000. Bella Vista calculated a Property Tax expense for the test year of $205,787. RUCO recommends $200,400, and Staff recommends $174,243 for the test year. Under its proposed rates, the Company calculates Property Tax Expense of $364,464, Staff calculates $172,311. (Under RUCO's methodology the Property Tax Expense does not change with proposed revenues.)

RUCO's and Staff's Positions

Neither RUCO nor Staff briefed this issue. In testimony, RUCO expressed the belief that the Company is incorrect when it used pro forma revenues as opposed to actual revenues for the 1998 through 2000 operating periods. Staff's witness, Mr. Igwe, states using only historical revenues to calculate property taxes causes a mismatch between the property taxes used in ratemaking and actual bills as the revenues generated by new rates become historical and incorporated into ADOR's calculation. Thus, Staff explains it uses two historic years and Staff's recommended revenues to

calculate the three-year average. Staff states this methodology provides a normalized amount for property taxes over several years. Staff states that the difference between its methodology and that of the Company is that the Company uses test year revenues twice as a substitute for the two historical years.[4]

Resolution

Staff used revenues for 1998, 1999 and 2000 for calculating the Property Tax Expense for the test year. We concur that this is a proper method for calculating property taxes, although using actual Property Taxes paid is reasonable too for the test year under current rates. Under proposed rates, the most logical approach is to use the two most recent historic years' revenues and the projected revenues under the newly approved rates. In this case, we utilize 2000, 2001 and the projected year.

Depreciation Expense

Company's Position

Bella Vista states the only issue is the inclusion of $41,395 associated with the post-test year plant. Our decision to include post test-year plant in rate base results in additional Depreciation Expense of $41,395.

Wages and Salaries

Company's Position

The Company had a vacant field position during the test year. Staff confirmed that it was filled and made the appropriate pro forma adjustment. The Company accepts Staff's adjustments. RUCO did not accept the adjustment and thus, the Company argues, understates wages, employee benefits and payroll taxes.

RUCO's Position

RUCO did not brief this issue. The Company had originally sought $187,636 for field labor. RUCO recommended removing $48,464 because the Company did not provide any analysis or study to support the need for three additional employees and was able to operate in the test year and into 2001 without them.

[4] Later, the Company revised its position and used the test year 2000 and actual 2001 revenues in its calculation.

Resolution

Staff reduced the Company's requested $187,636 for field labor by $32,760. Staff's adjustment allows the wages associated with the position of a water maintenance worker filled in 2001, and is based on the known and measurable costs going forward.

Because the Company filled the open position subsequent to the test year, Staff's adjustments to wages, benefits and payroll taxes are appropriate. This is a known and measurable expense and most accurately reflects actual costs.

Medical and Dental Insurance

Both Staff and RUCO made pro forma adjustments to medical and dental expenses. The Company accepted Staff's adjustment as more accurately reflecting the future expense. The Company had proposed a pro forma adjustment for increased medical and dental insurance costs consistent with its adjustment to field labor expense. Staff accepted one-third of the costs associated with three vacant positions to reflect the filling of one of the positions in 2001.

We concur that Staff's adjustments are known and measurable and best reflect reality.

Director's Fees

Company's Position

Bella Vista argues that RUCO arbitrarily reduced Director's Fees to $9,000, from $31,200, without conducting any analysis to support the reduction. The Company explains that its policy is to compensate directors $450 per month as a retainer for generally being available to respond to questions and monitor the activities of the Company on an ongoing basis. Additionally, each director receives $1,000 per day for attending director's meetings, plus out-of-pocket expenses. The directors live in three separate cities, one in California. The Company argues the Directors' Fee Expense is fair and reasonable and should be allowed.

RUCO's Position

RUCO did not brief this issue. In testimony, however, RUCO's witness expressed the belief that $9,000 was fair and reasonable for Director's Fees, which was based upon the $6,000 the Commission approved in the Company's 1992 rate case, plus an additional 50 percent.

Resolution

RUCO's method for determining the reasonable amount for Director's Fees does not address the reasonableness of the Company's position, and its sole reliance on an amount approved in 1992 is not sufficient for us to adopt its recommendation. Staff did not adjust Director's Fees Expense, believing the amount was not unreasonable. We find that $450 per month and $1,000 a day for attending meetings is fair and reasonable, and adopt the position taken by the Company and Staff.

Postal Increase

The United States Post Office raised postage rates during the pendancy of this case. No party initially recommended increasing postage expense due to the rate increase as testimony had been filed prior to the increase. At the hearing, no party contested the appropriateness of adjusting expenses to reflect the postal increase. The Company estimates the impact of the rate increase as increasing postal expense by $2,403.

Because postage is a necessary expense and the effect of the post-test year increase in postal rates is known and measurable, a pro forma adjustment to reflect the current rates is fair and reasonable.

Summary of Test Year Income

Test Year Revenues	$2,907,775
Staff's Recommended Test Year Expenses	$2,395,005
Plus:	
Depreciation post-test year plant	$ 41,395
Postal Rate Increase	$ 2,403
Adjusted Test Year Expenses	$2,438,803
Test Year Operating Income	$ 468,972

In the test year the Company experienced a 6.3 percent rate of return on FVRB.

Cost of Capital

Company's Position

Bella Vista proposed a return on its fair value rate base of 9.5 percent. The Company argues that its manager, Ms. Gignac, testified that based on practical experience of managing Bella Vista for

14 years and managing multi-million dollar budgets while a member of the Board of Regents and member of the Cochise County Board of Supervisors and her practical observations as an investor, the Company was entitled to a 10 percent return. The Company also presented the testimony of Ron Kozoman, who advocated a return of 9.5 percent which is based on a 10.5 percent return on equity and a capital structure that contains the additional plant and the $2.1 million WIFA loan associated with the plant.

Mr. Kozoman arrived at his recommendation after computing expected return using both the discounted cash flow method ("DCF") and the capital asset pricing model ("CAPM"), examining the comparable returns on equity for seven of the eight water companies followed by Value Line, evaluating the specific non-systematic risks faced by the Company and the appropriateness of providing an incentive return to recognize the good management practices of the Company. Bella Vista asserts the specific risks faced by the Company are inadequately encompassed by the systematic risk assumption contained in the portfolio theory propounded by Staff and RUCO, which include its small size, its static growth, the general adjudication of the San Pedro watershed, radon, Commission policies, drought and the San Pedro River Conservation Area. The Company argues that the 8.1 percent return proposed by Staff does not encourage further investment in the system and discourages investment in the system.

Bella Vista also takes issue with Staff's and RUCO's refusal to consider the 11.5 percent accounting rate of return of equity projected for the period 2004 through 2006 for the sample water utilities. The Company argues that the comparable earnings method has been an appropriate measure of fair return for more than 100 years and eliminates the subjective judgment required by the DCF and CAPM. In addition, the Company cautions the Commission about lowering returns to reflect the current poor economy. Within less than a year, the Company asserts, returns on equity have tumbled by more than a percent. The Company argues a utility represents a long-term investment in an enterprise vested with the public interest and it is critical that returns be set to avoid the wild swings experienced in the open market place.

Bella Vista argues the unreasonableness of Staff's return recommendation is magnified by the exclusion of one-third of the Company's rate base (i.e. post test year plant). Although arguing that

including post test year plant violates the matching principle, Bella Vista argues that Staff ignores the matching principle by recommending that the capital structure include the $2.1 million WIFA debt associated with the post test year plant. The Company argues the WIFA debt is distinguishable from other capital in that it is related to capital improvements and may be used solely for that purpose.

Bella Vista advocates a 0.5 to 1.0 percent incentive rate of return to recognize the above-average management of the Company. In addition to taking over the poorly managed and poorly maintained Nicksville and Hougland system and significantly upgrading the plant in service to these customers, Bella Vita argues its has been able to provide its high level of service with a lesser investment per customer in net plant than the national average. The Company argues that it has acted proactively by installing the post-test year plant to address water production difficulties, especially in times of drought, and has provided redundant production capacity by interconnecting portions of its system.

The Company argues the analyses performed by Staff and RUCO vacillate rapidly in a volatile stock market, while the Company's comparable earnings approach recognizes that utilities are perceived as stable investments by investors. The Company asserts its recommendation reflects a gradual reduction in the authorized return to reflect the current economic conditions, and that in contrast, Staff's and RUCO's proposals will subject Bella Vista and all other water utilities in the State, to wildly fluctuating and plummeting rates of return

RUCO's Position

RUCO recommends that the Commission approve a 9.66 percent rate of return on the Company's invested capital. RUCO's recommended weighted cost of capital is comprised of a 9.63 percent cost of long-term debt and a 9.66 percent cost of common equity. RUCO did not include the WIFA loan associated with the post-test year plant in its capital structure. RUCO's calculation of the weighted cost of capital is as follows:

	Amount	%	Cost	Weighted Cost
Long-term Debt	$ 596,525	9.18%	9.63%	0.88%
Common Equity	$5,902,436	90.82%	9.66%	8.77%
Total	$6,498,961	100.0		9.66%

RUCO derived its cost of equity based on the DCF and CAPM models. RUCO argues that the DCF is regarded in the industry as conceptually sound and the CAPM method is the best and most consistent of the various methods. RUCO's cost of capital witness, Mr. Rigsby, weighed the results of both the DCF and the CAPM. RUCO employed a proxy sample of companies that face the same types of risks as Bella Vista.

RUCO notes that Bella Vista had originally based its proposed cost of capital on the upwardly adjusted results of a DCF and CAPM analysis, but during the rebuttal phase of the proceeding, abandoned that methodology for a comparable earnings analysis, which produced a cost of common equity of 10.5%. RUCO argues that Bella Vista's own witness had testified in another proceeding that the comparable earnings analysis is based on circular logic, as the results are based on returns of utilities that were set by regulators as opposed to relying on forward looking information and taking analysts' projections into consideration.

Staff's Position

Staff recommends a regulatory rate of return of 8.1 percent based on a cost of equity of 9.1 percent and a cost of debt of 5.94 percent, using the Company's current capital structure.

Staff asserts that it is appropriate to include the WIFA debt as part of the Company's capital structure even though Staff does not recommend including the plant that was financed with the debt as part of rate base. Staff argues the matching principle does not apply to cost of capital analysis because cost of capital is a financial analysis looking at investors' present and future expectations and is not an accounting analysis that looks at the inclusion of post-test year plant. Investors make financial decisions based on present and future conditions. Staff asserts that if a Company's test year capital structure is significantly different than its actual going-forward capital structure, then it should not be used to calculate the company's cost of capital, regardless of rate base determination. Staff states its analysis utilizes an accurate snapshot of Bella Vista's capital structure. Staff recommends a capital structure containing 31.9 percent long-term debt and 68.1 percent common equity.

Staff asserts that it used sound financial models to determine a cost of equity, utilizing the DCF and CAPM models. Staff's witness, Mr. Reiker, used the constant-growth DCF analysis and the multi-stage non-constant growth DCF analysis, and conducted his analysis using eight publicly

traded water companies followed by Value Line. Mr. Reiker's analyses resulted in the following estimates: Constant Growth DCF, 9.1%; Multi-Stage DCF, 9.3%; Historical MRP CAPM, 9.4%; Current MRP CAPM, 9.3%; for an average of 9.3%.

As a result, Mr. Reiker determined a reasonable range for the cost of equity was between 9.1 and 9.4 percent. Then, based on accepted standard corporate finance theory, Mr. Reiker adjusted his results to estimate the effect Bella Vista's capital structure has on its cost of equity. Capital structure affects cost of equity because a greater percentage of debt results in a greater level of financial risk. Staff states the Bella Vista's capital structure contains a significantly lower ratio of debt than the sample companies, which lowers the Company's cost of equity. Therefore, he recommends that the cost of equity be set at the lower end of his reasonable range, or 9.1 percent.

Staff's calculation of its recommended weighted cost of capital is as follows:

	Weight	Cost	Weighted Cost
Long-term Debt	31.9%	5.94%	1.9%
Common Equity	68.1%	9.1%	6.2%
Cost of Capital			8.1%

Staff asserts the Company's recommended rate of return is based on faulty assumptions that lead to an inaccurate picture of the actual conditions affecting Bella Vista. The Company's inclusion of unique risks into the cost of equity fly in the face of established precepts on cost of equity, and Mr. Kozoman's reliance on accounting returns give a misleading picture of actual market returns and investor expectations. Staff argues the Commission should not adopt the Company's suggestion to add "basis points" to the cost of equity to reflect the unsystematic risks the Company argues it faces. Staff asserts that the DCF and CAPM models provide a real world analysis because unsystematic risk is not part of market risk and can be avoided by portfolio diversification. Staff also asserts that much of what the Company perceives as unique risks are really risks that all water companies face and are already reflected in the DCF and CAPM analysis.

Staff criticizes the Company's reliance on accounting returns, and argues that market return is the more accurate gauge of investor expectations because the shareholder is not directly interested in

the ratio of book earnings to book equity. Rather, Staff argues, the investor is interested in anticipated dividends and capital gains relative to the price he or she has to pay. Staff advocates that the Commission rely upon market-based models and not on accounting returns to determine the appropriate cost of equity in this case, especially in light of recent revelations concerning accounting practices for publicly traded companies.

Resolution

Our decision to include the post-test year plant in rate base warrants the inclusion of the WIFA debt. Thus, we adopt the Company's current capital structure, which consists of 31.9 percent long-term debt and 68.1 percent common equity.

The Commission typically has relied upon the DCF and CAPM models to calculate the cost of equity. The risk of operating a water company, including those Bella Vista claims are unique, are largely reflected in the market analysis. We find that making specific adjustment to the cost of equity as suggested by the Company, difficult to quantify and potentially arbitrary. Furthermore, the challenges this Company faces are born by all water utilities in some form.

RUCO's cost of equity analysis resulted in a range of 7.17 percent to 9.6 percent, with RUCO ultimately recommending a cost of equity of 9.66 percent. Staff's analysis resulted in a range of 9.1 percent to 9.4 percent and an ultimate recommendation of 9.1 percent. The Company's DCF and CAPM analysis, before Company-specific adjustments, resulted in a range of 6.33 percent to 10.83 percent, with an ultimate proposal of 10.5 percent.

We find that in this case that Staff's analysis and ultimate recommendation of a cost of equity of 9.1 percent is reasonable and fair. Thus, we approve a weighted cost of capital as follows:

	%	Cost	Weighted Cost
Long Term Debt	31.9%	5.94%	1.89%
Common Equity	68.1%	9.1%	6.19%
Total Capital	100.0%		8.08%

Revenue Requirement

Based on our approved FVRB of $7,482,520, and a weighted cost of capital of 8.08 percent, Bella Vista requires operating income of $604,588, and faces a revenue deficiency of $135,616. With our calculated revenue conversion factor of 1.7438, the required revenue increase is $237,837, an 8.18 percent increase over adjusted test year revenues. A summary of our findings follows:

Adjusted Rate Base	$ 7,482,520
Adjusted Operating Income	$ 468,972
Current Rate of Return	6.3%
Required Rate of Return	8.08%
Required Operating Income	$ 604,588
Operating Income Deficiency	$ 135,616
Gross Revenue conversion Factor	1.7538
Required Revenue Increase	$ 237,837
Adjusted Test Year Revenue	$ 2,907,775
Approved Annual Revenue	$ 3,145,612
Required Increase in Revenue (%)	8.18%

Rate Design

Both Staff and Bella Vista have retained the general rate design approved in the last rate case. The current rate design includes a three-tier commodity rate for 1 inch meters and smaller. RUCO proposed extending the third tier to all meters.

The Company's Position

The Company argues that RUCO did not perform a cost of service study or any analysis of the impacts of its proposal. Bella Vista states that in response to RUCO's proposal, it updated the cost of service study performed in the last rate case, which demonstrates that the larger meters are already paying well over their cost of service. RUCO's proposal would require these meters to further subsidize the cost of providing service to customers with 1-inch and smaller meters. The Company presented evidence that despite the current rate design, since 1997, water usage by customers with

meters of 1 inch or smaller increased, while usage by customers with larger meters decreased. Customers with meters larger than 1 inch are largely apartments, mobile home parks, multi-family dwellings and public schools, as well as a few commercial customers. Thus, the Company argued, RUCO's proposed design would not send the desired price signal directly to the ultimate water consumer. The Company argues the third tier is inappropriate and unnecessary for customers with meters larger than 1 inch.

RUCO's Position

RUCO did not brief this issue. In surrebuttal testimony, Mr. Rigsby stated that he believed RUCO's proposed rate design would constitute a meaningful attempt to encourage conservation by sending a price signal to all customers, not just those on smaller meters. RUCO believes the current design simply gives a break to selected customers.

Resolution

RUCO does not criticize the cost of service study. Absent evidence to the contrary, we accept the Company's proposed rate design that includes three tiers for meters 1-inch and smaller, and only two tiers for larger meters. The conservation message that RUCO would like to send by establishing three tiers for all meter sizes will not be passed on to the ultimate user with larger meters. Moreover, the cost of service study indicates that the larger users already bear more than their share of system costs. Without additional evidence on the effects of RUCO's proposed rate structure, we do not believe it is prudent to modify the current structure.

We cannot approve the specific rates the Company has proposed, as we are approving a different revenue requirement. We direct the Company to file a revised tariff based on its proposed rate design that produces total revenues of $3,145,612.

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

FINDINGS OF FACT

1. Bella Vista provides water utility services to approximately 6,659 residential and commercial customers in and around the City of Sierra Vista, in Cochise County, Arizona.

2. Bella Vista filed an application to increase its rates with the Commission on

September 28, 2001.

3. The Company filed an amendment to its application on October 16, 2001.

4. The Company used a test year of December 31, 2000.

5. The Commission authorized Bella Vista's current rates in Decision No. 61730 (June 4, 1999).

6. On October 29, 2001, Staff notified the Company that its application was sufficient and that it is classified as a Class B utility.

7. The Commission granted intervention to RUCO on December 4, 2002.

8. By Procedural Order dated November 4, 2001, the Hearing Division established procedural guidelines for the conduct of the proceeding and set the matter for hearing to commence July 25, 2002, in Tucson, Arizona. Pursuant to the procedural schedule, Staff and RUCO filed direct testimony on April 29, 2002. Bella Vista filed rebuttal testimony on May 28, 2002. Staff and RUCO filed surrebuttal testimony on June 18, 2002. Bella Vista filed rejoinder testimony on July 9, 2002.

9. On December 20, 2001, the Company mailed notice of the hearing to its customers. The Commission has not received any public comments concerning this application.

10. The hearing convened as scheduled on July 25, 2002 and continued on July 26, 2002 and August 16, 2002. Ms. Judith Gignac, the Company's general manger, and consultants Messers. Ron Kozoman, CPA, and Ken Bourassa, CPA, testified for the Company. Ms. Marylee Diaz-Cortez and Mr. William Rigsby testified for RUCO; and Messers. Alexander Igwe, Lyndon Hammond and Joel Reiker, testified for Staff.

11. Staff, RUCO and the Company filed briefs on September 9, 12 and 13, 2002, respectively.

12. The Company's FVRB is determined to be $7,482,520.

13. In the test year, the Company had total revenues of $2,907,775, adjusted operating expenses of $2,438,803, which resulted in adjusted operating income of $468,972, a 6.3 percent rate of return.

14. It is reasonable to include post-test year plant in the amount of $1,797,279 in adjusted rate base as this plant was in service no later than January 3, 2002 (which much of it in service during

the third quarter of 2001), was installed to benefit existing customers, and does not violate the matching principle of rate making as it will not materially affect revenues or expenses.

15. A weighted cost of capital equal to 8.08 percent is reasonable.

16. Based on an our approved FVRB and rate of return, the Company requires operating income of $604,588. Thus, the Company has an operating revenue deficiency of $135,616, and based on a gross revenue conversion factor of 1.7538 should be allowed a revenue increase of $237,837.

17. Bella Vista's current rate design structure is fair and reasonable. Bella Vista should file a revised tariff based on its current rate design, that produces annual revenues of $3,145,612.

18. Bella Vista is current on its property and sales taxes.

19. Bella Vista is in compliance with Arizona Department of Environmental Quality ("ADEQ") regulations and is providing water that meets the quality standards of the Safe Drinking Water Act.

CONCLUSIONS OF LAW

1. Bella Vista is a public service corporation within the meaning of Article XV of the Arizona constitution and A.R.S. §§ 40-250, 40-251 and 40-252.

2. The Commission has jurisdiction over Bella Vista and of the subject matter of the application.

3. Notice of the application was given in accordance with the law.

4. Bella Vista's proposed rates and charges are not reasonable. The rates and charges adopted herein are fair and reasonable.

5. The Company's proposed rate design is fair and reasonable and should be approved.

ORDER

IT IS THEREFORE ORDERED that Bella Vista Water Company, Inc. shall file on or before October 31, 2002, a revised tariff, based on its proposed rate design, that produces the revenue requirement approved herein.

IT IS FURTHER ORDERED that the new rates and charges shall be effective for all service provided on and after November 1, 2002.

IT IS FURTHER ORDERED that within 30 days of the effective date of this Order, Bella Vista Water Company, Inc. shall notify its customers of the rates and charges authorized herein and the effective date of same.

IT IS FURTHER ORDERED that Bella Vista Water Company, Inc. shall provide Staff a copy of the notice that it sends to customers within 60 days of the effective date of this Order.

IT IS FURTHER ORDERED that in its next rate case, Bella Vista Water Company, Inc. shall perform a lead lag study if it wants the Commission to consider a allowance for cash working capital.

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN COMMISSIONER COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 1st day of November, 2002.

BRIAN C. McNEIL
EXECUTIVE SECRETARY

DISSENT: _____

JR:mlj

SERVICE LIST FOR: BELLA VISTA WATER COMPANY

DOCKET NO. W-02465A-01-0776

Ms. Judith Gignac
Bella Vista Water Company, Inc.
PO Box 1150
Sierra Vista, AZ 85636-1150

William P Sullivan, Esq.
Paul R. Michaud, Esq.
Martinez & Curtis, P.C.
2712 North Seventh Street
Phoenix, Arizona 85006-1090
Attorneys for Bella Vista

Scott S. Wakefield, Chief Counsel
Residential Utility Consumer Office
1110 West Washington Street, Ste. 200
Phoenix, Arizona 85004

Mr. Christopher Kempley, Chief Counsel
LEGAL DIVISION
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007

Mr. Ernest Johnson, Director
Utilities Division
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007

JOHNSON UTILITIES, L.L.C
5230 East Shea Boulevard * Scottsdale, Arizona 85254
PH: (480) 998-3300; FAX: (480) 483-7908

EXHIBIT not confid. S-17 ADMITTED

April 14, 2009

Ernest Johnson, Director
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

Re: Johnson Utilities, LLC; Affiliated Interest Annual Filing

Dear Mr. Johnson:

Johnson Utilities, LLC, dba Johnson Utilities Company, hereby provides the annual filing as required by the Arizona Administrative Code, Title 14, Article 8.

The Company has not organized or reorganized as contemplated by Rule 803 during calendar 2007, nor since becoming a Class A public utility corporation.

As required by Rule 804A, the books and records of the Company and its affiliates are available for Commission review, and the Company has not consummated any transactions contemplated by Rule 804 B.

The Company has no diversification plans pursuant to Rule 805, but provides the attached list of serial responses to the data required in Rule 805A.

In the event you have any questions regarding these matters, please do not hesitate to call.

Sincerely,

Brian P. Tompsett
Executive Vice President

cc: Mr. Brian Bozzo, Compliance Manager
Mr. Jeffery Crockett, Snell & Wilmer

JOHNSON UTILITIES, L.L.C

5230 East Shea Boulevard * Scottsdale, Arizona 85254
PH: (480) 998-3300; FAX: (480) 483-7908

JOHNSON UTILITIES, LLC
AACR R14-2-805A Responses.

For calendar year ending in December 31, 2008

1. The Club at Oasis, L.L.C.
   5230 E Shea Blvd., Suite #200, Scottsdale, AZ 85254
   Effluent Disposal Services

   George H Johnson and Jana S. Johnson, as Co-Trustees of The George H. Johnson Revocable Trust, dated July 9, 1987
   5230 E. Shea Blvd., Suite #200, Scottsdale, AZ 85254
   Leases Office Space

   Johnson International, L.L.C.
   5230 E Shea Blvd., Suite #200, Scottsdale, AZ 85254
   Development Business

   The affiliates are related through common, but not identical, ownership.

2. **The Club at Oasis-** Contracts with Johnson Utilities for Effluent Disposal

   George H Johnson Trust- Leases Office Space to Johnson Utilities, Receives interest on a note.

   Johnson International- Receives reimbursements on Advances in Aid of Construction.

3. Not Applicable. Johnson Utilities does not have any subsidiaries.

4. Not Applicable. Johnson Utilities does not have any subsidiaries.

5. The Affiliated Companies do not borrow money from Johnson Utilities and do not affect the capital structure of Johnson Utilities. Johnson Utilities does through the normal course of business owe the affiliated companies money for services rendered. This would not affect Johnson Utilities ability to attract capital at a fair and reasonable rate.

6. Not Applicable. There are no allocations among these entities, only cost based contracts as described herein.

JOHNSON UTILITIES, L.L.C

5230 East Shea Boulevard * Scottsdale, Arizona 85254
PH: (480) 998-3300; FAX: (480) 483-7908

7. Not Applicable. The utility has not sought, or obtained, outside capital, and has no intention of doing so.

8. There were no funds transferred between Johnson Utilities and the Affiliates. Johnson Utilities only makes payments on contracts and/or invoices for services rendered.

9. Not Applicable. The utility has no contracts or agreements to receive or provide management, engineering, accounting, legal, and financial services with an affiliate.

10. Not Applicable. The Utility has not purchased or sold goods between any affiliate.

11. Johnson Utilities, L.L.C. has two lease agreements with the George H. Johnson Trust. One is for the lease of the corporate office and the other is for the lease of the operations office.

EXHIBIT
S-18
ADMITTED

ARIZONA CORPORATION COMMISSION
STAFF'S FIRST SET OF DATA REQUESTS TO
JOHNSON UTILITIES L.L.C.
DOCKET NO. WS-02987A-08-0180
JULY 31, 2008

JMM 1-10 Minutes of the Board of the Directors - For the water and wastewater divisions, please provide copies of the minutes of all meetings of the Board of Directors for the test year and prior year.

As a limited liability company, Johnson Utilities is not required to hold board of directors meetings. Johnson Utilities did not hold any board meetings in the test year or prior year. Thus, Johnson Utilities does not have any board of directors meeting minutes from this time period.

JMM 1-11 Employee Newsletters - For the water and wastewater divisions, please provide copies of all internal Company/employee news letters published since the beginning of the test year.

Johnson Utilities has not published any internal company/employee news letters since the beginning of the test year.

JMM 1-14 Related Parties - If there are any related party relations between employees of the Company and outside vendors or contractors please identify and state the nature of the relationship(s).

There are no related party relations between employees of Johnson Utilities and outside vendors or contractors.

JMM 1-22 Purchased Water - Please provide a detailed line item schedule for this account clearly showing the separate transaction/invoice amounts that make up the total balance of $1,630,813 as shown in the rate application. For each item, please include, invoice number, transaction description, transaction date, check number, and amount. The total of the line item entries should equal the balance total for the account as entered on your application.

Detail for this account is attached as JMM 1-22. Additional detail for this account is contained in the General Ledger for Johnson Utilities. The General Ledger provides the account identification number, account description, transaction date, reference number (invoice number), transaction description, amount, and other information. A copy of the General Ledger is attached to the response to data request JMM 1-1.

EXHIBIT
non-conf.
S-20
ADMITTED

ARIZONA CORPORATION COMMISSION
STAFF'S FOURTH SET OF DATA REQUESTS TO
JOHNSON UTILITIES, LLC
Docket No. WS-02987A-08-0180
August 26, 2008

JMM 4-3 Contractors– Please provide the names of the contracting companies who constructed plant for the water and wastewater divisions for the years 1997, 1998, 1999, 2000, 2001, 2002, 2006, and 2007. Please identify the owners of the companies, and whether or not the Company is affiliated in any way to the contracting companies. If the Company is affiliated, please state how.

THIS RESPONSE IS "CONFIDENTIAL INFORMATION" PURSUANT TO THE PROTECTIVE AGREEMENT DATED SEPTEMBER 22, 2008, IN THIS DOCKET WS-02987A-08-0180.

Response: **The contracting companies which constructed water and wastewater plant for Johnson Utilities from the years 1998 (no plant was constructed prior to 1998) through 2007 are as follows:**

CONTRACTING COMPANIES CONSTRUCTING PLANT FOR JOHNSON UTILITIES		
YEAR	CONTRACTOR	OWNER
1998	Boulevard Contracting	George Johnson
1999	Boulevard Contracting	George Johnson
2000	Boulevard Contracting	George Johnson
2001	Boulevard Contracting	George Johnson
2002	Boulevard Contracting	George Johnson
2003	Boulevard Contracting	George Johnson
2004	Central Pinal Contracting	Crisbar, LLC; Connorg, LLC; Chris Johnson Family Trust; Barjo, LLC; Margarett Bullard
2005	Central Pinal Contracting	Crisbar, LLC; Connorg, LLC; Chris Johnson Family Trust; Barjo, LLC; Margarett Bullard
2006	Central Pinal Contracting	Crisbar, LLC; Connorg, LLC; Chris Johnson Family Trust; Barjo, LLC; Margarett Bullard
2007	Central Pinal Contracting	The Roadrunner Trust

CONFIDENTIAL

ARIZONA CORPORATION COMMISSION
STAFF'S FOURTH SET OF DATA REQUESTS TO
JOHNSON UTILITIES, LLC
Docket No. WS-02987A-08-0180
August 26, 2008

Boulevard Contracting was affiliated with Johnson Utilities, LLC, through the common ownership of Mr. George Johnson who is a member of Johnson Utilities, LLC. Central Pinal Contracting was affiliated with Johnson Utilities, LLC, from 2004 to 2006 through Crisbar, LLC, and Connorg, LLC. Chrisbar, LLC, was affiliated with Johnson Utilities, LLC, through the ownership of George Johnson and Brian Tompsett, which are members of Johnson Utilities, LLC. Connorg was affiliated with Johnson Utilities through the ownership of Brian Tompsett, who is a member of Johnson Utilities, LLC. The Roadrunner Trust is a trust with multiple beneficiaries, and none of those beneficiaries are members/owners of Johnson Utilities.

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

CONFIDENTIAL

EXHIBIT
S-25
ADMITTED

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

WS-02987A
JOHNSON UTILITIES LLC – WATER
5230 E SHEA BLVD, STE 200
SCOTTSDALE, AZ 85254

RECEIVED
APR 15 2008
AZ CORP COMM
Director Utilities

ANNUAL REPORT

FOR YEAR ENDING

12	31	2007

FOR COMMISSION USE

ANN 04	07

PROCESSED BY: 4-16-08

SCANNED

COMPANY INFORMATION

Company Name (Business Name) JOHNSON UTILITIES, LLC

Mailing Address 5230 E. SHEA BLVD, STE 200
(Street)

SCOTTSDALE (City) AZ (State) 85254 (Zip)

480-998-3300 Telephone No. (Include Area Code) 480-483-7908 Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address

Local Office Mailing Address SAME
(Street)

(City) (State) (Zip)

Local Office Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address

MANAGEMENT INFORMATION

Management Contact: GEORGE JOHNSON
(Name) (Title)

5230 E. SHEA BLVD, STE 200 (Street) SCOTTSDALE (City) AZ (State) 85254 (Zip)

480-998-3300 Telephone No. (Include Area Code) 480-483-7908 Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address

On Site Manager: BRIAN P. TOMPSETT
(Name)

SAME (Street) (City) (State) (Zip)

SAME Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address

☐ **Please mark this box if the above address(es) have changed or are updated since the last filing.**

Statutory Agent: RICHARD SALLQUIST
(Name)

1430 E. MISSOURI AVE., #B-125	PHOENIX	AZ	85014
(Street)	(City)	(State)	(Zip)

480-839-5202	480-345-0412	
Telephone No. (Include Area Code)	Fax No. (Include Area Code	Cell No. (Include Area Code)

Attorney: SAME
(Name)

(Street)	(City)	(State)	(Zip)

Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)

Email Address _____

☒ **Please mark this box if the above address(es) have changed or are updated since the last filing.**

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- ☐ **Sole Proprietor (S)**
- ☐ **C Corporation (C) (Other than Association/Co-op)**
- ☐ **Partnership (P)**
- ☐ **Subchapter S Corporation (Z)**
- ☐ **Bankruptcy (B)**
- ☐ **Association/Co-op (A)**
- ☐ **Receivership (R)**
- ☒ **Limited Liability Company**
- ☐ **Other** (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ **APACHE**	☐ **COCHISE**	☐ **COCONINO**
☐ **GILA**	☐ **GRAHAM**	☐ **GREENLEE**
☐ **LA PAZ**	☐ **MARICOPA**	☐ **MOHAVE**
☐ **NAVAJO**	☐ **PIMA**	☒ **PINAL**
☐ **SANTA CRUZ**	☐ **YAVAPAI**	☐ **YUMA**
☐ **STATEWIDE**		

COMPANY NAME
JOHNSON UTILITIES, LLC

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	272,438		272,438
304	Structures and Improvements	9,482,165	291,491	9,190,674
307	Wells and Springs	5,226,030	268,877	4,957,153
311	Pumping Equipment	764,111	91,978	672,133
320	Water Treatment Equipment	21,856	2,049	19,807
330	Distribution Reservoirs and Standpipes	248,272	52,142	196,130
331	Transmission and Distribution Mains	53,432,585	4,526,845	48,905,740
333	Services	527,473	93,246	434,227
334	Meters and Meter Installations	6,068,503	418,092	5,650,411
335	Hydrants	3,547,718	247,885	3,299,833
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	79,591,151	5,992,605	73,598,546

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME
JOHNSON UTILITIES, LLC

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	272,438		
304	Structures and Improvements	9,482,165	2.5%	179,629
307	Wells and Springs	5,226,030	2.5%	113,824
311	Pumping Equipment	764,111	2.5%	15,949
320	Water Treatment Equipment	21,856	2.5%	546
330	Distribution Reservoirs and Standpipes	248,272	2.5%	6,207
331	Transmission and Distribution Mains	53,432,585	2.5%	1,283,363
333	Services	527,473	2.5%	12,506
334	Meters and Meter Installations	6,068,503	2.5%	140,939
335	Hydrants	3,547,718	2.5%	87,025
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	SUBTOTAL	79,591,151		1,839,988
	CIAC AMORTIZATION			(776,925)
	TOTALS	79,591,151		1,063,063

This amount goes on Comparative Statement of Income and Expense Acct. No. 403.

COMPANY NAME
JOHNSON UTILITIES, LLC

BALANCE SHEET

Acct. No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	$ 16,583,582	$ 5,005,635
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	1,208,816	1,124,740
146	Notes/Receivables from Associated Companies	682,019	187,163
151	Plant Material and Supplies	287,327	348,852
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	818,103	876,413
	TOTAL CURRENT AND ACCRUED ASSETS	**$ 19,579,847**	**$ 7,542,803**
	FIXED ASSETS		
101	Utility Plant in Service	$ 68,152,726	$ 79,591,151
103	Property Held for Future Use		
105	Construction Work in Progress	3,159,116	1,948,144
108	Accumulated Depreciation - Utility Plant	4,152,618	5,992,605
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	$ 67,159,224	$ 75,546,690
	TOTAL ASSETS	**$ 86,739,071**	**$ 83,089,493**

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

COMPANY NAME
JOHNSON UTILITIES, LLC

BALANCE SHEET - (CONTINUED)

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT LIABILITES		
231	Accounts Payable	$ 838,823	$ 2,810,678
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	2,009,071	0
235	Customer Deposits	378,138	285,275
236	Accrued Taxes	462,064	915,264
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	$ 3,688,096	$ 4,011,217
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	$ 772,000	$ 772,000
	DEFERRED CREDITS		
251	Unamortized Premium on Debt		
252	Advances in Aid of Construction	43,283,676	44,335,015
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	30,935,449	31,943,949
272	Less: Amortization of Contributions	1,816,270	2,593,195
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	$ 72,402,855	$ 73,685,769
	TOTAL LIABILITIES	$ 76,862,951	$ 78,468,986
	CAPITAL ACCOUNTS		
201	Common Stock Issued	$ -	$ -
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)	9,876,120	4,620,507
	TOTAL CAPITAL	$ 9,876,120	$ 4,620,507
	TOTAL LIABILITIES AND CAPITAL	**$ 86,739,071**	**$ 83,089,493**

See Accountants' Compilation Report

COMPANY NAME
JOHNSON UTILITIES, LLC

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	$ 10,903,900	$ 12,104,109
460	Unmetered Water Revenue		
474	Other Water Revenues	621,798	352,372
	TOTAL REVENUES	$ 11,525,698	$ 12,456,481
	OPERATING EXPENSES		
601	Salaries and Wages	$ -	$ -
610	Purchased Water	1,060,115	2,026,961
615	Purchased Power	641,761	734,361
618	Chemicals	25,971	16,189
620	Repairs and Maintenance	97,075	15,614
621	Office Supplies and Expense		
630	Outside Services	4,806,160	5,530,512
635	Water Testing	121,753	55,007
641	Rents	35,149	53,443
650	Transportation Expenses		
657	Insurance - General Liability	19,927	21,565
659	Insurance - Health and Life	0	843
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	545,822	307,101
403	Depreciation Expense	763,217	1,063,063
408	Taxes Other Than Income	1,539	7,623
408.11	Property Taxes	243,863	384,115
409	Income Tax		
	TOTAL OPERATING EXPENSES	$ 8,362,352	$ 10,216,397
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	$ 468,730	$ 350,524
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	56,371	71,428
	TOTAL OTHER INCOME/EXP	$ 412,359	$ 279,096
	NET INCOME/(LOSS)	$ 3,575,705	$ 2,519,180

See Accountants' Compilation Report

COMPANY NAME	JOHNSON UTILITIES, LLC

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	VARIOUS			
Source of Loan	MEMBER			
ACC Decision No.				
Reason for Loan	CAPITAL IMPROVEMENT			
Dollar Amount Issued	$ 772,000	$	$	$
Amount Outstanding	$ 772,000	$	$	$
Date of Maturity	DEMAND			
Interest Rate	8%	%	%	%
Current Year Interest	$ 61,760	$	$	$
Current Year Principle	$ 0	$	$	$

Meter Deposit Balance at Test Year End $ 6,494,495

Meter Deposits Refunded During the Test Year $ 637,459

(SEE ATTACHED)

COMPANY NAME	JOHNSON UTILITIES, L.L.C.
Name of System:	ADEQ Public Water System Number: 11-128 & 11-136

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity

Note: If you are filing for more than one system, please provide separate sheets for each system.

(SEE ATTACHED)

COMPANY NAME: JOHNSON UTILITIES, L.L.C.	
Name of System:	ADEQ Public Water System Number: 11-128 & 11-136

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6		
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X ¾	
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

STRUCTURES:

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

JOHNSON UTILITIES, LLC

PLANT INVENTORY-PHOENIX AMA

JOHNSON UTILITIES MAIN SYSTEM

2008

NOTE; THE TOTAL LENGTH OF PIPE FOR SEWER AND WATER ARE LISTED ON THE ON-SITE (SUBDIVISION) SEWER AND WATER SHEETS.

JOHNSON UTILITIES, LLC
PLANT INVENTORY
WATER WELLS

Item	Name	ADWR #	In-Service	Lot Size	Tax Parcel	Deeded to JUC?	Address	City, State, Zip	Well Depth	Casing Size	Casing Depth	Pump HP	Pump GPM
2													
3	Johnson Ranch 3 *	55-627105	Yes	0.1	210-21-004B1	Yes	2041 E. Bella Vista Rd	Queen Creek, AZ 85242					500
4	Johnson Ranch 4	55-558445	Yes	0.054	210-20-004	Yes	2029 E. Bella Vista Rd	Queen Creek, AZ 85242	800	8	760	100	500
5	Johnson Ranch 5	55-559843	Yes	0.055	210-20-005	Yes	2035 E. Bella Vista Rd	Queen Creek, AZ 85242	900	10	665	120	600
7	Johnson Ranch 7*	55-563985	Yes	0.1	210-20-001H	Yes	1038 E. Hunt Highway	Queen Creek, AZ 85242	1110	20 1/16	1000	200	900
8	Oasis 1	55-582085	Yes			Yes	Quail Run	Queen Creek, AZ 85242	460	10	460	50	200
9	Oasis 2	55-585088	Yes			Yes	6238 E. Hunt Highway	Queen Creek, AZ 85242	520	6	460	50	130
10	Oasis 3	55-582087	Yes			Yes	6182 E.Hunt Highway	Queen Creek, AZ 85242	520	10	520	50	200
11	Sec11WWTP Mon We;;		yes			Yes	Heritage road	Queen Creek, AZ 85242					5
12	Edwards Road 2	55-586189	Yes		210-28-018	Yes	30473 N. Edwards Road	Queen Creek, AZ 85242					35
13	Ricke 1	55-570372	Yes		210-36-002D	Yes	11622 E. Bella vista Road	Queen Creek, AZ 85242	1125	10	1125	100	360
14	Ricke 3	55-594071	YES		210-36-002A5	Yes	11196 E. Bella Vista Road	Queen Creek, AZ 85242	920	8 5/8	920	100	360
15	Wild Horse 1	55-571198	Yes		200-74-085	Yes	10075 Pinto Pony	Queen Creek, AZ 85242	840	10	175	225	1500
16	Skyline 1	55-621462	Yes		509-02-028D6	Yes	2004 W. Hunt Highway	Queen Creek, AZ 85242	995	16	995	225	1000
17	Circle Cross 1	55-599026	Yes		210-07-001H2	Yes	35961 N. Charbray Drive	Queen Creek, AZ 85242	1000	10 3/4	980	225	1000
18	San Tan Number 1	55-626147	Yes	0.100		Yes	33589 N. Village Lane	Queen Creek, AZ 85242	720	10 3/4	660	100	700
19	San Tan Number 2	55-598836	Yes	0.100		Yes	33595 N. Village Lane	Queen Creek, AZ 85242	800	12 3/4	800	100	750
20	Morning Sun Farms Well 1	55-201429	yes	0.36	509-02-002L	Yes	34287 N. Village Lane	Queen Creek, AZ 85242	800	10	800	225	1100
21	Morning Sun Farms Well 2	55-211012	yes		509-02-002L		1624 W. Skyline Dr.	Queen Creek, AZ 85242					
22	Hardison Well No 1	55-209384	yes		210-21-002D	yes	3685 E. Bella Vista Road	Queen Creek, AZ 85242	800	10 5/8	780	225	500
	Magma well NO. 1	55-215458				yes	E. Bella Vista Road	Queen Creek, AZ 85242	950	12 3/4	950	200	1000
23	Magma Well No 2	55-212850	yes		210-40-019C	yes	E. Bella Vista Road	Queen Creek, AZ 85242	950	12	950	200	1000
24													
25													
26													

* - Not used for Domestic

OPTION TO BUY WELLS

1	Ellsworth	55-627096	40X80					
2	Ellsworth	55-627097	40X81					
3	Ellsworth	55-627098	40X82					
4	Spike H Enterprises	66-627111	40X80	811	20	738		1,300
5	Spike H Enterprises	66-627112	40X80	914	18	914		1,100
6	Spike H Enterprises	66-627113	40X80	680	16	673		960
7	Spike H Enterprises	66-627114	40X80	600	20	630		600
8	Spike H Enterprises	66-627116	40X80	800	16	800		600

OPTION TO BUY WELL SITES

1	Spike H Enterprises	Sec 27	80X100 ??	Spike H
2	Spike H Enterprises	Sec 27	80X100 ??	Spike H
3	Spike H Enterprises	Sec 27	80X100 ??	Spike H

JOHNSON UTILITIES, LLC
PLANT INVENTORY
WATER PLANTS

Plant	Site #	Size AC	Parcel	ADDRESS	City, State, ZIP	Tank	Pneumatic Tank	Osmosis	Number	HORSE POWER	Deeded to JU
Johnson Ranch Water Plant	No	2.13	210-20-001J	968 E. Hunt Highway	Queen Creek, AZ, 85242	500,000	5,000	240gpm	2	40	Yes
						1,000,000			1	75	Yes
RO system			210-20-001J	968 E. Hunt Highway	Queen Creek, AZ, 85242	100,000				30	Yes
											Yes
Oasis Water Plant	No			6182 E. Hunt Highway	Queen Creek, AZ, 85242	500,000	5,000		2	40	Yes
									1	75	Yes
Wild Horse Water Plant	WH # 1	0.53	200-74-085	10075 Pinto Pony	Queen Creek, AZ, 85242	50,000	5,000		2	10	Yes
									1	30	Yes
Edward Road Water Plant	ER # 1		210-28-18	30473 N. Edwards Road	Queen Creek, AZ, 85242	50,000	5,000		2	10	Yes
									1	30	Yes
Ricke Water Plant	Ricke # 1		210-36-002D	11622 E. Bella vista Rd	Queen Creek, AZ, 85242	50,000	5,000		2	10	Yes
						500,000			1	30	Yes
CAP Pump Station No. 1		0.015		701 E. Bella Vista Road	Queen Creek, AZ, 85242	-			1	30	Yes
CAP Pump Station No. 2		0.01		1036 E. hunt Highway	Queen Creek, AZ, 85242				1		Yes
San Tan Water Storage	SL 1	0.23	509-02-057B4	32036 N. Gary Road	Queen Creek, AZ, 85242	1,000,000					Yes
Circle Cross Water Plant	CC1	0.52	210-07-001H2	35961 N. Charbray Drive	Queen Creek, AZ, 85242	500,000	5,000		2	40	Yes
									1	75	
Morning Sun Farms W. P.	MSF 1		509-94-922	1624 W. Skyline Drive	Queen Creek, AZ, 85242	1,000,000	10,000		4	50	Yes
						1,000,000			1	75	Yes
Total						6,250,000	40,000		17		Yes
											Yes

Tract A			.23Ac	210-18-001M							Yes
Tract B			.23 Ac	210-18-001N							Yes
Tract C			.92 Ac	210-18-001P							Yes
Ellsworth 1			90X120	210-17001B							Yes
Ellsworth 2			40X120	210-17-003C							Yes
Ellsworth 3			40X121	210-17-003C							Yes
Ellsworth 4			40X122	210-21-002B							Yes

JOHNSON UTILITIES, LLC
INFRASTRUCTURE
WATER

BACKBONE WATER SYSTEM

Project	18" PIPE PVC/HDPE/ DIP	16" PIPE PVC/HDPE/ DIP	14" PIPE PVC/HDPE/ DIP	12" PIPE PVC/HDPE/ DIP	10" PIPE PVC/HDPE&DIP	8" PIPE PVC/HDPE/ DIP	6" PIPE PVC/HDPE/ DIP	4" PIPE PVC/HDPE/ DIP	2"PVC	TOTAL	18" VALVE	16" VALVE	12" VALVE	10" VALVE	8"VALVE	6" VALVE	F.H.
JR Water Plant No 1		110		875		215						3					
JR Unit 45						705									3		
JR-JR BLVD SOUTH EXT				414											1		
JR-INDIGO BLVD PH-2				2,369		215							6		2		
Mitchell Trail Water Line				5,194									7				
Magma Road Wtr Ext						2,912									7		
Circle R Invest-Sivelle to Brase						1,744	1,859								3	4	
Potable Wtr- AZ Farms Rd				20,951		30	65						29		1	1	1
Rancho Sendero Wtr Ext						8,058									11		
Rancho Sendero Well 1						2,549									7		
Hunt Hwy Wtr Ext				2,899		84							3				
Skyline Dr				9,905									14				
Santan Well 2				150									1				
Morning Sun Farms 1				466									3				
CAP to Champion GC				1,850	1,130								4				
Precision GC					3,030								4				
JR Water Sys Phase 1				3,200		1,475							7		2		
Wild Horse						341									1		
Edwards Road						369									1		
Oasis Water Plant		110		855		185						1	2		2		
San Tan Heights Water		105		11,124		236						1	14		1		
8 & 12 Water Jt to Oasis				4,667		25,441							6		32		
Oasis Water System						1,830									3		
CAP to Oasis						14,500									18		
JR Golf Course		1,850		1,850		1,130							2		2		
JR To Edwards Water Plant Line						15,165									19		
Edwards Road						2720									4		
Ricky Well				372		1,360							2		2		
Ricky - Future Connect				119									3				
Vineyard Road				16,021									20				
JR Wells 2 & 7						50									2		
Circle Cross Water Plt				1600		60							6		2		
The Shops at Copper Basin				7			2033									1	2
Quicktrip #495						300											
Quicktrip Hunt Hwy and Gary Roads						200											
COOLIDGE ELEMETARY SCHOOL						200											
Circle Cross Ranch-Charbray-N						4817									15		8
Circle Cross Ranch-Charbray-S				808		132							2		2		
Circle Cross Ranch-Skyline Dr				2485		2485							5		6		7
Circle Cross Ranch-Empire Rd				1154		125							2		2		1
Circle Cross Ranch-Brahman						2213									7		3
Circle Cross Ranch-Gary Rd				6775		689							17		13		11
Bella Vista Water				1360		15840							2		20		
Heritage-Felix					34724								71				
Felix Rd				3944		100	100						17			4	4
AZ Farms Rd-Hunt Hwy to Felix Rd				20951		30	65						29		1	1	1
Cooper-Road-Sun Val Pkwy						1944.76									3		
Cooper Road-Cozy						5290											
Cooper Road-Sun Val Pkwy				10999		2							16				
Sun VF-Lot12-Unit V						372									2		
Sun VF-Magma Rd						2912.27									7		
Sun VF-Cooper Rd						1944.76									3		
	-	2,175	-	135,564	38,904	120,992	4,122	-	-	301,757		5	296	-	208	11	43
						Miles				57.13							

JOHNSON UTILITIES, LLC
PLANT INVENTORY
SUBDIVISION WATER ON-SITE FACILITIES

MAINS									VALVES									
Subdivision	16" PIPE PVC/DIP	12" PIPE PVC/DIP	10" PIPE PVC/DIP	8" PIPE PVC/DIP	6" PIPE PVC/DIP	4" PIPE PVC/DIP	2" PVC	total	16	12	8	6	4	3" S.T	2" ST	11/2" ST	1" ST	F.H.
JR Unit 1 109 lots		1,915		2,906	4,118					1	10	22			0		48	13
JR Unit 2 138 lots	40	3,821		3,500	1,858				1	4	7	16			0		65	8
JR Unit 3A 164 lots	1,860	172		1,015	2,393				1	1	1	16			0		79	11
JR Unit 3B 91 lots		1,201		829	1,542					2	2	12			0		43	8
JR Unit 4A 253 lots		921		2,994	7,929					2	5	20			2		119	16
JR Unit 4B 217 lots				855	5,737						4	37				3	102	19
JR Unit 6 40 lots				2,862	2,386						7	13			1		40	8
JR Unit 7 278 lots		929		6,119	3,504	95				3	31	31	1			12	132	21
JR Unit 8 198 lots		1,026		2,914	2,864	138				1	10	23	2			4	96	13
JR Unit 12 211 lots		1,520		4,037	4,002					2	17	37				4	100	20
JR Unit 13 234 lots				6,526	3,439						22	30				6	107	19
Lakeview Gardens 58 lts				1,531	1,080						8	11			4		29	6
JRUnits4D & F 445 lots				10,576	7,844						27	39				4	209	22
JR Unit 15		2,299		4,838	4,002					3	12	11					113	15
JR Unit 16				950	3,108						4	6					105	20
JR Unit 17				1,020	2,427						4	8					83	12
JR Unit 18, 1,2,3,		2,232		5,037	2,712				6		17	22					99	15
JR Unit 19, 43,44, 45				2,487	7,997						8	12					129	22
JR Unit 14/52				9,539	714	3,210					16	1					63	22
JR Unit 20/21		228		5,711	2,013					2	12	6					87	15
JR Unit 22A				2,081	84						6				1		45	7
JR Unit 22B		989		2,860	1,842					2	9	6			1		69	8
JR Unit 23A				4,134	687						18	7					50	7
JR 23B		2,364		3,372	1,436					5	15	12			1		63	12
JR 24				6,078							18						77	14
JR 25				5,399							15						71	14
JR 26B				4,004							8						26	5
JR 27				3,744	1,143						11	12					68	9
JR Unit 28				2,918	2,860						10	21					95	13
JR Unit 29				2,938	2,958						28	26			2		122	20
JR Unit 34		3,537		1,828	262					8	4	4					63	6
HR Unit 35				1,015	1,954						6	4			1		71	7
JR-Unit 36 Cir K				741	14										1		1	1
JR Unit 37 & 38				1,136							3						537	2
JR Units 39,40B & 50				4,127	1,919						14	20					105	14
JR Unit 41 &47				3,800	110						10							8
JR Unit 40A, 48, 49				4,500	108						10							8
JR 42 & 46				5,121	1,637						15	4					55	13
JR-Walgreens																		
JR Del Webb Rec Ctr				21	409	53	126											
New Branch Bank-Bank One												2			2			1
NWC @ Hunt Hwy and Golf Club Dr				1,183	98							7						6
WildHorse 84 lots				621	5,986						2	25			0		25	7
San Tan Parcel 1-124				1,988	2,726						4	4					59	7
San Tan Parcel 2-109				3,920	98						6						51	7
San Tan Parcel 3 -103				2,748	458						6	2					49	6
San Tan Parcel 4-102				2,812	1,911						7	5					48	8
San Tan Parcel 5-114				2,520	1,848						9	3					53	7
San Tan Parcel 6 - 114				2,518	1,894						8	4					53	6
San Tan Parcel 7-114				2,550	1,896						7	3					53	7
San Tan Parcel 8-110				2,539	1,876						8	5					52	9
San Tan Parcel 9-113				2,538	1,776						6	4			1		52	8
San Tan Par Ot Mas		9,560		880	396					32	20	2			0		105	25
San Tan Parcel A 110 lots				2,050	1,383						6	2			0		54	7
San Tan Parcel B 113 lots				1,980	2,712						4	7			0		55	7
San Tan Parcel C 114 lots				2,811	1,920						7	5			0		53	8
San Tan Parcel D 114 lots				2,539	1,908						6	4			0		55	8
San Tan Parcel E 114 lots				3,558	1,053						8	4			0		55	7
San Tan Parcel F 105 lots				2,900	473						6	1					49	15

JOHNSON UTILITIES, LLC
PLANT INVENTORY
SUBDIVISION WATER ON-SITE FACILITIES

MAINS									VALVES									
Subdivision	16" PIPE PVC/DIP	12" PIPE PVC/DIP	10" PIPE PVC/DIP	8" PIPE PVC/DIP	6" PIPE PVC/DIP	4" PIPE PVC/DIP	2" PVC	total	16	12	8	6	4	3" S.T	2" ST	11/2" ST	1" ST	F.H.
San Tan Parcel I 153 lots				4,640	243						15						72	18
San Tan Parcel J 114 lots				4,860	234						17						52	16
San Tan Parcel K 141 lots				4,360	240						13						65	18
San Tan Parcel L 123 lots				4,513	196						12						56	15
San Tan Parcel A-1				3,824	95						8	7			1		41	7
San Tan Height A-2				3,946	102						6	7			1		51	7
San Tan Parcel A-3				4,456	122						18	9					64	9
San Tan Parcel A-4				3,283	84						10	6					50	6
San Tan Parcel A-5				3,117	81						10	6			1		41	6
San Tan Parcel A-6				2,665	81						8	6			1		59	6
San Tan Parcel A-7				4,237	122						11	9					70	9
San Tan Parcel A-8				4,897	148						13	11					48	11
Walgreens-Sonic Pad					22													
Wal Mart- Gary And Hunt Hwy										1	16			1	1			
Magma Ranch PH 1		1,880		4,260	3,625						12	5					61	19
Magma Ranch PH 2				2,801	2,706						9	15					57	10
Magma Ranch PH 3		1,921			3,198						6	13					146	7
Magma Ranch PH 4		845		1,746	1,717					3	4	6					42	9
Magma Ranch PH 5		2,556		1,591	2,349					6	7	9					39	13
Magma Ranch PH 6				1,575	1,477					3	2	3					29	6
Magma Ranch PH 8				1,624	3,662						6	8					35	11
Magma Ranch PH 9		1,670		2,157	542					4	3	1					60	8
Magma Ranch PH 10		2,545		30	3,635					5		8					36	12
Sperato Views				5,800	60						18	20			15		108	20
Oasiset Magic Ranch				2,300	18,800						7	28			0		123	20
Oasis at Magic Ranch Ph 5 & 6				5,831													316	12
Oasis Sunrise				3,218	3,241						11	22			2		77	12
Oasis Sunrise Ph 2 Magic Ranch				9,171							30	19				3	256	19
Oasis Sunrise Ph 3 Magic Ranch				3,980	274						22	14				4	102	5
Mirage at Magic				4,918	615						13	16						12
Magic Ranch Estates				2,425							10	12					29	6
Magic Ranch Mini Storage				1,544	585						4	2						2
Magic Ranch Parcel O and K		6,538		20,702	300					15	63	47				3	251	47
Circle Cross Unit 2 A117 Lot		246		3,524	3,181					1	7	20			1		121	17
Circle Cross Unit 3 167 lots		559		2,812	3,463					1	12	25			0		77	16
Circle Cross Unit 5 94 lot		240		3,661	3,267					1	10	24			2		106	16
Circle Cross Unit 6 234 Lt		559		4,530	2,942					1	11	23			0		112	16
Circle Cross Unit 1 125 lts		559		3,955	2,927					1	13	19			0		55	14
Circle Cross Unit 2 B148 Lt		313		2,608	2,919					1	6	18			0		69	10
Circle Cross Unit 4 163 Lt		559		3,812	4,703					2	12	14			0		73	21
Circle Cross Unit 5 124 Lt		319		2922	2174					1	8	16			0		60	11
Circle Cross Unit 6 -120 lot				3160	2189						10	19					57	13
Circle Cross Par 6B				1,217	1,767						2	3					43	7
Circle Cross Par 7				4,045	1,767						9	16			1		58	8
Circle Cross Par 8				4,389							14	17			1		54	7
Circle Cross Par 9				4,132							19						50	7
Circle Cross Par 10				6,238							20						67	11
Circle Cross Par 11				5,208							13						55	9
Circle Cross Par 12				3,922							10							8
Circle Cross Par 13				4,542							9						9	10
Circle Cross Par 14				4,362							11							8
Circle Cross Par 15				4,734							11							9
Circle Cross Par 16				3,900							10							7
Circle Cross Par 17				3,315							9							8
Circle Cross Par 18				2,425							6							5
Circle Cross Par 19				4,600							13							8
Circle Cross Par 20				3,802							9							8
Circle Cross Par 21				4,072							11							7
Circle Cross Ranch Retail Center				8,990							23							13

JOHNSON UTILITIES, LLC
PLANT INVENTORY
SUBDIVISION WATER ON-SITE FACILITIES

MAINS									VALVES									
Subdivision	16" PIPE PVC/DIP	12" PIPE PVC/DIP	10" PIPE PVC/DIP	8" PIPE PVC/DIP	6" PIPE PVC/DIP	4" PIPE PVC/DIP	2" PVC	total	16	12	8	6	4	3" S.T	2" ST	11/2" ST	1" ST	F.H.
School		360			265							16						14
Morning Sun Farms MC		902		235	875					1	1	8						4
Morning Sun Farms Ph 1		3,414		9,458						5	12							
Morning Sun Farms Ph 2				11,754	60						41	35			6		134	31
Morning Sun Farms Ph 3		2,579		15,108						7	44						180	
Copper Basin Parcel A-98				2,680	2,870						8	14					46	6
Copper Basin Parcel B-85				1,260	1,860						7	11					39	5
Copper BasinParcel C-118				2,530	1,750						9	5					54	7
Copper Basin ParcelD-194				3,740	1,080						10	8					91	15
Copper Basin Unit 2 154 L		2,815		7,222	12,263					6	14	38			0		225	34
Copper Basin Unit 3A-322				5,260	3,978						16	22					152	18
Copper Basin Unit 3B-238				4,860	3,790						12	20					113	16
Copper Basin Unit 4		4,227		5,410	2,511					12	14	19			1		148	29
Copper Basin Retail				194	208							1						1
Ranch Bella Vista North Parcel A-171				1,025	2,215						4	10					80	5
Ranch Bella Vista North Ph2 A-150				3,690	2,800						12	12					70	6
Ranch Bella Vista North P2B-150				2,860	1,820						9	14					71	8
Ranch Bella Vista North P2C-150				3,275	1,860						15	10					70	7
Ranch Bella Vista North P2D-142				3,750	1,100						10	12					68	6
Ranch Bella Vista North P2E-150				1,080	1,860						6	13					71	8
Rancho Bella Vista North P2F-23				1,560	450						8	5					11	4
Rancho Bella Vista South Parcel 2				5,706							12						88	10
Rancho Bella Vista South Parcel 3				13,871							42						115	24
Rancho Bella Vista South Parcel 1				12,410							13						150	22
Skyline Ranch P1 A-122				2,743	1,428						6	8					57	6
Skyline Ranch P1 B-129				3,690	1,725						10	16					61	7
Skyline Ranch P1 C-120				3,542	1,248						8	10					58	5
Skyline Ranch P1 D-143				2,535	1,824						7	14					69	6
Skyline Ranch P2A-181				1,056	2,265						4	12					85	5
Skyline Ranch P2B-111				2,522	1,810						7	14					51	6
Skyline Ranch P2C-135				3,386	1,265						14	18					64	7
Skyline Ranch P2D-100				2,820	1,826						7	11					48	6
84 Lumber at AZ Farms Rd											4				1			4
Crestfield Manor at AZ Farms		3,402		28,404						6	87						8	
Montana				1,173				1,173			3							
El Pedrigal				1,650	956						4	5						4
Quintana Hill Estates				3,704							8						31	
Bonanza Highlands-Pamela Rd				2,569							12							
Bonanza Highlands-N.Bryce Trail				2,563							5							
Bonanza Highlands-Magma Rd				5,690							10							
Bonanza Highlands-Rhea Rd				2,850							6							
Bonanza Highlands-W.Josiah Trail				4,730							12							
B.H.- Gary & Silverdale Rds to Magma				2,920							9							
Bonanza Highlands-Judd Rd				2,657							12							
Lot 1 Parcels A-D Book 8				1,458							4							
Circle R-Silverdale/Brenner pass				1,744	1,859						3	4						
Rhea Rd wtrline extension				1,100														
Lupita Brennan- Lot 5E1-parcel 5				912							1							
Kent- Parcels 2&3 Book 8				1,702							3							
Call Builders-Parcels 2-5-Book 8				640	630						2	2						
Bonanza Highlands-Varnum 5				636	488						2	2						
Schemac Homes-Lots 1-4-Book 11					635							2						
Lot 3- Book 8					1,335							3						
Parcel 4- Book 8				840							2							
Lots 1-4 Book 2 & 10				1,306	210						4	2						
Parcels A&B- Book 2					629							2						
Dynomite Homes-Lots 1-4- Book 2					609							1						
Sheidler-Circle R- Section 27					1,326							2						
Sheidler-Sect.27- STA-3.54-10+00					660							2						
Sheidler-Sect.27- STA-10+00-16+75.62					676							1						
Thomas-Hancock-S-27-Sta-10+00-21+00						1,100							1					

JOHNSON UTILITIES, LLC
PLANT INVENTORY
SUBDIVISION WATER ON-SITE FACILITIES

MAINS									VALVES									
Subdivision	16" PIPE PVC/DIP	12" PIPE PVC/DIP	10" PIPE PVC/DIP	8" PIPE PVC/DIP	6" PIPE PVC/DIP	4" PIPE PVC/DIP	2" PVC	total	16	12	8	6	4	3" S.T	2" ST	11/2" ST	1" ST	F.H.
Judd-Magma - Sta 10+00-19+90		400								1								
Don Metcalf- Lots 3A to 3D Parcel 6					1,350							2						
Lots 1-4 Parcel 18					692							3						
Lots 33A & 33B Parcel 33				662	1,003						2	3						
Chandler Heights Unit 1					1,994						5							
Rounds Residence- P 163-Book 2					115						1							
Lot 22 Parcel B					112													
CBC Inc.-Parcels A-C Book 6					1,310							3						
Cascade Scottsdale-Parcel H					660							2						
Larry Flow- Lots 2A to 2D-Parcel 6					1,680							7						
Parcel 22 Bosanza Highlands - Book 2					1,285							1						
WIB Const.- Lots E1-E4-Book 10					463							2						
Encanto Tierra				10,006							39							
Total	1,900	71,722	-	628,498	281,044	4,596	126	987,886	8	152	1,838	1,526	4	1	52		10,220	1,616

07-08	On-Site Miles	Subdivision	187.10
07-08	Backbone Miles	Infrastructure	57.15
06-07	Total Miles		244.25
06-07	TOTAL Miles	Subdivision	176.33
06-07	TOTAL Miles	Infrastructure	54.08
06-07	TOTAL MILES		231.41
	Total Miles adde	06-07	12.84

JOHNSON UTILITIES, LLC

PLANT INVENTORY-PINAL AMA

ANTHEM SYTEM

2008

JOHNSON UTILITIES, LLC-ANTHEM @ MERRILL RANCH
PLANT INVENTORY
WATER WELLS

Item	Name	ADWR #	ADDRESS	In-Service	Lot Size	Tax Parcel	COMMENT	Well Depth	Casing Size	Casing Depth	Pump HP	Pump GPM	Deeded to JUC?
1	Rancho Sendero No. 1	55-569177	7124 -1 E Hunt Hwy, Florence, AZ 85232	Yes	100x100	211-02-004		1000	10	280	50	600	Yes
2	Rancho Sendero No. 2	55-583151	7124-2 E. Hunt Hwy, Florence, AZ 85232	Yes				400	8	380	50	300	Yes
3	Anthem No. 1	55-211602	4050 W. Spirit Way, Florence, AZ 85232	Yes	Built	104-22-008M		950	16 12	740 950	200	1429	Yes
4	Anthem No. 2	55-216839	E. Merrill Ranch Pkwy, Florence, AZ 85232	no	not built						0	0	Yes
5	Anthem No 3	55-212514	E. American Way, Florence, AZ 85232	no	Built	211-01-003	hydrologic well	600	17 16	40 600	0	0	yes
6	Anthem No. 4	55-212512	N. Barrington Drive, Florence, AZ 85232	no	built	211-01-004	hydrologic well	950	16 12	740 950	0	0	yes
7													
8													
9													
10													
11													
12													
13													
14													
15													
												2329	

Addresses

1 Rancho Sendero Well No 1 -- 7124 E. Hunt Highway-(Well no. 2 and Water Plant Same Address)

JOHNSON UTILITIES,LLC-ANTHEM @ MERRILL RANCH

PLANT INVENTORY

WATER PLANTS

Item	Plant	ADDRESS	At Well Site #	Lot Size	Tax Parcel	Tank	Hydro Tank	Reverse Osmosis	Boosters Number	Horse Power	Deeded to JU
1	Ranch Sendero Water Plant	7124-2 E. Hunt Hwy, Florence, AZ 85232	yes	200X200	211-02-006	500,000	5,000	no	2	50	Yes
									1	75	
2	Anthem Water Plant	4050 W. Spirit Way, Florence, AZ 85232	Yes	Odd shape	104-22-008M	1,000,000	10,000	no	2	50	Yes
									2	75	
3											
4											
5											
6											
7											
8											
	Total					1,500,000	15,000		7		

PLANT HELD FOR FUTURE USE

1												
2												
3												
4												
5												
6												
7												

JOHNSON UTILITIES, LLC-ANTHEM @ MERRILL RANCH
PLANT INVENTORY
INFRASTRUCTURE WATER

BACKBONE WATER SYS

Project	18" PIPE PVC/HDPE/DIP	16" PIPE PVC/HDPE/DIP	14" PIPE PVC/HDPE/DIP	12" PIPE PVC/HDPE/DIP	10" PIPE PVC/HDPE/DIP	8" PIPE PVC/HDPE/DIP	SLVE	TOTAL	AR/VR	CK VAL	18" VAL	16" VAL	14" VAL	12" VAL	10" VAL	8"VAL	6" VAL	F.H.
Mystic Lake Wells				1,364										2				
Merrill Ranch Parkway		114		13,893	2,713	752	1,929		8	1				31	7	7		12
Hunt Highway			58	8,706	135	4,062	2,204		7				1	22	1	25		9
Anthem Way				37	1,539	214			2					1	2	3		2
American Way					4,154	275	648			1					8	4		5
Sun City Blvd		4235		5,189	5,001	443	774		2			1		8	6	7		7
Sun City Rec Center PH 2				916	224									3	1			2
Sun City Rec Center PH 1				673		294								2		1		1
Spirit Way					2,129	217			1	1					5	4		2
Spirt Way Ph 2	73	700	809		1,905	88	358		2		1	1	1		6	2		3
Constitution Way					3,730	154	220		2						6	3		3
Independence Way Phase 1					2,470	2,981	462		4						2	10		3
	73	5,049	867	29,414	24,000	9,480	6,595	68,810	28	3		2	2	67	44	66	-	49
						Miles		13.03										
2006 TOTALS						miles		6.84										

JOHNSON UTILITIES, LLC
PLANT INVENTORY-PINAL AMA
SUBDIVISION WATER FACILITIES-11136

MAINS								VALVES										
Subdivision	16" PIPE PVC/HDPE/ DIP	12" PIPE PVC/HDPE/ DIP	10" PIPE PVC/HDPE/ DIP	8" PIPE PVC/HDPE/ DIP	6" PIPE PVC/HDPE/DIP	4" PIPE PVC/HDPE/DIP	total	16	12	8	6	4	FLUSH ASSM	AIR RLS VAC	2"	1" DS	3/4"S.T.	F.H.
Anthem @ Merrill Ranch Unit 2				1,640						2	4		2			9	12	4
Anthem @ Merrill Ranch Unit 4				5,121						15	12					34	70	12
Anthem @ Merrill Ranch Unit 6				7,309						17	15					21	70	15
Anthem @ Merrill Ranch Unit 8				4,271						24	11					32	27	11
Anthem @ Merrill Ranch Unit 12				4,232						14	8					27	34	8
Anthem @ Merrill Ranch Unit 15				1,632						3	3					11	23	3
Anthem @ Merrill Ranch Unit 21				4,091						12	9			1		12	67	9
Anthem @ Merrill Ranch Unit 23				6,443						15	15					20	72	15
Anthem @ Merrill Ranch Unit 25				4,457						13	5					30	28	5
Anthem @ Merril Ranch Unit 19				3,183	94					11	8					20	43	8
Anthem @ Merrill Ranch Unit 29				3,395	151					12						44	8	8
Anthem @ Merrill Ranch Unit 39				1,731	81					7						24	13	4
Anthem Marketplace				4,560														20
Total	-	-	-	52,065	326	-	52,391	-	-	145	90	-	2	1	-	284	467	122
				07-08	Total Miles	Subdivision	9.92											
				07-08	Total Miles	Infrastructure	12.36											
				07-08	Total Miles		22.28											
				06-07	Total Miles	Subdivision	8.04											
				06-07	Total Miles	infrastructure	12.36											
				06-07	Total Miles		20.4											
					Total Miles	Added	1.88											

COMPANY NAME:	Johnson Utilities
Name of System:	ADEQ Public Water System Number: 11-128

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2007

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	See Attached			
FEBRUARY				
MARCH				
APRIL				
MAY				
JUNE				
JULY				
AUGUST				
SEPTEMBER				
OCTOBER				
NOVEMBER				
DECEMBER				
	TOTALS →			

What is the level of arsenic for each well on your system? See Attached mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? 1,000 GPM for 2 hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
(✓) Yes ( ) No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
(✓) Yes ( ) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
( ) Yes (✓) No

If yes, provide the GPCPD amount:_____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

WATER USE DATA SHEET

NAME OF COMPANY	JOHNSON UTILITIES, L.L.C.
ADEQ Public Water System No.	11-128

MONTH/YEAR (Last 13 Months)	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)
January, 2007	15,989	132,436
February, 2007	16,171	112,230
March, 2007	16,489	111,054
April, 2007	16,432	120,502
May, 2007	16,603	141,979
June, 2007	16,829	216,531
July, 2007	17,189	209,530
August, 2007	17,702	208,393
September, 2007	17,909	196,180
October, 2007	18,039	194,870
November, 2007	18,045	180,935
December, 2007	18,039	137,438

STORAGE TANK CAPACITY (GALLONS)	NUMBER OF EACH	ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER	WELL PRODUCTION (Gallons per Minute)
1,000,000	4	55-558445	500
500,000	4	55-559843	500
100,000	1	55-586189	35
50,000	3	55-582085	110
		55-582087	110
		55-582088	110
		55-621462	1000
		55-599026	1000
		55-201429	1100
		55-598836	700
		55-209384	1000
		55-570372	360
		55-594071	360
		55-571198	360
		55-212850	290

Other Water Sources in Gallons Per Minute	**None**
Fire Hydrants on System	**YES**
Total Water Pumped Last 12 Months (Gallons in Thousands)	2,547,181

COMPANY NAME Johnson Utilities, LLC YEAR ENDING 12/31/2007

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2007 was: $ 384,115.

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why.

VERIFICATION
AND
SWORN STATEMENT
Taxes

RECEIVED
APR 1 5 2008
AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	MARICOPA
NAME (OWNER OR OFFICIAL) TITLE	GEORGE H. JOHNSON, MANAGER
COMPANY NAME	JOHNSON UTILITIES, LLC - WATER DIVISION

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

SIGNATURE OF OWNER OR OFFICIAL

480. 998. 3310
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS CINDY L. GIBSON **DAY OF**

Notary Public - Arizona
MARICOPA COUNTY
My Comm. Exp. 12-23-2008

COUNTY NAME	MARICOPA
MONTH	APRIL 20 08

SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 12.23.2008

COMPANY NAME JOHNSON UTILITIES, LLC **YEAR ENDING 12/31/2007**

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	N/A (LLC)
Estimated or Actual Federal Tax Liability	N/A (LLC)
State Taxable Income Reported	N/A (LLC)
Estimated or Actual State Tax Liability	N/A (LLC)

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	0
Amount of Gross-Up Tax Collected	0
Total Grossed-Up Contributions/Advances	0

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

SIGNATURE	4.15.08 DATE
GEORGE H. JOHNSON PRINTED NAME	MANAGER TITLE

RECEIVED

APR 1 5 2008

AZ CORP COMM
Director Utilities

VERIFICATION AND SWORN STATEMENT

Intrastate Revenues Only

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	MARICOPA
NAME (OWNER OR OFFICIAL) TITLE	GEORGE H. JOHNSON, MANAGER
COMPANY NAME	JOHNSON UTILITIES, LLC - WATER DIVISION

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2007 WAS:

Arizona Intrastate Gross Operating Revenues Only ($)

$ 13,315,096

(THE AMOUNT IN BOX ABOVE INCLUDES $ 858,615 IN SALES TAXES BILLED, OR COLLECTED)

**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

SIGNATURE OF OWNER OR OFFICIAL

480.998.3301
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 15 DAY OF

CINDY L. GIBSON
Notary Public - Arizona
MARICOPA COUNTY
My Comm. Exp. 12-23-2008

COUNTY NAME	MARICOPA
MONTH APRIL	20 08

SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 12-23-2008

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only

RECEIVED
APR 28 2008
AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	MARICOPA	
NAME (OWNER OR OFFICIAL)	GEORGE H. JOHNSON	TITLE MANAGER
COMPANY NAME	JOHNSON UTILITIES, LLC - WATER DIVISION	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2007 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

$ 9,095,503

THE AMOUNT IN BOX AT LEFT INCLUDES $ 586,817 IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED.**

SIGNATURE OF OWNER OR OFFICIAL

480.988.3300
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS CINDY L. GIBSON Notary Public - Arizona MARICOPA COUNTY My Comm. Exp. 12-23-2008 **DAY OF**

(SEAL)

NOTARY PUBLIC NAME	Cindy L. Gibson
COUNTY NAME	MARICOPA
MONTH APRIL	,20 08

MY COMMISSION EXPIRES 12.23.2008

X SIGNATURE OF NOTARY PUBLIC

JOHNSON UTILITIES CO, LLC
YEAR ENDED: 12/31/07 prep: 3/5/2008
TAX DUE PINAL COUNTY

CVP value= 11,478,000 water
CVP value= 7,005,000 sewer

PROPERTY TAXES-A/C408.11

					full cash value		1st 1/2	2nd 1/2	TOTAL	water	sewer
cvp	X	plant		954-20-10302	6,940,320	swr op prop	117,113.96	117,113.96	234,227.92		234,227.92
cvp	X	land	st wwtp	954-22-11506	59,680	swr op prop	961.43	961.43	1,922.86		1,922.86
cvp	X	land		954-20-120K5	500	swr op prop	16.98	0.00	16.98		16.98
cvp	X	land	pecan wwt	954-24-401M1	4,500	swr op prop	87.77	87.77	175.54		175.54
cvp	X	plant		904-70-13405	2,121,176	wtr op prop	35,760.15	35,760.15	71,520.30	71,520.30	
cvp	X	plant		904-70-10302	1,637,280	wtr op prop	27,546.38	27,546.38	55,092.76	55,092.76	
cvp	X	plant		904-72-11504	1,600,981	wtr op prop	25,542.30	25,542.30	51,084.60	51,084.60	
cvp	X	plant		904-70-12902	1,107,539	wtr op prop	18,633.42	18,633.42	37,266.84	37,266.84	
cvp	X	plant		904-70-12803	505,945	wtr op prop	8,513.48	8,513.48	17,026.96	17,026.96	
cvp	X	plant		904-70-10005	135,418	wtr op prop	2,278.23	2,278.23	4,556.46	4,556.46	
cvp	X	plant		904-70-12001	4,368,661	wtr op prop	73,525.55	73,525.55	147,051.10	147,051.10	
cvp	X	land		907-74-401F0	500	.009A	19.50	0.00	19.50	19.50	
cvp	X	land		904-72-109D4	500	well	16.10	0.00	16.10	16.10	
	X	land		210-07-001H2	418	.52Awell	9.88	0.00	9.88	9.88	
	X	land		509-02-028D6	449	.06A	10.92	0.00	10.92	10.92	
	X	land	wwtp	211-02-00504	651,000	26.04Aanthem	4,054.05	4,054.05	8,108.10	0.00	8,108.10
	X	land		210-20-003J2	500	well	23.54	0.00	23.54	23.54	
	X	land		200-74-08509	500	wldhrse.53A	11.74	0.00	11.74	11.74	
	X	land		109-26-820A0	250	taylor.04A	7.50	0.00	7.50	7.50	
	X	land		509-02-002LO	422	.06A	9.34	0.00	9.34	9.34	
	X	land		509-03-001d5	211	well	6.58	0.00	6.58	6.58	
	X	land		210-07-005H8	500	.23A	11.32	0.00	11.32	11.32	
	X	land		109-27-310B3	250	laredo.06A	8.86	0.00	8.86	8.86	
B	X	land	refunded	200-13-66604	500	crestfield-well	0.00	0.00	0.00	0.00	
	X	land		200-75-516A3	250	magic well.42A	7.30	0.00	7.30	7.30	
	X	land		200-69-023B0	250	.32A	7.70	0.00	7.70	7.70	
	X	land		509-02-057B	13,435	.23A	161.67	161.67	323.34	323.34	
	X	land		210-21-002D1	361	.38Awell	16.24	0.00	16.24	16.24	
	X	land		210-36-002B3	500	.34Awell	17.62	0.00	17.62	17.62	
	X	land		210-66-951B1	250	.19Awell	8.82	0.00	8.82	8.82	
							314,388.33	314,178.39	628,566.72	384,115.32	244,451.40
					19,153,046						
						total				628,566.72	

B=review bill
X=tax bill reviewed

jutil06/prptx

2007 Bills

JOHNSON UTILITIES, LLC

PINAL COUNTY TREASURER

6625

Check Number: 6625
Check Date: Oct 1, 2007

Check Amount: $35,760.15

Item to be Paid - Description	Discount Taken	Amount Paid
904-70-13405 1st 1/2		35,760.15

NATIONAL BANK OF ARIZONA
1-800-497-6168
www.nbarizona.com

6625

JOHNSON UTILITIES, LLC
5230 E. SHEA BLVD., SUITE 200
SCOTTSDALE, AZ 85254
PH. (480) 998-3300

91-532/1221
43

PAY Thirty-Five Thousand Seven Hundred Sixty and 15/100 Dollars

DATE AMOUNT

VOID AFTER 90 DAYS

TO THE ORDER OF PINAL COUNTY TREASURER
DOLORES DOOLITTLE
P.O. BOX 729
FLORENCE, AZ 85232-0729

Oct 1, 2007 **$35,760.15

904-70-13405 1st 1/2

⑈006625⑈ ⑆122105320⑆ 0050005715⑈

GUARDIAN&SAFETY

JOHNSON UTILITIES, LLC

PINAL COUNTY TREASURER

6625

Check Number: 6625
Check Date: Oct 1, 2007

Check Amount: $35,760.15

Item to be Paid - Description	Discount Taken	Amount Paid
904-70-13405 1st 1/2		35,760.15

39105

JOHNSON UTILITIES, LLC
Johnson Utilities LLC

7145

Check Number: 7145
Check Date: Mar 11, 2008

PINAL COUNTY TREASURER

Check Amount: $35,760.15

Item to be Paid	Description	Discount	Amount Paid
904-70-13405 2nd 1/2			35,760.15

NATIONAL BANK OF ARIZONA
1-800-497-8168
www.nbarizona.com

7145

91-532/1221
43

JOHNSON UTILITIES, LLC
5230 E. SHEA BLVD., SUITE 200
SCOTTSDALE, AZ 85254
PH. (480) 998-3300

PAY Thirty-Five Thousand Seven Hundred Sixty and 15/100 Dollars

DATE AMOUNT
VOID AFTER 90 DAYS

TO THE ORDER OF PINAL COUNTY TREASURER
DOLORES DOOLITTLE
P.O. BOX 729
FLORENCE, AZ 85232-0729

Mar 11, 2008 ****$35,760.15

904-70-13405 2nd 1/2

⑈007145⑈ ⑆122105320⑆ 0050005715⑈

JOHNSON UTILITIES, LLC

7145

Check Number: 7145
Check Date: Mar 11, 2008

PINAL COUNTY TREASURER

Check Amount: $35,760.15

Item to be Paid	Description	Discount	Amount Paid
904-70-13405 2nd 1/2			35,760.15

39105

JOHNSON UTILITIES, LLC

PINAL COUNTY TREASURER

6624

Check Number: 6624
Check Date: Oct 1, 2007

Check Amount: $27,546.38

Item to be Paid - Description	Discount Taken	Amount Paid
904-70-10302 1st 1/2		27,546.38

NATIONAL BANK OF ARIZONA
1-800-497-8168
www.nbarizona.com

6624

JOHNSON UTILITIES, LLC
6230 E. SHEA BLVD. SUITE 200
SCOTTSDALE, AZ 85254
PH (480) 998-3300

91-532/0221
43

PAY Twenty-Seven Thousand Five Hundred Forty-Six and 38/100 Dollars

DATE AMOUNT
VOID AFTER 90 DAYS

TO THE ORDER OF PINAL COUNTY TREASURER
DOLORES DOOLITTLE
P.O. BOX 729
FLORENCE, AZ 85232-0729

Oct 1, 2007 **$27,546.38

904-70-10302 1st 1/2

⑈006624⑈ ⑆221053201⑆ 0050000571 5⑈

GUARDIAN®SAFETY

JOHNSON UTILITIES, LLC

PINAL COUNTY TREASURER

6624

Check Number: 6624
Check Date: Oct 1, 2007

Check Amount: $27,546.38

Item to be Paid - Description	Discount Taken	Amount Paid
904-70-10302 1st 1/2		27,546.38

39105

JOHNSON UTILITIES, LLC
Johnson Utilities LLC

7144

PINAL COUNTY TREASURER

Check Number: 7144
Check Date: Mar 11, 2008

Check Amount: $27,546.38

Item to be Paid	Description	Discount	Amount Paid
904-70-10302 2nd 1/2			27,546.38

NATIONAL BANK OF ARIZONA
1-800-497-8168
www.nbarizona.com

7144

91-532/1221
43

JOHNSON UTILITIES, LLC
5230 E. SHEA BLVD., SUITE 200
SCOTTSDALE, AZ 85254
PH. (480) 998-3300

PAY Twenty-Seven Thousand Five Hundred Forty-Six and 38/100 Dollars

DATE AMOUNT
VOID AFTER 90 DAYS

TO THE ORDER OF
PINAL COUNTY TREASURER
DOLORES DOOLITTLE
P.O. BOX 729
FLORENCE, AZ 85232-0729

Mar 11, 2008 ****$27,546.38

904-70-10302 2nd 1/2

⑈007144⑈ ⑆122105320⑆ 0050005715⑈

JOHNSON UTILITIES, LLC

7144

PINAL COUNTY TREASURER

Check Number: 7144
Check Date: Mar 11, 2008

Check Amount: $27,546.38

Item to be Paid	Description	Discount	Amount Paid
904-70-10302 2nd 1/2			27,546.38

39105

JOHNSON UTILITIES, LLC

PINAL COUNTY TREASURER

6597

Check Number: 6597
Check Date: Oct 1, 2007

Check Amount: $25,542.30

Item to be Paid - Description	Discount Taken	Amount Paid
904-72-11504 904-72-11504 1st 1/2		25,542.30

NATIONAL BANK OF ARIZONA
1-800-247-9100
www.nbarizona.com

6597

JOHNSON UTILITIES, LLC
6230 E SHEA BLVD, SUITE 200
SCOTTSDALE, AZ 85254
PH (480) 998-3300

91-532/1221
43

PAY Twenty-Five Thousand Five Hundred Forty-Two and 30/100 Dollars

DATE Oct 1, 2007 AMOUNT **$25,542.30

VOID AFTER 90 DAYS

TO THE ORDER OF
PINAL COUNTY TREASURER
DOLORES DOOLITTLE
P.O. BOX 729
FLORENCE, AZ 85232-0729

904-72-11504 1st 1/2

⑈006597⑈ ⑆122105320⑆ 0050000571⑈

GUARDIANBSAFETY

JOHNSON UTILITIES, LLC
PINAL COUNTY TREASURER

6597

Check Number: 6597
Check Date: Oct 1, 2007

Check Amount: $25,542.30

Item to be Paid - Description	Discount Taken	Amount Paid
904-72-11504 904-72-11504 1st 1/2		25,542.30

39105

JOHNSON UTILITIES, LLC
Johnson Utilities LLC

7136

Check Number: 7136
Check Date: Mar 11, 2008

PINAL COUNTY TREASURER

Check Amount: $25,542.30

Item to be Paid	Description	Discount	Amount Paid
904-72-11504 2nd 1/2			25,542.30

NATIONAL BANK OF ARIZONA
1-800-497-6168
www.nbarizona.com

7136

91-532/1221
43

JOHNSON UTILITIES, LLC
5230 E. SHEA BLVD., SUITE 200
SCOTTSDALE, AZ 85254
PH. (480) 998-3300

PAY Twenty-Five Thousand Five Hundred Forty-Two and 30/100 Dollars

DATE AMOUNT
VOID AFTER 90 DAYS

TO THE ORDER OF
PINAL COUNTY TREASURER
DOLORES DOOLITTLE
P.O. BOX 729
FLORENCE, AZ 85232-0729

Mar 11, 2008 ****$25,542.30

904-72-11504 2nd 1/2

⑈007136⑈ ⑆122105320⑆ 0050005715⑈

JOHNSON UTILITIES, LLC

7136

Check Number: 7136
Check Date: Mar 11, 2008

PINAL COUNTY TREASURER

Check Amount: $25,542.30

Item to be Paid	Description	Discount	Amount Paid
904-72-11504 2nd 1/2			25,542.30

JOHNSON UTILITIES, LLC

PINAL COUNTY TREASURER

6621

Check Number: 6621
Check Date: Oct 1, 2007

Check Amount: $18,633.42

Item to be Paid - Description	Discount Taken	Amount Paid
904-70-12902 1st 1/2		18,633.42

NATIONAL BANK OF ARIZONA
1-800-497-8168
www.nbarizona.com

6621

JOHNSON UTILITIES, LLC
5230 E. SHEA BLVD. SUITE 200
SCOTTSDALE, AZ 85254
PH (480) 998-3300

91-532/122
A3

PAY Eighteen Thousand Six Hundred Thirty-Three and 42/100 Dollars

DATE AMOUNT
VOID AFTER 90 DAYS

TO THE ORDER OF PINAL COUNTY TREASURER
DOLORES DOOLITTLE
P.O. BOX 729
FLORENCE, AZ 85232-0729

Oct 1, 2007 **$18,633.42

904-70-12902 1st 1/2

⑈006621⑈ ⑆122105320⑆ 0050000571⑆

GUARDIANSAFETY

JOHNSON UTILITIES, LLC

PINAL COUNTY TREASURER

6621

Check Number: 6621
Check Date: Oct 1, 2007

Check Amount: $18,633.42

Item to be Paid - Description	Discount Taken	Amount Paid
904-70-12902 1st 1/2		18,633.42

39105

JOHNSON UTILITIES, LLC
Johnson Utilities LLC

7141

PINAL COUNTY TREASURER

Check Number: 7141
Check Date: Mar 11, 2008

Check Amount: $18,633.42

Item to be Paid	Description	Discount	Amount Paid
904-70-12902 2nd 1/2			18,633.42

NATIONAL BANK OF ARIZONA
1-800-497-8168
www.nbarizona.com

7141

91-532/1221
43

JOHNSON UTILITIES, LLC
5230 E. SHEA BLVD., SUITE 200
SCOTTSDALE, AZ 85254
PH. (480) 998-3300

PAY Eighteen Thousand Six Hundred Thirty-Three and 42/100 Dollars

DATE AMOUNT
VOID AFTER 90 DAYS

TO THE ORDER OF
PINAL COUNTY TREASURER
DOLORES DOOLITTLE
P.O. BOX 729
FLORENCE, AZ 85232-0729

Mar 11, 2008 ****$18,633.42

904-70-12902 2nd 1/2

⑈007141⑈ ⑆122105320⑆ 0050005715⑈

JOHNSON UTILITIES, LLC

7141

PINAL COUNTY TREASURER

Check Number: 7141
Check Date: Mar 11, 2008

Check Amount: $18,633.42

Item to be Paid	Description	Discount	Amount Paid
904-70-12902 2nd 1/2			18,633.42

JOHNSON UTILITIES, LLC

PINAL COUNTY TREASURER

6620

Check Number: 6620
Check Date: Oct 1, 2007

Check Amount: $8,513.48

Item to be Paid - Description	Discount Taken	Amount Paid
904-70-12803 1st 1/2		8,513.48

NATIONAL BANK OF ARIZONA
1-800-487-8168
www.nbarizona.com

6620

JOHNSON UTILITIES, LLC
5230 E. SHEA BLVD. SUITE 200
SCOTTSDALE, AZ 85254
PH. (480) 998-3300

91-532/1221
43

PAY Eight Thousand Five Hundred Thirteen and 48/100 Dollars

DATE AMOUNT
VOID AFTER 90 DAYS

TO THE ORDER OF PINAL COUNTY TREASURER
DOLORES DOOLITTLE
P.O. BOX 729
FLORENCE, AZ 85232-0729

Oct 1, 2007 ***$8,513.48

904-70-12803 1st 1/2

⑈006620⑈ ⑆122105320⑆ 0050000571 5⑈

GUARDIANESSAFETY

JOHNSON UTILITIES, LLC
PINAL COUNTY TREASURER

6620

Check Number: 6620
Check Date: Oct 1, 2007

Check Amount: $8,513.48

Item to be Paid - Description	Discount Taken	Amount Paid
904-70-12803 1st 1/2		8,513.48

JOHNSON UTILITIES, LLC
Johnson Utilities LLC

7140

Check Number: 7140
Check Date: Mar 11, 2008

PINAL COUNTY TREASURER

Check Amount: $8,513.48

Item to be Paid	Description	Discount	Amount Paid
904-70-12803 2nd 1/2			8,513.48

NATIONAL BANK OF ARIZONA
1-800-497-8168
www.nbarizona.com

7140

91-532/1221
43

JOHNSON UTILITIES, LLC
5230 E. SHEA BLVD., SUITE 200
SCOTTSDALE, AZ 85254
PH. (480) 998-3300

PAY Eight Thousand Five Hundred Thirteen and 48/100 Dollars

DATE AMOUNT
VOID AFTER 90 DAYS

TO THE ORDER OF
PINAL COUNTY TREASURER
DOLORES DOOLITTLE
P.O. BOX 729
FLORENCE, AZ 85232-0729

Mar 11, 2008 *****$8,513.48

904-70-12803 2nd 1/2

⑈007140⑈ ⑆122105320⑆ 0050005715⑈

JOHNSON UTILITIES, LLC

7140

Check Number: 7140
Check Date: Mar 11, 2008

PINAL COUNTY TREASURER

Check Amount: $8,513.48

Item to be Paid	Description	Discount	Amount Paid
904-70-12803 2nd 1/2			8,513.48

39105

JOHNSON UTILITIES, LLC

6619

PINAL COUNTY TREASURER

Check Number: 6619
Check Date: Oct 1, 2007

Check Amount: $2,278.23

Item to be Paid - Description	Discount Taken	Amount Paid
904-70-10005 1st 1/2		2,278.23

NATIONAL BANK OF ARIZONA
1-800-487-8188
www.nbarizona.com

6619

JOHNSON UTILITIES, LLC
6230 E. SHEA BLVD. SUITE 200
SCOTTSDALE, AZ 85254
PH. (480) 998-3300

91-532/1221
43

PAY Two Thousand Two Hundred Seventy-Eight and 23/100 Dollars

DATE AMOUNT
VOID AFTER 90 DAYS

TO THE ORDER OF PINAL COUNTY TREASURER
DOLORES DOOLITTLE
P.O. BOX 129
FLORENCE, AZ 85232-0729

Oct 1, 2007 ***$2,278.23

904-70-10005 1st 1/2

⑈006619⑈ ⑆122105320⑆ 0050005715⑈

GUARDIANSSAFETY

JOHNSON UTILITIES, LLC

6619

PINAL COUNTY TREASURER

Check Number: 6619
Check Date: Oct 1, 2007

Check Amount: $2,278.23

Item to be Paid - Description	Discount Taken	Amount Paid
904-70-10005 1st 1/2		2,278.23

39105

JOHNSON UTILITIES, LLC

Johnson Utilities LLC

7139

Check Number: 7139
Check Date: Mar 11, 2008

PINAL COUNTY TREASURER

Check Amount: $2,278.23

Item to be Paid	Description	Discount	Amount Paid
904-70-10005 2nd 1/2			2,278.23

NATIONAL BANK OF ARIZONA
1-800-497-8168
www.nbarizona.com

7139

91-532/1221
43

JOHNSON UTILITIES, LLC
5230 E. SHEA BLVD., SUITE 200
SCOTTSDALE, AZ 85254
PH. (480) 998-3300

PAY Two Thousand Two Hundred Seventy-Eight and 23/100 Dollars

DATE AMOUNT

VOID AFTER 90 DAYS

TO THE ORDER OF
PINAL COUNTY TREASURER
DOLORES DOOLITTLE
P.O. BOX 729
FLORENCE, AZ 85232-0729

Mar 11, 2008 *****$2,278.23

904-70-10005 2nd 1/2

⑈007139⑈ ⑆122105320⑆ 0050005715⑈

JOHNSON UTILITIES, LLC

7139

Check Number: 7139
Check Date: Mar 11, 2008

PINAL COUNTY TREASURER

Check Amount: $2,278.23

Item to be Paid	Description	Discount	Amount Paid
904-70-10005 2nd 1/2			2,278.23

JOHNSON UTILITIES, LLC

6623

PINAL COUNTY TREASURER

Check Number: 6623
Check Date: Oct 1, 2007

Check Amount: $73,525.55

Item to be Paid - Description	Discount Taken	Amount Paid
904-70-12001 1st 1/2		73,525.55

NATIONAL BANK OF ARIZONA
1-800-487-5168
www.nbarizona.com

6623

JOHNSON UTILITIES, LLC
5230 E. SHEA BLVD., SUITE 200
SCOTTSDALE, AZ 85254
PH: (480) 998-3300

91-532/1221
43

PAY Seventy-Three Thousand Five Hundred Twenty-Five and 55/100 Dollars

DATE AMOUNT

VOID AFTER 90 DAYS

TO THE ORDER OF PINAL COUNTY TREASURER
DOLORES DOOLITTLE
P.O. BOX 729
FLORENCE, AZ 85232-0729

Oct 1, 2007 **$73,525.55

904-70-12001 1st 1/2

⑈006623⑈ ⑆122105320⑆ 0050000571 5⑈

GUARDIAN®SAFETY

JOHNSON UTILITIES, LLC

6623

PINAL COUNTY TREASURER

Check Number: 6623
Check Date: Oct 1, 2007

Check Amount: $73,525.55

Item to be Paid - Description	Discount Taken	Amount Paid
904-70-12001 1st 1/2		73,525.55

39105

JOHNSON UTILITIES, LLC
Johnson Utilities LLC

7143

Check Number: 7143
Check Date: Mar 11, 2008

PINAL COUNTY TREASURER

Check Amount: $73,525.55

Item to be Paid	Description	Discount	Amount Paid
904-70-12001 2nd 1/2			73,525.55

NATIONAL BANK OF ARIZONA
1-800-497-8168
www.nbarizona.com

7143

JOHNSON UTILITIES, LLC
5230 E. SHEA BLVD., SUITE 200
SCOTTSDALE, AZ 85254
PH. (480) 998-3300

91-532/1221
43

PAY Seventy-Three Thousand Five Hundred Twenty-Five and 55/100 Dollars

DATE AMOUNT
VOID AFTER 90 DAYS

TO THE ORDER OF
PINAL COUNTY TREASURER
DOLORES DOOLITTLE
P.O. BOX 729
FLORENCE, AZ 85232-0729

Mar 11, 2008 ****$73,525.55

904-70-12001 2nd 1/2

⑈007143⑈ ⑆122105320⑆ 0050005715⑈

JOHNSON UTILITIES, LLC

7143

Check Number: 7143
Check Date: Mar 11, 2008

PINAL COUNTY TREASURER

Check Amount: $73,525.55

Item to be Paid	Description	Discount	Amount Paid
904-70-12001 2nd 1/2			73,525.55

39105

JOHNSON UTILITIES, LLC

PINAL COUNTY TREASURER

6611

Check Number: 6611
Check Date: Oct 1, 2007

Check Amount: $19.50

Item to be Paid - Description	Discount Taken	Amount Paid
904-74-401F0 Full Year		19.50

NATIONAL BANK OF ARIZONA
1-800-457-8168
www.nbarizona.com

6611

JOHNSON UTILITIES, LLC
6230 E. SHEA BLVD. SUITE 200
SCOTTSDALE, AZ 85254
PH. (480) 998-3300

91-532/122
43

PAY Nineteen and 50/100 Dollars

DATE AMOUNT
VOID AFTER 90 DAYS

TO THE ORDER OF PINAL COUNTY TREASURER
DOLORES DOOLITTLE
P.O. BOX 729
FLORENCE, AZ 85232-0729

Oct 1, 2007 ******$19.50

904-74-401F0 Full Yr

⑈006611⑈ ⑆122105320⑆ 0050000571 5⑈

GUARDIANSSAFETY

JOHNSON UTILITIES, LLC

PINAL COUNTY TREASURER

6611

Check Number: 6611
Check Date: Oct 1, 2007

Check Amount: $19.50

Item to be Paid - Description	Discount Taken	Amount Paid
904-74-401F0 Full Year		19.50

39105

JOHNSON UTILITIES, LLC

PINAL COUNTY TREASURER

6610

Check Number: 6610
Check Date: Oct 1, 2007

Check Amount: $16.10

Item to be Paid - Description	Discount Taken	Amount Paid
904-72-109D4 Full Year		16.10

NATIONAL BANK OF ARIZONA
1-800-437-8168
www.nbarizona.com

6610

JOHNSON UTILITIES, LLC
5230 E. SHEA BLVD., SUITE 200
SCOTTSDALE, AZ 85254
PH. (480) 998-3300

91-572/1221
43

PAY Sixteen and 10/100 Dollars

DATE AMOUNT

VOID AFTER 90 DAYS

TO THE ORDER OF PINAL COUNTY TREASURER
DOLORES DOOLITTLE
P.O. BOX 729
FLORENCE, AZ 85232-0729

Oct 1, 2007 ******$16.10

904-72-109D4 Full Yr

⑈006610⑈ ⑆122105320⑆ 0050000571⑆

GUARDIAN SAFETY

JOHNSON UTILITIES, LLC

PINAL COUNTY TREASURER

6610

Check Number: 6610
Check Date: Oct 1, 2007

Check Amount: $16.10

Item to be Paid - Description	Discount Taken	Amount Paid
904-72-109D4 Full Year		16.10

39105

JOHNSON UTILITIES, LLC

PINAL COUNTY TREASURER

6598

Check Number: 6598
Check Date: Oct 1, 2007

Check Amount: $9.88

Item to be Paid - Description	Discount Taken	Amount Paid
210-07-001H2 Full Year		9.88

Security Features are Included. Details on back.

NATIONAL BANK OF ARIZONA
1-800-457-8768
www.nbarizona.com

6598

JOHNSON UTILITIES, LLC
6230 E. SHEA BLVD., SUITE 200
SCOTTSDALE, AZ 85254
PH. (480) 998-3300

91-532/1221
43

PAY Nine and 88/100 Dollars

DATE AMOUNT

TO THE ORDER OF PINAL COUNTY TREASURER
DOLORES DOOLITTLE
P.O. BOX 729
FLORENCE, AZ 85232-0729

VOID AFTER 90 DAYS

Oct 1, 2007 ******$9.88

210-07-001H2 Full Yr

⑈006598⑈ ⑆122105320⑆ 0050000571⑈

GUARDIAN®SAFETY

JOHNSON UTILITIES, LLC

PINAL COUNTY TREASURER

6598

Check Number: 6598
Check Date: Oct 1, 2007

Check Amount: $9.88

Item to be Paid - Description	Discount Taken	Amount Paid
210-07-001H2 Full Year		9.88

39105

JOHNSON UTILITIES, LLC

PINAL COUNTY TREASURER

6615

Check Number: 6615
Check Date: Oct 1, 2007

Check Amount: $10.92

Item to be Paid - Description	Discount Taken	Amount Paid
509-02-028D6 Full Year		10.92

NATIONAL BANK OF ARIZONA
1-800-497-8168
www.nbarizona.com

6615

JOHNSON UTILITIES, LLC
5230 E. SHEA BLVD. SUITE 200
SCOTTSDALE, AZ 85254
PH (480) 998-3300

91-532/1221
43

PAY Ten and 92/100 Dollars

DATE AMOUNT
VOID AFTER 90 DAYS

TO THE ORDER OF PINAL COUNTY TREASURER
DOLORES DOOLITTLE
P.O. BOX 729
FLORENCE, AZ 85232-0729

Oct 1, 2007 ******$10.92

509-02-028D6 Full Yr

⑈006615⑈ ⑆122105320⑆ 0050000571 5⑈

GUARDIAN®SAFETY

JOHNSON UTILITIES, LLC
PINAL COUNTY TREASURER

6615

Check Number: 6615
Check Date: Oct 1, 2007

Check Amount: $10.92

Item to be Paid - Description	Discount Taken	Amount Paid
509-02-028D6 Full Year		10.92

39105

JOHNSON UTILITIES, LLC

PINAL COUNTY TREASURER

6609

Check Number: 6609
Check Date: Oct 1, 2007

Check Amount: $23.54

Item to be Paid - Description	Discount Taken	Amount Paid
210-20-003J2 Full Year		23.54

NATIONAL BANK OF ARIZONA
1-800-497-8168
www.nbarizona.com

6609

JOHNSON UTILITIES, LLC
5230 E. SHEA BLVD., SUITE 200
SCOTTSDALE, AZ 85254
PH. (480) 998-3300

91-532/1221
43

PAY Twenty-Three and 54/100 Dollars

DATE AMOUNT

VOID AFTER 90 DAYS

TO THE ORDER OF PINAL COUNTY TREASURER
DOLORES DOOLITTLE
P.O. BOX 729
FLORENCE, AZ 85232-0729

Oct 1, 2007 ******$23.54

210-20-003J2 Full Yr

⑈006609⑈ ⑆122105320⑆ 0050005715⑈

UARDIAN&SAFETY

JOHNSON UTILITIES, LLC

PINAL COUNTY TREASURER

6609

Check Number: 6609
Check Date: Oct 1, 2007

Check Amount: $23.54

Item to be Paid - Description	Discount Taken	Amount Paid
210-20-003J2 Full Year		23.54

JOHNSON UTILITIES, LLC

PINAL COUNTY TREASURER

6616

Check Number: 6616
Check Date: Oct 1, 2007

Check Amount: $11.74

Item to be Paid - Description	Discount Taken	Amount Paid
200-74-08509 Full Year		11.74

NATIONAL BANK OF ARIZONA
1-800-497-8168
www.nationalbank.com

6616

JOHNSON UTILITIES, LLC
6230 E. SHEA BLVD., SUITE 200
SCOTTSDALE, AZ 85254
PH. (480) 998-3300

91-532/1221
43

PAY Eleven and 74/100 Dollars

DATE AMOUNT
VOID AFTER 90 DAYS
Oct 1, 2007 ******$11.74

TO THE ORDER OF
PINAL COUNTY TREASURER
DOLORES DOOLITTLE
P.O. BOX 729
FLORENCE, AZ 85232-0729

200-74-08509 Full Yr

⑈006166⑈ ⑆122105730⑆ 0050000574⑈

GUARDIAN®SAFETY

JOHNSON UTILITIES, LLC

PINAL COUNTY TREASURER

6616

Check Number: 6616
Check Date: Oct 1, 2007

Check Amount: $11.74

Item to be Paid - Description	Discount Taken	Amount Paid
200-74-08509 Full Year		11.74

39105

JOHNSON UTILITIES, LLC

6608

PINAL COUNTY TREASURER

Check Number: 6608
Check Date: Oct 1, 2007

Check Amount: $7.50

Item to be Paid - Description	Discount Taken	Amount Paid
109-26-820A0 Full Year		7.50

NATIONAL BANK OF ARIZONA
1-800-417-8166
www.nbarizona.com

6608

91-532/122
A3

JOHNSON UTILITIES, LLC
6230 E SHEA BLVD, SUITE 200
SCOTTSDALE, AZ 85254
PH (480) 998-3300

PAY Seven and 50/100 Dollars

DATE AMOUNT
VOID AFTER 90 DAYS

TO THE ORDER OF PINAL COUNTY TREASURER
DOLORES DOOLITTLE
P.O. BOX 729
FLORENCE, AZ 85232-0729

Oct 1, 2007 *******$7.50

109-26-820A0 Full Yr

⑈006608⑈ ⑆122105320⑆ 0050000715⑈

GUARDIAN®SAFETY

JOHNSON UTILITIES, LLC

6608

PINAL COUNTY TREASURER

Check Number: 6608
Check Date: Oct 1, 2007

Check Amount: $7.50

Item to be Paid - Description	Discount Taken	Amount Paid
109-26-820A0 Full Year		7.50

39105

JOHNSON UTILITIES, LLC

PINAL COUNTY TREASURER

6617

Check Number: 6617
Check Date: Oct 1, 2007

Check Amount: $9.34

Item to be Paid - Description	Discount Taken	Amount Paid
509-02-002L0 Full Year		9.34

NATIONAL BANK OF ARIZONA
1-800-407-8189
www.nbarizona.com

6617

JOHNSON UTILITIES, LLC
6230 E. SHEA BLVD. SUITE 200
SCOTTSDALE, AZ 85254
PH. (480) 998-3300

91-532/1221
A3

PAY Nine and 34/100 Dollars

DATE AMOUNT
VOID AFTER 90 DAYS

TO THE ORDER OF PINAL COUNTY TREASURER
DOLORES DOOLITTLE
P.O. BOX 729
FLORENCE, AZ 85232-0729

Oct 1, 2007 *******$9.34

509-02-002L0 Full Yr

⑈006617⑈ ⑆122105320⑆ 0050005745⑈

GUARDIAN®SAFETY

JOHNSON UTILITIES, LLC
PINAL COUNTY TREASURER

6617

Check Number: 6617
Check Date: Oct 1, 2007

Check Amount: $9.34

Item to be Paid - Description	Discount Taken	Amount Paid
509-02-002L0 Full Year		9.34

39105

JOHNSON UTILITIES, LLC

PINAL COUNTY TREASURER

6607

Check Number: 6607
Check Date: Oct 1, 2007

Check Amount: $6.58

Item to be Paid - Description	Discount Taken	Amount Paid
509-03-001D5 Full Year		6.58

NATIONAL BANK OF ARIZONA
1-800-487-6768
www.nbarizona.com

6607

JOHNSON UTILITIES, LLC
5230 E SHEA BLVD, SUITE 200
SCOTTSDALE, AZ 85254
PH (480) 998-3300

91-532/1221
43

PAY Six and 58/100 Dollars

DATE AMOUNT
VOID AFTER 90 DAYS
Oct 1, 2007 ******$6.58

TO THE ORDER OF
PINAL COUNTY TREASURER
DOLORES DOOLITTLE
P.O. BOX 729
FLORENCE, AZ 85232-0729
509-03-001D5 Full Yr

⑈006607⑈ ⑆122105320⑆ 0050000571⑈

GUARDIAN SAFETY

JOHNSON UTILITIES, LLC
PINAL COUNTY TREASURER

6607

Check Number: 6607
Check Date: Oct 1, 2007

Check Amount: $6.58

Item to be Paid - Description	Discount Taken	Amount Paid
509-03-001D5 Full Year		6.58

39105

JOHNSON UTILITIES, LLC

PINAL COUNTY TREASURER

6618

Check Number: 6618
Check Date: Oct 1, 2007

Check Amount: $11.32

Item to be Paid - Description	Discount Taken	Amount Paid
210-07-225H8 Full Year		11.32

NATIONAL BANK OF ARIZONA
1-800-497-8168
www.nbarizona.com

6618

JOHNSON UTILITIES, LLC
5230 E. SHEA BLVD., SUITE 200
SCOTTSDALE, AZ 85254
PH. (480) 998-3300

91-532/1221
43

PAY Eleven and 32/100 Dollars

DATE AMOUNT

VOID AFTER 90 DAYS

TO THE ORDER OF PINAL COUNTY TREASURER
DOLORES DOCLITTLE
P.O. BOX 729
FLORENCE, AZ 85232-0729

Oct 1, 2007 ******$11.32

210-07-225H8 Full Yr

⑈006618⑈ ⑆122105320⑆ 0050005715⑈

GUARDIAN@SAFETY

JOHNSON UTILITIES, LLC

PINAL COUNTY TREASURER

6618

Check Number: 6618
Check Date: Oct 1, 2007

Check Amount: $11.32

Item to be Paid - Description	Discount Taken	Amount Paid
210-07-225H8 Full Year		11.32

JOHNSON UTILITIES, LLC

PINAL COUNTY TREASURER

6604

Check Number: 6604
Check Date: Oct 1, 2007

Check Amount: $7.30

Item to be Paid - Description	Discount Taken	Amount Paid
200-75-516A3 Full Year		7.30

NATIONAL BANK OF ARIZONA
1-800-487-8168
www.nbarizona.com

6604

JOHNSON UTILITIES, LLC
6230 E. SHEA BLVD. SUITE 200
SCOTTSDALE, AZ 85254
PH (480) 998-3300

91-532/1221
43

PAY Seven and 30/100 Dollars

DATE AMOUNT
VOID AFTER 90 DAYS
Oct 1, 2007 ******$7.30

TO THE ORDER OF PINAL COUNTY TREASURER
DOLORES DOOLITTLE
P.O. BOX 729
FLORENCE, AZ 85232-0729

200-75-516A3 Full Yr

⑈006604⑈ ⑆122105320⑆ 0050000571 5⑈

GUARDIAN®SAFETY

JOHNSON UTILITIES, LLC

PINAL COUNTY TREASURER

6604

Check Number: 6604
Check Date: Oct 1, 2007

Check Amount: $7.30

Item to be Paid - Description	Discount Taken	Amount Paid
200-75-516A3 Full Year		7.30

39105

JOHNSON UTILITIES, LLC

PINAL COUNTY TREASURER

6612

Check Number: 6612
Check Date: Oct 1, 2007

Check Amount: $7.70

Item to be Paid - Description	Discount Taken	Amount Paid
200-69-023B0 Full Year		7.70

NATIONAL BANK OF ARIZONA
1-800-487-8165
www.nbarizona.com

6612

JOHNSON UTILITIES, LLC
6230 E. SHEA BLVD. SUITE 200
SCOTTSDALE, AZ 85254
PH: (480) 998-3300

91-532/1221
43

PAY Seven and 70/100 Dollars

DATE AMOUNT
VOID AFTER 90 DAYS

TO THE ORDER OF PINAL COUNTY TREASURER
DOLORES DOOLITTLE
P.O. BOX 729
FLORENCE, AZ 85232-0729
200-69-023B0 Full Yr

Oct 1, 2007 *******$7.70

⑈006612⑈ ⑆122105320⑆ 0050005715⑈

GUARDIAN&SAFETY

JOHNSON UTILITIES, LLC

PINAL COUNTY TREASURER

6612

Check Number: 6612
Check Date: Oct 1, 2007

Check Amount: $7.70

Item to be Paid - Description	Discount Taken	Amount Paid
200-69-023B0 Full Year		7.70

39105

JOHNSON UTILITIES, LLC

PINAL COUNTY TREASURER

6603

Check Number: 6603
Check Date: Oct 1, 2007

Check Amount: $323.34

Item to be Paid - Description	Discount Taken	Amount Paid
509-02-057B4 Full Year		323.34

NATIONAL BANK OF ARIZONA
1-800-487-8100
www.nbarizona.com

6603

JOHNSON UTILITIES, LLC
6230 E. SHEA BLVD. SUITE 200
SCOTTSDALE, AZ 85254
PH (480) 998-3300

91-532/1221
A3

PAY Three Hundred Twenty-Three and 34/100 Dollars

DATE AMOUNT
VOID AFTER 90 DAYS

TO THE ORDER OF PINAL COUNTY TREASURER
DOLORES DOOLITTLE
P.O. BOX 729
FLORENCE, AZ 85232-0729

Oct 1, 2007 ****$323.34

509-02-057B4 Full Yr

⑈006603⑈ ⑆122105320⑆ 0050005715⑈

GUARDIAN®SAFETY

JOHNSON UTILITIES, LLC

PINAL COUNTY TREASURER

6603

Check Number: 6603
Check Date: Oct 1, 2007

Check Amount: $323.34

Item to be Paid - Description	Discount Taken	Amount Paid
509-02-057B4 Full Year		323.34

39105

JOHNSON UTILITIES, LLC

PINAL COUNTY TREASURER

6613

Check Number: 6613
Check Date: Oct 1, 2007

Check Amount: $16.24

Item to be Paid - Description	Discount Taken	Amount Paid
210-21-002D1 Full Year		16.24

NATIONAL BANK OF ARIZONA
1-800-487-8188
www.nbarizona.com

6613

JOHNSON UTILITIES, LLC
5230 E. SHEA BLVD., SUITE 200
SCOTTSDALE, AZ 85254
PH (480) 998-3300

91-532/1221
43

PAY Sixteen and 24/100 Dollars

DATE AMOUNT
VOID AFTER 90 DAYS

TO THE ORDER OF PINAL COUNTY TREASURER
DOLORES DOCLITTLE
P.O. BOX 729
FLORENCE, AZ 85232-0729

Oct 1, 2007 ******$16.24

210-21-002D1 Full Yr

⑈006613⑈ ⑆122105320⑆ 0050005715⑈

GUARDIANSSAFETY

JOHNSON UTILITIES, LLC

PINAL COUNTY TREASURER

6613

Check Number: 6613
Check Date: Oct 1, 2007

Check Amount: $16.24

Item to be Paid - Description	Discount Taken	Amount Paid
210-21-002D1 Full Year		16.24

39105

ALL-STATE LEGAL® EXHIBIT S-30 ADMITTED

1.7 For the Oasis, please provide copies of all bills and payments for effluent during the period of 2004 to the present.

Response: Johnson Utilities delivers effluent from its Section 11 WRP to a storage facility on the golf course ("Oasis Golf Course") at The Club at Oasis ("Oasis") pursuant to an Effluent Storage and Distribution Lease ("Effluent Storage Lease") dated January 1, 2006. The Section 11 WRP generates effluent which exceeds the demand for effluent in the vicinity of the Section 11 WRP. The Effluent Storage Lease allows Johnson Utilities to deliver effluent from the Section 11 WRP to the Oasis Golf Course which exceeds the golf course's demand for effluent. Thus, at certain times effluent overflows the storage facility at the Oasis Golf Course and the course must be closed for business.

Johnson Utilities has discovered that it was not charging the Oasis Golf Course for the effluent the golf course was receiving. Thus, there have been no bills or payments for effluent by Oasis since effluent deliveries to Oasis commenced. The Oasis Golf Course should have been charged a minimum for the effluent delivered. Johnson Utilities will be addressing this oversight in the pending rate case in Docket No. WS-02987A-08-0180, a case in which Swing First Golf is an intervenor.

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

1.8 For the period of January 2006, to the present, please provide copies of all e-mails from any Johnson Utilities employee to or from David Ashton, or any other person affiliated with Swing First. This includes, but is not limited to, copies of e-mails from Brian Tompsett's personal account, including recent requests by Swing First Golf for Johnson Utilities to cease flooding the lake at the Golf Club at Johnson Ranch

Response: Copies of e-mails responsive to this data request are attached to this response.

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

EXHIBIT
S 31
ADMITTED

ARIZONA CORPORATION COMMISSION
STAFF'S FIRST SET OF DATA REQUESTS TO
JOHNSON UTILITIES, LLC
Docket No. WS-02987A-08-0180
July 28, 2008

JMM 1-51 Competitive Bids– For the water and wastewater divisions, please state whether or not competitive bids are obtained for construction work. If so, please provide documentation. If not, please explain.

Response: Yes. Competitive construction bids are obtained and used by Johnson Utilities' general contractor when negotiating the contracted price. Once the contract is negotiated, these bids are not retained. Before the contracts are agreed upon, a comparison in price is made by the contractor to USA Blue Book and the R. S. Means Book to make sure that pricing is consistent and within current industry standards.

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

EXHIBIT
S-36
ADMITTED
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BEFORE THE ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES
Chairman
GARY PIERCE
Commissioner
PAUL NEWMAN
Commissioner
SANDRA D. KENNEDY
Commissioner
BOB STUMP
Commissioner

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

DIRECT

TESTIMONY

OF

MARLIN SCOTT, JR

UTILITIES ENGINEER

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

FEBRUARY 4, 2009

TABLE OF CONTENTS

Page

EXECUTIVE SUMMARY i

Conclusions
Recommendations

DIRECT TESTIMONY

Introduction 1
Purpose of Testimony 2
Engineering Report 2

EXHIBIT MSJ, Engineering Report for Water Division

A. Location of Company 1
B. Description of Water Systems 1
C. Water Use 8
D. Growth 9
E. ADEQ Compliance 10
F. ADWR Compliance 10
G. ACC Compliance 10
H. Plant-in-Service 10
I. Depreciation Rates 13
J. Service Line and Meter Installation Charges 14
K. Curtailment Tariff 14
L. Backflow Prevention Tariff 14
M. Off-Site Facilities Hook-Up Fee Tariff 15

FIGURES

A-1. Pinal County Map 17
A-2. Certificated Area 18
B-1. Johnson Ranch System Schematic 19
B-2. Anthem System Schematic 20
C-1. Johnson Ranch System Water Use 21
C-2. Anthem System Water Use 21
D-1. Johnson Ranch System Growth 22
D-2. Anthem System Growth 22

TABLES

I-1. Depreciation Rates 23
J-1. Service Line and Meter Installation Charges 24

EXHIBIT MSJ, Engineering Report for Wastewater Division

A. Location of Company 25
B. Description of Wastewater Systems 25
C. Wastewater Flows 31
D. Growth 33
E. ADEQ Compliance 33
F. ACC Compliance 34
G. Plant-in-Service 34
H. Depreciation Rates 36
I. Off-Site Facilities Hook-Up Fee Tariff 37

FIGURES

A-1. Pinal County Map 39
A-2. Certificated Area 40
B-1. Section 11 System Schematic 41
B-2. San Tan System Schematic 42
B-3. Pecan System Schematic 43
B-4. Anthem System Schematic 44
C-1. Section 11 Flows 45
C-2. San Tan Flows 45
C-3. Pecan Flows 46
C-4. Anthem Flows 46

TABLE

H-1. Depreciation Rates 47

EXECUTIVE SUMMARY
JOHNSON UTILITIES COMPANY
DOCKET NO. WS-02987A-08-0180

WATER DIVISION

Conclusions

A. The Johnson Utilities Company's ("Company") Anthem water system has a water loss of 7.1% and is within the acceptable limit of 10%. (For the Johnson Ranch water system, see Recommendation #1 below.)

B. The Company's Johnson Ranch system's current source and storage capacity are adequate to serve the present customer base and reasonable growth. (For the Anthem water system's source and storage capacity recommendation, Staff determined that this system had excess capacity. See Recommendation #3 below.)

C. For the Company's two water systems, the Arizona Department of Environmental Quality ("ADEQ") has reported no major deficiencies and has determined that both systems, PWS #11-128 and #11-136, are currently delivering water that meets water quality standards required by the Arizona Administrative Code, Title 18, Chapter 4.

D. The Company is located in both of the Arizona Department of Water Resources' ("ADWR") Phoenix and Pinal Active Management Areas. The ADWR has reported that both of the Company's systems are in compliance with its requirements governing water providers and/or community water systems.

E. The Company has no delinquent Arizona Corporation Commission compliance issues.

F. The Company has an approved curtailment tariff that became effective on July 9, 2005.

G. The Company has an approved backflow prevention tariff that became effective on June 30, 1997.

H. The Company has an approved water hook-up fee tariff that became effective on May 27, 1997.

Recommendations

1. The Company's Johnson Ranch water system has a water loss of 19.4%. For this Johnson Ranch system, Staff recommends that the Company begin a 12-month monitoring exercise of its water system. Staff further recommends that the Company docket the results of the system monitoring as a compliance item in this case by November 1, 2010. If the reported water loss for the period from October 1, 2009 through October 1, 2010, is greater than 10%, the Company shall prepare a report containing a detailed analysis and plan to reduce water loss to 10% or less. If the Company believes it is not cost effective to reduce water loss to less than 10%, it should submit a detailed cost benefit analysis to support its opinion. This report shall be docketed as a compliance item in this proceeding for review and certification by Staff.

The above report or cost benefit analysis, if required, shall be docketed by December 31, 2010. In no case shall water loss be greater than 15 percent. If water loss is not reduced to less than 15 percent by 2010, Staff may initiate an Order to Show Cause against the Company.

2. Staff recommends that the Company's reported annual water testing expense of $55,007 be adopted for this proceeding.

3. Staff recommends its adjusted water plant-in-service of $74,337,067 be used as a guideline for purposes of setting rates in this proceeding.

4. Staff recommends approval of its water depreciation rates by individual National Association of Regulatory Utility Commissioners ("NARUC") category as shown in Table I-1.

5. Staff recommends approval of the proposed charges as shown in Table J-1, with separate installation charges for the service line and meter installations.

WASTEWATER DIVISION

Conclusions

I. The Company's Section 11, Pecan, and Anthem Water Reclamation Plants ("WRPs") have adequate treatment capacity to serve the present customer base and reasonable growth. (For the San Tan WRP, Staff determined that this WRP had excess capacity. See Recommendation #7 below.)

J. The ADEQ has reported the Anthem WRP as having no deficiencies and in compliance with ADEQ regulations.

K. The Company has an approved wastewater hook-up fee tariff that became effective on May 27, 1997.

Recommendations

6. ADEQ has reported the Section 11, San Tan, and Pecan WRPs as having deficiencies and not in compliance with ADEQ regulations. However, according to the Company, all the reported deficiencies have been addressed and/or corrected. Therefore, Staff recommends that the Company file with Docket Control, as a compliance item in this docket, copies of updated ADEQ Compliance Status Reports for the Pecan, San Tan and Section 11 wastewater systems indicating that the noted deficiencies have been resolved and all are in compliance. Staff further recommends that any increase in rates and charges approved in this proceeding not become effective until the first day of the month following the Company's filing of the updated ADEQ Compliance Status Reports indicating that the Pecan, San Tan and Section 11 wastewater systems have resolved the noted deficiencies and all are in compliance.

7. Staff recommends its adjusted wastewater plant-in-service of $113,811,343 be used as a guideline for purposes of setting rates in this proceeding.

8. Staff recommends approval of its wastewater depreciation rates by individual NARUC category as shown in Table H-1.

INTRODUCTION

Q. Please state your name, place of employment and job title.

A. My name is Marlin Scott, Jr. My place of employment is the Arizona Corporation Commission ("Commission"), Utilities Division, 1200 West Washington Street, Phoenix, Arizona 85007. My job title is Utilities Engineer.

Q. How long have you been employed by the Commission?

A. I have been employed by the Commission since November 1987.

Q. Please list your duties and responsibilities.

A. As a Utilities Engineer, specializing in water and wastewater engineering, my responsibilities include: the inspection, investigation, and evaluation of water and wastewater systems; preparing reconstruction cost new and/or original cost studies, cost of service studies and investigative reports; providing technical recommendations and suggesting corrective action for water and wastewater systems; and providing written and oral testimony on rate applications and other cases before the Commission.

Q. How many cases have you analyzed for the Utilities Division?

A. I have analyzed approximately 520 cases covering various responsibilities for the Utilities Division.

Q. Have you previously testified before this Commission?

A. Yes, I have testified in 73 proceedings before this Commission.

Q. What is your educational background?

A. I graduated from Northern Arizona University in 1984 with a Bachelor of Science degree in Civil Engineering Technology.

Q. Briefly describe your pertinent work experience.

A. Prior to my employment with the Commission, I was Assistant Engineer for the City of Winslow, Arizona, for about two years. Prior to that, I was a Civil Engineering Technician with the U.S. Public Health Service in Winslow for approximately six years.

Q. Please state your professional membership, registrations, and licenses.

A. I am a member of the National Association of Regulatory Utility Commissioners' Staff Subcommittee on Water.

PURPOSE OF TESTIMONY

Q. Were you assigned to provide the Utilities Division Staff ("Staff") engineering analysis and recommendation for the Johnson Utilities Company ("Company") in this proceeding?

A. Yes. I reviewed the Company's application, reviewed responses to data requests, and inspected the water and wastewater systems on November 5, 11 and 21, 2008. This testimony and its attachment present Staff's engineering evaluation.

ENGINEERING REPORT

Q. Please describe the attached Engineering Report, Exhibit MSJ.

A. Exhibit MSJ presents the details and analyses of Staff's findings for the water and wastewater divisions, and is attached to this direct testimony. Exhibit MSJ contains the following water division major topics: (1) a description of the water systems and the

processes, (2) water use, (3) growth, (4) compliance with the rules of the Arizona Department of Environmental Quality ("ADEQ"), Arizona Department of Water Resources, and the Arizona Corporation Commission ("ACC"), (5) plant-in-service, (6) depreciation rates, (7) service line and meter installation charges, and (8) approved tariff filings. Exhibit MSJ also contains the following wastewater division major topics: (1) a description of the wastewater systems and the processes, (2) wastewater flows, (3) growth, (4) compliance with the rules of the ADEQ and the ACC, (5) plant-in-service, (6) depreciation rates, and (7) approved tariff filings.

My conclusions and recommendations from the Engineering Report are contained in the **"EXECUTIVE SUMMARY"**, above.

Q. Does this conclude your direct testimony?

A. Yes, it does.

Engineering Report for
Johnson Utilities Company
Docket No. WS-02987A-08-0180 (Rates)

WATER DIVISION

February 4, 2009

A. LOCATION OF JOHNSON UTILITIES COMPANY ("COMPANY")

The Company provides water service to a community between Queen Creek and Florence in Pinal County. Figure A-1 shows the location of the Company within Pinal County and Figure A-2 shows the approximate 70.2 square-miles of water certificated area.

B. DESCRIPTION OF WATER SYSTEMS

The Company operates two potable water systems; the Johnson Ranch and Anthem at Merrill Ranch Systems, and one non-potable water system; a construction/irrigation system. These systems were field inspected on November 5, 2008, by Arizona Corporation Commission ("ACC" or "Commission") Staff member Marlin Scott, Jr., in the accompaniment of Brian Tompsett, representing the Company.

Johnson Ranch System

The operation of this water system consists of 15 wells, one Reverse Osmosis treatment system, 12 storage tanks, seven booster systems and a distribution system serving over 18,000 customers during the test year ending December 31, 2007. A Johnson Ranch system schematic is shown in Figure B-1 with detailed plant facility descriptions as follows:

Table JR-1. Well Data

Well Name	ADWR ID No.	Submersible Pump	Pump GPM	Casing Size & Depth	Meter Size
Johnson Ranch #4	55-558445	100-Hp	500	8" x 760'	6"
Johnson Ranch #5	55-559843	100-Hp	500	10" x 665'	6"
Oasis #1	55-582085	30-Hp	110	10" x 460'	3"
Oasis #2	55-585088	30-Hp	110	6" x 460'	3"
Oasis #3	55-582087	30-Hp	110	10" x 520'	3"
Ricke #1	55-570372	50-Hp	360	10" x 1,125'	3"
Ricke #3	55-594071	75-Hp	450	9" x 920'	6"
Wild Horse #1	55-571198	60-Hp	360	10" x 175'	4"
Skyline #1	55-621462	125-Hp	1,000	16" x 995'	6"
Circle Cross #2	55-599026	200-HP	1,000	11" x 980'	6"
Edwards Road #1	55-586189	40-Hp	35	6" x 680'	2"
San Tan #2	55-598836	100-Hp	750	13" x 800'	6"
Morning Sun Farms #1	55-201429	200-Hp	1,100	10" x 800'	6"
Morning Sun Farms #2	55-211012	200-Hp	1,100	13" x 700'	6"
Hardison #1	55-209384	200-Hp	1,000	11" x 780'	6"
San Tan #1	55-626147	(well no longer exist)			
Magma #1	55-215458	(Co. report well, but no well)			
Magma #2	55-212850	(not-in-service - drilled/capped)			
		TOTAL:	8,485 GPM		

Table JR-2. Treatment Facilities

Location	Type of Treatment
Johnson Ranch Main Plant	Reverse Osmosis (100,000 gallon storage tank, 30-Hp booster pump, and 500 GPM RO treatment unit)
Wells at Skyline #1, San Tan #2, Morning Sun Farms #1, Morning Sun Farms #2, Circle Cross #2, Edward Road #1, Wild Horse #1, Ricke #1, Hardison #1 and plants at Oasis Water Plant #1 & Johnson Ranch Main	Chlorination units

Table JR-3. Storage Tanks

Capacity Million Gallons (MG)	Quantity (Each)	Location
1.0	5	@ Johnson Ranch Main Plant, Gary Road, Circle Cross #1, two at Morning Sun Farm #2
0.5	3	@ Johnson Ranch Main Plant, Oasis #1, Ricke #1
0.1	1	@ Johnson Ranch Main Plant
0.05	3	@ Wild Horse #1, Edward Road #1, Ricke #1
Total: 6.75 MG	12	

Table JR-4. Booster Systems

Location	Plant Facilities	Storage Tanks (From in Tables 2 & 3)
Johnson Ranch Main Plant	50-Hp & two 75-Hp booster pumps w/ 5,000 gal. pressure tank	1.0 MG, 0.5 MG & 0.1 MG storage tanks
Oasis Water Plant #1	40-Hp & two 75-Hp booster pumps w/ 5,000 gal. pressure tank	0.5 MG storage tank
Wild Horse #1	Two 10-Hp & 30-Hp booster pumps w/ 5,000 gal. pressure tank	0.05 MG storage tank
Edward Road #1	Three 75-Hp booster pumps w/ 5,000 gal. pressure tank	0.05 MG storage tank
Ricke #1	Two 50-Hp & 75-Hp booster pumps w/ 5,000 gal. pressure tank	0.5 MG & 0.05 MG storage tanks
Circle Cross #2	Two 50-Hp & 75-Hp booster pumps w/ 5,000 gal. pressure tank	1.0 MG storage tank
Morning Sun Farms #2	Two 50-Hp & two 75-Hp booster pumps w/ 10,000 gal. pressure tank	Two 1.0 MG storage tanks

Table JR-5. Water Mains

Diameter	Material	Length (ft.)
2-inch	PVC/HDPE/DIP	126
4-inch	PVC/HDPE/DIP	4,596
6-inch	PVC/HDPE/DIP	285,166
8-inch	PVC/HDPE/DIP	749,490
10-inch	PVC/HDPE/DIP	38,904
12-inch	PVC/HDPE/DIP	207,286
14-inch	PVC/HDPE/DIP	0
16-inch	PVC/HDPE/DIP	4,290
18-inch	PVC/HDPE/DIP	0
	Total:	1,289,858 ft. or 244.3 miles

Table JR-6. Customer Meters

Size	Quantity
5/8 x 3/4-inch	-
3/4-inch	-
1- inch (dual taps)	10,220
1-1/2-inch	-
2-inch	52
3-inch	1
4-inch	-
6-inch	-
Total:	10,273

Table JR-7. Fire Hydrants

Size	Quantity
Standard	1,659

Anthem at Merrill Ranch System

The operation of this water system consists of three wells, two storage tanks, two booster systems and a distribution system serving over 850 customers during the test year ending December 31, 2007. An Anthem system schematic is shown in Figure B-2 with detailed plant facility descriptions as follows:

Table A-1. Well Data

Well Name	ADWR ID No.	Submersible Pump	Pump GPM	Casing Size & Depth	Chlorine Unit	Meter Size
Rancho Sendero #1	55-569177	50-Hp	600	10" x 280'	-	4"
Rancho Sendero #2	55-583151	50-Hp	300	8" x 380'	Liquid	4"
Anthem #1	55-211602	200-Hp	600	16" x 740' 12" x 950'	Liquid	6"
Anthem #2	55-216839	(Co. report well, but no well)				
Anthem #3	55-212514	(not-in-service: Drilled/capped)				
Anthem #4	55-212512	(not-in-service: Drilled/capped)				
		TOTAL:	1,500 GPM			

Table A-2. Storage Tanks

Capacity Million Gallons (MG)	Quantity (Each)	Location
0.5	1	@ Rancho Sendero #2
1.0	1	@ Anthem #1
Total: 1.5 MG	2	

Table A-3. Booster Systems

Location	Plant Facilities	Storage Tanks (From Table A-2)
@ Rancho Sendero #2	Two 50-Hp & one 75-Hp booster pumps w/ 5,000 gal. Pressure tank. This site is solar powered.	0.5 MG storage tank
@ Anthem #1	Five 50-Hp booster pumps w/ 10,000 gal. pressure tank	1.0 MG storage tank

Table A-4. Water Mains

Diameter	Material	Length (ft.)
6-inch	PVC/HDPE/DIP	326
8-inch	PVC/HDPE/DIP	61,545
10-inch	PVC/HDPE/DIP	24,000
12-inch	PVC/HDPE/DIP	29,414
14-inch	PVC/HDPE/DIP	867
16-inch	PVC/HDPE/DIP	5,049
18-inch	PVC/HDPE/DIP	73
SLVE		6,595
	Total:	127,869 ft. or 24.2 miles

Table A-5. Customer Meters

Size	Quantity
5/8 x 3/4-inch	-
3/4-inch	467
1- inch (dual taps)	284
1-1/2-inch	-
2-inch	-
Total:	751

Table A-6. Fire Hydrants

Size	Quantity
Standard	122

Non-Potable System

The operation of this non-potable water system consists of three wells that pump water into the Magma Irrigation District canal which transports water to construction and irrigation customers.

Table NP-1. Well Data

Well #	ADWR ID No.	Pump HP	Pump GPM	Casing Size & Depth	Meter Size
#2	55-615284	60-Hp submersible	260	20" x 411'	3"
#7	55-615286	200-Hp turbine	900	16" x 1,000'	8"
#3	55-627105	100-Hp submersible	500	20" x 715'	6"
		TOTAL:	1,660 GPM		

C. WATER USE

Water Sold

Based on the information provided by the Company, water use for the year 2007 is presented in Figures C-1 and C-2. For the Johnson Ranch System, the customer consumption experienced a high monthly average water use of 401 gallons per day ("GPD") per connection and a low monthly average water use of 194 GPD per connection for an average annual use of 313 GPD per connection.

For the Anthem System, the customer consumption experienced a high monthly average water use of 867 gallons per day ("GPD") per connection and a low monthly average water use of 349 GPD per connection for an average annual use of 634 GPD per connection. According to the Company, the Anthem System usage was high due to flushing of mains for testing and inspection of this new water system.

Non-Account Water

Non-account water should be 10% or less. For the Johnson Ranch System, the Company reported 2,438,732,000 gallons pumped and 1,965,312,000 gallons sold, resulting in a water loss of 19.4%. For the Anthem System, the Company reported 161,370,000 gallons pumped and 149,893,000 gallons sold, resulting in a water loss of 7.1%. This 7.1% is within the acceptable limit of 10%.

For the Johnson Ranch System, Staff recommends that the Company begin a 12-month monitoring exercise of this water system. Staff further recommends that the Company docket the results of the system monitoring as a compliance item in this case by November 1, 2010. If the reported water loss for the period from October 1, 2009 through October 1, 2010, is greater than 10%, the Company shall prepare a report containing a detailed analysis and plan to reduce water loss to 10% or less. If the Company believes it is not cost effective to reduce water loss to less than 10%, it should submit a detailed cost benefit analysis to support its opinion. This report shall be docketed as a compliance item for this proceeding for review and certification by Staff. The report or cost benefit analysis, if required, shall be docketed by December 31, 2010. Water

loss shall not be greater than 15%. If water loss is not reduced to less than 15 percent by 2010, Staff may initiate an Order to Show Cause against the Company.

System Analysis

The Johnson Ranch water system's current source capacity of 8,485 GPM and storage capacity of 6.75 million gallons is adequate to serve the present customer base and reasonable growth.

For the Anthem System, the water system's current source capacity of 1,500 GPM (two 600 GPM and one 300 GPM wells) and storage capacity of 1.5 million gallons (1.0 MG and 0.5 MG) includes excess capacity for the present customer base of 857. Since the Anthem System's water use does not resemble normal usage, Staff adopted the Johnson Ranch System's peak water use factors. Using these peak factors of 400 GPD/service connection for storage capacity and 500 GPD/service connection (or 0.35 GPM/service connection) for well capacity, this system could serve up to approximately 5,050 service connections.

Figure D-2 shows a growth projection of approximately 1,780 total service connections by year ending 2012. For storage capacity, using the peak factor of 400 GPD per service connection and multiplying by 1,780 service connections, this would calculate to 712,000 GPD. Then, adding 120,000 GPD for fire flow would equate to 832,000 GPD. For well capacity, using the peak factor of 0.35 GPM per service connection and multiplying by 1,780 service connections, this would calculate to 623 GPM. Therefore, the 1.0 MG storage tank and two wells (a 600 GPM and 300 GPM) would be sufficient for this system within a five year period.

As a result, one 600 GPM well and the 0.5 MG storage tank are not needed at this time. Staff concludes these two plant items are excess capacity and recommends their disallowance for the amounts shown in Staff's Adjustment #3 in Section H.

D. GROWTH

Figures D-1 and D-2 depict the customer growth using linear regression analysis. The number of service connections was obtained from annual reports submitted to the Commission. At the end of the test year 2007, the Johnson Ranch System had 18,039 customers and it is projected that this system could have over 28,000 customers by December 2012 as shown in Figure D-1.

At the end of the test year 2007, the Anthem System had 857 customers and it is projected that this system could have over 1,750 customers by December 2012 as shown in Figure D-2.

E. ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY ("ADEQ") COMPLIANCE

Compliance

On November 20, 2008, ADEQ reported the Johnson Ranch System, PWS #11-128, had no major deficiencies and based on data submitted to ADEQ; ADEQ has determined that this system is currently delivering water that meets water quality standards required by the Arizona Administrative Code, Title 18, Chapter 4.

On January 23, 2009, ADEQ reported the Anthem System, PWS #11-136, had no major deficiencies and based on data submitted to ADEQ; ADEQ has determined that this system is currently delivering water that meets water quality standards required by the Arizona Administrative Code, Title 18, Chapter 4.

Water Testing Expense

The Company reported its water testing expense at $55,007 for the 2007 test year.. Staff has reviewed the Company's reported expense amount and recommends that the Company's water testing expense of $55,007 be adopted for this proceeding.

F. ARIZONA DEPARTMENT OF WATER RESOURCES ("ADWR") COMPLIANCE

The Johnson Ranch System is located in the Phoenix Active Management Area ("AMA"). ADWR has reported that this system is in compliance with its requirements governing water providers and/or community water systems.

The Anthem System is located in the Pinal AMA. ADWR has reported that this system is in compliance with its requirements governing water providers and/or community water systems.

G. ARIZONA CORPORATION COMMISSION ("ACC") COMPLIANCE

According to the Utilities Division Compliance Section, the Company had no delinquent ACC compliance issues.

H. PLANT-IN-SERVICE

The Company submitted an Original Cost ("OC") amount for plant-in-service of $79,591,151. Staff has reviewed the Company's OC and recommends that it be accepted with the following adjustments:

Staff's Adjustment #1 – Used and Useful Plant

Through the field inspection and data requests, Staff considered nine plant items not used and useful. Staff removed the following plant items:

Table H-1. Plant Not Used and Useful

Acct. No.	Plant item	Year	OC
307	Land – Ellsworth Wells 1, 2, & 3	2001	$40,000
307	Anthem Well #3	2006	740,536
307	Anthem Well #4	2006	745,755
307	Crestfield Manor Well #1	2006	526,273
331	Mains – San Tan Well #1 (Company incorrectly recording this well into this Mains account.)	2002	21,858
331	Mains – 4 miles of 12-inch main north of Ricke Water Plant	2007	731,125
331	Mains – Magma 2 subdivision, approximately 1/3 built out.	2005	405,322
331	Mains – Quail Run Estates Subdivision	2005	824,322
331	Mains – Circle Cross – Parcel 12	2005	91,828
	Total:		**$4,127,019**

Staff's Adjustment #2 – Reclassification of Plant

Through the field inspection and data requests, Staff reclassified plant from two accounts as follows:

Table H-2. Plant Reclassification

Acct. No.	Plant item	Year	OC
	From Acct. 304 to:		
330	Distribution Reservoirs & Standpipes		
	JR Main Site – 1.0 MG	2007	905,348
	Ricke Water Plant – 0.5 MG	2006	1,116,650
	Circle Cross – 1.0 MG	2003	410,848
	Morning Farms #1 – 1.0 MG	2006	1,305,450
	Morning Farms #1 – 1.0 MG	2007	915,292
	Ranchero Sendero WP – 0.5 MG	2006	693,827
	Anthem WP #1 – 1.0 MG	2006	1,310,422
	Subtotal:		$6,657,837
	From Acct. 331 to:		
330	Distribution Reservoirs & Standpipes		
	JR Main Site – 0.5 MG	1999	101,837
	JR Main Site – 0.1 MG	2002	59,508
	Ricke WP – 0.5 MG	2003	61,751
	Oasis Water Plant – 0.5 MG	2002	267,788
	Edwards Road – 50,000 gallon	2002	63,474
	San Tan (Gary Rd.) -= 1.0 MG	2003	317,254
	Subtotal:		$871,612
	Total:		**$7,529,449**

Staff's Adjustment #3 – Excess Capacity Plant

Through data requests and system evaluation, Staff considered two plant items as having excess capacity as follows:

Table H-3. Excess Capacity Plant

Acct. No.	Plant item	Year	OC
307	Wells & Springs		
	Anthem – Rancho Sendero #1 - Well	2005	433,238
330	Distribution Reservoirs & Standpipes		
	Anthem – Ranchero Sendero WP – 0.5 MG	2006	693,827
	Total:		**$1,127,065**

Staff's Adjustment to the Plant-in-Service

Based on Staff's adjustments to the Company's OC plant-in-service, Staff recommends the following plant-in-service cost be used as a guideline for purposes of setting rates in this proceeding:

Table H-4. Staff's Adjustment to Plant-in-Service

Acct. No.	Descriptions	Company OC	Staff OC
303	Land & Land Rights	272,438	272,438
304	Structures & Improvements	9,482,165	2,824,328
307	Wells & Springs	5,226,030	2,740,228
311	Electrical Pumping Equipment	764,111	764,111
320	Water Treatment Equipment	21,856	21,856
330	Distribution Reservoirs	248,272	7,083,894
331	Trans. & Distribution Mains	53,432,585	50,486,518
333	Services	527,473	527,473
334	Meters	6,068,503	6,068,503
335	Hydrants	3,547,718	3,547,718
339	Other Plant & Misc. Equip.	-	-
340	Office Furniture & Equip.	-	-
341	Transportation Equipment	-	-
343	Tools, Shop & Garage Equip.	-	-
346	Communication Equipment	-	-
348	Other Tangible Plant	-	-
	Totals:	**$79,591,151**	**$74,337,067**

I. DEPRECIATION RATES

The Company has been using a water depreciation rate of 2.50% in every National Association of Regulatory Utility Commissioners ("NARUC") plant category. In prior orders, the Commission has been shifting away from the use of a composite rate in favor of individual depreciation rates by NARUC category. (For example, a uniform 2.50% composite rate would not really be appropriate for either vehicles or transmission mains and instead, different specific depreciation rates should be used.)

In this proceeding, the Company has adopted the majority of Staff's typical Water Depreciation Rates. The Company rates differ from Staff's depreciation rates for the following plant items;

Account 320.1 – Water Treatment Plants at 20.0%
Account 320.2 – Solution Chemical Feeders (none given)
Account 330.2 – Pressure tanks (none given)
Account 340.1 – Computers & Software (none given)
Account 348 - Other Tangible Plant at 10.0%.

Staff recommends that the Company adopt Staff's depreciation rates for the above plant items as follows:

Account 320.1 – Water Treatment Plants at 3.33%
Account 320.2 – Solution Chemical Feeders 20.0%
Account 330.2 – Pressure tanks at 5.0%
Account 340.1 – Computers & Software at 20.0%
Account 348 - Other Tangible Plant (may vary from 5% to 50%)

Account 348 – Other Tangible Plant should have no rate at this time. Since the Company's proposed plant-in-service has no plant facilities or plant cost for Account 348 – Other Tangible Plant, Staff suggest that this account's depreciation rate be set in accordance with the specific capital item when known. Therefore, Staff recommends approval of its typical water depreciation rates as presented in Table I-1 by individual NARUC category.

J. SERVICE LINE AND METER INSTALLATION CHARGES

The Company proposed changes to its service line and meter installation charges. The Company's proposed charges are similar to Staff's updated customary installation charges. Since the Company may at times install meters on existing service lines, it would be appropriate for some customers to only be charged for the meter installation. Therefore, Staff recommends approval of the proposed charges as shown in Table J-1, with separate installation charges for the service line and meter installations.

K. CURTAILMENT TARIFF

The Company has an approved curtailment tariff that became effective on July 9, 2005.

L. BACKFLOW PREVENTION TARIFF

The Company has an approved backflow prevention tariff that became effective on June 30, 1997.

M. OFF-SITE FACILITIES HOOK-UP FEE TARIFF - WATER

The Company has an approved water hook-up fee tariff that became effective on May 27, 1997.

FIGURES

Pinal County Map ..... Figure A-1

Certificated Areas ..... Figure A-2

Johnson Ranch System Schematic ..... Figure B-1

Anthem System Schematic ..... Figure B-2

Johnson Ranch System Water Use ..... Figure C-1

Anthem System Water Use ..... Figure C-2

Johnson Ranch System Growth ..... Figure D-1

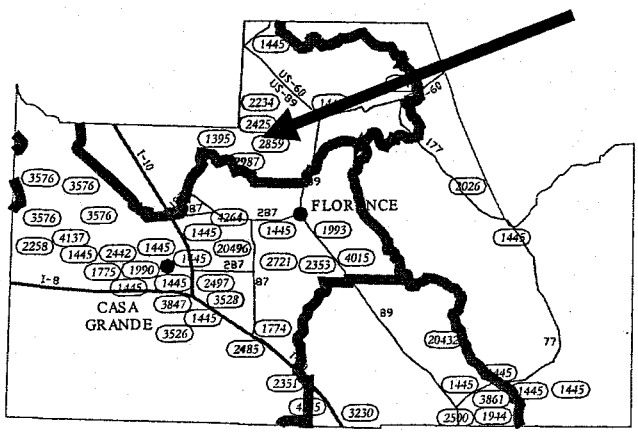
Anthem System Growth ..... Figure D-2

TABLES

Water Depreciation Rates ..... Table I-1

Service Line and Meter Installation Charges ..... Table J-1

PINAL COUNTY



1445	ARIZONA WATER COMPANY
20496	AVM-2005, LLC
2026	BIDEGAIN WATER COMPANY
2721	CARTER WATER COMPANY
3847	CASA GRANDE SOUTH WATER COMPANY
1990	CASA GRANDE WEST WATER COMPANY, INC.
2442	CP WATER COMPANY
2859	DIVERSIFIED WATER UTILITIES, INC.
1775	FRANCISCO GRANDE UTILITY COMPANY
2497	GOLDEN CORRIDOR WATER COMPANY
2500	GOODMAN WATER COMPANY
2234	H2O, INC.
2258	HACIENDA ACRES WATER SYSTEM
2987	JOHNSON UTILITIES COMPANY
1944	LAGO DEL ORO WATER COMPANY
2353	PARK WATER COMPANY
2351	PICACHO PEAK WATER COMPANY
3528	PICACHO WATER COMPANY
1774	PICACHO WATER IMPROVEMENT CORPORATION
1395	QUEEN CREEK WATER COMPANY
4245	RED ROCK UTILITIES, LLC
3861	RIDGEVIEW UTILITY COMPANY
3576	SANTA CRUZ WATER COMPANY
4137	SANTA ROSA WATER COMPANY
2485	SPRING BRANCH WATER COMPANY, INC.
4015	SUNLAND WATER COMPANY
2425	SUN VALLEY FARMS, UNIT VI WATER COMPANY
3230	TWIN HAWKS UTILITY, INC.
1993	UNITED UTILITIES
20432	WILLOW SPRINGS UTILITIES, LLC
4264	WOODRUFF WATER COMPANY, INC.

Figure A-1. Pinal County Map

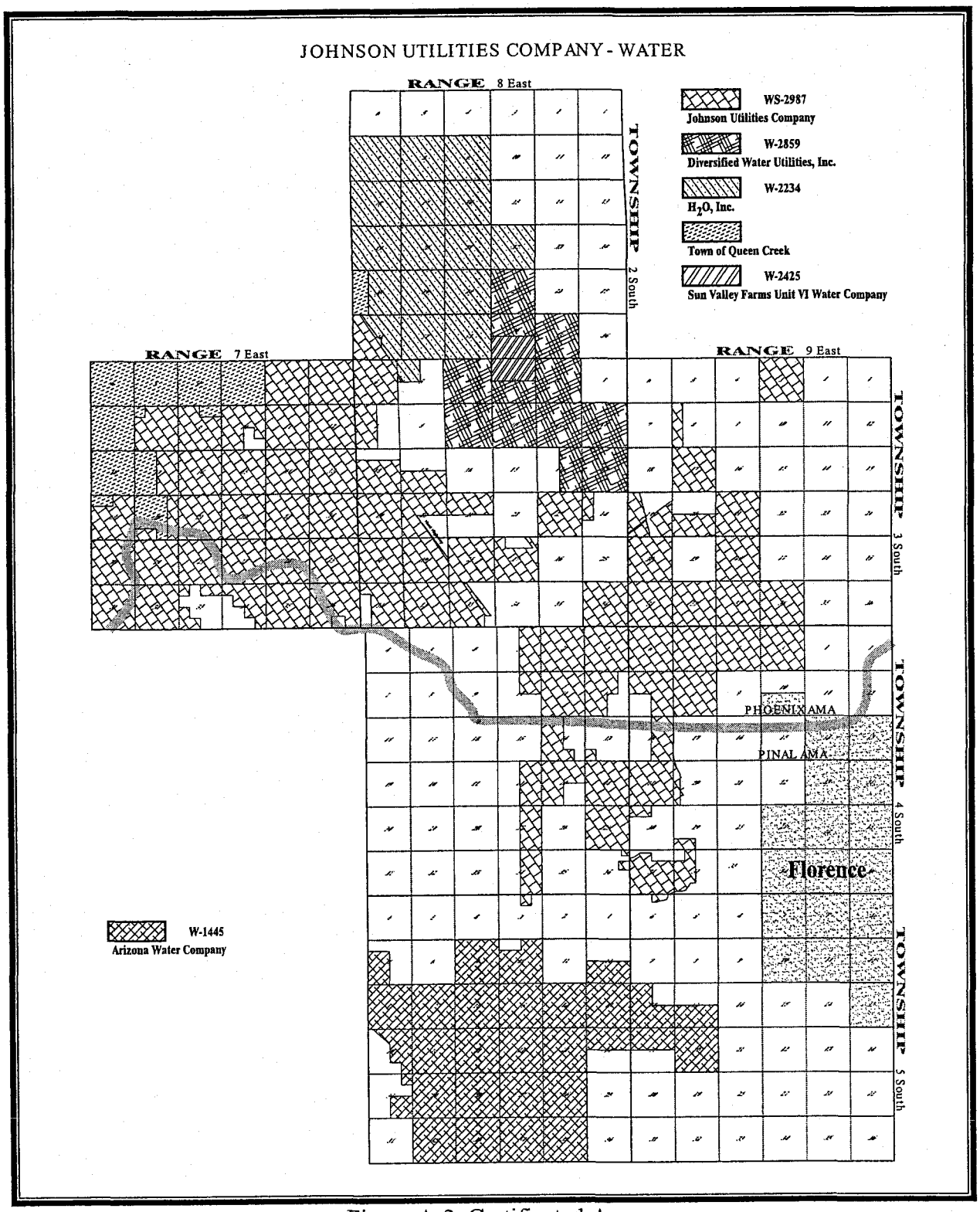


Figure A-2. Certificated Area

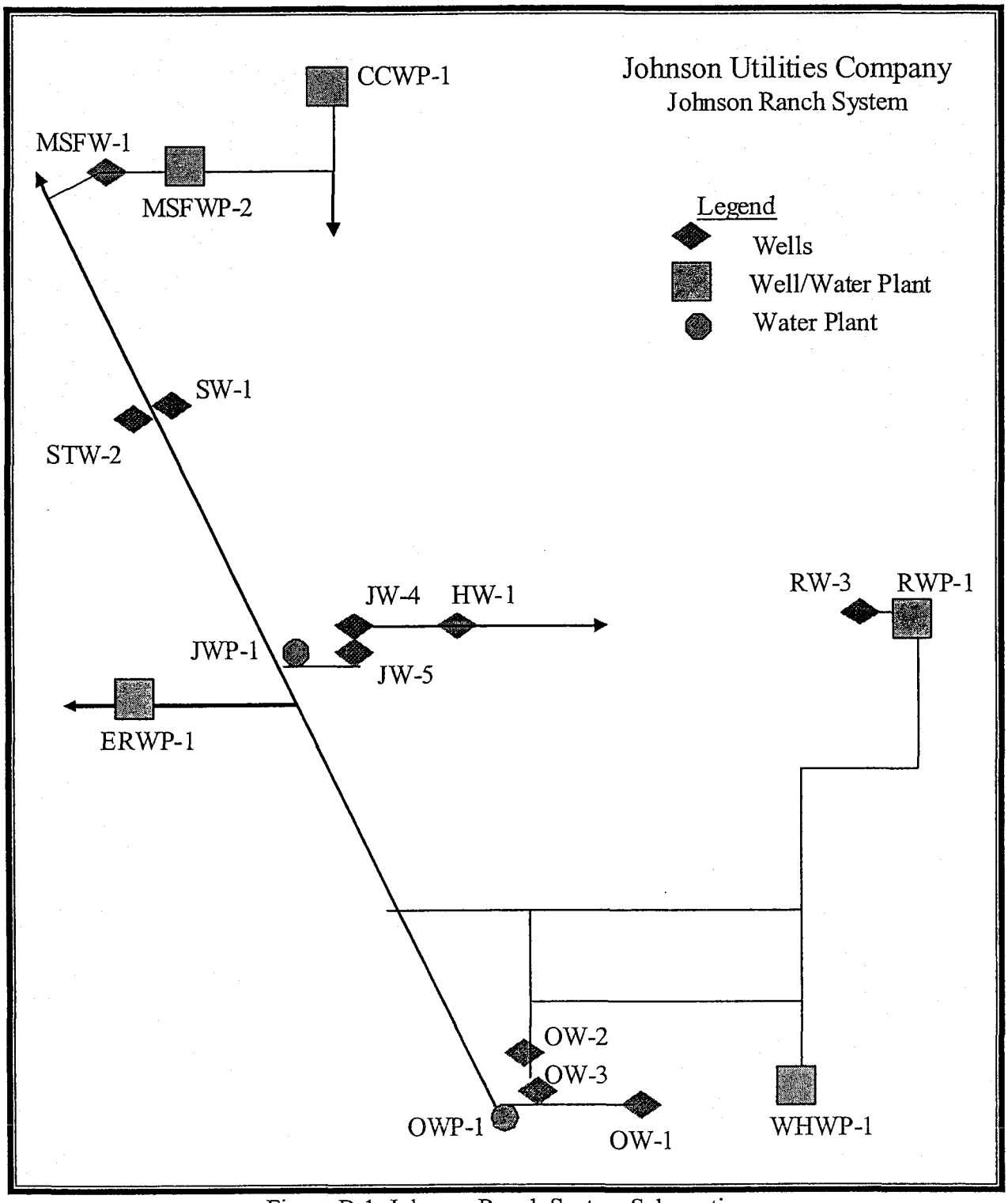


Figure B-1. Johnson Ranch System Schematic

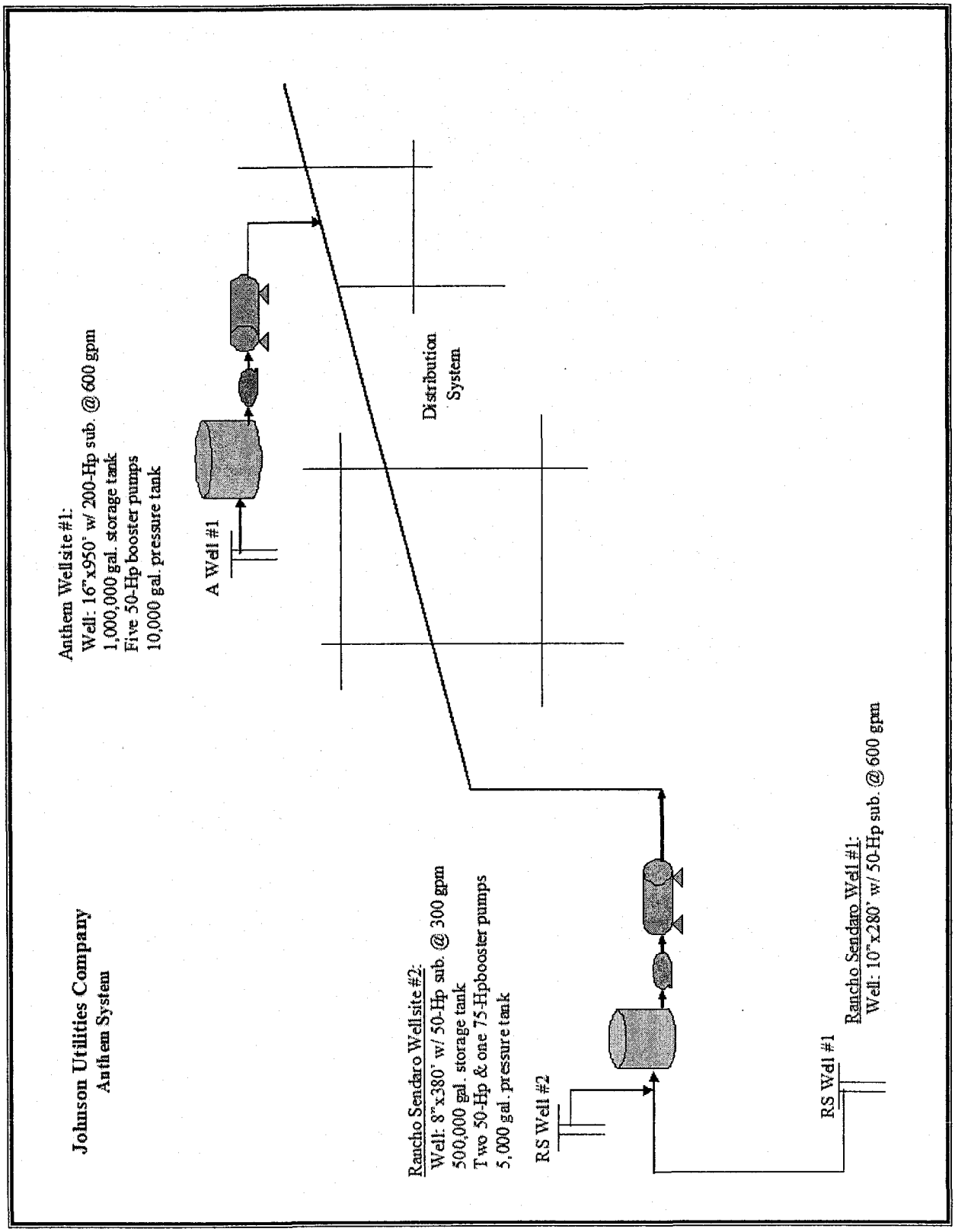


Figure B-2. Anthem System Schematic

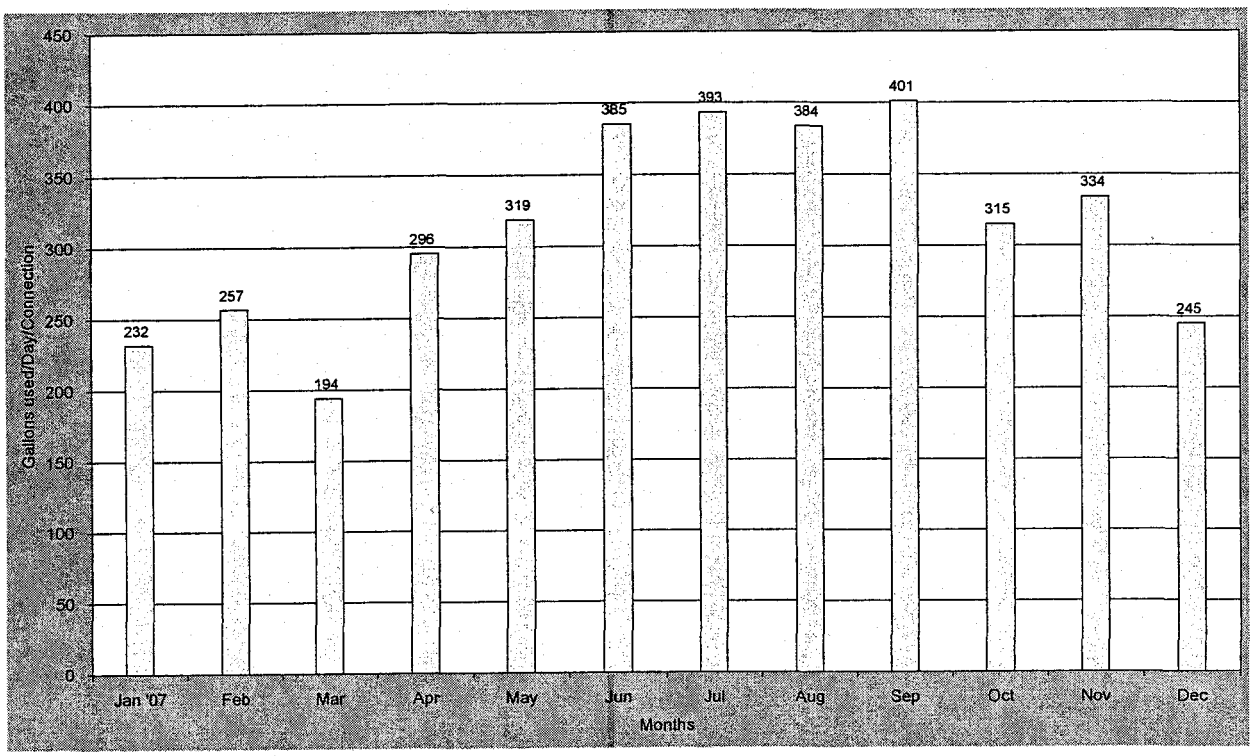


Figure C-1. Johnson Ranch System Water Use

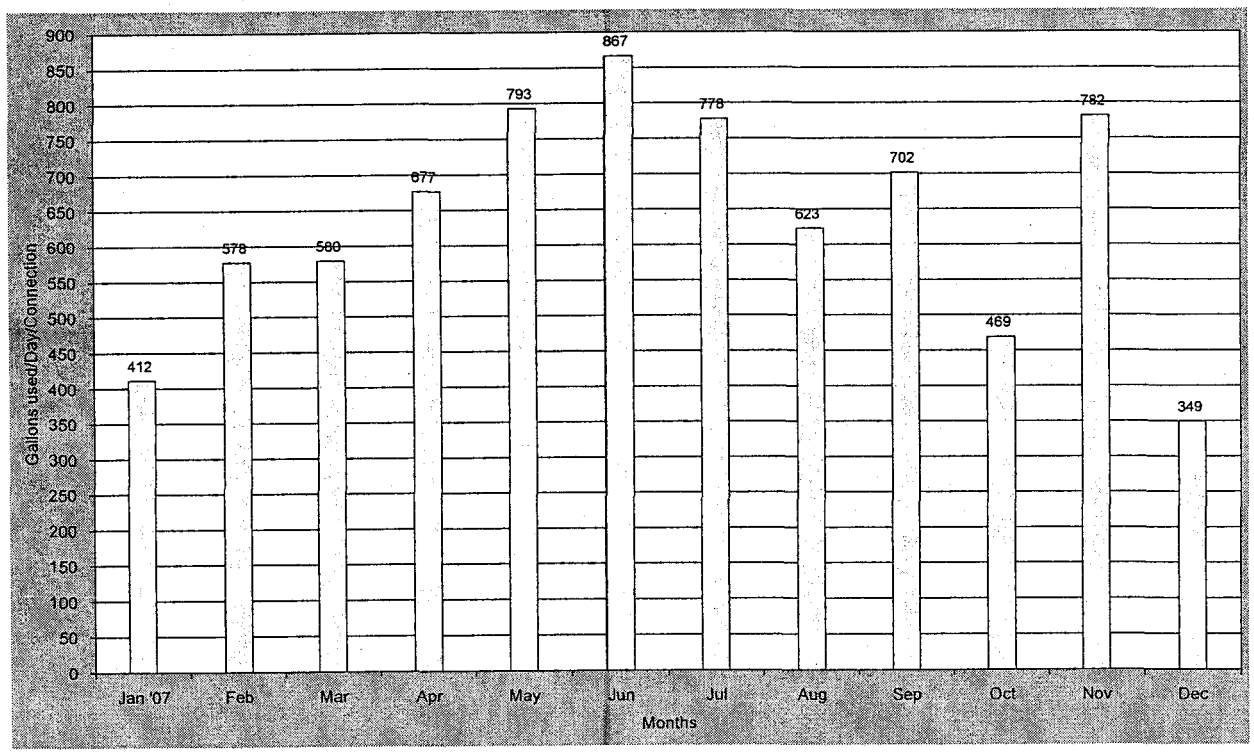


Figure C-2. Anthem System Water Use

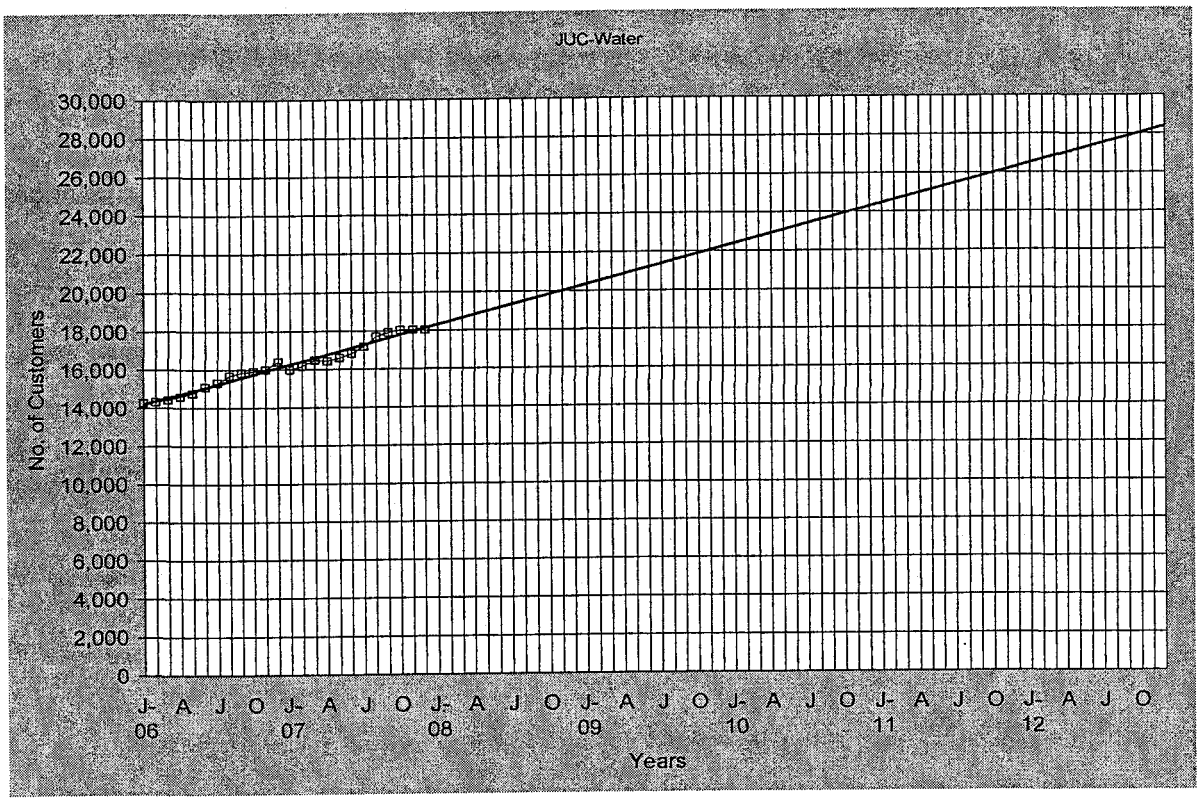


Figure D-1. Johnson Ranch System Growth Projection

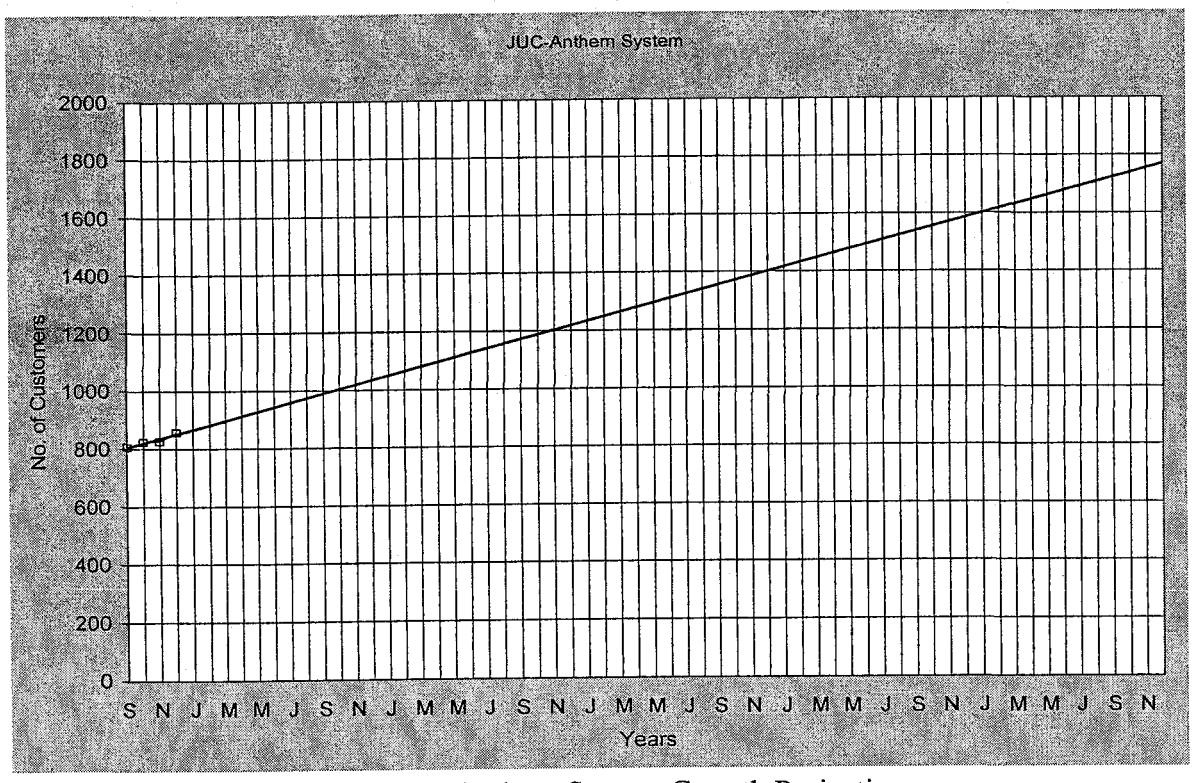


Figure D-2. Anthem System Growth Projection

Table I-1. Water Depreciation Rates

NARUC Acct. No.	Depreciable Plant	Average Service Life (Years)	Annual Accrual Rate (%)
304	Structures & Improvements	30	3.33
305	Collecting & Impounding Reservoirs	40	2.50
306	Lake, River, Canal Intakes	40	2.50
307	Wells & Springs	30	3.33
308	Infiltration Galleries	15	6.67
309	Raw Water Supply Mains	50	2.00
310	Power Generation Equipment	20	5.00
311	Pumping Equipment	8	12.5
320	Water Treatment Equipment		
320.1	Water Treatment Plants	30	**3.33**
320.2	Solution Chemical Feeders	5	**20.0**
330	Distribution Reservoirs & Standpipes		
330.1	Storage Tanks	45	2.22
330.2	Pressure Tanks	20	**5.00**
331	Transmission & Distribution Mains	50	2.00
333	Services	30	3.33
334	Meters	12	8.33
335	Hydrants	50	2.00
336	Backflow Prevention Devices	15	6.67
339	Other Plant & Misc Equipment	15	6.67
340	Office Furniture & Equipment	15	6.67
340.1	Computers & Software	5	**20.00**
341	Transportation Equipment	5	20.00
342	Stores Equipment	25	4.00
343	Tools, Shop & Garage Equipment	20	5.00
344	Laboratory Equipment	10	10.00
345	Power Operated Equipment	20	5.00
346	Communication Equipment	10	10.00
347	Miscellaneous Equipment	10	10.00
348	Other Tangible Plant	10	---

Table J-1. Service Line and Meter Installation Charges

Meter Size	Current Total Charges	Proposed Service Line Charges	Proposed Meter Charges	**Proposed Total Charges**
5/8 x3/4-inch	$365	$385	$135	$520
3/4-inch	$405	$385	$215	$600
1-inch	$455	$435	$255	$690
1-1/2-inch	$665	$470	$465	$935
2-inch Turbine 2-inch Compound	$1,080 N/T	$630 $630	$965 $1,690	$1,595 $2,320
3-inch Turbine 3-inch Compound	$2,190 N/T	$805 $845	$1,470 $2,265	$2,275 $3,110
4-inch Turbine 4-inch Compound	$2,985 N/T	$1,170 $1,230	$2,350 $3,245	$3,520 $4,475
6-inch Turbine 6-inch Compound	$5,780 N/T	$1,730 $1,770	$4,545 $6,280	$6,275 $8,050
8-inch & Larger	At Cost	At Cost	At Cost	At Cost

Note: N/T = No tariff.

Engineering Report for
Johnson Utilities Company
Docket No. WS-02987A-08-0180 (Rates)

WASTEWATER DIVISION

February 2, 2009

A. LOCATION OF JOHNSON UTILITIES COMPANY ("COMPANY")

The Company provides wastewater service to a community between Queen Creek and Florence in Pinal County. Figure A-1 shows the location of the Company within Pinal County and Figure A-2 shows the approximate 85.0 square-miles of wastewater certificated area.

B. DESCRIPTION OF WASTEWATER SYSTEMS

The Company operates four water reclamation plants ("WRP"); the Section 11, San Tan, Pecan and Anthem at Merrill Ranch systems. These plants and their systems were field inspected on November 5 and 11, 2008, by Arizona Corporation Commission ("ACC" or "Commission") Staff member Marlin Scott, Jr., in the accompaniment of Brian Tompsett, representing the Company.

Section 11/San Tan/Pecan Systems

The operation of the Section 11/San Tan/Pecan WRPs and their wastewater systems total 5.6 million gallon per day ("MGD") using extended aeration treatment plants, 25 collection lift stations, and 264.6 miles of wastewater mains serving over 22,750 service laterals during the test year ending December 31, 2007. The effluent from each of the WRPs is pumped to on-site basins for recharge and to golf courses for reuse. These three WRPs are interconnected by force mains and Company submitted plant data combining these three systems. The wastewater system schematics are shown in Figures B-1, B-2, and B-3 with detailed plant facility descriptions as follows:

Table S-1. Water Reclamation Plants

Name	Plant Capacity	Location
Section 11 WRP	1.6 MGD extended aeration	5632 E. Hunt Highway
San Tan WRP	2.0 MGD extended aeration	2601 W. Hunt Highway
Pecan WRP	2.0 MGD extended aeration	38539 N. Gantzel Road
Precision (Marwood)	0.3 MGD (not-in-service)	

Table S-2. Lift Stations

Location & Lift Station No.	No. of Pumps	Horsepower per Pump	Capacity per Pump (GPM)	Wet Well Capacity (gals.)
Section 11 System:				
1-JR Main Station	2	88	750	7,500
2-JR Station 4A	2	18	156	380
3-JR Station 6	2	7.5	100	440
4-JR 4D/4F #1 (see #5 below)	-	-	-	-
5-JR 4D/4F #2 (upgrade)	2	60	710	2,937
6- JR 14-52B	2	30	235	1,457
7-JR Unit 29	2	88	500	1,879
8-Rancho Bella Vista North I	2	5	47	561
9-Rancho Bella Vista North II	2	7.5	302	4,226
10-Superstition Views	2	7.5	90	440
11-Oasis Magic Ranch I	2	88	480	1,167
12-Oasis Sunrise	2	18	500	1,879
13-Crestfield Manor	2	10	350	1,880
17-Copper Basin 1	2	30	380	1,688
18-Copper Basin 2	2	47	380	3,750
25-Mitchell Trail	(under	construction)		
26-Magic Ranch III	2	15	469	2,349
San Tan System:				
14-Circle Cross 1	2	35	500	1,879
15-Circle Cross 2	2	130	1,600	2,600
16-Morning Sun Farms	2	47	800	3,050
30-San Tan Station	2	35	1,600	7,500
Pecan System:				
19-Pecan Station	2	100	1,800	1,879
21-Joy Drive	2	25	770	1,861
22-Cambria	2	35	750	3,200
23-Larendo Ranch	2	18	660	1,879
24-Meadow Vista	(not-in	-service)	500	760
27-Parks	2	23	840	2,644
28-Johnson Farms	2	100	1,720	3,231
32-Ironwood Cross	2	160	957	4,112
33-Coolidge H.S.	2	10	275	1,192

Table S-3. Reuse Pump Stations

Location	Quantity of Pumps	Horsepower per Pump	Capacity per Pump (GPM)	Wet Well Capacity (gals.)
Section 11 WRP	2	30	420	1,879
San Tan WRP	2	130	720	2,937
Pecan WRP	4	60	1,500	22,440

Table S-4. Backbone Mains

Diameter	Material	Length (ft.)
18-inch gravity main	SDR/DIP	1,988
15-inch	SDR/DIP	5,484
12-inch	SDR/DIP	29,899
10-inch	SDR/DIP	5,070
8-inch	SDR/DIP	36,928
6-inch	SDR/DIP	4,058
4-inch	SDR/DIP	4,152
18-inch force main	PVC/HDPE/DIP	3,962
16-inch	PVC/HDPE/DIP	5,623
14-inch	PVC/HDPE/DIP	0
12-inch	PVC/HDPE/DIP	11,020
10-inch	PVC/HDPE/DIP	34,966
8-inch	PVC/HDPE/DIP	174,927
6-inch	PVC/HDPE/DIP	6,935
4-inch	PVC/HDPE/DIP	4,890
	Total:	329,920 ft. or 62.5 miles

Table S-5. Backbone Manholes

Size	Quantity
Standard - Gravity	231
Drop	-

Table S-6. Backbone Cleanouts

Quantity
85 each on Gravity

Table S-7. Subdivision Collection Mains

Diameter	Material	Length (ft.)
18-inch	SDR/DIP	5,460
15-inch	SDR/DIP	8,841
12-inch	SDR/DIP	70,111
10-inch	SDR/DIP	25,673
8-inch	SDR/DIP	932,073
6-inch	SDR/DIP	24,101
4-inch	SDR/DIP	543
	Total:	1,066,802 ft. or 202.1 miles

Table S-8. Subdivision Manholes

Size	Quantity
Standard	4,172
Drop	-

Table S-9. Service Laterals

Size	Quantity
4-inch	22,763
6-inch	-
Total:	22,763

Anthem at Merrill Ranch System

The operation of this wastewater system consists of a 1.5 MGD extended aeration treatment plant, one lift station, and a collection system serving over 850 customers during the test year ending December 31, 2007. The effluent is pumped to on-site ponds for recharge, or when requested, the effluent is pumped to a golf course for reuse. This WRP is interconnected with the Section 11 WRP by a force main. An overall wastewater system schematic is shown in Figure B-4 with detailed plant facility descriptions as follows:

Table A-1. Water Reclamation Plant

Name	Plant	Location
Anthem WRP	1.5 MGD extended aeration	8465 W. Ocotillo Drive, Florence

Table A-2. Lift Stations

Location & Lift Station No.	No. of Pumps	Horsepower per Pump	Capacity per Pump (GPM)	Wet Well Capacity (gals.)
@ Anthem WRP:				
31- Anthem	2	35	1,100	3,240

Table A-3. Reclaim/Reuse System

Location	Quantity of Pumps	Horsepower per Pump	Capacity per Pump (GPM)	Wet Well Capacity (gals.)	Force Main
@ Anthem WRP	2	50-Hp turbine	800	1,560	8" @ 21,205 ft.

Table A-4. Backbone Mains

Diameter	Material	Length (ft.)
30-inch	PVC/HDPE/DIP	2,140
24-inch	PVC/HDPE/DIP	1,853
18-inch	PVC/HDPE/DIP	4,085
15-inch	PVC/HDPE/DIP	5,948
12-inch	PVC/HDPE/DIP	1,937
10-inch	PVC/HDPE/DIP	10,143
8-inch	PVC/HDPE/DIP	14,139
8-inch force main	PVC/HDPE/DIP	8,546
	Total:	48,791 ft. or 9.2 miles

Table A-5. Backbone Manholes

Size	Quantity
Standard	128
Drop	-

Table A-6. Backbone Cleanouts

Quantity
29

Table A-7. Subdivision Collection Mains

Diameter	Material	Length (ft.)
10-inch		2,045
8-inch		46,090
	Total:	48,135 ft. or 9.1 miles

Table A-8. Backbone Manholes

Size	Quantity
Standard	231
Drop	-

Table A-9. Service Laterals

Size	Quantity
4-inch	857
6-inch	-
Total:	857

C. WASTEWATER FLOWS

Wastewater Flows

Based on the information provided by the Company, wastewater flows for the test year 2007 are presented in Figures C-1, C-2, C-3 and C-4. Below is a table summary of each wastewater system and its peaking flows:

Table C-1. Wastewater Flows

WRP	Highest Average Daily Flow (Gal.)	Peak Day Flow (Gal.)
Section 11	1,611,333	2,020,000
San Tan	554,194	720,000
Pecan	1,342,581	1,670,000
Anthem	814,000	1,190,000

During the first half of the test year 2007, the Anthem flows were sent to the Section 11 WRP until the Anthem WRP was ready for operation. During the second half of the test year, and when the Anthem WRP was ready for operation, the Anthem flows and a portion of the Section 11 flows were sent to the Anthem WRP. Based on these flow operations, Staff contacted ADEQ to confirm if there were any flow restrictions between the WRPs. According to ADEQ,

there were no flow restrictions, as long as the flows did not exceed the permitted capacities and their related Discharge Limits for the various parameters.

System Analysis

Pecan System

Using peak day flow of 1,460,000 gallons, or 207 GPD per service lateral due to the irregular flow of the actual peak day flow, the Pecan WRP's capacity of 2.0 MGD could serve up to 9,960 service laterals. Staff concludes that the 2.0 MGD WRP capacity is adequate to serve the present customer base of 8,703 service laterals. Although the existing WRP has adequate capacity to serve the present customer base, this WRP will need additional capacity within a five year period. The Company has an approved Aquifer Protection Permit ("APP") that is permitted up to 4.0 MGD. Construction of an additional new 2.0 MGD plant has commenced.

Section 11 System

Using peak day flow of 1,960,000 gallons, or 207 GPD per service lateral due to irregular flow data, the Section 11 WRP's capacity of 1.6 MGD could serve up to 7,730 service laterals. Staff concludes that the 1.6 MGD WRP capacity is not adequate to serve the present customer base of 10,397 service laterals. For this reason, the Company is sending flows to the Anthem WRP for treatment. Although the existing wetland treatment facility is permitted at 1.6 MGD, the Company has an approved APP that will replace the 1.6 MGD plant with a 2.0 MGD new extended aeration plant. Construction of this new 2.0 MGD plant has commenced.

San Tan System

Using peak day flow of 690,000 gallons, or 188 GPD per service lateral due to the irregular flow of the actual peak day flow, the San Tan WRP's capacity of 2.0 MGD could serve up to approximately 10,640 service laterals. Within a 5 year period, this system could grow up to approximately 5,860 service laterals. Staff concludes that the 2.0 MGD WRP capacity includes excess treatment capacity since this plant is serving a present customer base of 3,663 service laterals. As a result, Staff considers half of the 2.0 MGD plant is excess capacity and recommends the disallowance for the amount shown in Staff's Adjustment #2 in Section G.

Anthem System

Since this system reported irregular flows (due to flushing of mains for testing and inspection of this new wastewater system) during the test year 2007, Staff used a peak day flow of 224 GPD per service lateral, which is the average of the three other systems. Using this 224 GPD per service lateral, the Anthem WRP's capacity of 1.5 MGD could serve up to approximately 6,700 service laterals. Staff concludes that the 1.5 MGD WRP capacity is adequate to serve the present customer base of 3,563 service laterals (857 service laterals from the Anthem System and 2,706 service laterals from the Section 11 System) and growth within a 5 year period. The Company has an approved APP permitted up to 3.0 MGD.

D. GROWTH

The Company has been reporting its entire wastewater division's customer base as a whole. Using these combined service laterals and recent depicted customer growth using linear regression analysis, Staff has calculated a 12% per year growth rate for these systems[1]. As a result, below is a table summary of each system's projected 12% growth within a five year period:

Table D-1. Growth Projections

System	Customers During TY 2007	Customers within 5 Years
Section 11	10,397	18,323
San Tan	3,663	6,455
Pecan	8,703	15,338
Anthem	857	1,510
Total:	23,620	41,626

E. ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY ("ADEQ") COMPLIANCE

Compliance

Pecan System

On January 28, 2009, ADEQ reported the Pecan WRP, Inventory #P-105324, was not in compliance with ADEQ regulations. This non-compliance status was due to; 1) an open Notice of Violation ("NOV") issued on March 4, 2008, for an addition of a pollutant to navigable waters from a point source without a permit, and 2) an open NOV issued on June 5, 2008, for discharging without an Aquifer Protection Permit and violating of the numeric surface water quality standard for E. coli.

[1] Due to the current real estate and economic conditions, Staff used the most recent service lateral data to depict its growth projection. Although a 12% per year growth rate was determined, Staff still considers this percentage on the high side.

San Tan System

On January 26, 2009, ADEQ reported the San Tan WRP, Inventory #P-105325, was not in compliance with ADEQ regulations. This non-compliance status was due to; 1) Aquifer Quality Level exceedance for hexachloro benzene on 6/6/2007 and 9/12/2007, 2) Aquifer Quality Level exceedance for para-dichloronbenzene on 9/12/2007, and 3) Aquifer Quality Level exceedance for hexachloro benzene on 1/4/2008 and 1/9/2008.

Section 11 System

On January 26, 2009, ADEQ reported the Section 11 WRP, Inventory #P-103081, was not in compliance with ADEQ regulations. This non-compliance status was due to; 1) an open NOV issued on October 20, 2008, for discharging without an Aquifer Protection Permit ("APP") and disposal of sludge in a manner not prescribed in the APP, 2) Aquifer Quality Level exceedance for total fluoride on 10/3/07, and 3) exceedance of vinyl chloride on 7/3/2008 and 7/7/2008.

Anthem System

On January 28, 2009, ADEQ reported the Anthem WRP, Inventory #P-105646, was in compliance with ADEQ regulations.

According to the Company, all the above deficiencies have been addressed and/or corrected. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, copies of updated ADEQ Compliance Status Reports for the Pecan, San Tan and Section 11 wastewater systems indicating that the noted deficiencies have been resolved and all are in compliance. Staff further recommends that any increase in rates and charges approved in this proceeding not become effective until the first day of the month following the Company's filing of the updated ADEQ Compliance Status Reports indicating that the Pecan, San Tan and Section 11 wastewater systems have resolved the noted deficiencies and all are in compliance.

F. ARIZONA CORPORATION COMMISSION ("ACC") COMPLIANCE

According to the Utilities Division Compliance Section, the Company had no delinquent ACC compliance issues.

G. PLANT-IN-SERVICE

The Company submitted an Original Cost ("OC") amount for plant-in-service of $123,849,703. Staff has reviewed the Company's OC and recommends that it be accepted with the following adjustments:

Staff's Adjustment #1 – Used and Useful Plant

Through the field inspection and data requests, Staff considered eight plant items not used and useful. Staff removed the following plant items:

Table G-1. Plant Not Used and Useful

Acct. No.	Plant item	Year	OC
354	Structures & Improvements Precision WRP – Marwood plant	2001	14,491
381	Plant Sewers Precision WRP – Marwood plant	2001	5,749
381	Plant Sewers Precision WRP – Marwood plant	2005	1,675,846
360	Collection Sewers – Force in Magma Approximately 4 miles of 8-inch	2007	690,186
381	Plant Sewers – Magma 2 Subdivision Approximately 1/3 built out.	2005	473,527
381	Plant Sewers – Quail Run Estates Sub.	2005	846,092
360	Collection Sewers – Ironwood Crossing #2	2006	889,407
	Total:		**$4,595,298**

Staff's Adjustment #2 – Excess Capacity Plant

Through data requests and system evaluation, Staff considered one plant item as having excess capacity as follows:

Table G-2. Excess Capacity Plant

Acct. No.	Plant item	Year	OC
381	Plant Sewers San Tan WRP – Phase II (Half of the 2.0 MGD WRP is not needed at this time.)	2006	5,443,062
	Total:		**$5,443,062**

Staff's Adjustment to the Plant-in-Service

Based on Staff's adjustments to the Company's plant-in-service cost, Staff recommends the following plant-in-service cost be used as a guideline for purposes of setting rates in this proceeding:

Table G-3. Staff's Adjustment to Plant-in-Service

Acct. No.	Descriptions	Company OC	Staff OC
353	Land & Land Rights	4,122,800	4,122,800
354	Structures & Improvements	453,663	439,172
355	Power Generation Equipment	-	-
360	Collection Sewer - Force	20,136,241	18,556,648
361	Collection Sewer - Gravity	24,287,592	24,287,592
362	Special Collecting Structures	-	-
363	Services to Customers	-	-
364	Flow Measuring Devices	-	-
365	Flow Measuring Installations	-	-
370	Receiving Wells	-	-
371	Pumping Equipment	7,613,723	7,613,723
375	Reuse Transm. & Dist. System	958,646	958,646
380	Treatment & Disposal Equipment	-	-
381	Plant Sewers	66,277,038	57,832,762
382	Outfall Sewer Lines	-	-
389	Other Plant & Misc. Equip.	-	-
390	Office Furniture & Equip.	-	-
391	Transportation Equipment	-	-
393	Tools, Shop & Garage Equip.	-	-
394	Laboratory Equipment	-	-
395	Power Operated Equipment	-	-
398	Other Tangible Plant	-	-
	Totals:	**$123,849,703**	**$113,811,343**

H. DEPRECIATION RATES

The Company has been using a wastewater depreciation rate of 2.50% in every NARUC plant category. Staff has developed typical and customary wastewater depreciation rates within a range of anticipated equipment life. In this proceeding, the Company has adopted the majority of Staff's typical Wastewater Depreciation Rates. The Company rates differ from Staff's depreciation rates for the following plant items:

Account 366 – Reuse Services (no rate given)
Account 367 – Reuse Meters & Meter Installations (no rate given)
Account 374 – Reuse Distribution Reservoirs (no rate given)
Account 390 – Office Furniture & Equipment at 20.0%
Account 390.1 – Computers & Software (no rate given)
Account 392 – Stores Equipment (no rate given)
Account 396 – Communication Equipment (no rate given)
Account 397 – Miscellaneous Equipment (no rate given)
Account 398 - Other Tangible Plant at 10.0%.

Staff recommends that the Company adopt Staff's depreciation rates for the above plant items as follows:

Account 366 – Reuse Services at 2.0%
Account 367 – Reuse Meters & Meter Installations at 8.33%
Account 374 – Reuse Distribution Reservoirs at 2.5%
Account 390 – Office Furniture & Equipment at 6.67%
Account 390.1 – Computers & Software at 20.0%
Account 392 – Stores Equipment at 4.0%
Account 396 – Communication Equipment at 10.0%
Account 397 – Miscellaneous Equipment at 10.0%
Account 398 - Other Tangible Plant (may vary from 5% to 50%)

Account 398 – Other Tangible Plant should have no rate at this time. Since the Company's proposed plant-in-service has no plant facilities or plant cost for Account 398 – Other Tangible Plant, Staff suggest that this account's depreciation rate be set in accordance with the specific capital item when known. Therefore, Staff recommends approval of its typical wastewater depreciation rates as presented in Table H-1 by individual NARUC category.

I. OFF-SITE FACILITIES HOOK-UP FEE TARIFF - WASTEWATER

The Company has an approved wastewater hook-up fee tariff that became effective on May 27, 1997.

EXHIBIT
SF-1
ADMITTED

3.3 Please identify the members of Johnson Utilities LLC.

Response: The members of Johnson Utilities are The George H. Johnson Revocable Trust and Connorg, LLC.

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

3.4 Please admit or deny that George Johnson acts as the Chief Executive of Johnson Utilities LLC. If your answer is "deny," please explain your answer.

Response: Mr. Johnson owns the majority interest in Johnson Utilities, LLC, which gives him ultimate decision-making authority for the company.

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

3.5 Please admit or deny that Utility's affiliated entity and/or George Johnson filed a defamation lawsuit or counterclaim against Arizona Attorney General Terry Goddard and/or his office.

Objection: Johnson Utilities objects to this data request on the grounds that legal actions filed by affiliates of Johnson Utilities and/or George Johnson are not relevant to the rate case and are outside the scope of discovery. Johnson Utilities further asserts that legal pleadings filed in courts of law are public documents which speak for themselves.

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

EXHIBIT
SF-2
Admin Notice

BEFORE THE ARIZONA CORPORATION CO

COMMISSIONERS

JEFF HATCH-MILLER Chairman
WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES

Arizona Corporation Commission
DOCKETED
OCT 25 2005
DOCKETED BY KA

IN THE MATTER OF THE APPLICATION OF JOHNSON UTILITIES COMPANY FOR AN EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY FOR WATER AND WASTEWATER SERVICE.

DOCKET NO. WS-02987A-05-0088

DECISION NO. 68235

OPINION AND ORDER

DATE OF HEARING: August 1, 2005

PLACE OF HEARING: Phoenix, Arizona

ADMINISTRATIVE LAW JUDGE: Dwight D. Nodes[1]

APPEARANCES: Mr. Richard Sallquist, SALLQUIST, DRUMMOND & O'CONNOR, on behalf of Applicant;

Mr. David Ronald, Staff Attorney, Legal Division, on behalf of the Utilities Division of the Arizona Corporation Commission; and

Mr. Patrick J. Black, FENNEMORE CRAIG, on behalf of Standard Pacific of Arizona, Inc.

BY THE COMMISSION:

On February 11, 2005, Johnson Utilities, LLC, dba Johnson Utilities Company ("Johnson Utilities" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for an extension of its Certificate of Convenience and Necessity ("CC&N") to provide water and wastewater service.

On March 10, 2005, the Commission's Utilities Division ("Staff") issued a letter of insufficiency which stated that the application had not met the sufficiency requirements of A.A.C. R14-2-402(C).

On April 7, 2005, Staff filed a letter of sufficiency.

[1] Dwight Nodes conducted the hearing in this proceeding and Administrative Law Judge Amy Bjelland drafted the Recommended Opinion and Order.

On April 12, 2005, by Procedural Order, this matter was set for hearing on July 13, 2005, and Johnson was ordered to notify all property owners in the affected area of the application and hearing date.

On May 12, 2005, Notice of Withdrawal of Counsel for the Company was filed.

On June 1, 2005, Diversified Water Utilities, Inc. ("Diversified") filed an Application to Intervene.

On June 2, 2005, the Company filed an Affidavit of Publication as set forth in the April 12, 2005 Procedural Order.

On June 3, 2005, by Procedural Order, counsel for the Company was ordered to comply with A.A.C. R14-3-104(e) regarding the rules for Withdrawal of Counsel.

On June 6, 2005, Staff filed its Staff Report in this matter recommending that the Commission issue an Order Preliminary.

On June 8, 2005, counsel for the Company filed an Application of Withdrawal as Counsel pursuant to the June 3, 2005 Procedural Order.

On June 13, 2005, an Application for Substitution as Counsel was filed for the Company.

On June 17, 2005, Standard Pacific of Arizona, Inc. ("Standard Pacific") filed an Application for Leave to Intervene.

On June 20, 2005, Diversified filed a Request for Additional Time to File Comments to the Staff Report.

On June 20, 2005, the Company filed Objections to the Staff Report.

On June 21, 2005, by Procedural Order, the firm of Fennemore Craig was granted its request to withdraw as counsel for the Company and Diversified was granted intervention.

On June 23, 2005, Staff filed a response to Diversified's request for additional time to file comments to the Staff Report stating it had no objection and requesting that the hearing date be moved to a later date.

On June 30, 2005, Johnson and Diversified filed a joint settlement statement.

On July 7, 2005, by Procedural Order, the evidentiary portion of the hearing was rescheduled to August 1, 2005 and Standard Pacific was granted intervention.

On July 27, 2005, Staff filed an Amendment to its Staff Report.

On August 1, 2005, a hearing was convened before a duly authorized Administrative Law Judge of the Commission at its offices in Phoenix, Arizona. Johnson Utilities and Staff entered appearances through counsel. At the conclusion of the hearing, the matter was taken under advisement pending issuance of a Recommended Opinion and Order.

* * * * * * * * * *

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

FINDINGS OF FACT

Background of Application

1. Johnson Utilities is a public service corporation that provides water and wastewater service in Pinal County, Arizona pursuant to an original CC&N granted in Decision No. 60223 (May 27, 1997). Subsequent CC&N extensions for water and/or wastewater service were granted to Johnson Utilities in a number of other dockets.

2. On February 11, 2005, Johnson Utilities filed an application seeking to extend its CC&N to provide water and wastewater service to an area adjacent to the CC&N area based on a request for service from Standard Pacific of Arizona, Inc. (Ex. A-1).

3. The requested extension area includes approximately 100 acres in an area that is contiguous to Johnson Utilities' current wastewater CC&N on its northern and western borders and is designed to contain approximately 351 residential lots (Ex. A-2). The proposed extension area, a development known as Quail Run, is located in Pinal County and covers a portion of Section 24, Township 3 South, Range 8 East, and is more fully described in Attachment A, attached hereto (Ex. A-3).

4. By Procedural Order issued April 12, 2005, this matter was scheduled for hearing on July 13, 2005 and Johnson Utilities was ordered to publish notice of the hearing and notify all property owners in the affected area of the application and the hearing date.[2]

[2] By Procedural Order issued July 7, 2005, the evidentiary hearing was rescheduled to August 1, 2005, due to a scheduling conflict. However, the July 13, 2005 hearing date was retained in order to protect the published notice. No public comment witnesses appeared at the July 13, 2005 hearing.

5. On June 2, 2005, the Company filed a Notice of Compliance with the Customer Notice and Publication requirements set forth in the April 12, 2005 Procedural Order (Ex. A-4).

6. On June 1, 2005, Diversified filed an Application to Intervene. On June 17, 2005, Standard Pacific filed an Application for Leave to Intervene. On June 21, 2005, by Procedural Order, Diversified was granted intervention. On July 7, 2005, by Procedural Order, Standard Pacific was granted intervention.

7. On June 6, 2005, Staff filed its Staff Report, concluding, among other things, that Johnson Utilities did not have adequate production and storage capacity to serve both the existing and proposed CC&N areas (Ex. S-1). Staff recommended that, should the Commission grant the requested extension to the Company, the Commission issue an Order Preliminary to issuance of the ultimate CC&N Extension pursuant to A.R.S. §40-282(D) (*Id.*).

8. On June 30, 2005, Johnson Utilities and Diversified filed a "Joint Settlement Statement" that describes a resolution of an ongoing dispute between those parties with respect to which company is best suited to serve the area of Pinal County described in their Settlement. The Settlement generally provides that Diversified will serve the area north of Bella Vista Road between the Union Pacific Railroad and the Central Arizona Project Canal. Johnson Utilities would provide water service south of Bella Vista Road. Both parties agree that they will not seek to extend their certificates or operations within the other company's "planning area." Diversified and Johnson Utilities filed their "Joint Settlement Statement" in this docket. The Settlement represents an agreement between two regulated public service corporations that we will consider as part of our deliberations in this proceeding. The Settlement is not binding on us, but is one consideration that will assist us in our deliberation of future matters involving these companies or the property they have delineated as their "planning areas." Although we appreciate the efforts of the companies to settle their long-standing differences, we decline to approve the agreement between Diversified and Johnson. We wish to make clear that each application for a CC&N extension will be considered based on its individual merits and the public interest, and not solely on the agreement of companies that have decided to carve out specific future service territories.

9. On July 27, 2005, Staff filed an amendment to the Staff Report, stating that Johnson

Utilities provided new information regarding new wells recently placed in service and adjustments to flows to existing wells brought about by pump replacements and blending (Ex. S-2). Staff particularly noted that the San Tan Heights Well No. 2 received an Approval of Construction from the Arizona Department of Environmental Quality ("ADEQ") on April 18, 2005, for 700 gallons per minute (*Id.*). In addition, the Morning Sun Farm Well No. 1 received an Approval of Construction on June 3, 2005, for 1,100 gallons per minute (*Id.*). Based on the new information and the demand requirements used in calculations in the original Staff Report, Staff indicates that there will be enough well capacity to provide for an annual peak day demand of 521 gallons per day of service through December 2005 and an average daily demand during the peak month of 417 gallons per day of service through June 2006 (*Id.*). Additionally, Johnson Utilities currently has applications pending with ADEQ for the Crestfield Wells Nos. 1 and 2, each of which is expected to produce 1,000 gallons per minute (*Id.*). Therefore Staff concludes that the existing system has adequate production and storage capacity (*Id.*).

10. A public hearing on the application was held as scheduled on August 1, 2005. At hearing, Staff introduced, and the Administrative Law Judge admitted into evidence, without objection, Staff's Revised Recommendations (Ex. S-3).

Wastewater System

11. Quail Run will have an eight-inch gravity sewer throughout the development that will be pumped by lift station and force main to the existing Sonoran Villages development lift station (Ex. S-1).

12. Pursuant to Section 208 of the Federal Water Pollution Control Act, each state is required to develop and implement area-wide water quality management plans for pollution control purposes. The Central Arizona Association of Governments ("CAAG") has been designated as the area-wide water quality management planning agency for Pinal County. The extension area sought in this proceeding is within the CAAG §208 planning area for Johnson Utilities, for service provided by Copper Basin, and therefore conforms to the area-wide wastewater plans (Ex. S-1). The Copper Basin regional facility is a master planned wastewater treatment project for which Johnson Utilities has obtained CAAG §208 Water Quality Plan approval. Copper Basin encompasses the Quail Run

development and is matched to projected development and population densities.

13. Staff indicates that the proposed wastewater system has, or can reasonably be expected to develop, the necessary sewage treatment capacity to serve the proposed CC&N extension area for Quail Run and is consistent with the approved CAAG §208 Water Quality Plan for Johnson Utilities (Ex. S-1).

Water System

14. Staff states that Quail Run will be served by the Johnson Utilities public water system number 11-128. Based on historical growth rates, Staff anticipates that the existing service area could have 22,000 total customers at the end of five years. Johnson Utilities projects an additional 351 customers for the proposed CC&N extension at the end of five years. The initial Staff Report states that the existing production and storage adequately serve approximately 8,235 connections under peak conditions. Thus, Staff initially concluded that Johnson Utilities did not currently have enough capacity to adequately serve its existing customers during peak periods (Ex. S-1).

15. Subsequent to issuance of the initial Staff Report on June 6, 2005, Johnson Utilities provided additional information to Staff regarding the well capacity issue. Based on this additional information, Staff states in its Amendment to Staff Report filed on July 27, 2005, that there are new wells that have recently been placed in service as well as adjustments to flows to existing wells brought about by pump replacements and blending (Ex. S-2). Johnson Utilities received an Approval of Construction from ADEQ on April 18, 2005 for the San Tan Heights Well No. 2 for 700 gallons per minute. The Morning Sun Farm Well No. 1 received an Approval of Construction on June 3, 2005, for 1,100 gallons per minute.

16. Staff states that based upon the demand requirements discussed in the June 6, 2005 Staff Report, the updated customer count provided by Johnson Utilities of 10,833 customers at the end of May 2005, and assuming an average growth rate of 500 customers per month, there will be enough well capacity for an annual peak day demand of 521 gallons per day service through December 2005 and an average daily demand during the peak month of 417 gallons per day service through June 2006 (Ex. S-2).

17. Staff additionally notes that Johnson Utilities has submitted copies of applications for

the Crestfield Wells Nos. 1 and 2, which Johnson Utilities submitted to ADEQ on May 26, 2005. Each well is expected to produce 1,000 gallons per minute. Taken together, this information leads Staff to conclude that the existing system has adequate production and storage capacity (Ex. S-2).

La Osa and Sonoran Litigation

18. Staff notes that the Arizona Attorney General's Office filed a civil lawsuit against the principal owner of Johnson Utilities, George Johnson, and against various affiliates of Johnson Utilities, on February 14, 2005[3]. The allegations against Mr. Johnson and the Johnson Utilities affiliates include trespass, breach of a grazing lease, destruction of native plants on state and private land, water quality discharge violations, and unlawful killing of bighorn sheep. Staff states that the litigation is focused primarily on Mr. Johnson's actions as the owner of La Osa Ranch, a 10,000 acre property in southern Pinal County, which is adjacent to state trust land and the Ironwood National Forest Monument. Johnson Utilities is not named in the lawsuit.

19. Sonoran Utility Services, LLC, which was previously owned by Mr. Johnson or Johnson affiliates, is also named as a defendant in a civil lawsuit filed by Lennar Communities Development, Inc. related to the formation and operation of the 387 Water Improvement District and the 387 Wastewater Improvement District[4]. Although Mr. Johnson was named personally as a defendant in the Sonoran litigation, Johnson Utilities Company is not a party in the lawsuit.

20. Johnson Utilities' executive vice-president, Brian Tompsett, testified regarding the La Osa litigation that the defendant, Johnson et al, in the case filed motions to dismiss on a number of the causes alleged by the Attorney General's Office. (Tr. at 35) At the time of the hearing, the Superior Court had taken these matters under advisement. The Commission takes administrative notice of the Ruling filed in Maricopa County Superior Court on August 26, 2005, wherein the Court denied the Johnson Defendants' Motions to Dismiss Counts Seven and Eight of the Complaint. Counts Seven and Eight relate to liability for the death of a number of bighorn sheep alleged in the La Osa litigation.

21. Both the La Osa and Sonoran litigation are ongoing at this time.

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[3] Maricopa County Superior Court Case No. CV2005-002692 ("La Osa Litigation").
[4] Maricopa County Superior Court Case No. CV2005-002548 ("Sonoran litigation").

Staff Recommendations

22. The Staff Report, filed on June 6, 2005, was based on incomplete information as discussed above. It set forth a number of requirements to be satisfied as a condition of extending Johnson Utilities' CC&N as requested in this docket (Ex. S-1). Staff requested that the Commission issue, pursuant to A.R.S. §40-282(D), an "Order Preliminary" to the issuance of the ultimate CC&N extension to Johnson Utilities (*Id.*). Due to Staff's Amended Staff Report, wherein Staff agreed that Johnson Utilities has sufficient production capacity (Ex. S-2), there is no longer a need to address the issue of whether an "Order Preliminary" is necessary in this proceeding.

23. At hearing, the Administrative Law Judge admitted into evidence Staff's revised recommendations for this docket (Ex. S-3). Staff's revised recommendations no longer include the need for an "Order Preliminary." Staff recommends approval of the Application (Tr. at 81), with requirements as follows, that Johnson Utilities:

(a) Be required to update or amend its Designation of Assured Water supply to include the service area in this CC&N extension application. Johnson Utilities shall file with Docket Control under this same docket number the amended Designation of Assured Water Supply, stating that there is adequate water supply, where applicable or when required by statute within 365 days of the Decision in this case.

(b) File with Docket Control, for Staff review and/or approval, a copy of the fully executed main extension agreements for water facilities for Quail Run within 365 days of the Decision in this case.

(c) File with Docket Control the Unified (Aquifer Protection) Water Quality Permits issued by ADEQ for the Copper Basin Regional Wastewater Treatment Facility within 365 days of the Decision in this case.

(d) Be required to charge its authorized rates and charges for water and wastewater in the extension area.

(e) Submit a full rate case filing for both the water and wastewater divisions using a 2005 test year no later than April 30, 2006. As an alternative, it is recommended that the Commission order Staff to perform an audit of the Johnson Utilities Hook-up Fee Account within three months of a Decision in this matter and provide the Commission with appropriate recommendations.

(f) Be required to file a quarterly report with the Compliance Section regarding the status of the pending La Osa Litigation.

(g) Be required to file Affiliate Interest reports pursuant to A.A.C. R14-2-801 et al.

24. Staff further recommends that the Commission's Decision granting the requested CC&N extension to Johnson Utilities be considered null and void without further order from the Commission should Johnson Utilities fail to met Conditions (a), (b) and (c) above within the time specified (Ex. S-3).

Conclusion

25. Staff's original recommendation that the Commission issue an "Order Preliminary" is no longer necessary in light of the subsequent information presented by Staff and Johnson Utilities with respect to available production capacity.

26. Staff's recommendation for approval of the application is reasonable and shall be adopted, subject to compliance with the conditions discussed herein. In addition, we will require that the reporting requirements and conditions described above for the La Osa litigation shall also be required with respect to the Sonoran litigation.

27. In a prior water and wastewater CC&N extension proceeding involving Palo Verde Utilities Company, LLC, and Santa Cruz Water Company, LLC, we required each company to procure a $500,000 performance bond due to a substantial judgment that had been entered by a court in Oregon against the president of both companies[5]. The performance bond requirements were imposed as a measure of protection for the companies' customers due to the possibility that the utilities could be affected by the judgment, because of those companies' limited operating experience, and because of rapidly expanding service areas. Although Johnson Utilities Company insists that its operations are well insulated from any judgment that may be entered against Mr. Johnson and the other non-utility affiliates named in the lawsuits, we believe it is prudent at this time to require Johnson Utilities to procure a $500,000 performance bond as a means of protection against any potential detrimental impact on customers that may occur as a result of a judgment against Mr.

[5] Decision No. 66394 (October 6, 2003), at 11-12. The performance bond requirements for Palo Verde and Santa Cruz were increased to $750,000 per company in a subsequent CC&N extension proceeding. Decision No. 67240 (September 23, 2004), at 15.

Johnson and/or Johnson Utilities affiliates. If Johnson Utilities is named as a defendant in either the La Osa or Sonoran lawsuits, the required bond amount shall be increased to $1 million. Proof of the performance bond shall be filed in this docket prior to service being provided to any customers in the CC&N extension area. The bonds shall remain in place until further Order of the Commission.

28. Given the rapid expansion of Johnson Utilities' service area in the past several years and the fact that the Company has not filed a rate case since its rates were initially established in 1997, we agree with Staff that Johnson Utilities should be required to file a rate application for both water and wastewater in order to allow Staff to perform a full audit of the Company's operations and to ensure that the established rates are reasonable based on all plant, revenues and expenses. However, we will amend Staff's proposed filing date and require Johnson Utilities to file, by no later than May 1, 2007, a rate application for both water and wastewater, based on a 2006 test year. In addition, Staff shall commence an audit of Johnson Utilities' hook-up fee accounts, for both water and wastewater, by no later than March 31, 2006.

CONCLUSIONS OF LAW

1. Johnson Utilities is a public service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. §40-281 *et seq.*

2. The Commission has jurisdiction over Johnson Utilities and the subject matter of the application.

3. Notice of the application was provided in accordance with law.

4. There is a public need and necessity for water and wastewater utility service in the proposed extension area.

5. Johnson Utilities is a fit and proper entity to receive an extension of its wastewater CC&N to include the service area more fully described in Exhibit A attached hereto, subject to compliance with the conditions set forth above.

ORDER

IT IS THEREFORE ORDERED that the application of Johnson Utilities Company for an extension of the service area under its Certificate of Convenience and Necessity to include the area described in Exhibit A attached hereto and incorporated herein by reference be, and is hereby

approved, subject to the conditions more fully described herein.

IT IS FURTHER ORDERED that Johnson Utilities Company is required to update or amend its Designation of Assured Water supply to include the service area in this CC&N extension application. Johnson Utilities Company shall file with Docket Control under this same docket number the amended Designation of Assured Water Supply, stating that there is adequate water supply, where applicable or when required by statute within 365 days of the decision in this case.

IT IS FURTHER ORDERED that Johnson Utilities Company must file with Docket Control, as a compliance item in this docket, for Staff review, a copy of the fully executed main extension agreements for water facilities for Quail Run within 365 days of the decision in this case.

IT IS FURTHER ORDERED that Johnson Utilities Company must file with Docket Control, as a compliance item in this docket, the Unified (Aquifer Protection) Water Quality Permits issued by ADEQ for the Copper Basin Regional Wastewater Treatment Facility within 365 days of the decision in this case.

IT IS FURTHER ORDERED that Johnson Utilities Company is required to charge its authorized rates and charges for water and wastewater in the extension area.

IT IS FURTHER ORDERED that Johnson Utilities Company is required to file a quarterly report with the Docket Control, as a compliance item in this docket, regarding the status of the pending La Osa and Sonoran Litigation.

IT IS FURTHER ORDERED that Johnson Utilities Company is required to file Affiliate Interest reports pursuant to A.A.C. R14-2-801 et al.

IT IS FURTHER ORDERED that in the event Johnson Utilities Company fails to comply with the above-stated conditions within the times specified, the CC&N extension approved herein shall be deemed null and void without further Order of the Commission.

IT IS FURTHER ORDERED that Johnson Utilities Company shall procure a $500,000 performance bond, with proof of such performance bond filed in Docket Control, as a compliance item in this docket, prior to retail service being provided to any customers in the CC&N extension area. If Johnson Utilities Company is named as a defendant in either the La Osa or Sonoran lawsuits, the required bond amount shall be increased to $1 million. The performance bond shall remain in

place until further Order of the Commission and maintenance of the required bond shall be evidenced by a quarterly filing (by January 15, April 15, July 15, and October 15) of a letter of bond confirmation.

IT IS FURTHER ORDERED that Johnson Utilities Company must submit a full rate case filing for both the water and wastewater divisions using a 2006 test year no later than May 1, 2007.

IT IS FURTHER ORDERED that Staff shall commence an audit of Johnson Utilities Company's hook-up fee accounts, for both water and wastewater, by no later than March 31, 2006.

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN COMMISSIONER

COMMISSIONER COMMISSIONER COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 25th day of Oct., 2005.

BRIAN C. McNEIL
EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____

AB:mj

SERVICE LIST FOR: JOHNSON UTILITIES COMPANY

DOCKET NO.: WS-02987A-05-0088

Richard Sallquist
SALLQUIST & DRUMMOND
4500 S. Lake Shore Drive, Ste. 339
Tempe, AZ 85282
Attorneys for Johnson Utilities Company

William P. Sullivan
Michael A. Curtis
CURTIS, GOODWIN, SULLIVAN, UDALL & SCHWAB
2712 N. 7th Street
Phoenix, AZ 85006-1090
Attorneys for Diversified Water Utilities, Inc.

Patrick J. Black
FENNEMORE CRAIG, P.C.
3003 N. Central Avenue, Ste. 2600
Phoenix, AZ 85012
Attorneys for Standard Pacific of Arizona, Inc.

Christopher Kempley, Chief Counsel
Legal Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

Ernest G. Johnson, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

EXHIBIT "A"

A PARCEL OF LAND BEING SITUATE IN THE WEST HALF OF THE WEST HALF OF SECTION 24, TOWNSHIP 3 SOUTH, RANGE 8 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA, HAVING A BOUNDARY MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING FOR A TIE AT THE ARIZONA HIGHWAY DEPARTMENT BRASS CAP MARKING THE NORTHWEST CORNER OF SAID SECTION 24, FROM WHICH THE ARIZONA HIGHWAY DEPARTMENT BRASS CAP MARKING THE WEST QUARTER SECTION CORNER OF SAID SECTION 24 BEARS SOUTH 0 DEGREES 18 MINUTES 56 SECONDS EAST, 2652.01 FEET DISTANT;

THENCE NORTH 89 DEGREES 58 MINUTES 50 SECONDS EAST, 1351.43 FEET TO THE WEST 1/16 CORNER OF SAID SECTION 24;

THENCE SOUTH 0 DEGREES 16 MINUTES 45 SECONDS EAST, 40.00 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 0 DEGREES 16 MINUTES 45 SECONDS EAST, 2611.66 FEET TO A POINT ON THE EAST-WEST MID-SECTION LINE OF SECTION 24;

THENCE SOUTH 0 DEGREES 26 MINUTES 44 SECONDS EAST, 713.09 FEET TO THE SOUTHEAST CORNER OF SUBJECT PARCEL;

THENCE SOUTH 89 DEGREES 57 MINUTES 58 SECONDS WEST, 1307.23 FEET TO THE SOUTHWEST CORNER OF SUBJECT PARCEL, SAID POINT BEING ON THE EASTERLY RIGHT-OF-WAY LINE OF QUAIL RUN ROAD;

THENCE NORTH 0 DEGREES 38 MINUTES 54 SECONDS WEST, 713.11 FEET TO A POINT ON THE EAST-WEST MID-SECTION LINE, SECTION 24 AND FROM WHICH POINT THE WEST QUARTER SECTION CORNER OF SECTION 24 BEARS SOUTH 89 DEGREES 57 MINUTES 58 SECONDS WEST, 40.00 FEET;

THENCE NORTH 0 DEGREES 18 MINUTES 56 SECONDS WEST, ALONG THE EASTERLY RIGHT-OF-WAY LINE OF QUAIL RUN ROAD 2612.00 FEET;

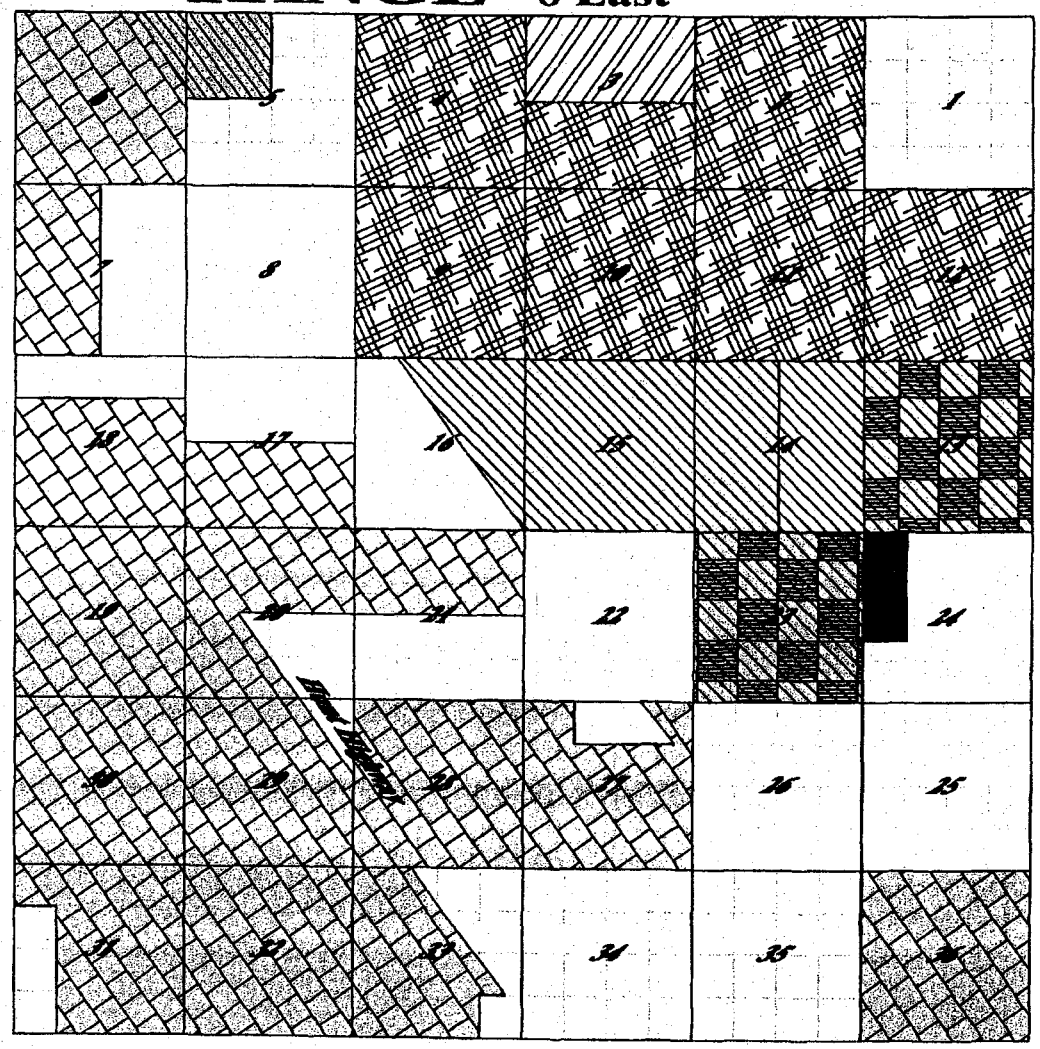
THENCE NORTH 89 DEGREES 58 MINUTES 50 SECONDS EAST, 1311.40 FEET TO THE TRUE POINT OF BEGINNING.

DOCKET NO. WS-02987A-05-0088

Map No. 11

COUNTY: *Pinal*

RANGE 8 East



W-2859 (3)
Diversified Water Utilities, Inc.

W-2234 (2)
H_2O, Inc.

WS-2987 (6) Sewer
Johnson Utilities Company

W-2425 (2)
Sun Valley Farms Unit VI Water Company

Diversified Water Utilities, Inc.
Docket No. W-2859-04-844
Application for Extension
Competing Application with Johnson for Sections 13 & 23

Johnson Utilities Company (Water)
Docket No. WS-2987-04-869
Application for Extension
Competing Application with Diversified for Sections 13 & 23

Johnson Utilities Company (Water)
Docket No. WS-2987-05-088
Application for Extension

TR3SHE 22 APR 2003

Decision No. 68235

EXHIBIT
SF-3
admin notice
0069949

ORIGINAL

Richard L. Sallquist
Sallquist, Drummond & O'Connor, P.C.
4500 South Lakeshore Drive
Suite 339
Tempe, Arizona 85282
Phone: (480) 839-5202
Fax: (480) 345-0412

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MAR 30 2007
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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF JOHNSON UTILITIES COMPANY FOR AN EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY FOR WATER AND WASTEWATER SERVICE.	)	DOCKET NO. WS-02987A-05-0088 **NOTICE OF COMPLIANCE WITH DECISION NO. 68235, OR ALTERNATIVELY, A MOTION TO EXTEND COMPLIANCE DATES**

Johnson Utilities, LLC, ("Johnson" or the "Company") hereby files this Notice of Compliance with the Subject Decision on the basis set forth herein.

1. The Compliance Items set forth in Decision No. 68235, dated October 25, 2005, (the "Decision") regarding subsequent filings to be made by the Company related to that Certificate of Convenience and Necessity Extension Application, have previously been completed and docketed with the Commission. The one remaining Compliance Item is the requirement that the Company file a full rate application for its water and wastewater divisions based upon the Test Year 2006, and that filing be made by May 1, 2007.

2. The Decision also required the Company to post a $500,000 Performance Bond (the "Bond") with the Commission, and to keep the Bond in effect until further order of the Commission. That Bond was docketed on December 4, 2006.

3. On March 30, 2007, the Company filed an Application with the Commission requesting the Commission's authority to sell all of the water and wastewater assets (the "Assets") owned by the Company to the Town of Florence (the "Town"), and further requesting that the Commission cancel all Certificates of Convenience and Necessity previously issued by, or pending before, the Commission.

4. Based upon that March 30, 2007 Application, the only uncompleted Compliance Item requirement under the Decision is moot, and the Bond becomes unnecessary. The Town will assume all ownership of the Assets and operation of the utility upon the Commission granting the Application, presumably during the fourth quarter of 2007, or first quarter 2008. Upon granting of the Application, the Commission would no longer have jurisdiction over the Company, the Assets owned by the Town, or the Town's operation of the utility.

5. In the alternative, and in the event the sale to the Town is not consummated as contemplated resulting in the Company continuing to own and operate the Assets and the utility, the Company hereby requests an extension in time for the completion of the Compliance Item pertaining to the rate case filing. Because the Company's efforts have been focused on negotiating the sale to the Town during the time it would otherwise have been preparing the 2006 rate application, and for the further reason that the status of the sale will not be known until after the presently scheduled Compliance Item filing date, the Company requests that in the event the sale does not close, the Commission issue a Procedural Order extending the filing date to June 1, 2008 utilizing a 2007 Test Year.

WHEREFORE, the Company respectfully requests that the Commission deem the rate case filing Compliance Item to be moot and thereafter find and conclude that the Company is in

compliance with the Decision and release the Bond, or in the alternative, that the Administrative Law Judge issue a Procedural Order extending the compliance dates as requested herein.

RESPECTFULLY submitted this 30th day of March 2007.

SALLQUIST, DRUMMOND & 0'CONNOR, P.C.

By: _____

Richard L. Sallquist
4500 South Lakeshore Drive, Suite 339
Tempe, Arizona 85282
Phone: (480) 839-5202
Fax:(480)345-0412

Original and fifteen copies of the foregoing filed this 30th day of March 2007:

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

51030.00000.1938

A copy of the foregoing
mailed/hand delivered this
30th day of March 2007, to:

Brian C. McNeil
Arizona Corporation Commission
Executive Secretary
1200 West Washington Street
Phoenix, Arizona 85007

Hearing Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Legal Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

ORIGINAL

EXHIBIT
SF-4
admin notice

Richard L. Sallquist
Sallquist, Drummond & O'Connor, P.C.
4500 South Lakeshore Drive
Suite 339
Tempe, Arizona 85282
Phone: (480) 839-5202
Fax: (480) 345-0412

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AZ CORP COMMISSION
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19

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF JOHNSON UTILITIES COMPANY FOR AN EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY FOR WATER AND WASTEWATER SERVICE.	)	DOCKET NO. WS-02987A-[redacted]
	)	**REQUEST FOR PROCEDURAL ORDER TO EXTEND COMPLIANCE DATE OF DECISION NO. 68235** [redacted]

Johnson Utilities, LLC, ("Johnson" or the "Company") hereby files this Request for a Procedural Order regarding Compliance with the Subject Decision on the basis set forth herein.

1. The Compliance Items set forth in Decision No. 68235, dated October 25, 2005, (the "Decision") regarding subsequent filings to be made by the Company related to that Certificate of Convenience and Necessity Extension Application, have previously been completed and docketed with the Commission. The Decision required that the Company file a full rate application for its water and wastewater divisions based upon the Test Year 2006, and that filing be made by May 1, 2007.

2. On March 30, 2007, the Company filed an Application with the Commission requesting the Commission's authority to sell all of the water and wastewater assets (the "Assets") owned by the Company to the Town of Florence (the "Town"), and further requesting

Arizona Corporation Commission
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DOCKETED BY nr

that the Commission cancel all Certificates of Convenience and Necessity previously issued by, or pending before, the Commission.

4. On that same day, the Company filed a "Notice of Compliance with Decision No. 68235, or alternatively, a Motion to Extend Compliance Dates", citing the pending Application for sale of the Assets to the Town, and requesting a December 31, 2007 Test Year with a June 30, 2008 filing date.

5. On April 13, 2005 the Commission Staff filed a Staff Report recommending a June 30, 2007 Test Year with a December 31, 2007 filing date.

6. The Company responded on April 26, 2007 supporting certain of Staff's recommendations, but asking the Commission to reconsider the Company's proposed year end Test Year.

7. Subsequent to that correspondence, numerous discussions between Company and Staff representatives have taken place, discussing the problems and virtues of the requested extension.

8. On September 18, 2007, Counsel for the Company received the attached letter form Chief Counsel for the Commission supporting the extension, with the qualifications as stated therein. The Company concurs with Staff's qualifications.

WHEREFORE, the Company respectfully requests that the Hearing Division issue a Procedural Order extending the compliance dates as recommended by Staff.

...

...

...

...

RESPECTFULLY submitted this 1st day of ~~September~~ October 2007.

SALLQUIST, DRUMMOND & O'CONNOR, P.C.

By: _____
Richard L. Sallquist
4500 South Lakeshore Drive, Suite 339
Tempe, Arizona 85282
Phone: (480) 839-5202
Fax:(480)345-0412

Original and fifteen copies of the foregoing filed this 1st day of ~~September~~ October 2007:

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

A copy of the foregoing mailed/hand delivered this 1st day of ~~September~~ October 2007, to:

Brian C. McNeil
Arizona Corporation Commission
Executive Secretary
1200 West Washington Street
Phoenix, Arizona 85007

Hearing Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

51030.00000.1987

Legal Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

51030.00000.1987

COMMISSIONERS
MIKE GLEASON - Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

ARIZONA CORPORATION COMMISSION

BRIAN C. McNEIL
Executive Director

September 18, 2007

Mr. Richard L. Sallquist
SALLQUIST, DRUMMOND & O'CONNOR
4500 South Lakeshore Drive, Suite 339
Tempe, Arizona 85282

RE: Johnson Utilities Company; Docket No. WS-02987A-04-0889
Motion to Extend

Dear Mr. Sallquist:

This letter is written by way of response to your letter dated September 7, 2007 and addressed to Mr. Ernest Johnson, Director of Utilities. In that letter you set forth a series of circumstances which cause Johnson Utilities Company ("JUC") to be interested in delaying the rate case filing that was required by the above-referenced docket.

As you know, the growth and numerous other changed circumstances in JUC's certificated area have combined to cause the Commission and Staff to believe that a rate case is an essential element of determining the ongoing reasonableness of the rates and charges established for JUC. The Commission is concerned to insure that JUC is neither over earning nor under earning to any substantial extent. This is of particular importance since JUC collects significant hookup fee revenues that have the potential to distort any examination of operating results outside a rate case.

However, the concerns described above are of primary importance in a setting in which JUC continues to operate as a Commission regulated public service corporation. Should JUC be acquired by a municipality and become part of a municipally owned utility system, the Commission's concerns would be addressed in the course of considering the transfer proceeding and would not seem to have any residual impacts necessitating a rate case.

As you can tell, Staff is not interested in requiring JUC to submit a rate case that would not be a productive part of the Commission's ongoing regulatory oversight. Nor is Staff interested in creating any impediments to a possible municipal acquisition of JUC. At the same time, Staff continues to believe that a review of the reasonableness of JUC's rates at the earliest practicable date is an important requirement if JUC is going to remain in business as a public service corporation.

In order to balance these competing concerns, I have been authorized to advise you of Staff's position with regard to your requested delay to JUC's rate case filing. Staff is willing to accede to changing the requirements such that a rate case filing could be made utilizing a calendar year 2007 test year. However, Staff believes that the date that such a filing should be required is no later than March 31, 2008, rather than June 30, 2008. Staff believes that a March 31, 2008 filing date provides an adequate period of time to prepare such a rate case filing. Of course, consistent with the suggestion in your letter, Staff would anticipate that no further delays to this proposed rate case filing would be requested or granted.

It is Staff's hope that the additional time to prepare and file the requisite rate case will allow JUC a full opportunity to resolve any questions regarding the potential acquisition by a municipal entity. Nevertheless, Staff believes that a date certain for a rate case filing is an essential requirement for regulatory certainty. Should JUC submit a Motion to delay its rate case filing, this letter describes the response that will be submitted on behalf of Commission Staff. Please feel free to contact me if you have any questions.

Sincerely,

Christopher C Kempley

Christopher C. Kempley
Chief Counsel, Legal Division

CCK:rbo

EXHIBIT
SF-5
admin notice

ORIGINAL

SALLQUIST, DRUMMOND & O'CONNOR, P.C.
ATTORNEYS AT LAW
TEMPE OFFICE
4500 S. LAKESHORE DRIVE
SUITE 339
TEMPE, ARIZONA 85282

RICHARD L. SALLQUIST

PHONE (480) 839-5202
FACSIMILE (480) 345-0412
E-MAIL dick@sd-law.com

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2007 DEC -6 P 12: 33
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19E

December 6, 2007

Arizona Corporation Commission
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DEC 6 2007
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HAND DELIVERY

Shauna Lee-Rice
Arizona Corporation Commission
Docket Control
1200 West Washington Street
Phoenix, Arizona 85007

Re: Johnson Utilities Company; Docket No. WS-02987A-05-0088; Decision No. 68235; Motion to Extend

Dear Ms Lee-Rice:

On October 1, 2007, Johnson Utilities Company filed a REQUEST FOR PROCEDURAL ORDER TO EXTEND COMPLIANCE DATE OF DECISION NO. 68235, requesting that the Hearing Division issue a Procedural Order formally adopting the Company's request, and the Staff's concurrence, in the extension of the compliance date for the Subject Decision's mandated rate case filing date to March 31, 2008, using a December 31, 2007 Test Year. A copy of that Request is attached to this letter as Exhibit A.

The Company, in its continuing negotiations related to Docket No.WS-02987A-07-0203, and its desire to remain in full compliance with all Commission Decisions, would appreciate receiving a formal acceptance of the agreed-upon compliance dates.

We understand that because the original compliance dates were adopted in the Subject Decision, the Hearing Division may be hesitant to formally extend of those days. If the Hearing Division cannot do so, we would request that the Commission issue an Opinion and Order adopting the parties agreed upon compliance dates.

51030.00000.1994

Again, we appreciate your consideration in this matter, and if we can provide additional information, please do not hesitate to call.

Sincerely,

Richard L. Sallquist
For the Firm

Enclosure
cc: Brian McNeill
Hearing Division
Legal division
Utilities Division
Brian P. Tompsett

ORIGINAL

Richard L. Sallquist
Sallquist, Drummond & O'Connor, P.C.
4500 South Lakeshore Drive
Suite 339
Tempe, Arizona 85282
Phone: (480) 839-5202
Fax: (480) 345-0412

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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF JOHNSON UTILITIES COMPANY FOR AN EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY FOR WATER AND WASTEWATER SERVICE.	)	DOCKET NO. WS-02987A-[redacted]
	)	**REQUEST FOR PROCEDURAL ORDER TO EXTEND COMPLIANCE DATE OF DECISION NO. 68235** [redacted]

Johnson Utilities, LLC, ("Johnson" or the "Company") hereby files this Request for a Procedural Order regarding Compliance with the Subject Decision on the basis set forth herein.

1. The Compliance Items set forth in Decision No. 68235, dated October 25, 2005, (the "Decision") regarding subsequent filings to be made by the Company related to that Certificate of Convenience and Necessity Extension Application, have previously been completed and docketed with the Commission. The Decision required that the Company file a full rate application for its water and wastewater divisions based upon the Test Year 2006, and that filing be made by May 1, 2007.

2. On March 30, 2007, the Company filed an Application with the Commission requesting the Commission's authority to sell all of the water and wastewater assets (the "Assets") owned by the Company to the Town of Florence (the "Town"), and further requesting

Arizona Corporation Commission
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that the Commission cancel all Certificates of Convenience and Necessity previously issued by, or pending before, the Commission.

4. On that same day, the Company filed a "Notice of Compliance with Decision No. 68235, or alternatively, a Motion to Extend Compliance Dates", citing the pending Application for sale of the Assets to the Town, and requesting a December 31, 2007 Test Year with a June 30, 2008 filing date.

5. On April 13, 2005 the Commission Staff filed a Staff Report recommending a June 30, 2007 Test Year with a December 31, 2007 filing date.

6. The Company responded on April 26, 2007 supporting certain of Staff's recommendations, but asking the Commission to reconsider the Company's proposed year end Test Year.

7. Subsequent to that correspondence, numerous discussions between Company and Staff representatives have taken place, discussing the problems and virtues of the requested extension.

8. On September 18, 2007, Counsel for the Company received the attached letter form Chief Counsel for the Commission supporting the extension, with the qualifications as stated therein. The Company concurs with Staff's qualifications.

WHEREFORE, the Company respectfully requests that the Hearing Division issue a Procedural Order extending the compliance dates as recommended by Staff.

...

...

...

...

RESPECTFULLY submitted this 1st day of ~~September~~ October 2007.

SALLQUIST, DRUMMOND & O'CONNOR, P.C.

By: _____
Richard L. Sallquist
4500 South Lakeshore Drive, Suite 339
Tempe, Arizona 85282
Phone: (480) 839-5202
Fax:(480)345-0412

Original and fifteen copies of the foregoing filed this 1st day of ~~September~~ October 2007:

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

A copy of the foregoing mailed/hand delivered this 1st day of ~~September~~ October 2007, to:

Brian C. McNeil
Arizona Corporation Commission
Executive Secretary
1200 West Washington Street
Phoenix, Arizona 85007

Hearing Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

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Legal Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

51030.00000.1987

COMMISSIONERS
MIKE GLEASON - Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

ARIZONA CORPORATION COMMISSION

BRIAN C. McNEIL
Executive Director

September 18, 2007

Mr. Richard L. Sallquist
SALLQUIST, DRUMMOND & O'CONNOR
4500 South Lakeshore Drive, Suite 339
Tempe, Arizona 85282

RE: Johnson Utilities Company; Docket No. WS-02987A-04-0889
Motion to Extend

Dear Mr. Sallquist:

This letter is written by way of response to your letter dated September 7, 2007 and addressed to Mr. Ernest Johnson, Director of Utilities. In that letter you set forth a series of circumstances which cause Johnson Utilities Company ("JUC") to be interested in delaying the rate case filing that was required by the above-referenced docket.

As you know, the growth and numerous other changed circumstances in JUC's certificated area have combined to cause the Commission and Staff to believe that a rate case is an essential element of determining the ongoing reasonableness of the rates and charges established for JUC. The Commission is concerned to insure that JUC is neither over earning nor under earning to any substantial extent. This is of particular importance since JUC collects significant hookup fee revenues that have the potential to distort any examination of operating results outside a rate case.

However, the concerns described above are of primary importance in a setting in which JUC continues to operate as a Commission regulated public service corporation. Should JUC be acquired by a municipality and become part of a municipally owned utility system, the Commission's concerns would be addressed in the course of considering the transfer proceeding and would not seem to have any residual impacts necessitating a rate case.

As you can tell, Staff is not interested in requiring JUC to submit a rate case that would not be a productive part of the Commission's ongoing regulatory oversight. Nor is Staff interested in creating any impediments to a possible municipal acquisition of JUC. At the same time, Staff continues to believe that a review of the reasonableness of JUC's rates at the earliest practicable date is an important requirement if JUC is going to remain in business as a public service corporation.

In order to balance these competing concerns, I have been authorized to advise you of Staff's position with regard to your requested delay to JUC's rate case filing. Staff is willing to accede to changing the requirements such that a rate case filing could be made utilizing a calendar year 2007 test year. However, Staff believes that the date that such a filing should be required is no later than March 31, 2008, rather than June 30, 2008. Staff believes that a March 31, 2008 filing date provides an adequate period of time to prepare such a rate case filing. Of course, consistent with the suggestion in your letter, Staff would anticipate that no further delays to this proposed rate case filing would be requested or granted.

It is Staff's hope that the additional time to prepare and file the requisite rate case will allow JUC a full opportunity to resolve any questions regarding the potential acquisition by a municipal entity. Nevertheless, Staff believes that a date certain for a rate case filing is an essential requirement for regulatory certainty. Should JUC submit a Motion to delay its rate case filing, this letter describes the response that will be submitted on behalf of Commission Staff. Please feel free to contact me if you have any questions.

Sincerely,

Christopher C. Kempley

Christopher C. Kempley
Chief Counsel, Legal Division

CCK:rbo

EXHIBIT
SF-6
admin notice

0074814

ORIGINAL

Richard L. Sallquist
Sallquist, Drummond & O'Connor, P.C.
4500 South Lakeshore Drive
Suite 339
Tempe, Arizona 85282
Phone: (480) 839-5202
Fax: (480) 345-0412

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2007 DEC 27 P 12: 19
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DEC 27 2007
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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF JOHNSON UTILITIES COMPANY FOR AN EXTENSION OF ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY FOR WATER AND WASTEWATER SERVICE.	DOCKET NO. WS-02987A-05-0088 **NOTICE OF FILING AND REQUEST FOR ORDER TO RELEASE AND EXTEND CERTAIN COMPLIANCE REQUIREMENTS OF DECISION NO. 68235**

Johnson Utilities, LLC, ("Johnson" or the "Company") hereby files this Notice of Filing and Request for an Order regarding compliance with the Subject Decision on the bases set forth herein.

1. The Compliance Items set forth in Decision No. 68235, dated October 25, 2005, (the "Decision") regarding subsequent filings to be made by the Company related to that Certificate of Convenience and Necessity Extension Application included a quarterly status report on the pending La Osa and Sonoran litigation, and the posting of a $500,000 performance bond pertaining to that litigation. Attached hereto as **Exhibit 1** is the Notice of Settlement concluding that litigation.

2. The Compliance Items set forth in Decision No. 68235 also required the Company to file a "Unified (Aquifer Protection) Water Quality Permit by ADEQ". The Company had

requested an extension to the compliance date on that requirement, and on December 20, 2007 Staff filed a Staff Report in that Docket recommending an extension of the filing date until October 25, 2009.

3. The Decision also required the Company to file a Rate Application no later than May 1, 2007, based on a 2006 Test Year. The Company made timely requests for extension of that compliance date and most recently the Staff recommended extending the filing date to March 31, 2008 utilizing a 2007 test Year. A copy of the September 18, 2007 Staff recommendation was attached to the Company's October 1, 2007 "REQUEST FOR PROCEDURAL ORDER TO EXTEND COMPLIANCE DATE OF DECISION NO. 68235".

WHEREFORE, the Company respectfully requests that the Hearing Division issue a Procedural Order or a Recommended Opinion and Order including provisions that: (1) remove the required quarterly status reports on the concluded La Osa and Sonoran litigation, (2) release the $500,000 performance bond duly posted by the Company and the quarterly confirmation letter thereof, (3) extend the compliance date as recommended by Staff for the "Unified (Aquifer Protection) Water Quality Permit by ADEQ" until October 25, 2009, and (4) extend the compliance dates as recommended by Staff for filing the Rate Application to March 31, 2008, utilizing a 2007 Test Year.

RESPECTFULLY submitted this 27th day of December 2007.

SALLQUIST, DRUMMOND & O'CONNOR, P.C.

By: _____
Richard L. Sallquist
Attorneys for Johnson Utilities Company

51030.00000.2001

Original and fifteen copies of the foregoing filed this 27th day of December 2007:

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

A copy of the foregoing mailed/hand delivered this 27th day of December 2007, to:

Brian C. McNeil
Arizona Corporation Commission
Executive Secretary
1200 West Washington Street
Phoenix, Arizona 85007

Hearing Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Legal Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Michael K. Jeanes, Clerk of Court
Electronically Filed
Loreen Cummings
Transaction ID 17480616
Nov 30 2007 12:51PM MST

Robert R. Berk, Bar #010162
John M. DiCaro, Bar #017990
Russell R. Yurk, Bar #019377
JONES, SKELTON & HOCHULI, P.L.C.
2901 North Central Avenue, Suite 800
Phoenix, Arizona 85012
Telephone: (602) 263-1781
Fax: (602) 200-7818
rberk@jshfirm.com
minuteentries@jshfirm.com

Attorneys for Defendants, George H. Johnson and Jana S. Johnson; George H. Johnson Revocable Trust, and George H. Johnson and Jana Johnson, Co-Trustees; Johnson International Inc.; The Ranch at South Fork, L.L.C.; General Hunt Properties, Inc.; Atlas Southwest, Inc.

SUPERIOR COURT OF THE STATE OF ARIZONA

COUNTY OF MARICOPA

STATE OF ARIZONA, et al., Plaintiffs, v. GEORGE H. JOHNSON and JANA S. JOHNSON, husband and wife; et al., Defendants.	NO. CV2005-002692 **NOTICE OF SETTLEMENT** **(Non-Classified Civil-Complex)** (Assigned to the Honorable John A. Buttrick)
GEORGE H. JOHNSON, et al., Counterclaimants, v. ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY, et al., Counterdefendants.	

EXHIBIT 1

Undersigned counsel hereby notify the Court that the following claims in this case have been settled through mediation:

1. All claims by Plaintiff State of Arizona against George H. Johnson and Jana S. Johnson; George H. Johnson Revocable Trust, and George H. Johnson and Jana Johnson, Co-Trustees; Johnson International Inc.; The Ranch at South Fork, L.L.C.; General Hunt Properties, Inc.; Atlas Southwest, Inc.; Karl Andrew Woehlecke and Lisa Woehlecke; Jack McCall; and 3F Contracting, Inc. only.

2. All counterclaims by Counterclaimants George H. Johnson and Johnson International, Inc. against Counterdefendants Arizona Department of Environmental Quality, Stephen Owens and Karen Owens, Office of the Attorney General, and Terry Goddard and Monica Goddard.

The parties are preparing formal settlement agreements and anticipate filing formal stipulations to dismiss these claims in the near future.

RESPECTFULLY SUBMITTED this 30th day of November, 2007.

JONES, SKELTON & HOCHULI, P.L.C.

By /s/ John M. DiCaro

Robert R. Berk
John M. DiCaro
Russell R. Yurk
2901 North Central Avenue, Suite 800
Phoenix, Arizona 85012
Attorneys for Defendants George H. Johnson and Jana S. Johnson; George H. Johnson Revocable Trust, and George H. Johnson and Jana Johnson, Co-Trustees; Johnson International Inc.; The Ranch at South Fork, L.L.C.; General Hunt Properties, Inc.; Atlas Southwest, Inc.

OFFICE OF THE ARIZONA ATTORNEY GENERAL

By /s/ Steven A. LaMar
Steven A. LaMar
Isaiah Fields
Assistant Attorneys General
1275 W. Washington St.
Phoenix, AZ 85007
Attorneys for Plaintiff State of Arizona

MARGRAVE CELMINS WHITEMAN, P.C.

By /s/ Lat J. Celmins
Lat J. Celmins, Esq.
Michael L. Kitchen, Esq.
Patrick J. Van Zanen, Esq.
8171 East Indian Bend Road, #101
Scottsdale, Arizona 85250
Attorneys for Counterclaimants George H. Johnson and Johnson International, Inc.

OFFICE OF THE ARIZONA ATTORNEY GENERAL

By /s/ Lisa K. Hudson
Lisa K. Hudson, Esq.
Michael K. Goodwin, Esq.
Assistant Attorneys General
1275 W. Washington Street
Phoenix, Arizona 85007-2997
Attorneys for Counterdefendants

HARRY L. HOWE, PC

By /s/ Harry L. Howe
Harry L. Howe, Esq.
10505 N. 69th Street, Suite 101
Scottsdale, AZ 85253-1479
Attorneys for Defendants Karl Andrew Woehlecke and Lisa Woehlecke

DOYLE, BERMAN MURDY, P.C

By /s/ Scott McClure
William H. Doyle, Esq.
Scott McClure, Esq.
3300 N Central Avenue, Suite 1600
Phoenix, AZ 85012-0001
Attorneys for Defendant 3-F Contracting

O'CONNOR & CAMPBELL, P.C.

By /s/ Ronald C. Archibeque
Ronald C. Archibeque, Esq.
3838 N. Central Avenue, Suite 1800
Phoenix, AZ 85012
Co-Counsel for Defendant 3-F Contracting

THE FOREGOING e-served via
LexisNexis File and Serve this 30th day
of November, 2007, to:

The Honorable John. A. Buttrick
Maricopa County Superior Court
Central Court Building, 7D
201 West Washington Street,
Phoenix, Arizona 85003-2243
Telephone: (602) 506-0971

COPY of the foregoing e-served via
LexisNexis File and Serve this 30th day
of November, 2007, to:

Brenda K. Radmacher, Esq.
WOOD SMITH HENNING & BERMAN, LLP
2525 East Camelback Rd., Suite 720
Phoenix, AZ 85016-4219
Telephone: (602) 441-1300
Fax: (602) 441-1350
Email: bradmacher@wshblaw.com
Attorney for Defendant Bill Preston Well Drilling
dba Preston Well Drilling

THE FOREGOING mailed via U.S. Mail this 30th
day of November, 2007, to:

Jack McCall
McCall Excavation
P.O. Box 526
119 East Central
Eager, Arizona 85925
Pro Per

/s/Diane Mari

EXHIBIT
SF-7
ADMITTED

3.10 For 2008, and each of the prior five years, please provide a summary, including status of all formal and informal complaints filed against Utility in any other court or other jurisdiction.

Objection: Johnson Utilities objects to this data request on the grounds that (i) the request is vague and ambiguous; and (ii) complaints filed against the company are matters of public record which are readily available to the intervenor. Johnson Utilities further asserts that legal pleadings filed in courts of law or with governmental agencies are public documents which speak for themselves.

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

3.11 Please admit or deny that in Decision 68235, the Commission ordered Utility to file a rate case for its water and wastewater divisions by May 1, 2007, using a 2006 test year. If your answer is "deny," please explain your answer.

Response: In Decision 68235, the Arizona Corporation Commission ordered that Johnson Utilities file a rate case for the water and wastewater divisions using a 2006 test year by May 1, 2007. On March 30, 2007, counsel for Johnson Utilities filed a motion requesting that the deadline for filing the rate case be extended to June 1, 2008, and that the company be permitted to use a 2007 test year. On April 13, 2007, Utilities Division Staff filed a staff report recommending that the deadline for filing the rate case be extended to December 31, 2007, utilizing a June 30, 2007, test year. Thereafter, in a letter from the Commission's Chief Counsel to Johnson Utilities' legal counsel dated September 18, 2007, Staff agreed to support a 2007 test year but required that the company file a rate case by March 31, 2008. In accordance with its agreement with Staff, Johnson Utilities filed a rate application for its water and wastewater divisions on March 31, 2008, using a 2007 test year.

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

EXHIBIT
SF-8
ADMITTED

Docket No. WS-02987A-08-0180
Swing First Golf LLC
Data Requests to Johnson Utilities LLC

(RATE CASE)

REVISED RESPONSE TO SWING FIRST GOLF DR 2.6 (2-10-2009)

2.6 For the test year, and for each of the two preceding years, how much did Utility collect by customer class, through charges for a Superfund Tax?

Response: Johnson Utilities does not track Water Quality Assurance Revolving Fund ("WQARF") taxes (also referred to as the superfund tax) collected from its customers by customer class. The total amount of WQARF taxes collected by Johnson Utilities during the test year and for each of the two preceding years is:

2005	$12,319.16
2006	$16,583.45
2007	$14,096.68

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

EXHIBIT
tabbies
SF-9
ADMITTED

Janet Napolitano
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

1110 West Washington Street Phoenix, Arizona 85007
(602) 771-2300 www.adeq.state.az.us

Stephen A. Owens
Director

CERTIFIED MAIL
Return Receipt Requested

Case ID #: 32021

September 2, 2004

Johnson International Inc
Attention: Brian Tompsett
5230 E Shea Blvd Ste 200
Scottsdale, AZ 85254-5750

Subject: MGD Precision Golf Course WWTP, 142
1877 E Bella Vista Rd / Queen Creek, AZ 85242

NOTICE OF VIOLATION

The Arizona Department of Environmental Quality (ADEQ), has reason to believe that Johnson International Inc as the owner/operator of MGD Precision Golf Course WWTP, has violated a requirement of the Arizona Revised Statutes (A.R.S.), a rule within the Arizona Administrative Code (A.A.C.), or an applicable permit/license, administrative order or civil judgment. ADEQ discovered the violations alleged below during a file review completed on August 23, 2004.

I. LEGAL AUTHORITY and NATURE OF ALLEGED VIOLATION(S)

1. **Permit 24069 (P103081) - Section 4.0**

   The permit limit for daily Fecal Coliform monitoring is 800 c.f.u./100ml.

   During the 2nd quarter of 2004, the facility exceeded the permit limit on 58 occasions with results >1600 c.f.u/100ml

2. **Permit 24069 (P103081) - 2.63**

   If the verification sampling confirms that the Discharge Limit (DL) has been exceeded the permittee shall immediately investigate the cause of the violation and submit the results of the investigation to ADEQ.

   During the months of April, May and June of 2004 the DL for fecal Coliform was exceeded on 58 occasions and the no immediate steps were taken to investigate the cause of the exceedances.

3. **Permit 24069 (P103081) - 4.0**

   The permit limit for Total Nitrogen in the effluent is 10.0 mg/L

   During the months of December 2003 - 20.36 mg/L, January 2004 - 15.81 mg/L, and February 2004 - 17.70 mg/L the facility had Total Nitrogen exceedances.

4. **Permit 24069 (P103081) - 2.63**

   The permittee shall conduct verification sampling within 24 hours of becoming aware of DL exceedances.

The facility failed to conduct verification sampling for the Total Nitrogen exceedances.

II. DOCUMENTING COMPLIANCE

1. Within 30 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or an explanation regarding the cause of the Fecal Coliform exceedances during the 2nd quarter of 2004. Please include any corrective actions implemented to prevent a reoccurance of these violations.

III. SUBMITTING COMPLIANCE DOCUMENTATION

Please send all compliance documentation and any other written correspondence regarding this Notice to ADEQ at the following address:

Arizona Department of Environmental Quality, Attention: William J. (Bill) Hare, Water Quality Field Service Compliance Unit, 1110 W Washington St, Phoenix, AZ 85007 MC: 5415B-1

IV. STATEMENT OF CONSEQUENCES

1. The time frames within this Notice for achieving and documenting compliance are firm limits. Failure to achieve or document compliance within the time frames established in this Notice will result in an administrative compliance order or civil action requiring compliance within a reasonable time frame, substantial civil penalties, and/or the suspension or revocation of an applicable permit/license. ADEQ will agree to extend the time frames only in a compliance schedule negotiated in the context of an administrative consent order or civil consent judgment.
2. Achieving compliance does not preclude ADEQ from seeking civil penalties, and/or suspending or revoking an applicable permit/license for the violation(s) alleged in this Notice as allowed by law.

V. OFFER TO MEET

ADEQ is willing to meet regarding this Notice. To obtain additional information about this Notice or to schedule a meeting to discuss this Notice, please contact William J. (Bill) Hare at (602)

771-4838.

Romann G. Diaz, Manager
Water Quality Field Service Compliance Unit

William J. (Bill) Hare
Water Quality Field Service Compliance Unit

SELF MONITORING REPORT FORM
ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

INV# 103081

Name: MGD PRECISION GOLF COURSE WWTP
Contact: JOHNSON, GEORGE
Address:

Latitude: 33 11 44.9999
Longitude: 111 33 29.9999
Section: 18
Township: 3
Range: 8
Quarter: a

Facility ID: 142
ADEQ Permit Number: 24069
Lab ID: A20003
Lab Name: Aquatic Consultants
Date Prepared: 7/25/04
Reporting Period: 2nd Quarter 2004

Monitoring Point ID: 12392 Monitoring Name: JOHNSON RANCH - WWTP - EFFLUENT PUMP STATION

Sampling/Reporting Frequencies: Daily Monitoring/QUARTERLY

STORET: 74055 Permit Limit: AL: RSVD DL: 800 AQL: N/A MIN: MAX:
FECAL COLIFORM (CFU) Method: MPN Units: CFU

	ANALYZED	RESULTS		ANALYZED	RESULTS		ANALYZED	RESULTS
01	4/1/04	>1600	01	5/1/04	>1600	01	6/1/04	1600
02	4/2/04	>1600	02	/ /		02	6/2/04	>1600
03	/ /		03	5/3/04	>1600	03	6/3/04	>1600
04	/ /		04	5/4/04	>1600	04	/ /	
05	/ /		05	5/5/04	>1600	05	6/5/04	>1600
06	4/6/04	2	06	/ /		06	/ /	
07	4/7/04	130	07	5/7/04	>1600	07	6/7/04	>1600
08	4/8/04	>1600	08	5/8/04	>1600	08	6/8/04	>1600
09	4/9/04	23	09	/ /		09	6/9/04	>1600
10	/ /		10	5/10/04	>1600	10	/ /	
11	/ /		11	5/11/04	>1600	11	/ /	
12	4/12/04	>1600	12	/ /		12	/ /	
13	4/13/04	500	13	5/13/04	>1600	13	/ /	
14	4/14/04	240	14	5/14/00	>1600	14	6/14/04	>1600
15	4/15/04	>1600	15	5/15/04	>1600	15	6/15/04	>1600
16	4/16/04	4	16	/ /		16	6/16/04	>1600
17	4/17/04	2	17	5/17/04	>1600	17	6/17/04	>1600
18	/ /		18	5/18/04	>1600	18	/ /	
19	4/19/04	>1600	19	5/19/04	>1600	19	6/19/04	>1600
20	4/20/04	>1600	20	5/20/04	>1600	20	/ /	
21	4/21/04	>1600	21	5/21/04	>1600	21	/ /	
22	4/22/04	>1600	22	5/22/04	>1600	22	6/22/04	>1600
23	4/23/04	>1600	23	/ /		23	6/23/04	>1600
24	4/24/04	>1600	24	5/24/04	1600	24	6/24/04	>1600
25	/ /		25	5/25/04	240	25	6/25/04	>1600
26	4/26/04	>1600	26	5/26/04	>1600	26	6/26/04	>1600
27	4/27/04	>1600	27	5/27/04	>1600	27	/ /	
28	4/28/04	>1600	28	5/28/04	>1600	28	6/28/04	>1600
29	4/29/04	>1600	29	5/29/04	1600	29	6/29/04	>1600
30	4/30/04	>1600	30	/ /		30	6/30/04	>1600
31	/ /		31	/ /		31	/ /	

I CERTIFY UNDER PENALTY OF LAW THAT I HAVE PERSONALLY EXAMINED AND AM FAMILIAR WITH THE INFORMATION SUBMITTED HEREIN AND BASED ON MY INQUIRY OF THOSE INDIVIDUALS IMMEDIATELY RESPONSIBLE FOR OBTAINING THE INFORMATION I BELIEVE THE SUBMITTED INFORMATION IS TRUE ACCURATE AND COMPLETE. I AM AWARE THAT THERE ARE SIGNIFICANT PENALTIES FOR SUBMITTING FALSE INFORMATION INCLUDING THE POSSIBILITY OF FINES AND IMPRISONMENT.
SIGNATURE OF PRINCIPLE EXECUTIVE OFFICER OR AUTHORIZED AGENT [signature] DATE 7/25/04

Janet Napolitano
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

1110 West Washington Street Phoenix, Arizona 85007
(602) 771-2300 www.adeq.state.az.us

Stephen A. Owens
Director

CERTIFIED MAIL
Return Receipt Requested

Case ID #: 33138

January 3, 2005

Johnson International Inc
Attention: Brian Tompsett
5230 E Shea Blvd Ste 200
Scottsdale, AZ 85254-5750

Subject: Mgd Precision Golf Course Wwtp, 142
1877 E Bella Vista Rd / Queen Creek, AZ 85242

NOTICE OF VIOLATION

The Arizona Department of Environmental Quality (ADEQ), has reason to believe that Johnson International Inc as the owner/operator of Mgd Precision Golf Course Wwtp, has violated a requirement of the Arizona Revised Statutes (A.R.S.), a rule within the Arizona Administrative Code (A.A.C.), or an applicable permit/license, administrative order or civil judgment. ADEQ discovered the violations alleged below during an inspection completed on October 27, 2004.

I. LEGAL AUTHORITY and NATURE OF ALLEGED VIOLATION(S)

1. **Permit 24069 (P103081) - 4.0**

   The single sample maximum of fecal Coliform for effluent monitoring is 800 c.f.u./100ml.

   During the 3rd quarter of 2004 the facility exceeded the single sample maximum of fecal Coliform effluent monitoring on 29 occasions. Twenty eight of these exceedances were > 1,600 c.f.u./100ml

2. **Permit 24069 (P103081) - 4.0**

   The Fecal Coliform limit for the four out of seven samples for weekly monitoring is 200 c.f.u.

   During the weeks commencing on July 1, 2004, July 8, 2004 and July 29, 2004 the facility exceeded the Discharge Limit for effluent monitoring of 200 c.f.u. on at least four or more occasions.

II. DOCUMENTING COMPLIANCE

1. Within 60 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or the results of the investigative inquiry regarding the cause of the fecal Coliform exceedances and most recent results effluent sampling.

III. SUBMITTING COMPLIANCE DOCUMENTATION

Please send all compliance documentation and any other written correspondence regarding this Notice to ADEQ at the following address:

Arizona Department of Environmental Quality, Attention: William J. (Bill) Hare, Water Quality Field Service Compliance Unit, 1110 W Washington St, Phoenix, AZ 85007 MC: 5415B-1

IV. STATEMENT OF CONSEQUENCES

1. The time frames within this Notice for achieving and documenting compliance are firm limits. Failure to achieve or document compliance within the time frames established in this Notice will result in an administrative compliance order or civil action requiring compliance within a reasonable time frame, substantial civil penalties, and/or the suspension or revocation of an applicable permit/license. ADEQ will agree to extend the time frames only in a compliance schedule negotiated in the context of an administrative consent order or civil consent judgment.
2. Achieving compliance does not preclude ADEQ from seeking civil penalties, and/or suspending or revoking an applicable permit/license for the violation(s) alleged in this Notice as allowed by law.

V. OFFER TO MEET

ADEQ is willing to meet regarding this Notice. To obtain additional information about this Notice or to schedule a meeting to discuss this Notice, please contact William J. (Bill) Hare at (602) 771-4838.

Romann G. Diaz, Manager
Water Quality Field Service Compliance Unit

William J. (Bill) Hare
Water Quality Field Service Compliance Unit

Janet Napolitano
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

1110 West Washington Street Phoenix, Arizona 85007
(602) 771-2300 www.adeq.state.az.us

Stephen A. Owens
Director

CERTIFIED MAIL
Return Receipt Requested

Case ID #: 34537

April 6, 2005

Johnson International Inc
Attention: Brian Tompsett
5230 E Shea Blvd Ste 200
Scottsdale, AZ 85254-5750

Subject: Johnson Utilities Section 11- WWTP, 142
1877 E Bella Vista Rd / Queen Creek, AZ 85242

NOTICE OF VIOLATION

The Arizona Department of Environmental Quality (ADEQ), has reason to believe that Johnson International Inc as the owner/operator of Johnson Utilities Section 11- WWTP, has violated a requirement of the Arizona Revised Statutes (A.R.S.), a rule within the Arizona Administrative Code (A.A.C.), or an applicable permit/license, administrative order or civil judgment. ADEQ discovered the violations alleged below during a review of a report from the facility received on March 28, 2005.

I. LEGAL AUTHORITY and NATURE OF ALLEGED VIOLATION(S)

1. **A.R.S. § 49-241(B)(1)**

   Operation of a surface impoundment without an aquifer protection permit

   On March 24, 2005 the Bella Vista Liftstation discharged approximately 30,000 gallons of sewage to a roadside ditch and nearby stormwater impoundment.

II. DOCUMENTING COMPLIANCE

1. Within 60 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or a report that outlines a plan of action (POA) regarding implementation of procedures to prevent a reoccurance of sewage spill(s) from the Bella Vista Liftstation.

III. SUBMITTING COMPLIANCE DOCUMENTATION

Please send all compliance documentation and any other written correspondence regarding this Notice to ADEQ at the following address:

Arizona Department of Environmental Quality, Attention: William J. (Bill) Hare, Water Quality Field Service Compliance Unit, 1110 W Washington St, Phoenix, AZ 85007 MC: 5415B-1

IV. STATEMENT OF CONSEQUENCES

1. The time frames within this Notice for achieving and documenting compliance are firm limits. Failure to achieve or document compliance within the time frames established in this Notice will result in an administrative compliance order or civil action requiring compliance within a reasonable time frame, substantial civil penalties, and/or the suspension or revocation of an applicable permit/license. ADEQ will agree to extend the time frames only in a compliance schedule negotiated in the context of an administrative consent order or civil consent judgment.

2. Achieving compliance does not preclude ADEQ from seeking civil penalties, and/or suspending or revoking an applicable permit/license for the violation(s) alleged in this Notice as allowed by law.

V. OFFER TO MEET

ADEQ is willing to meet regarding this Notice. To obtain additional information about this Notice or to schedule a meeting to discuss this Notice, please contact William J. (Bill) Hare at (602) 771-4838.

Romann G. Diaz, Manager
Water Quality Field Service Compliance Unit

William J. (Bill) Hare
Water Quality Field Service Compliance Unit

105324

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

Janet Napolitano
Governor

1110 West Washington Street Phoenix, Arizona 85007
(602) 771-2300 www.adeq.state.az.us

Stephen A. Owens
Director

GS

CERTIFIED MAIL
Return Receipt Requested

Case ID #: 34567

April 28, 2005

CLOSED
5/17/05

Johnson International Inc
Attention: Brian Tompsett
5230 E Shea Blvd Ste 200
Scottsdale, AZ 85254-5750

Subject: Pecan Water Reclamation Plant, 18583
28539 N Gantzel Rd / Queen Creek, AZ 85242

NOTICE OF VIOLATION

The Arizona Department of Environmental Quality (ADEQ), has reason to believe that Johnson International Inc as the owner/operator of Pecan Water Reclamation Plant, has violated a requirement of the Arizona Revised Statutes (A.R.S.), a rule within the Arizona Administrative Code (A.A.C.), or an applicable permit/license, administrative order or civil judgment. ADEQ discovered the violations alleged below during an inspection completed on March 30, 2005.

I. LEGAL AUTHORITY and NATURE OF ALLEGED VIOLATION(S)

1. **Permit 29510 (P105324) - 4**

   Table 1 limits the single sample daily maximum for Fecal Coliform effluent monitoring to 23 c.f.u./100ml.

   The facility exceeded the single sample Fecal Coliform daily maximum on 44 occasions during the 3rd quarter of 2004 and twenty occasions during the 4th quarter of 2004.

2. **Permit 29510 (P105324) - 4**

   Table 1 requires turbidity effluent monitoring on a daily basis.

   The facility failed to conduct turbidity monitoring during the 3rd and 4th quarters of 2004.

Done

II. DOCUMENTING COMPLIANCE

1. Within 60 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or submit an explanation of the efforts undertaken by the utility to prevent a reoccurance of the exceedances in effluent monitoring for Fecal Coliform. In addition, include an explanation for the failure conduct turbidity monitoirng during the 3rd and 4th quarters of 2004.

III. SUBMITTING COMPLIANCE DOCUMENTATION

Please send all compliance documentation and any other written correspondence regarding this Notice to ADEQ at the following address:

Arizona Department of Environmental Quality, Attention: William J. (Bill) Hare, Water Quality Field Service Compliance Unit, 1110 W Washington St, Phoenix, AZ 85007 MC: 5415B-1

IV. STATEMENT OF CONSEQUENCES

1. The time frames within this Notice for achieving and documenting compliance are firm limits. Failure to achieve or document compliance within the time frames established in this Notice will result in an administrative compliance order or civil action requiring compliance within a reasonable time frame, substantial civil penalties, and/or the suspension or revocation of an applicable permit/license. ADEQ will agree to extend the time frames only in a compliance schedule negotiated in the context of an administrative consent order or civil consent judgment.

2. Achieving compliance does not preclude ADEQ from seeking civil penalties, and/or suspending or revoking an applicable permit/license for the violation(s) alleged in this Notice as allowed by law.

V. OFFER TO MEET

ADEQ is willing to meet regarding this Notice. To obtain additional information about this Notice or to schedule a meeting to discuss this Notice, please contact William J. (Bill) Hare at (602) 771-4838.

Romann G. Diaz, Manager
Water Quality Field Service Compliance Unit

William J. (Bill) Hare
Water Quality Field Service Compliance Unit

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

CERTIFIED MAIL
Return Receipt Requested

Case ID #: 35075

July 26, 2005

Johnson International Inc
Attention: Brian Tompsett
5230 E Shea Blvd Ste 200
Scottsdale, AZ 85254-5750

Subject: Mgd Precision Golf Course Wwtp, 142
1877 E Bella Vista Rd / Queen Creek, AZ 85242

NOTICE OF VIOLATION

The Arizona Department of Environmental Quality (ADEQ), has reason to believe that Johnson International Inc as the owner/operator of Mgd Precision Golf Course Wwtp, has violated a requirement of the Arizona Revised Statutes (A.R.S.), a rule within the Arizona Administrative Code (A.A.C.), or an applicable permit/license, administrative order or civil judgment. ADEQ discovered the violations alleged below during a file review completed on May 26, 2005.

I. LEGAL AUTHORITY and NATURE OF ALLEGED VIOLATION(S)

1. **Permit 24069 - Section 4**

   The permit requires that monthly effluent monitoring for Total Nitrogen cannot exceed 10 mg/L. The data is reported as the five month Geometric Mean.

   A file review for the 1st quarter 2005 self monitoring report forms (SMRFs) and recent data submitted by Johnson Utilities to ADEQ indicates that the facility exceeded the Discharge Limit for Total Nitrogen on five consecutive months from January 2005 - May 2005. These exceedances meet ADEQ's criteria for significant non compliance.

II. DOCUMENTING COMPLIANCE

1. Within 60 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or an explanation for the cause of the exceedances and efforts being implemented by the utility to prevent or mitigate any addional exceedances of the discharge limit (DL) for Total Nitrogen in the effluent monitoring.

III. SUBMITTING COMPLIANCE DOCUMENTATION

Please send all compliance documentation and any other written correspondence regarding this Notice

to ADEQ at the following address:

Arizona Department of Environmental Quality, Attention: William J. (Bill) Hare, Water Quality Field Service Compliance Unit, 1110 W Washington St, Phoenix, AZ 85007 MC: 5415B-1

IV. STATEMENT OF CONSEQUENCES

1. The time frames within this Notice for achieving and documenting compliance are firm limits. Failure to achieve or document compliance within the time frames established in this Notice will result in an administrative compliance order or civil action requiring compliance within a reasonable time frame, substantial civil penalties, and/or the suspension or revocation of an applicable permit/license. ADEQ will agree to extend the time frames only in a compliance schedule negotiated in the context of an administrative consent order or civil consent judgment.
2. Achieving compliance does not preclude ADEQ from seeking civil penalties, and/or suspending or revoking an applicable permit/license for the violation(s) alleged in this Notice as allowed by law.

V. OFFER TO MEET

ADEQ is willing to meet regarding this Notice. To obtain additional information about this Notice or to schedule a meeting to discuss this Notice, please contact William J. (Bill) Hare at (602) 771-4838.

Romann G. Diaz, Manager
Water Quality Field Service Compliance Unit

William J. (Bill) Hare
Water Quality Field Service Compliance Unit

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

CERTIFIED MAIL
Return Receipt Requested

Case ID #: 37416

December 15, 2005

Johnson International Inc
Attention: Brian Tompsett
5230 E Shea Blvd
Ste 200
Scottsdale, AZ 85254-5750

Subject: Pecan Water Reclamation Plant, 18583
28539 N Gantzel Rd / Queen Creek, AZ 85242

NOTICE OF VIOLATION

The Arizona Department of Environmental Quality (ADEQ), has reason to believe that Johnson International Inc as the owner/operator of Pecan Water Reclamation Plant, has violated a requirement of the Arizona Revised Statutes (A.R.S.), a rule within the Arizona Administrative Code (A.A.C.), or an applicable permit/license, administrative order or civil judgment. ADEQ discovered the violations alleged below during an inspection completed on November 16, 2005.

I. LEGAL AUTHORITY and NATURE OF ALLEGED VIOLATION(S)

1. **A.R.S. § 49-255.01(A)**

   Addition of a pollutant to navigable waters from a point source without a permit

   On November 13, 2005 the Pecan WRP discharged about 2,500-5,000 gallons of effluent from a reuse site to Queen Creek after the berm area of the site was breached.

II. DOCUMENTING COMPLIANCE

1. Within 30 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or an explanation that describes efforts being undertaken to prevent a re-occurrance of such a spill.

III. SUBMITTING COMPLIANCE DOCUMENTATION

Please send all compliance documentation and any other written correspondence regarding this Notice to ADEQ at the following address:

Arizona Department of Environmental Quality, Attention: William J. (Bill) Hare, Water Quality Field Service Compliance Unit, 1110 W Washington St, Phoenix, AZ 85007 MC: 5415B-1

IV. STATEMENT OF CONSEQUENCES

1. The time frames within this Notice for achieving and documenting compliance are firm limits. Failure to achieve or document compliance within the time frames established in this Notice will result in an administrative compliance order or civil action requiring compliance within a reasonable time frame, substantial civil penalties, and/or the suspension or revocation of an applicable permit/license. ADEQ will agree to extend the time frames only in a compliance schedule negotiated in the context of an administrative consent order or civil consent judgment.

2. Achieving compliance does not preclude ADEQ from seeking civil penalties, and/or suspending or revoking an applicable permit/license for the violation(s) alleged in this Notice as allowed by law.

V. OFFER TO MEET

ADEQ is willing to meet regarding this Notice. To obtain additional information about this Notice or to schedule a meeting to discuss this Notice, please contact William J. (Bill) Hare at (602) 771-4838.

Romann G. Diaz, Manager
Water Quality Field Service Compliance Unit

William J. (Bill) Hare
Water Quality Field Service Compliance Unit

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

Janet Napolitano
Governor

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

Stephen A. Owens
Director

CERTIFIED MAIL
Return Receipt Requested

Case ID #: 84092

August 2, 2007

Johnson International Inc
Attention: Brian Tompsett
5230 E Shea Blvd
Ste 200
Scottsdale, AZ 85254-5750

Subject: Pecan Water Reclamation Plant, Place ID 18583
28539 N Gantzel Rd / Queen Creek, AZ 85242

NOTICE OF VIOLATION

The Arizona Department of Environmental Quality (ADEQ) has reason to believe that Johnson International Inc as the owner/operator of Pecan Water Reclamation Plant has violated a requirement of the Arizona Revised Statutes (A.R.S.), a rule within the Arizona Administrative Code (A.A.C.), or an applicable permit/license, administrative order or civil judgment. ADEQ discovered the violations alleged below during an inspection completed on May 22, 2007.

I. LEGAL AUTHORITY and NATURE OF ALLEGED VIOLATION(S)

1. **A.A.C. R18-9-704(G)(3)(b)**

   Application of reclaimed water to an area other than a direct reuse site.

   On May 21, 2007 the facility experienced a berm failure of the southwest Pecan Orchard pond that resulted in the discharge of an estimated 500,000 gallons of A+ effluent onto plant grounds. An estimated 5-10% of the effluent was discharged via sub-surface methods onto Ironwood Road causing two soil subsidence's (sink holes) near the WWTP.

II. DOCUMENTING COMPLIANCE

1. Within 90 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or a plan of action that outlines efforts to prevent a re-occurrence of the discharge of effluent onto plant grounds and offsite areas.

III. SUBMITTING COMPLIANCE DOCUMENTATION

Please send all compliance documentation and any other written correspondence regarding this Notice to ADEQ at the following address:

Arizona Department of Environmental Quality, Attention: William J. (Bill) Hare, Water Quality Field Service Compliance Unit, 1110 W Washington St, Phoenix, AZ 85007 MC: 5415B-1

IV. STATEMENT OF CONSEQUENCES

1. The time frames within this Notice for achieving and documenting compliance are firm limits. Failure to achieve or document compliance within the time frames established in this Notice will result in an administrative compliance order or civil action requiring compliance within a reasonable time frame, substantial civil penalties, and/or the suspension or revocation of an applicable permit/license. ADEQ will agree to extend the time frames only in a compliance schedule negotiated in the context of an administrative consent order or civil consent judgment.
2. Achieving compliance does not preclude ADEQ from seeking civil penalties, and/or suspending or revoking an applicable permit/license for the violation(s) alleged in this Notice as allowed by law.

V. OFFER TO MEET

ADEQ is willing to meet regarding this Notice. To obtain additional information about this Notice or to schedule a meeting to discuss this Notice, please contact William J. (Bill) Hare at (602) 771-4838.

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

William J. (Bill) Hare
Water Quality Field Service Compliance Unit

ARIZONA DEPARTMENT
OF
ENVIRONMENTAL QUALITY

Janet Napolitano
Governor

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

Stephen A. Owens
Director

CERTIFIED MAIL
Return Receipt Requested

Case ID #: 92021

March 4, 2008

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

Subject: Pecan Water Reclamation Plant, Place ID 18583
28539 N Gantzel Rd / Queen Creek, AZ 85242

NOTICE OF VIOLATION

The Arizona Department of Environmental Quality (ADEQ) has reason to believe that Johnson Utilities, LLC as the owner/operator of Pecan Water Reclamation Plant has violated a requirement of the Arizona Revised Statutes (A.R.S.), a rule within the Arizona Administrative Code (A.A.C.), or an applicable permit/license, administrative order or civil judgment. ADEQ discovered the violations alleged below during an inspection completed on January 03, 2008.

I. LEGAL AUTHORITY and NATURE OF ALLEGED VIOLATION(S)

1. **Permit 41570 (105324) - 2.6.53**

   In the event of any discharge pursuant to A.R.S. 49-201(12) of non-hazardous materials, the permittee shall notify the ADEQ WQFSU within 24 hours upon discovering the discharge which could pose an endangerment to the public health or environment.

   On December 24, 2007 the Pecan Water Reclamation Plant's (WRP) collection system experienced a sanitary sewer overflow (SSO) from a manhole located upgradient from the Pecan WRP. The SSO discharged approximately 5,000 gallons of untreated sewage, an endangerment to the public health or environment, into Queen Creek through a spillway located adjacent to the manhole. Johnson Utilities did not notify ADEQ until January 2, 2008; after ADEQ received a citizen's complaint and made e-mail inquiries to Johnson Utilities about the spill.

2. **A.R.S. § 49-255.01(A)**

   Addition of a pollutant to navigable waters from a point source without a permit

   On December 24, 2007 the Pecan WRP's collection system experienced a SSO from a manhole located up gradient from the Pecan WRP. The SSO discharged approximately 5,000 gallons of untreated sewage, a pollutant, into Queen Creek through a spillway located adjacent to the manhole.

II. DOCUMENTING COMPLIANCE

1. Within 5 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or a letter to ADEQ documenting that the paper debris located in spillway and wash has been removed.
2. Within 30 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or a letter to ADEQ explaining reason(s) for Johnson Utilities failure to provide 24 hour notification of the sewage spill to ADEQ and measures undertaken to prevent a reoccurrence of this notification failure.
3. Within 60 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or a letter to ADEQ that regarding a plan of action to prevent a reoccurrence of the SSO from the liftstation.

III. SUBMITTING COMPLIANCE DOCUMENTATION

Please send all compliance documentation and any other written correspondence regarding this Notice to ADEQ at the following address:

Arizona Department of Environmental Quality, Attention: William J. (Bill) Hare, Water Quality Field Service Compliance Unit, 1110 W Washington St, Phoenix, AZ 85007 MC: 5415B-1

IV. STATEMENT OF CONSEQUENCES

1. The time frames within this Notice for achieving and documenting compliance are firm limits. Failure to achieve or document compliance within the time frames established in this Notice will result in an administrative compliance order or civil action requiring compliance within a reasonable time frame, substantial civil penalties, and/or the suspension or revocation of an applicable permit/license. ADEQ will agree to extend the time frames only in a compliance schedule negotiated in the context of an administrative consent order or civil consent judgment.
2. Achieving compliance does not preclude ADEQ from seeking civil penalties, and/or suspending or revoking an applicable permit/license for the violation(s) alleged in this Notice as allowed by law.

V. OFFER TO MEET

ADEQ is willing to meet regarding this Notice. To obtain additional information about this Notice or to schedule a meeting to discuss this Notice, please contact William J. (Bill) Hare at (602) 771-4838.

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

William J. (Bill) Hare
Water Quality Field Service Compliance Unit

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

Janet Napolitano
Governor

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

Stephen A. Owens
Director

CERTIFIED MAIL
Return Receipt Requested

Case ID #: 97512

June 5, 2008

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

Subject: Pecan Water Reclamation Plant, Place ID 18583
28539 N Gantzel Rd / Queen Creek, AZ 85242

NOTICE OF VIOLATION

The Arizona Department of Environmental Quality (ADEQ) has reason to believe that Johnson Utilities, LLC as the owner/operator of Pecan Water Reclamation Plant has violated a requirement of the Arizona Revised Statutes (A.R.S.), a rule within the Arizona Administrative Code (A.A.C.), or an applicable permit/license, administrative order or civil judgment. ADEQ discovered the violations alleged below during an inspection completed on May 20, 2008.

I. LEGAL AUTHORITY and NATURE OF ALLEGED SIGNIFICANT VIOLATION(S)

1. **A.R.S. § 49-255.01(A)**

   Addition of a pollutant to navigable waters from a point source without a permit.

   During the weekend of May 17 and 18, 2008 the Pecan Water Reclamation Plant (WRP) had two sanitary sewer overflows (SSOs) with a combined estimate of 10,000 gallons or more of untreated raw sewage through a spillway into Queen Creek.

2. **A.R.S. § 49-241(A)**

   Discharge without an Aquifer Protection Permit.

   During the weekend of May 17 and 18, 2008 the Pecan WRP had two SSOs with a combined estimate of 10,000 gallons or more of untreated raw sewage discharged into Queen Creek.

3. **A.A.C. R18-11-109(A)**

   Violation of the numeric surface water quality standard for E. coli.

   During the weekend of May 17 and 18, 2008 the Pecan WRP had two SSOs that discharged raw sewage to a body of standing water in Queen Creek. Sampling of the standing water by ADEQ revealed levels of E. coli at >1600 c.f.u./100ml. The single sample maximum numeric surface water quality standards for E. coli are 235 c.f.u./100ml for full body contact and 576 c.f.u./100ml for partial body contact.

II. LEGAL AUTHORITY and NATURE OF OTHER ALLEGED VIOLATION(S)

1. **Permit 41570 - P1053285, Section 2.6.5.3**

   Failure to notify ADEQ within 24 hours of a discharge of a non-hazardous material which a) has the potential to cause an AQL exceedance, or b) could pose an endangerment to public health or the environment.

   Johnson Utilities failed to notify ADEQ within 24 hours after a discharge of raw sewage from the Pecan WRP to Queen Creek of approximately 6,000 gallons on May 17, 2008. ADEQ was notified of the discharge by e-mails from local residents. Johnson Utilities staff confirmed the discharge on May 19, 2008, after receiving an e-mail inquiry from ADEQ staff.

2. **Permit 41570 - P105324, Section 2.2.1**

   Failure to comply with an engineering design report approved by ADEQ and incorporated by reference in the aquifer protection permit.

   The lift station at the Pecan WRP was approved by ADEQ under file number 2004-0214 with plans submitted on February 14, 2004. The referenced "as builts" describe the installation of two 75 HP Aurora Pumps (or equivalent) capacity. Johnson Utilities officials verbally reported that 35 HP Flygt pumps were operational in the liftstation at the time of the May 17 and 18, 2008 SSOs. Johnson Utilities officials reported that one of the 35 HP Flygt pumps was replaced with a 47 HP Flygt Pump after the May 17 and 18, 2008 SSO events. JU officials advised that the liftstation had originally been equipped with two 20 or 25 HP Aurora pumps that were upgraded about two years ago with 35 HP Flygt Pumps.

3. **Permit 37536 - AZ0025445, Part II, Section C**

   Failure to orally report to ADEQ within 24 hours noncompliance that may endanger the environment or human health.

   Johnson Utilities failed to orally report to ADEQ within 24 hours after a discharge of raw sewage from the Pecan WRP to Queen Creek of approximately 6,000 gallons on May 17, 2008. ADEQ was notified of the discharge by e-mails from local residents. Johnson Utilities staff confirmed the discharge on May 19, 2008, after receiving an e-mail inquiry from ADEQ staff.

III. DOCUMENTING COMPLIANCE

1. Within 7 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or commence twice weekly sampling of the standing water in Queen Creek at the discharge site for E coli and continue twice weekly sampling until at least two consecutive samples taken at least 24 hours apart are below the Surface Water Quality Standard for Partial Body Contact for E coli. The results of each sampling event must be forwarded to ADEQ within 24 hours of receipt from an Arizona state certified laboratory. During the period of twice weekly sampling pursuant to this Compliance Condition, maintain or replace the signs posted pursuant to ADEQ's letter to Johnson Utilities dated May 22, 2008 so they are visible to the public at access points to the standing water in Queen Creek.

2. Within 14 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or a list of all sanitary sewer overflows (SSOs) that occurred since January 1, 2007 related to the Pecan Water Reclamation Plant (WRP) or sewer collection systems that flow into the Pecan WRP. For each SSO, provide detail regarding the volume of the discharge, the method of calculating the volume, the location of the discharge, the actions taken by Johnson Utilities to address the discharge and the cause of the discharge.
3. Within 14 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or a report for each sanitary sewer overflow that occurred on May 17 and 18, 2008. Each report should include the following information: date, time (beginning and end) and location of the SSO; how and when Johnson Utilities became aware of the SSO; estimated quantity discharged; method of estimating the quantity; volume and method of recovery; method, location and quantity of disinfection products used; any human exposure to discharged materials; and cause of SSO.
4. Within 30 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or written verification with photos that the liftstation has been upgraded with two pumps of at least 75 horsepower as described in APP P-105324 and as built drawings submitted as part of the permit.

IV. SUBMITTING COMPLIANCE DOCUMENTATION

Please send all compliance documentation and any other written correspondence regarding this Notice to ADEQ at the following address:

Arizona Department of Environmental Quality, Attention: William J. (Bill) Hare, Water Quality Field Service Compliance Unit, 1110 W Washington St, Phoenix, AZ 85007 MC: 5415B-1

V. STATEMENT OF CONSEQUENCES

Significant Violations

1. The time frames within this Notice for achieving and documenting compliance for the violation(s) alleged in Section I of this Notice are firm limits. Failure to achieve or document compliance for the violation(s) alleged in Section I of this Notice within the time frames established in this Notice will result in an administrative compliance order or civil action requiring compliance within a reasonable time frame, substantial civil penalties, and/or the suspension or revocation of an applicable permit/license. ADEQ will agree to extend the time frames for achieving and documenting compliance for the violation(s) alleged in Section I of this Notice only in a compliance schedule negotiated in the context of an administrative consent order or civil consent judgment.

2. Achieving compliance does not preclude ADEQ from seeking civil penalties, and/or suspending or revoking an applicable permit/license for the violation(s) alleged in Section I of this Notice as allowed by law.

Other Violations

3. ADEQ may take any enforcement action authorized by law for the violation(s) alleged in Section II of this Notice, if the violation(s) are not corrected, or if ADEQ determines that the violation(s) have not been corrected in the time frames within this Notice.

VI. OFFER TO MEET

ADEQ is willing to meet regarding this Notice. To obtain additional information about this Notice or to schedule a meeting to discuss this Notice, please contact William J. (Bill) Hare at (602) 771-4838.

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

William J. (Bill) Hare
Water Quality Field Service Compliance Unit

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

CERTIFIED MAIL
Return Receipt Requested

Case ID #: 99135

October 8, 2008

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

Subject: Johnson Utilities, Place ID 18613
968 E Hunt Hwy / Queen Creek, AZ 85243-7450

NOTICE OF VIOLATION

The Arizona Department of Environmental Quality (ADEQ) has reason to believe that Johnson Utilities, LLC as the owner/operator of Johnson Utilities has violated a requirement of the Arizona Revised Statutes (A.R.S.), a rule within the Arizona Administrative Code (A.A.C.), or an applicable permit/license, administrative order or civil judgment. ADEQ allowed an opportunity to correct these deficiencies without enforcement in a letter dated October 02, 2007. ADEQ has yet to receive an adequate response to the Notice of Opportunity to Correct (NOC), and is therefore issuing this Notice of Violation.

I. LEGAL AUTHORITY and NATURE OF ALLEGED VIOLATION(S)

1. **A.A.C. R18-4-114**

   Failure to provide a certified operator of the proper type and grade to operate a water distribution system.

   According to ADEQ records Johnson Utilities does not employ an on-site operator that holds a grade 3 water distribution certification.

II. DOCUMENTING COMPLIANCE

1. Within 60 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or verification of employment of an on-site operator that holds, at a minimum, grade 3 water distribution and treatment certifications.

III. SUBMITTING COMPLIANCE DOCUMENTATION

Please send all compliance documentation and any other written correspondence regarding this Notice to ADEQ at the following address:

Arizona Department of Environmental Quality, Attention: Karen E. Berry, Water Quality Field Service Compliance Unit, 1110 W Washington St, Phoenix, AZ 85007 MC: 5415B-1

IV. STATEMENT OF CONSEQUENCES

1. The time frames within this Notice for achieving and documenting compliance are firm limits. Failure to achieve or document compliance within the time frames established in this Notice will result in an administrative compliance order or civil action requiring compliance within a reasonable time frame, substantial civil penalties, and/or the suspension or revocation of an applicable permit/license. ADEQ will agree to extend the time frames only in a compliance schedule negotiated in the context of an administrative consent order or civil consent judgment.
2. Achieving compliance does not preclude ADEQ from seeking civil penalties, and/or suspending or revoking an applicable permit/license for the violation(s) alleged in this Notice as allowed by law.

V. OFFER TO MEET

ADEQ is willing to meet regarding this Notice. To obtain additional information about this Notice or to schedule a meeting to discuss this Notice, please contact Karen E. Berry at (602) 771-4441.

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

Karen E. Berry
Water Quality Field Service Compliance Unit

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

CERTIFIED MAIL
Return Receipt Requested

Case ID #: 102722

October 20, 2008

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

Subject: Johnson Utilities Section 11- WWTP, Place ID 142
LAT: 33d, 6', 6" N LNG: 111d, 30', 16" W

NOTICE OF VIOLATION

The Arizona Department of Environmental Quality (ADEQ) has reason to believe that Johnson Utilities, LLC as the owner/operator of Johnson Utilities Section 11- WWTP has violated a requirement of the Arizona Revised Statutes (A.R.S.), a rule within the Arizona Administrative Code (A.A.C.), or an applicable permit/license, administrative order or civil judgment. ADEQ discovered the violations alleged below during an inspection completed on September 25, 2008.

I. LEGAL AUTHORITY and NATURE OF ALLEGED VIOLATION(S)

1. **A.R.S. § 49-241(A)**

   Discharge without an Aquifer Protection Permit.

   On September 25, 2008, ADEQ field staff discovered one open and two buried disposal pits containing biosolids and other debris on the Section 11 facility. These pits are discharging facilities and not covered under an existing Aquifer Protection Permit ("APP").

2. **Permit 35634 (103081) - APP Permit # P-103081, Section 2.1**

   Disposal of sludge in a manner not prescribed in the Aquifer Protection Permit.

   On-site disposal of biosolids (sludge) is not permitted at the Section 11 facility pursuant to the APP issued for the facility.

II. DOCUMENTING COMPLIANCE

1. Within 10 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or a closure plan that achieves clean closure and meets the requirements of A.R.S. § 49-252 and A.A.C. R18-9-A209.
2. Within 30 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or documentation that the closure plan as approved by ADEQ has been implemented and all closure and post-closure requirements have been completed within the timeframes provided in the approved closure plan.

III. SUBMITTING COMPLIANCE DOCUMENTATION

Please send all compliance documentation and any other written correspondence regarding this Notice to ADEQ at the following address:

Arizona Department of Environmental Quality, Attention: William J. (Bill) Hare, Water Quality Field Service Compliance Unit, 1110 W Washington St, Phoenix, AZ 85007 MC: 5415B-1

IV. STATEMENT OF CONSEQUENCES

1. The time frames within this Notice for achieving and documenting compliance are firm limits. Failure to achieve or document compliance within the time frames established in this Notice will result in an administrative compliance order or civil action requiring compliance within a reasonable time frame, substantial civil penalties, and/or the suspension or revocation of an applicable permit/license. ADEQ will agree to extend the time frames only in a compliance schedule negotiated in the context of an administrative consent order or civil consent judgment.
2. Achieving compliance does not preclude ADEQ from seeking civil penalties, and/or suspending or revoking an applicable permit/license for the violation(s) alleged in this Notice as allowed by law.

V. OFFER TO MEET

ADEQ is willing to meet regarding this Notice. To obtain additional information about this Notice or to schedule a meeting to discuss this Notice, please contact William J. (Bill) Hare at (602) 771-4838.

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

John T. Gibbons For
William J. (Bill) Hare
Water Quality Field Service Compliance Unit

103081

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

Janet Napolitano
Governor

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

Stephen A. Owens
Director

CERTIFIED MAIL
Return Receipt Requested

Case ID #: 103357

October 20, 2008

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

Subject: Johnson Utilities Section 11- WWTP, Place ID 142
LAT: 33d, 6', 6" N LNG: 111d, 30', 16" W

NOTICE OF VIOLATION

The Arizona Department of Environmental Quality (ADEQ) has reason to believe that Johnson Utilities, LLC as the owner/operator of Johnson Utilities Section 11- WWTP has violated a requirement of the Arizona Revised Statutes (A.R.S.), a rule within the Arizona Administrative Code (A.A.C.), or an applicable permit/license, administrative order or civil judgment. ADEQ discovered the violations alleged below during an inspection completed on September 25, 2008.

I. LEGAL AUTHORITY and NATURE OF ALLEGED VIOLATION(S)

1. **A.A.C. R18-9-1003(A)**

   Use of biosolids, application of biosolids, or placement of biosolids on a surface disposal site in a manner that is not consistent with the applicable biosolids rules.

   On September 25, 2008, ADEQ field staff discovered one open, and two buried, disposal pits containing biosolids and other debris at the Section 11 facility. The pits constitute surface disposal sites under the biosolids rules and are not constructed or operated in accordance with the biosolids rules.

2. **A.A.C. R18-9-1011(D)(1)**

   Failure to immediately pick up biosolids spilled while being transported, including any visibly discolored soil.

   On September 25, 2008, ADEQ field staff observed loose biosolids scattered on the ground surface near the disposal pits.

3. **A.A.C. R18-9-1011(D)(2)**

   Failure to notify ADEQ within 24 hours after a spill of bulk biosolids while being transported.

   ADEQ has no record of notification from Johnson Utilities of a spill of bulk biosolids.

4. **A.A.C. R18-9-1011(D)(2)**

   Failure to submit written notification to ADEQ within seven days after a spill of bulk biosolids while being transported.

   ADEQ has no record of written notification of a spill of bulk biosolids by Johnson Utilities.

5. **A.A.C. R18-9-1002(E)(1) / 40 CFR § 503.24(g)(1)**

   Failure to collect and dispose of run-off from an active sewage sludge unit in accordance with National Pollutant Discharge Elimination System permit requirements or any other applicable requirements.

   Johnson Utilities constructed sewage sludge units, land on which only sewage sludge is placed for final disposal, at the Section 11 facility without a stormwater run-off collection system.

6. **A.A.C. R18-9-1002(E)(1) / 40 CFR § 503.24(h)**

   Failure to operate and maintain the leachate collection system for an active sewage sludge unit that has a liner and leachate collection system during the period the sewage sludge unit is active and for three years after the sewage sludge unit closes.

   Johnson Utilities constructed sewage sludge units without liners or leachate collection systems.

7. **A.A.C. R18-9-1002(E)(1) / 40 CFR § 503.24(n)(1)**

   Failure to ensure that sewage sludge placed on an active sewage sludge unit does not contaminate an aquifer.

   Johnson Utilities constructed sewage sludge units without liners, leachate collection systems, or any other means of preventing contamination of the aquifer, placing hundreds of cubic yards of sludge directly into pits dug at least 6 feet below ground surface.

8. **A.A.C. R18-9-1002(E)(1) / 40 CFR § 503.24(n)(2)**

   Failure to use results of a ground-water monitoring program developed by a qualified ground-water scientist or a certification by a qualified ground-water scientist to demonstrate that sewage sludge placed on an active sewage sludge unit does not contaminate an aquifer.

   Johnson Utilities has not developed a ground-water monitoring program for the sewage sludge units constructed at the Section 11 facility.

9. **A.A.C. R18-9-1002(E)(1) / 40 CFR § 503.25(a)**

   Failure ensure that either Class A or Class B pathogen requirements are met when sewage sludge (other than domestic septage) is placed on an active sewage sludge unit.

   At the time the sludge was dumped in the three pits dug at the Section 11 facility, Johnson Utilities failed to conduct any analytical sampling to ensure that Class A or Class B pathogen requirements were met.

10. **A.A.C. R18-9-1002(E)(1) / 40 CFR § 503.26(c)**

    Failure to continuously monitor air for methane gas in structures within a surface disposal site and at the property line of the surface disposal site during the period that the surface disposal site contains an active sewage sludge unit on which the sewage sludge is covered and for three years after a sewage sludge unit closes when a final cover is placed on the sewage sludge.

Johnson Utilities failed to monitor air for methane gas at the property line of the surface disposal site or anywhere at the Section 11 facility where sludge was dumped in three pits.

11. **A.A.C. R18-9-1002(E)(1) / 40 CFR 503.27(a)(2)(iii)**

    Failure the owner/operator of a surface disposal site to develop and retain for five years, a description of how the best management practices have been met for sewage sludge (other than domestic septage) placed on a surface disposal site.

    ADEQ has reason to believe Johnson Utilities does not have any records or descriptions of how best management practices have been met for disposal of sewage sludge in the three pits dug at the Section 11 facility.

12. **A.A.C. R18-9-1002(E)(1) / 40 CFR 503.27(a)(1)(ii)**

    Failure of the person who prepares the sewage sludge to develop and retain for five years, the required certification statement for sewage sludge (other than domestic septage) placed on an active sewage sludge unit.

    Based on the statements made by a Johnson Utilities representative on September 25, 2008, ADEQ has reason to believe the sludge dumped in the three pits at the Section 11 facility originated from wastewater treatment facilities owned and operated by Johnson Utilities. As preparer of the sludge dumped in three pits on the Section 11 facility, Johnson Utilities did not develop or retain the required certification statement regarding the sewage sludge.

13. **A.A.C. R18-9-1002(E)(1) / 40 CFR 503.27(a)(2)(ii)**

    Failure the owner/operator of a surface disposal site to develop and retain for five years, the required certification statement for sewage sludge (other than domestic septage) placed on a surface disposal site.

    ADEQ has reason to believe Johnson Utilities failed to develop or retain the required certification for the sewage sludge placed in the pits at the Section 11 facility.

II. DOCUMENTING COMPLIANCE

1. Within 10 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or manifests, bills of lading or any other documentation of shipments for all biosolids deposited at the Section 11 facility, including, but not limited to, biosolids originating from Section 11.
2. Within 10 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or the date(s) when biosolids were deposited at Section 11 facility, the originating facility of each shipment of biosolids, the quantity or volume of each shipment, the method of transportation for each shipment, and any analytical sample results taken from each biosolids shipment, including any laboratory data sheets.
3. Within 10 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or the name and ADEQ certification number for every operator in

the employment of Johnson Utilities, L.L.C. at any wastewater or drinking water facility with knowledge of the shipment of biosolids to the Section 11 facility.

4. Within 10 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or the identification of every individual and company (other than Johnson Utilities, L.L.C.) that engaged in the transportation of biosolids to the Section 11 facility.

5. Within 10 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or the name of every Johnson Utilities, L.L.C. employee that engaged in the transportation to or placement of biosolids at the Section 11 facility.

6. Within 5 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or a detailed description of biosolids or biosolids contaminated materials removed from the Section 11 facility on or after September 25, 2008. The report shall include a complete description of the excavation procedures, and, for all material excavated and removed from the Section 11 facility:
   1. The date(s) of excavation and removal;
   2. Any analytical samples taken of the materials or the surrounding soil or groundwater, including laboratory documentation of the sample results;
   3. The quantity or volume removed and the method for estimating quantity or volume;
   4. The method of transportation from the Section 11 facility to any other location, including any shipping records, manifests or bills of lading;
   5. The location(s) where materials removed were deposited, including receipts from the disposal sites;
   6. Any correspondence between any individuals or entities, including electronic mail messages, in the possession of Johnson Utilities L.L.C relating to or referencing the removal;
   7. The identification of every individual and company (other than Johnson Utilities, L.L.C.) that engaged in the excavation or transportation of materials removed; and
   8. The name of every Johnson Utilities, L.L.C. employee that engaged in the excavation or transportation of materials removed, including the supervision of those activities.

7. Within 10 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or any correspondence between any individuals or entities, including electronic messages, in the possession of Johnson Utilities L.L.C. relating to or referencing the storage or dumping of biosolids at the Section 11 facility at any time, including the deposition of biosolids from the Section 11 facility.

8. Within 30 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or documentation that all biosolids and biosolid contaminated materials have been removed from the excavation on the Section 11 facility, along with an explanation for the basis of the conclusion that all biosolids and biosolids contaminated materials have been removed. The documentation shall include, but is not limited to, laboratory analysis, chain-of-custody forms, a detailed site plan and shipping documents for biosolids transported to the Section 11 facility and shipping documents for biosolids and biosolid contaminated materials transported from the Section 11 facility.

III. SUBMITTING COMPLIANCE DOCUMENTATION

Please send all compliance documentation and any other written correspondence regarding this Notice to ADEQ at the following address:

Arizona Department of Environmental Quality, Attention: Daniel L. Czecholinski, Water Quality Compliance Assurance Unit, 1110 W Washington St, Phoenix, AZ 85007 MC: 5415B-1

IV. STATEMENT OF CONSEQUENCES

1. The time frames within this Notice for achieving and documenting compliance are firm limits. Failure to achieve or document compliance within the time frames established in this Notice will result in an administrative compliance order or civil action requiring compliance within a reasonable time frame, substantial civil penalties, and/or the suspension or revocation of an applicable permit/license. ADEQ will agree to extend the time frames only in a compliance schedule negotiated in the context of an administrative consent order or civil consent judgment.
2. Achieving compliance does not preclude ADEQ from seeking civil penalties, and/or suspending or revoking an applicable permit/license for the violation(s) alleged in this Notice as allowed by law.

V. OFFER TO MEET

ADEQ is willing to meet regarding this Notice. To obtain additional information about this Notice or to schedule a meeting to discuss this Notice, please contact Daniel L. Czecholinski at (602) 771-4612.

Marcia R. Colquitt, Manager
Water Quality Compliance Assurance Unit

Daniel L. Czecholinski
Water Quality Compliance Assurance Unit

Janice K. Brewer
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

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

Patrick J. Cunningham
Acting Director

CERTIFIED MAIL
Return Receipt Requested

Case ID #: 103956

March 11, 2009

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

Subject: Johnson Utilities Section 11- Wwtp, Place ID 142
Se Corner Hunt Hwy And Locklin Ave

NOTICE OF VIOLATION

The Arizona Department of Environmental Quality (ADEQ) has reason to believe that Johnson Utilities, Llc as the owner/operator of Johnson Utilities Section 11- Wwtp has violated a requirement of the Arizona Revised Statutes (A.R.S.), a rule within the Arizona Administrative Code (A.A.C.), or an applicable permit/license, administrative order or civil judgment. ADEQ discovered the violations alleged below during an inspection completed on October 07, 2008.

I. LEGAL AUTHORITY and NATURE OF ALLEGED SIGNIFICANT VIOLATION(S)

1. **A.R.S. § 49-241**

Failure of the owner or operator of a non-municipal solid waste landfill to obtain an APP

On September 25, 2008, Arizona Department of Environmental Quality (ADEQ) conducted an inspection of Johnson Utilities, LLC. During their inspection, compliance officers observed a large depression where concrete, plastic debris, and biosolids had been disposed. The pit was 335 feet by 37 feet in dimension. The biosolids were covered by approximately 2 or 3 inches of soil.

In addition, compliance officers identified two additional disposal sites for biosolids. These disposal sites were 97 feet by 37 feet and 93 feet by 37 feet in dimension, respectively.

Pursuant to A.R.S. § 49-701(16) land disposal means placement of solid waste in or on the land. At the time of the September 25, 2008, inspection, Johnson Utilities, LLC had not obtained an aquifer protection permit to operate a solid waste land disposal facility on this property.

During the October inspection, the ADEQ observed broken PVC pipes partially buried in the ground in the far northeast and southeast portion of the property. The ADEQ observed the three disposal sites where biosolids had been observed during the September 25, 2008, inspection. However, the biosolids had been excavated and were no longer present. When the ADEQ inspectors asked where Johnson Utilities, disposed of the biosolids, the facility

representative refused to answer the question.

Johnson Utilities, LLC has subsequently provided ADEQ with copies of disposal receipts demonstrating that the biosolids were transported by Road Runner Transit and disposed at the Apache Junction and Cactus Landfill.

II. LEGAL AUTHORITY and NATURE OF OTHER ALLEGED VIOLATION(S)

1. **40 CFR § 279.22(c) / A.R.S. § 49-802(A)**

   Failure to properly label containers or above ground tanks or fill pipes used to store used oil at a generator facility

   On October 7, 2008, the Solid Waste Inspections and Compliance Unit (SWICU) observed approximately thirteen 55-gallon drums and a 5-gallon container of used oil which were not properly labeled with the words "used oil."

III. DOCUMENTING COMPLIANCE

1. Within 30 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or photographic documentation demonstrating that the 55-gallon drums and the 5-gallon container have been properly labeled with the words "used oil" or provide documentation that the containers have been collected or disposed of by an approved ADEQ facility.
2. Within 30 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or documentation including photographs to demonstrate that all solid waste has been removed from the property and receipts to demonstrate that the solid waste has been properly disposed at a facility approved to accept such waste.
3. Within 60 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or a closure plan that achieves clean closure and meets the requirements of A.R.S. § 49-252 and A.A.C. R18-9-A209.

IV. SUBMITTING COMPLIANCE DOCUMENTATION

Please send all compliance documentation and any other written correspondence regarding this Notice to ADEQ at the following address:

Arizona Department of Environmental Quality, Attention: Lee Anna (Lee) Martinez, Solid Waste Inspections & Compliance Unit, 1110 W Washington St, Phoenix, AZ 85007 MC: N/A

V. STATEMENT OF CONSEQUENCES

Significant Violations

1. The time frames within this Notice for achieving and documenting compliance for the violation(s) alleged in Section I of this Notice are firm limits. Failure to achieve or document compliance for the violation(s) alleged in Section I of this Notice within the time frames established in this Notice will result in an administrative compliance order or civil action requiring compliance within a reasonable time frame, substantial civil penalties, and/or the suspension or revocation of an applicable permit/license. ADEQ will agree to extend the time frames for achieving and documenting compliance for the violation(s) alleged in Section I of this Notice only in a compliance schedule negotiated in the context of an administrative consent order or civil consent judgment.

2. Achieving compliance does not preclude ADEQ from seeking civil penalties, and/or suspending or revoking an applicable permit/license for the violation(s) alleged in Section I of this Notice as allowed by law.

Other Violations

3. ADEQ may take any enforcement action authorized by law for the violation(s) alleged in Section II of this Notice, if the violation(s) are not corrected, or if ADEQ determines that the violation(s) have not been corrected in the time frames within this Notice.

VI. OFFER TO MEET

ADEQ is willing to meet regarding this Notice. To obtain additional information about this Notice or to schedule a meeting to discuss this Notice, please contact Lee Anna (Lee) Martinez at (602) 771-4161.

Mindi Cross, Manager
Solid Waste Inspections & Compliance Unit

Lee Anna (Lee) Martinez
Solid Waste Inspections & Compliance Unit

Janice K. Brewer
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

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

Patrick J. Cunningham
Acting Director

CERTIFIED MAIL
Return Receipt Requested

Case ID #: 106347

March 9, 2009

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

Subject: Johnson Ranch - Oasis Golf Course, Place ID 10014
5764 E Hunt Hwy / Queen Creek, AZ 85242

NOTICE OF VIOLATION

The Arizona Department of Environmental Quality (ADEQ) has reason to believe that Johnson Utilities, LLC as the owner/operator of Johnson Ranch - Oasis Golf Course has violated a requirement of the Arizona Revised Statutes (A.R.S.), a rule within the Arizona Administrative Code (A.A.C.), or an applicable permit/license, administrative order or civil judgment. ADEQ discovered the violations alleged below during an inspection completed on January 15, 2009.

I. LEGAL AUTHORITY and NATURE OF ALLEGED VIOLATION(S)

1. **A.A.C. R18-9-704(F)(1)**

   Failure to use application methods that reasonably preclude human contact with reclaimed water when irrigating with reclaimed water.

   During the inspection, ADEQ found numerous areas of standing water on the golf course; fairways, greens and sand traps. The sand traps for located near the first hole had an estimated depth of 3-4 feet of standing reclaimed water.

II. DOCUMENTING COMPLIANCE

1. Within 30 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or photographic documentation that the standing water on the golf course greens, fairways, and sand traps has been eliminated, along with an explanation of the measures that have been taken to prevent a reoccurrence.

III. SUBMITTING COMPLIANCE DOCUMENTATION

Please send all compliance documentation and any other written correspondence regarding this Notice to ADEQ at the following address:

Arizona Department of Environmental Quality, Attention: William J. (Bill) Hare, Water Quality Field Service Compliance Unit, 1110 W Washington St, Phoenix, AZ 85007 MC: 5415B-1

IV. STATEMENT OF CONSEQUENCES

1. The time frames within this Notice for achieving and documenting compliance are firm limits. Failure to achieve or document compliance within the time frames established in this Notice will result in an administrative compliance order or civil action requiring compliance within a reasonable time frame, substantial civil penalties, and/or the suspension or revocation of an applicable permit/license. ADEQ will agree to extend the time frames only in a compliance schedule negotiated in the context of an administrative consent order or civil consent judgment.
2. Achieving compliance does not preclude ADEQ from seeking civil penalties, and/or suspending or revoking an applicable permit/license for the violation(s) alleged in this Notice as allowed by law.

V. OFFER TO MEET

ADEQ is willing to meet regarding this Notice. To obtain additional information about this Notice or to schedule a meeting to discuss this Notice, please contact William J. (Bill) Hare at (602) 771-4838.

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

William J. (Bill) Hare
Water Quality Field Service Compliance Unit

EXHIBIT
SF-10
ADMITTED

JOHNSON UTILITIES COMPANY L.L.C
5230 East Shea Boulevard * Scottsdale, Arizona 85254
PH: (480) 998-3300; FAX: (480) 483-7908

April 11, 2005

RECEIVED
APR 13 2005

William J. Hare
Water Quality Field Service Compliance Unit, MC 5415B-1
Arizona Department of Environmental Quality
1110 W. Washington Street
Phoenix, AZ 85007

RE: Notice of Violation, Case ID #: 34537

Dear Mr. Hare:

On April 6 2005, the Arizona Department of Environmental Quality (ADEQ) issued Johnson Utilities Company (JUC) a Notice of Violation, Case ID #:34537, for operating a surface impoundment without an aquifer protection permit for a discharge of approximately 30,000 gallons of sewage to a roadside ditch and stormwater impoundment from the Bella Vista Lift Station (aka 4-A Lift Station). The 4-A Lift Station is operating under an ADEQ Approval to Operate for sewage collection systems issued on April 20, 2000, under ADEQ file No. 19990364. In accordance with the Operation & Maintenance Manual for the facility, all appropriate actions were followed including the notification of ADEQ and submittal of the attached Spill/Discharge Notification Memorandum. On March 30, 2005, you inspected the site and noted that there were no solids visible and the site had been cleaned and restored.

The cause of this spill was construction debris fouling the pump impellers resulting in an amperage overload and tripping of the breakers as reported to ADEQ. However, this failure would not have resulted in a spill if the supervisory control and data acquisition (SCADA) system was functioning properly. JUC is in the process of improving the SCADA system as evidenced by the attached letter from Horine Electrical Service. The improved SCADA system will prevent future spills like this from accruing by providing early detection and notification.

This letter serves as the documentation required in accordance with the Notice of Violation, II. Documenting Compliance, regarding implementation of procedures to prevent a reoccurrence of a sewage spill from the 4-A Lift Station.

If you have any questions or comments, please contact me a (480) 987-9870.

Sincerely,

Gary Larsen
Operations Manager
Johnson Utilities Company

cc: Brian Tompsett, JUC

Enclosures: Spill/Discharge Notification Memorandum, dated March 24, 2005
Horine Electrical Service letter, dated April 11, 2005

HORINE ELECTRICAL SERVICE

230 E Highland Suite #10
Chandler, Arizona
(480) 855-5771
Fax (480) 855-5791
E-mail dahorine@cox.net

4/11/2005

Re: Bella Vista Lift Station

Johnson International Inc.
Attention: Gary Larsen
5230 E Shea Blvd Ste 200
Scottsdale, AZ 85254-5750

Gary, Regarding the sewage spill that occurred on March 24, 2005 from the 4A liftstation. It is my understanding that construction debris locked the pump motors from operating. On this station you have a high level alarm beacon and SCADA system is installed. As you are aware the SCADA equipment provided from AGM electronics is not operating properly due to programming and heat issues.

We are in the process of changing the complete SCADA system out from AGM to a few different choice suppliers. Because we have had several problems with AGM we have not been replacing faulty control components, in this transition from AGM to Possible, US Filter, Allen Bradley, Modecon, or Indicon.

We are waiting for the best and most feasible way to approach this situation without replacing all AGM SCADA equipment. This equipment is approximately 6 to 8 weeks from date of delivery. Installation should be quick due to having antennas and existing radios in place at each site. Programming is the key due to trying to use some of the existing equipment.

This AGM equipment was specified on drawings for Johnson Utilities water and waste water master plan.

Any questions or concerns please contact me.

Sincerely,

David Horine
(602)757-7002

RECEIVED
APR 13 2005
ADEQ

EXHIBIT
SF-11
ADMITTED

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
WATER QUALITY COMPLIANCE SECTION
Compliance Assurance/Field Services Units

INSPECTION REPORT - WASTEWATER

Facility: Section 11 WWTP

Place ID No: 142

Aquifer Protection Permit: P103081

AZPDES Permit No: N/A

Reuse Permit No: Type 3 General Permit, R105412

Inventory No: 103081

Inspected by: John Gibbons, Manager
Daniel Czecholinski, EPS
William J. Hare, EPS

Inspection Dates: Sept. 25, 2008
Oct. 7, 2008

Accompanied by: Gary Larsen

Report Date: October 15, 2008

	YES	NO	N/A	UNKNOWN
1. WWTF quality meets the following permit requirements:				
A. Aquifer Protection Permit		X*		
B. Reuse Permit				X
C. AZPDES Permit			X	
2. A certified operator is employed by the owner per ADEQ regulations.	X			
3. This system meets APP requirements for operation and maintenance.		X*		

* The inspection found that the facility had buried biosolids on the facility property.

Inspection Purpose and Scope:

This was an unannounced complaint inspection regarding allegations that Johnson Utilities had unlawfully disposed of sewage sludge, or biosolids, (buried) at the Section 11 WWTP.

Facility Description:

The Johnson Utilities Section 11 wastewater treatment plant (WWTP) is located adjacent to Hunt Highway, approximately nine miles southeast of Queen Creek. The WWTP has the capacity to collect and treat up to a maximum monthly average flow of 1.6 million gallons per day (MGD) of wastewater received from residences and small businesses located in the central and southern portions of the Johnson Utilities service area. The treatment process consists of a headworks with

a bar screen, a flow splitter box, four aerated lagoons, 16 wetland cells, liquid chlorine disinfection and an effluent pump station. All of the aerated lagoons and 16 wetland cells of the WWTP have a permeability of less then 550 gallons per day per acre. The WWTP process employs nitrification-denitrification to achieve an effluent Total Nitrogen level of 10 mg/L and chlorine disinfection.

Current Permit Status, LTF No. 35634:

On April 10, 2006, Johnson Utilities Company (JU) was issued an amended APP, LTF No.35634 that authorized the replacement of the existing wetland treatment facility of 1.6 MGD capacity with a new extended aeration WWTP of 2.0 MGD capacity. The new WWTP will be located within the existing WWTP site. This permit does not authorize the disposal or burial of biosolids at the WWTP site.

Once the new WWTP is constructed, the permittee will be authorized to operate a 2.0 MGD WWTP. The WWTP process will consist of head works with screens, an equalization basin, anoxic and aeration basins for nitrification- denitrification, secondary clarifiers, filters, ultraviolet (UV) disinfection system, aerobic sludge digesters, sludge belt press thickeners, and an effluent pump station. The equalization basin will also be used to store wastewater during emergencies. The WWTP will also have a provision of chemical addition in conjunction with filtration. The effluent will be disposed by recharge or reuse under a valid reuse permit. All of the sludge including screenings, grit, and scum, will be hauled off-site.

Pending Permit, LTF No. 44231:

The facility has applied for an amended APP to replace the current APP permit, LTF No.35634. The amended APP would increase the flow rate from 1.6 MGD to 4.5 MGD. This will entail the construction of two mechanical treatment, activated sludge trains, each with a capacity of 2.25 MGD. This permit amendment is in the substantive review phase with ADEQ's Groundwater Section. This permit amendment will also establish aquifer quality limit (AQL) limits for groundwater monitoring. There are no provisions in this permit amendment for the onsite disposal (burial) of sludge.

Inspection Details:

Pre-inspection discussions at the site:
The inspection began with the execution of an inspection rights form by Johnson Utilities General Manager Gary Larsen. Mr. Larsen was questioned about allegations regarding the burial of biosolids at the Section 11 plant in the spring of 2008. Prior to ADEQ's discovery of buried biosolids the following information was furnished by Mr. Larsen:

- During the timeframe of April – May 2008 Johnson Utilities (JU) was transitioning from the services of Chemical Transport Company (CT) to JU for sludge hauling.
- JU officials were in the process of purchasing truck(s) to haul the sludge generated by the various WWTPs operated by the company.

- During this timeframe, sewage sludge (biosolids) from the Pecan WRP and the San Tan WRP was temporarily stored at the Section 11 WWTP.
- Mr. Larsen was not aware of the burial of any sewage sludge onsite at the Section 11 WWTP.
- Mr. Larsen advised that, according to his recollection, the sewage sludge in question had been removed from the Section 11 WWTP and transported to the Ironwood landfill. This occurred after JU officials had purchased new sludge hauling equipment in the summer of 2008.
- The amount of sewage sludge stored at the Section 11 site was estimated at near 200 cubic yards including 20 cubic yards per week from the Pecan WRP and about 10 yards every other week from the San Tan WRP over an eight week period of time.
- There was no mention that any biosolids were presently being stored at the site.

Site Review:

Mr. Larsen showed the ADEQ inspectors an area where he stated the sewage sludge had been temporarily stored at the site. The referenced area was located near one of the lagoons and did not appear to have any disturbed soils or other indications that sewage sludge had been stored in this area.

The site tour subsequently was directed by ADEQ inspectors to the east side of the WWTP where a significant amount of biosolids was observed to be scattered on a surface area, 750 x 50 feet ("disposal area"). The disposal area is near the JU fence line on the east side of the 640 acre property.

The disposal area contained a large open depression (pit) where concrete and plastic debris, along with biosolids had been deposited. The pit was 335 x 37 feet in dimension and included a ramp on the south end and a second ramp on the west end. This pit is identified by ADEQ as pit #1; see site diagram and photographs DC-3 through DC-9, 7, 8, 9 and 10. This pit is at least 6 feet deep. When ADEQ staff walked into this pit they were below grade and were standing on top of biosolids that were covered with 2-3 inches of soil.

ADEQ staff also identified two additional pits in the disposal area where biosolids had been buried. ADEQ has identified these pits as pit #2 and #3 (see site diagram and photographs # DC-1, DC-2, 2 and 11). Pit #2 is 97 x 37 feet and pit #3 is 93 x 37 feet.

There were numerous areas where biosolids were visible on the surface area (see photographs DC-1 – DC-9, 1, 3-11 and 19). The biosolids were dry on the surface area. However, the biosolids beneath the ground surface were moist and very odorous.

ADEQ staff observed a buried blue plastic pipe on the west side of pit #1, see site diagram. The contents of the pipe are unknown, as is its origin and outfall location.

ADEQ staff inquired of Mr. Larsen as to whether a back hoe might be available for digging in the disposal area. After making a telephone call, Mr. Larsen reported that the facility's back hoe was inoperable. Mr. Larsen then was informed that ADEQ wanted to excavate some selected

areas with a boring device provided by ADEQ to examine the subsurface strata for possible burial of biosolids. ADEQ employed an an auger device that drilled about 3-5 feet deep and eight inches in diameter.

Excavation of Burial Site:

The inspectors dug six soil borings with the auger device. Three of the six borings contained biosolids 2-5 feet below the ground surface (see site diagram and photographs # 12, 13, 15 -18). The biosolids had a strong sewage odor and were black in color. Mr. Larsen stated that he could smell the biosolids after the auger was used.

Subsequent to ADEQ use of its auger, JU employees appeared and utilized a back hoe to excavate several trenches where biosolids were identified based on odor and color (see site diagram and photographs # 18, 20 and 21). As noted above, the buried biosolids were still moist and very odorous. The surface areas inspected appeared very unstable and on several occasions the ground surface collapsed and the inspectors 'sank' below the ground surface 1-2 feet (see photograph # 14).

Sampling Event:

Four split samples of biosolids and one of background soil were obtained. A background sample of native soils was taken approximately 30 feet west of pit #2. The background soil was the first sample taken. The biosolids samples were taken at the various auger borings, trenches dug during the inspection and by digging with a shovel. The sampling event included one sample from the interior surface of pit #1, one from the west side of pit #1, one from the auger boring in pit #2, one from the trench dug in pit #3 (see site diagram). A shovel was utilized for sampling. The biosolids were placed in a bucket with the shovel where the spilt sample was pulled using a smaller sampling scoop. A chain-of-custody was completed and the samples were placed in a cooler with ice. The samples were submitted to Aquatic Consulting and Testing, Inc for analysis. The analysis requested was: fecal coliform, dry weight, nitrate nitrogen, ammonia nitrogen and TKN. ADEQ is waiting for complete sample results, although sample results are not necessary for ADEQ to identify the buried material as sewage sludge, or biosolids.

October 7, 2008 Follow-up Inspection:

ADEQ conducted a follow-up inspection on Tuesday October 7, 2008. Ms. LeeAnna Martinez, Solid Waste Specialist from ADEQ's Solid Waste Division was present to conduct a solid waste inspection at the same time. ADEQ staff arrived at the Johnson Utilities Section 11 Plant at approximately 9:15 am and parked outside the facility. WQCAU staff called Mr. Gary Larsen of Johnson Utilities to inform him that ADEQ was conducting an unannounced follow-up inspection and left a voice message. Mr. Larsen returned the call at approximately 9:20 am and informed WQCAU staff that they could not enter the facility without him. WQCAU staff informed Mr. Larsen that they were outside the facility and would not enter without him. ADEQ staff observed dust from the far east side of the property, but could not see the source of the dust. WQCAU staff also observed a white pick-up inside the facility. The truck headed east toward the area where the dust was coming from. A black pick-up truck left the Johnson Utilities

Section 11 Plant at approximately 9:30 am. There were two or three occupants in the vehicle. At approximately 9:40 am, Mr. Larsen arrived on site. An inspection rights form for the solid waste inspection was signed by Mr. Larsen. Mr. Larsen informed ADEQ that Johnson Utilities had retained counsel and that he was not allowed to answer any questions.

During the September 25, 2008 inspection, Mr. Larsen identified a portion of the Section 11 facility where he claimed biosolids had been stored prior to being shipped to the Ironwood landfill. On October 7, 2008, WQCAU staff requested to see that location and followed Mr. Larsen's vehicle to the area he identified on September 25, 2008. WQCAU staff did not see any visible signs of biosolids at this location (see photographs DC-10, DC-11, and DC-12). The ground has not been disturbed and there has been no visible damage to the vegetation in this area.

WQCAU staff then asked to view the disposal area where ADEQ observed buried biosolids on September 25, 2008. The entire disposal area where ADEQ observed biosolids on the surface and where biosolids had been buried had been excavated (see photographs DC-13 thru DC-21, and DC-24). The excavation was 3 to 4 feet to approximately 8 to 10 feet deep (see photographs DC-13 thru DC-16, and DC-18 thru DC-21). The excavation included the entire disposal area measured by ADEQ on September 25, 2008 as 750 x 50 feet. WQCAU staff asked Mr. Larsen where the material (biosolids and soil) went. Mr. Larsen responded by saying "what material?" WQCAU staff then asked if Johnson Utilities had any shipping documents relating to the materials excavated. Mr. Larsen responded: "You will have to talk to the lawyer." WQCAU staff observed water and mud with fresh equipment tracks inside the excavation (see photographs DC-17, DC-18 and DC-19). WQCAU staff observed a black hose entering the property under a gate on the south side of the property (photograph DC-22); this hose was connected to a sprinkler/hose. Mr. Larsen referred to the sprinkler as "the big gun." Photograph DC-23 is of a blue box in the approximate area where ADEQ observed a blue plastic pipe on September 25, 2008. ADEQ inquired about this box and Mr. Larsen confirmed that it is the location where the blue pipe was observed. Mr. Larsen also stated that the pipe was abandoned. Mr. Larsen stated that he informed WQCAU staff that the pipe was abandoned on September 25, 2008. Northwest of the excavation there was a large dirt and concrete pile (photographs DC-16 and DC-25) that was not present on September 25, 2008. A John Deere Ejector Scrapper (see photographs DC-26 and DC-27) was located at the north end of the property, just west of the berm. WQCAU staff observed freshly laid soft soil and debris adjacent to the berm (photographs DC-28 thru DC-35). The plastic debris in the soft soil is consistent with the debris that ADEQ identified during the September 25, 2008 inspection (see photographs DC-4 thru DC-9, 7 and 9).

Findings:

The inspection found evidence that JU officials had buried an unknown quantity of biosolids on the east site of the property. This is believed to have occurred during the spring and summer of 2008.

Compliance Summary:

(1) Monitoring and Reporting Requirements.

(a) The APP No. P103081- the monitoring and reporting under the APP was not inspected, but the burial of biosolids at the WWTF is a violation of the APP. **Rating: Non Compliance**

(b) Type 3 Reclaimed Water General Permit- Not Inspected

2 .**Operator Certification Requirements.** The WWTF is classified as a Class 3 WWTF and the collection system is classified as a Class 2 Collection System. The operator, Rod Spencer, holds a Grade 4 WWT license issued by ADEQ. **Rating: Compliance**

3. **Operation & Maintenance (O&M) Requirements.** The facility had violated the APP with the alleged burial of biosolids at the Section 11 WWTF. **Rating: Non Compliance**

END OF REPORT

EXHIBIT
SF-12
ADMITTED

OPEN MEETING AGENDA ITEM

JOHNSON UTILITIES, L
5230 East Shea Boulevard, Suite 200 * Scottsdale, Ariz
PH: (480) 998-3300; FAX: (480) 483-7908

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AZ CORP COMMISSION
DOCKET CONTROL

March 30, 2009

VIA HAND DELIVERY

Arizona Corporation Commission
DOCKETED
MAR 30 2009
DOCKETED BY

Kristin K. Mayes, Chairman
Gary Pierce, Commissioner
Paul Newman, Commissioner
Sandra D. Kennedy, Commissioner
Bob Stump, Commissioner
ARIZONA CORPORATION COMMISSION
1200 West Washington
Phoenix, Arizona 85007

Re: ***In the Matter of the Application of Johnson Utilities, L.L.C., for an Extension of its Sewer Certificate of Convenience and Necessity in Pinal County, Arizona (Docket No. WS-02987-07-0487; Decision No. 70849)***

Dear Commissioners:

At the Open Meeting on March 31 and April 1, 2009, the Arizona Corporation Commission ("Commission") has scheduled discussion and consideration of Decision 70849, which conditionally extends the sewer certificate of convenience and necessity ("CC&N") of Johnson Utilities, LLC, ("Johnson Utilities" or the "Company") in Pinal County. The Commission approved Decision 70849 at the Open Meeting on March 3, 2009. On March 13, 2009, Johnson Utilities notified each of you and Utilities Division Staff via e-mail of a sewer system overflow ("SSO") that occurred on Sunday morning, February 22, 2009, in the Cambria subdivision, which is located within the Company's existing CC&N. This portion of the CC&N is the area formerly served by Arizona Utility Supply and Services, LLC ("AUSS"), and Johnson Utilities began serving this area at the request of the Commission when AUSS walked away from its sewer system. The purpose of this letter is to provide the Commission with additional information regarding the Cambria SSO, and to provide context regarding the SSO.

At the outset, it is important to understand that the Cambria SSO was not caused by any malfunction of equipment, lift-stations or the wastewater treatment plants of Johnson Utilities. Rather, the SSO occurred within the gravity flow portion of the sewer collection system in the subdivision as a result of grease and debris (such as mop heads) that were disposed of within the system. Wastewater came up through two manholes located immediately adjacent to retention

basins on the perimeter of the Cambria community next to the Links Golf Course. The SSO was reported to Johnson Utilities by a customer at approximately 9:10 AM, and the Company had an emergency crew on-site immediately thereafter. Johnson Utilities reported the SSO to the Arizona Department of Environmental Quality ("ADEQ") via e-mail at 11:45 AM that morning. The Company submitted a subsequent report regarding the SSO to ADEQ via email on February 25, 2009. Copies of these e-mails were attached to the Company's e-mail to the Commission on March 13, 2009, but for convenience, I have attached additional copies to this letter.

The wastewater which flowed into the retention basins was recaptured by Johnson Utilities and transported from the area using ADEQ-approved pumper trucks and the basins were disinfected pursuant to ADEQ protocol, all of this occurring on February 22, 2009. Johnson Utilities estimated the total amount of the release to be approximately 9,000 gallons. The Company used a hydrovac truck to jet the sewer lines and clear the blockages. The clean-up was uneventful. There was no contact from the general public with the spill area. Sewer service to the Cambria subdivision was not discontinued or interrupted at any time. There was no adverse effect to the public health or safety, and ADEQ communicated to Johnson Utilities that the SSO will not result in a notice of violation ("NOV") or any further action by ADEQ.

Johnson Utilities reports NOVs to the Utilities Division Director within seven days of receipt as required by Decision 65840 (April 22, 2003). However, there is no requirement that the Company report periodic operational anomalies such as SSOs to the Commission unless those events result in an NOV. Neither legal counsel for Johnson Utilities nor the Company's representative who attended the March 3, 2009, Open Meeting were aware of the SSO in the Cambria subdivision at the time of the Open Meeting. While I was aware of the SSO, I was attending to business in the Company's service area in Pinal County on the day of the Open Meeting. Thus, when the Commissioners discussed two past SSOs in the Pecan Ranch subdivision adjacent to Queen Creek Wash, there was no discussion of the Cambria SSO. When I became aware of this oversight, the Company voluntarily provided information to the Commissioners on the Cambria SSO via e-mail on March 13, 2009.

SSOs within Johnson Utilities' service area have been few, but they do occur on occasion despite the Company's best efforts to prevent them. They are something that I, and the Company, take very seriously, but SSOs occur in every wastewater system in the country. While sound engineering and prudent operational practices can limit the number of SSOs, it is not possible to completely prevent SSOs. By way of illustration, I have attached as Attachment 1 a table depicting an Environmental Protection Agency ("EPA") Region 9 survey showing sewer system spill rates per 100 miles of sewer line per year for the calendar year 2000. The survey is based upon 33 collection systems in the Pacific Southwest United States, and shows an average spill rate of 6.1 spills per 100 miles and a median spill rate of 4.0 spills per 100 miles.

Information from ADEQ regarding SSOs within the Pima County regional wastewater reclamation system is also instructive. Based upon the spreadsheet attached as Attachment 2 which the Company obtained from ADEQ, the Pima County Regional Wastewater Reclamation Department ("PCRWRD") reported 284 SSOs during the four years 2005 through 2008, as follows:

SEWER SYSTEM OVERFLOWS—PIMA COUNTY REGIONAL WASTEWATER RECLAMATION DEPARTMENT		
YEAR	SSOs REPORTED	TOTAL GALLONS
2005	76	88,660
2006	98	81,251
2007	68	103,488
2008	42	76,387

The SSOs reported by PCRWRD in 2008 resulted from a variety of factors outlined in the ADEQ spreadsheet including vandalism, contractor error, grease, roots and broken pipes. The SSOs resulted in sewage discharges to natural washes, desert areas, streets, golf courses, a school building, parking lot and play area, residences and storm drains. Eleven of the SSOs exceeded 2,000 gallons, and a number of the SSOs resulted in exposure to humans.

Data regarding SSOs for the City of Phoenix for the years 1997-2004 is attached as Attachment 3.[1] The City of Phoenix reported SSOs in every year caused by grease, roots, vandalism, lint, broken mains, debris and/or contractor damage. In almost all of the years reported, SSOs exceeded 50 per year. Based on the 2005 data, the City of Phoenix reported 1.4 SSOs per 100 miles of sewer line.

Personnel at the City of Chandler have told Johnson Utilities that the City reported 12 SSOs since January 1, 2007, and has had an unspecified number of unreported SSOs. Johnson Utilities understands that other municipalities in the Phoenix metropolitan area also have periodic SSOs on their sewer systems and many of those go unreported.

Johnson Utilities currently maintains 256 miles of sewer lines, and the number of SSOs within the system has been well below the average number reported by EPA for the Pacific Southwest and compares favorably with other sewer systems in the Phoenix metropolitan area.

[1] The City of Phoenix data comes from a PowerPoint presentation by the City dated February 15, 2006.

Although I believe that the Company's record regarding SSOs has historically been very good, I want to again assure the Commission that Johnson Utilities is serious about minimizing, to the extent reasonably possible, the number of SSOs within its sewer system.

In conclusion, Johnson Utilities desired to provide the Commissioners with additional information regarding the Cambria SSO prior to the March 31, 2009, Open Meeting. The Company will attend the Open Meeting and will be prepared to answer any questions the Commissioners may have regarding the Cambria SSO or the information contained in this letter. Johnson Utilities believes that the Company operates its sewer system in a responsible manner and that its record regarding SSOs places the Company among sewer systems with the lowest rate of SSOs in the southwestern United States. For these reasons, the Company urges the Commission not to reopen Decision 70849 and to allow the decision to stand as written.

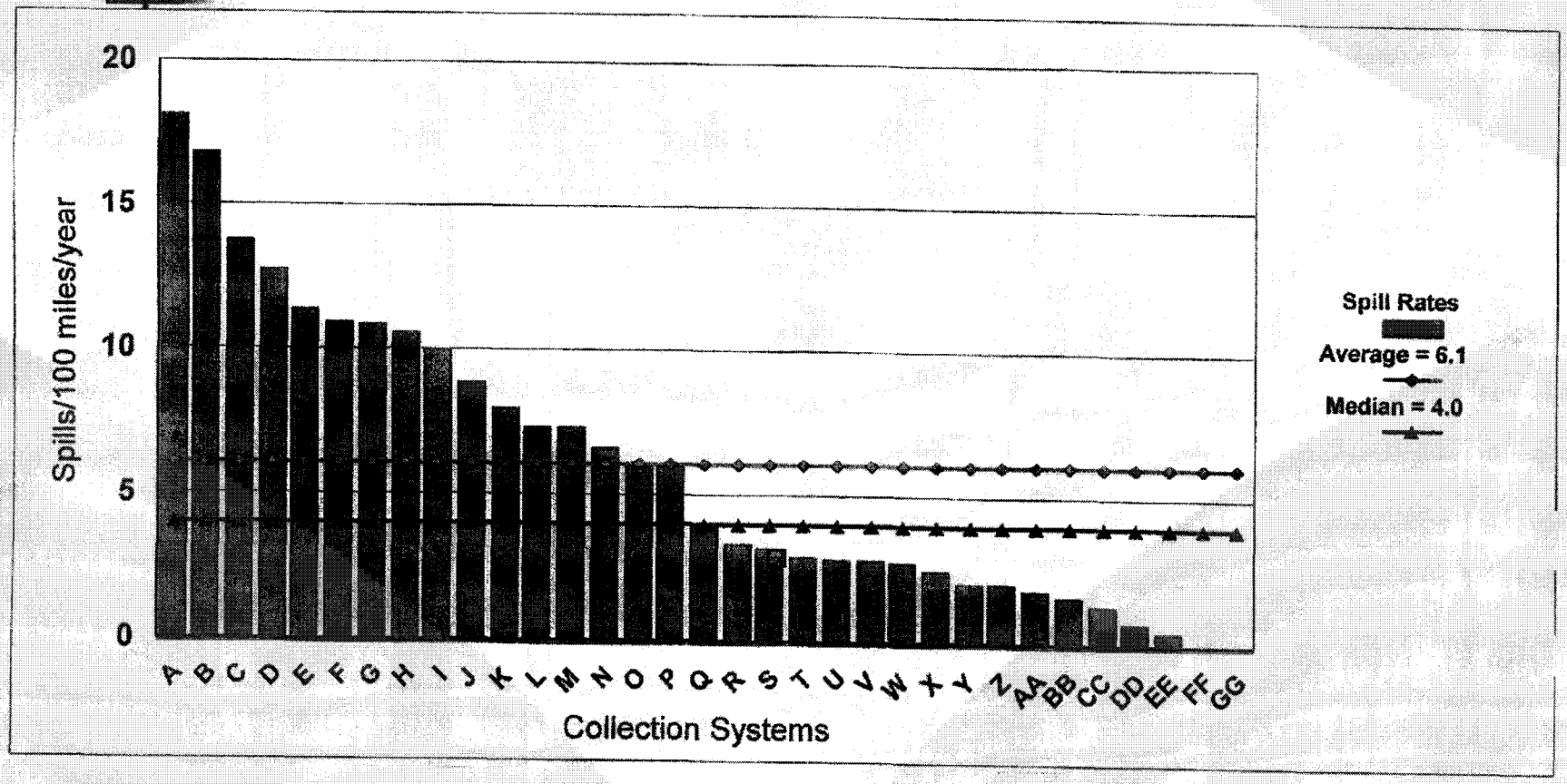
Very truly yours,

Brian P. Tompsett
Executive Vice President, Johnson Utilities, LLC

cc (with attachments): Janice Alward, Chief Counsel, Legal Division
Yvette B. Kinsey, Administrative Law Judge, Hearing Division
Ernest Johnson, Director, Utilities Division
Docket Control (14 copies)

ATTACHMENT 1

EPA Region 9 Survey
CY 2000 Spill Rates –
Pacific Southwest U.S.



ATTACHMENT 2

REPORTED SSOs
PCRWRD 2008

Identification Number	Address	Volume (Gal)	Date	Cause	Plant: IR=Ina, RR=Roger	Release Entered Storm Drain	Discharge Point	
08001	1030 W. Duval Road	136	01/03/08	Vandalism	GV	Y	Manhole	release entered wash, street & desert area
08002	8324 E. Fon Du Lac Dr.	1104	01/26/08	Vandalism	IR/RR	Y	Manhole	~300 gal retrieved, release was to a paved street and a natural wash
08003	7210 E. 22nd Street	265	02/07/08	Vandalism	IR/RR	Y	Manhole	KE&G was repairing sewer main, flow management equipment damaged by hit and run motor vehicle
08004	7310 E. 22nd Street	1250	02/07/08	CE	IR/RR	Y	Manhole	contractor plug (KE&G construction Co.), release entered storm drain, 900g reclaimed
08005	702 W. Giaconda Way	680	02/12/08	Roots	IR	N	Manhole	release entered paved street and private property, ~100 gal reclaimed
08006	200 N. 3rd Ave	4882	02/12/08	CE	RR	N	Trench	broken line, release was partially recovered from trench
08007	1620 N. Wilmot Road	1460	02/17/08	Roots	IR/RR	Y	Manhole	release from private cleanout to natural wash cause by stopage in public sewer system
08008	702 N. Janal	527	02/24/08	Vandalism	IR/RR	N	Manhole	approx 100 gal recovered, release to private property, and public road
08009	4250 W. Linda Vista Blvd	15722	03/02/08	Grease	IR	N	Manhole	release entered wash
08010	11449 N. Eagle Peak Dr.	5040	03/03/08	Vandalism	IR	Y	Manhole	release entered wash
08011	11449 N. Eagle Peak Dr.	2244	03/04/08	Vandalism	IR	Y	Manhole	this is a continuation of 08010
08012	233 W. Vista Monte Dr.	720	04/06/08	Vandalism	CdT	Y	Manhole	steel bands found in sewer
08013	1604 E. 6th Street	6547	04/28/08	Grease	RR	Y	Manhole	~6000gal released into a residence & 375 gal into 221 N.Cherry, 200gal onto paved street reaching a stormdrain
08014	2031 S. Kolb Road	1200	05/20/08	Roots	IR/RR	Y	Manhole	release entered a storm drain and a wash reclaimed ~600 gal
08015	1313 S. Mission Road	400	05/31/08	Grease	RR	Y	Manhole	release entered a storm drain west of MH#9881-05
08016	146 S. Christopher Ave	2100	06/01/08	Grease	RR	Y	Manhole	release from private cleanout to natural wash cause by stopage in public sewer system, 7 persons exposed
08017	1132 N. Belevedere Ave	94	06/04/08	Grease	IR/RR	N	Manhole	release to paved street-no public exposure
08018	5757 S. Hildreth Ave	1011	07/04/08	Grease	RR	N	Manhole	release to Private Prop & unpaved alley, reclaimed 400 gal
08019	8936 N. Hartman Ln	1113	07/09/08	Vandalism	IR	Y	Manhole	release entered drainage ditch and desert wash
08020	840 N. Flowing Wells Road (@Princ	300	07/24/08	Grease	RR	Y	Manhole	release entered storm drain, 50 gallons recovered, ~20 people exposed
08021	8500 N. Cracker Barrel Road	1768	08/03/08	Grease	IR	Y	Manhole	release entered drainageway on golf course
08022	1120 E. Calle Pinal	2000	08/05/08	Roots	IR	Y	Manhole	cause was contractors plug left in MH
08023	5760 N. Camino Padre Isidoro?	1346	08/08/08	CE	IR	Y	BP	release entered Via Entrada Wash, a trib of Rillito
08024	32 S. Antietam Pl.	63	08/23/08	Grease	IR	N	Cust	Release 200'x2'x.02'x7.48, 20gal reclaimed
08025	7010 E. Calle Kabob	4000	08/26/08	Vandalism	IR	Y	Manhole	release entered Airport Wash (concrete lined), est. 4000 gal recovered
08026	702 W. Irvington Road	600	09/06/08	Grease	RR	Y	Manhole	entered stormdrain at 13th Ave.& Irvington, scheduled maintenance had been delayed, reason under review
08027	7000 W. Dove Chase Drive	1000	09/10/08	Vandalism	IR	Y	Manhole	release entered dirt wash
08028	6925 E. Calle Pegaso	180	10/03/08	Grease	RR	N	Manhole	release confined to paved street, 4 persons may have been exposed
08029	15909 N. Capstan Ave.	133	10/11/08	PE	IR	N	BP	release to street
08030	10480 N. Oracle Road	4997	10/20/08	Grease	IR	N	Manhole	release entered natural wash
08031	582 N Igo Way	310	11/19/08	Vandalism	IR	Y	Manhole	release confined to paved street and entered concrete drain pipe, ~200gal recovered
08032	8223 N Midnight Way	682	11/20/08	Grease	IR	N	Manhole	release backed up into 2 residences at 6223 & 8217
08033	5620 E Pima Street	92	11/25/08	Grease	IR/RR	N	Manhole	release caused flooded bathroom at this address
08034	355 W. Calle Concordia	88	12/05/08	Roots	IR	Y	Manhole	release flooded a residence and overflowed into a wash next to the home(88 gal did all of that damage?)
08035	7417 N Calle Sin Celo	197	12/08/08	Roots	IR	N	Cust	private cleanout release off-property and backup into residence
08036	5610 N Swan Road	240	12/09/08	Grease	IR	Y	Manhole	release entered piped storm drain, flushed with 1000 gal of water & 60 gal NaClO
08037	665 W Drexel Rd.	900	12/13/08	Grease	RR	Y	Manhole	release entered paved street and storm drain to Airport Wash
08038	5630 S 12th Ave	3600	12/13/08	Grease	RR	Y	Manhole	released to a school building, parking lot and play area (3600 gal recovered). No public exposure
08039	5900 E. Old Vail Road	105	12/19/08	BP				10" forcemain was broken & repaired- report was withdrawn as "not reportable"
08040	527 W. 29th Street	1382	12/24/08	Grease	RR	N	Cust	release from private cleanout to street, 87% reclaimed, 3 persons may have been exposed
08041	6666 E. Golf Links Road	600	12/28/08	Grease	RR	Y	Manhole	released entered stormdrain, none reclaimed, 3 persons may have been exposed
08042	8168 S. Houghton Road	1583	12/31/08	Grease		Y	Manhole	release perked before reclaimed, heavy grease stoppage, Industrial Wastwater Control will investigate source

SSOs greater than 1999 gallons are highlighted

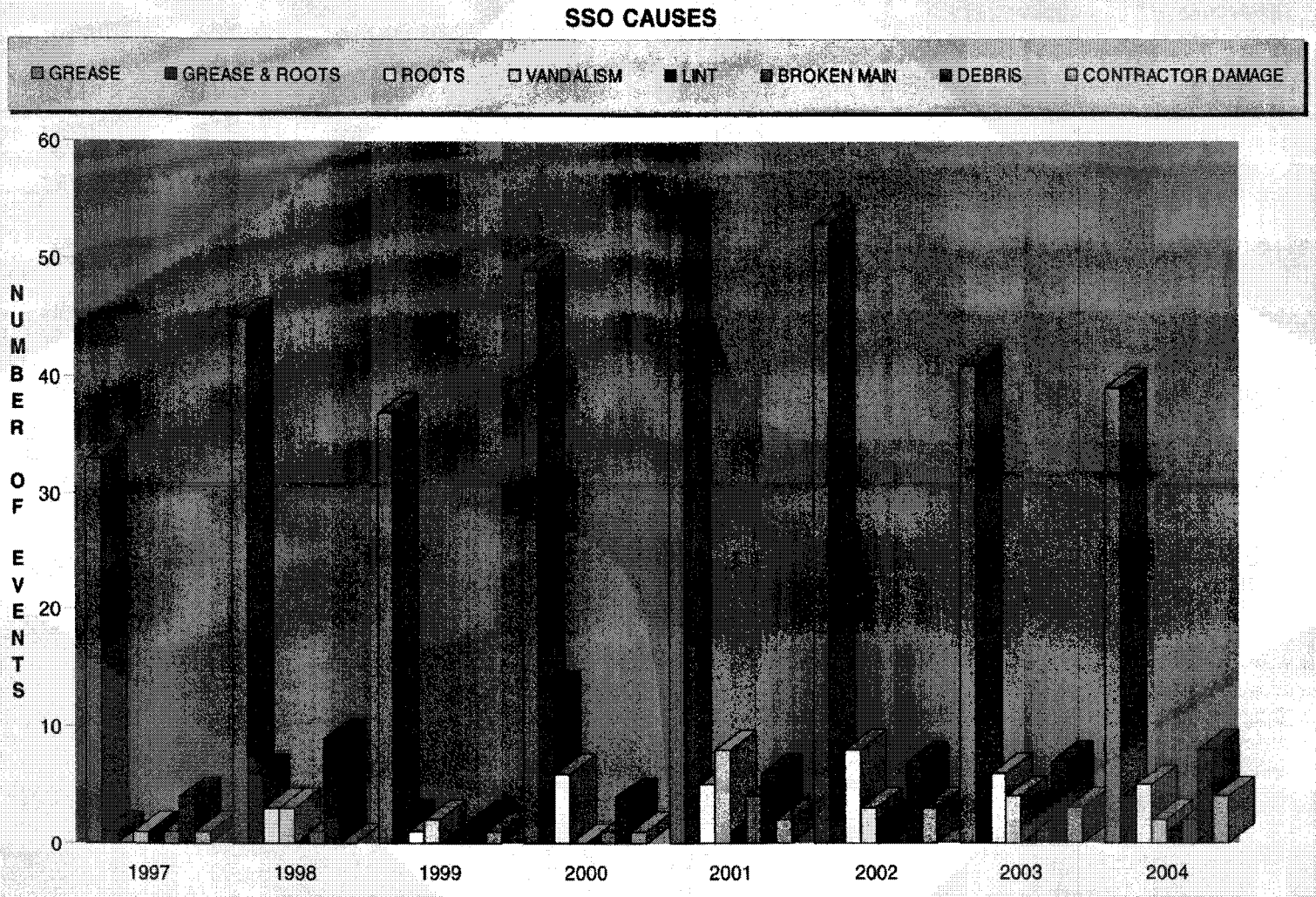
Cause Legend:

- PE = Pima County Error (ex. hydro cleaning caused back flow into residence, etc.)
- CE = Contractor Error (ex. construction plugs were left in sewer pipe, etc.)
- SWO = Storm Water Overflow (ex. inflow and infiltration, mixture of sewer and stormwater)
- Grease = Obstruction caused primarily by buildup of grease in the pipeline
- Roots = Obstruction caused primarily by tree roots growing into the pipeline
- BP = Broken Pipe (ex. could be caused by construction equipment or by deterioration)

Basic statistics:

year	total vol	number reported	avg vol per release	private releases reported
2005	88660	76	1167	
2006	81251	98	829	
2007	103488	68	1522	
2008	76387	42	1819	110

ATTACHMENT 3


SSO CAUSES
GREASE
GREASE & ROOTS
ROOTS
VANDALISM
LINT
BROKEN MAIN
DEBRIS
CONTRACTOR DAMAGE
NUMBER OF EVENTS
60
50
40
30
20
10
0
1997
1998
1999
2000
2001
2002
2003
2004

Where Do We Go From Here?

- National average SSO rate 6.1/100 miles/year (URS CMOM Report, 2004)
- Phoenix (2005) – 1.4/100 miles/year

- Currently there are over 6000 facilities identified in our commercial facilities database
- Over ½ are restaurants (grease traps and interceptors)
- 1000 car washes, vehicle service facilities (sand-oil int.)
- 900 laundries, hair care facilities (lint and hair interceptors)
- 1100 other (hotels, grocery stores, churches, schools)

EXHIBIT
SF-13
ADMITTED

CRAIG A. MARKS PLC

CRAIG A. MARKS
Attorney at Law
10645 N. Tatum Blvd., Ste. 200-676
Phoenix, Arizona 85028

(480) 367-1956
Fax: (480) 367-1956
Cell: (480) 518-6857
Craig.Marks@azbar.org

April 14, 2009

Delivered by first-class mail and e-mail

Jeffrey W. Crocket
Snell & Wilmer LLP
One Arizona Center
Phoenix, AZ 85004-2202

Re: Docket No. WS-02987A-08-0180
Swing First's Seventh Set of Data Requests

Dear Jeff:

Attached is the seventh set of Data Requests from Swing First Golf LLC ("Swing First") to Johnson Utilities LLC ("Utility") in the above-captioned case. In accordance with Judge Wolfe's August 15, 2008, Procedural Order your response is due no later than Tuesday, April 21, 2009.

Please indicate for each response the witness to whom questions regarding the response should be directed. These responses are continuing in nature.

As I am certain that you are aware, your client has a continuing obligation to preserve all files, e-mails, documents and other evidence that may be relevant to this matter.

Also, please be advised that Utility's response to Swing First's DR 6-2 was due yesterday and has not yet been received.

If you have any questions, please contact me by phone or e-mail. Thank you for your cooperation in this matter.

Very truly yours,

Craig A. Marks

Cc: Dave Ashton

7-1 Please refer to Utility's March 30, 2009, letter to the Commissioners in Docket No. WS-02987-07-0487. For each of the years 2005 through 2008, and the year 2009 to date, please provide the number of sewer system overflows ("SSOs") experienced by Utility.

Craig Marks

From: Crockett, Jeff [jcrockett@swlaw.com]
Sent: Friday, April 17, 2009 4:59 PM
To: Craig Marks
Cc: Carroll, Bradley
Subject: RE: Swing First's 7th DRs

Craig:

Johnson Utilities hereby objects to Swing First Golf data request 7-1 in the rate case on the grounds that (i) the information requested is not relevant in the rate case; and (ii) the number of sewer system overflows is publicly available at the Arizona Department of Environmental Quality. I will provide a more detailed objection when I respond to the data request which is due Tuesday, April 21, 2009.

Jeff

Snell Wilmer
DENVER LAS VEGAS ORANGE COUNTY PHOENIX SALT LAKE CITY TUCSON

Jeffrey W. Crockett

Snell & Wilmer L.L.P.
One Arizona Center
Phoenix, AZ 85004
602.382.6234

jcrockett@swlaw.com | www.swlaw.com

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From: Craig Marks [mailto:craig.marks@azbar.org]
Sent: Tuesday, April 14, 2009 12:36 PM
To: Crockett, Jeff
Cc: Carroll, Bradley
Subject: Swing First's 7th DRs

Jeff,

Please see the attached DR. Your response is due next Tuesday, April 21, 2009.

What is the status of your response to DR 6-2? This was due yesterday.

Craig

Craig A. Marks

Craig A. Marks PLC

10645 N. Tatum Blvd.
Suite 200-676
Phoenix, AZ 85028
Craig.Marks@azbar.org
(480) 367-1956 Work
(480) 518-6857 Mobile

Craig A. Marks
10645 N. Tatum Blvd.
Suite 200-676
Phoenix, AZ 85028
Craig.Marks@azbar.org
(480) 367-1956 Office
(480) 367-1956 Fax
(480) 518-6857 Cell

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EXHIBIT
SF-15
ADMITTED

Docket No. WS-02987A-08-0049
Swing First Golf LLC
Third Set of Data Requests to Johnson Utilities LLC

(COMPLAINT PROCEEDING)

3.2 For the months of January through December 2007, please confirm the following average daily reclaimed water flows from Utility's Santan Water Reclamation Plant:

MONTH	AVG. DAILY FLOWS (MGD)	MONTHLY TOTAL (MG)
January	0.527	16.337
February	0.519	14.532
March	0.517	16.027
April	0.513	15.39
May	0.489	15.159
June	0.457	13.71
July	0.431	13.361
August	0.504	15.624
September	0.509	15.27
October	0.513	15.903
November	0.547	16.41
December	0.551	17.081

If Utility disagrees with any of these figures (taken from ADEQ Self Monitoring Reports), please provide any changes, with an explanation.

Objection: The Self Monitoring Report Forms which SFG used to prepare the included table speak for themselves. Utility is not required to verify SFG's work product for accuracy.

EXHIBIT
SF-18
ADMITTED

Docket No. WS-02987A-08-0049
Swing First Golf LLC
Third Set of Data Requests to Johnson Utilities LLC

(COMPLAINT PROCEEDING)

3.3 Please provide the average daily reclaimed water flows from Utility's Santan Water Reclamation Plant for the months of December 2004 through December 2006, and January 2008 through the present. If Utility alleges that it would be burdensome to provide this data directly, then provide the relevant pages from the ADEQ Self Monitoring Reports for the years in question. For example, the data in the table above was taken from the four quarterly summaries of reclaimed water included in Utility's revised response to Data Request 1.1.

Response: Attached please find the relevant pages from the ADEQ Self Monitoring Report Forms that were filed for the Santan Water Reclamation Plant for the period 4/1/2006-12/31/2006 and for the period 1/1/08 to 12/31/08. The San Tan Plant was not operating prior to 4/1/06.

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

SELF MONITORING REPORT FORM
ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

ame: SANTAN WATER RECLAMATION PLANT
Gary Larsen
2601 WEST HUNT HIGHWAY

QUEEN CREEK, AZ. 85242

Latitude: 33 11 6
Longitude: 111 35 37
Section: 12
Township: 3
Range: 7
Quarter: b

Place ID: 18584
LTF#: 43235 Inv. #:
Lab ID: AZ 0004
Lab Name: Legend
Date Prepared: 04/02/08
Reporting Period 1st qrt 2008

g Point ID: 114121 Monitoring Name: SAN TAN W.R.P. - PHASE II - EFFLUENT PUMP STA'
g/Reporting Frequencies: Daily Monitoring / QUARTERLY

: DFLOW Permit Limit: AL: RSVD DL: RSVD AQL: N/A Min: MAX :
AILY FLOW Method: Units: MGD

ANALYZED	RESULTS		ANALYZED	RESULTS		ANALYZED	RESULTS
01/01/08	0.635	01	02/01/08	0.568	01	03/01/08	0.466
01/02/08	0.630	02	02/02/08	0.577	02	03/02/08	0.574
01/03/08	0.592	03	02/03/08	0.581	03	03/03/08	0.529
01/04/08	0.491	04	02/04/08	0.574	04	03/04/08	0.523
01/05/08	0.504	05	02/05/08	0.510	05	03/05/08	0.650
01/06/08	0.519	06	02/06/08	0.580	06	03/06/08	0.287
01/07/08	0.589	07	02/07/08	0.540	07	03/07/08	0.508
01/08/08	0.460	08	02/08/08	0.380	08	03/08/08	0.571
01/09/08	0.436	09	02/09/08	0.596	09	03/09/08	0.636
01/10/08	0.523	10	02/10/08	0.805	10	03/10/08	0.577
01/11/08	0.572	11	02/11/08	0.471	11	03/11/08	0.623
01/12/08	0.589	12	02/12/08	0.549	12	03/12/08	0.498
01/13/08	0.371	13	02/13/08	0.614	13	03/13/08	0.617
01/14/08	0.542	14	02/14/08	0.524	14	03/14/08	0.568
01/15/08	0.582	15	02/15/08	0.538	15	03/15/08	0.582
01/16/08	0.512	16	02/16/08	0.550	16	03/16/08	0.597
01/17/08	0.553	17	02/17/08	0.565	17	03/17/08	0.577
01/18/08	0.506	18	02/18/08	0.607	18	03/18/08	0.512
01/19/08	0.519	19	02/19/08	0.632	19	03/19/08	0.665
01/20/08	0.534	20	02/20/08	0.623	20	03/20/08	0.463
01/21/08	0.632	21	02/21/08	0.612	21	03/21/08	0.553
01/22/08	0.565	22	02/22/08	0.584	22	03/22/08	0.595
01/23/08	0.561	23	02/23/08	0.597	23	03/23/08	0.639
01/24/08	0.507	24	02/24/08	0.611	24	03/24/08	0.586
01/25/08	0.443	25	02/25/08	0.505	25	03/25/08	0.536
01/26/08	0.659	26	02/26/08	0.624	26	03/26/08	0.656
01/27/08	0.659	27	02/27/08	0.646	27	03/27/08	0.492
01/28/08	0.540	28	02/28/08	0.516	28	03/28/08	0.590
01/29/08	0.521	29	02/29/08		29	03/29/08	0.605
01/30/08	0.549	30			30	03/30/08	0.620
01/31/08	0.499	31			31	03/31/08	0.444

ERTIFY UNDER PENALTY OF LAW THAT I HAVE PERSONALLY EXAMINED AND AM FAMILIAR WITH THE INFORMATION SUBMITTED HEREIN) BASED ON MY INQUIRY OF THOSE INDIVIDUALS IMMEDIATELY RESPONSIBLE FOR OBTAINING THE INFORMATION I BELIEVE THE MITTED INFORMATION IS TRUE ACCURATE AND COMPLETE. I AM AWARE THAT THERE ARE SIGNIFICANT PENALTIES FOR SUBMITTING SE INFORMATION INCLUDING THE POSSIBILITY OF FINES AND IMPRISONMENT.
NATURE OF PRINCIPLE EXECUTIVE OFFICER OR AUTHORIZED AGENT DATE 4/4/08

RECEIVED
APR 25 2008
ADEQ

SELF MONITORING REPORT FORM
ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

ame: SANTAN WATER RECLAMATION PLANT
Gary Larsen
2601 WEST HUNT HIGHWAY
QUEEN CREEK, AZ, 85242

Latitude: 33 11 6
Longitude: 111 35 37
Section: 12
Township: 3
Range: 7
Quarter: b

Place ID: 18584
LTF#: 43235 Inv. #:
Lab ID: AZ 0004
Lab Name: Legend
Date Prepared: 07/03/08
Reporting Period 2nd QRT 2008

ng Point ID: 114121 Monitoring Name: SAN TAN W.R.P. - PHASE II - EFFLUENT PUMP STA'
ng/Reporting Frequencies: Daily Monitoring / QUARTERLY

r: DFLOW Permit Limit: AL: RSVD DL: RSVD AQL: N/A Min: MAX:
AILY FLOW Method: Units: MGD

ANALYZED	RESULTS	ANALYZED	RESULTS	ANALYZED	RESULTS
04/01/08	0.650	05/01/08	0.627	06/01/08	0.576
04/02/08	0.579	05/02/08	0.508	06/02/08	0.546
04/03/08	0.521	05/03/08	0.533	06/03/08	0.674
04/04/08	0.522	05/04/08	0.559	06/04/08	0.368
04/05/08	0.537	05/05/08	0.617	06/05/08	0.519
04/06/08	0.553	05/06/08	0.529	06/06/08	0.524
04/07/08	0.467	05/07/08	0.523	06/07/08	0.538
04/08/08	0.570	05/08/08	0.431	06/08/08	0.553
04/09/08	0.560	05/09/08	0.534	06/09/08	0.573
04/10/08	0.654	05/10/08	0.549	06/10/08	0.582
04/11/08	0.540	05/11/08	0.564	06/11/08	0.467
04/12/08	0.554	05/12/08	0.607	06/12/08	0.511
04/13/08	0.569	05/13/08	0.466	06/13/08	0.519
04/14/08	0.591	05/14/08	0.557	06/14/08	0.536
04/15/08	0.549	05/15/08	0.522	06/15/08	0.553
04/16/08	0.550	05/16/08	0.536	06/16/08	0.617
04/17/08	0.543	05/17/08	0.551	06/17/08	0.528
04/18/08	0.552	05/18/08	0.568	06/18/08	0.547
04/19/08	0.556	05/19/08	0.529	06/19/08	0.541
04/20/08	0.581	05/20/08	0.579	06/20/08	0.468
04/21/08	0.557	05/21/08	0.499	06/21/08	0.511
04/22/08	0.546	05/22/08	0.605	06/22/08	0.554
04/23/08	0.546	05/23/08	0.521	06/23/08	0.569
04/24/08	0.448	05/24/08	0.530	06/24/08	0.590
04/25/08	0.525	05/25/08	0.522	06/25/08	0.581
04/26/08	0.584	05/26/08	0.550	06/26/08	0.498
04/27/08	0.645	05/27/08	0.564	06/27/08	0.477
04/08/08	0.601	05/28/08	0.548	06/28/08	0.541
04/29/08	0.562	05/29/08	0.561	06/29/08	0.605
04/30/08	0.446	05/30/08	0.548	06/30/08	0.565
		05/31/08	0.561		

CERTIFY UNDER PENALTY OF LAW THAT I HAVE PERSONALLY EXAMINED AND AM FAMILIAR WITH THE INFORMATION SUBMITTED HEREIN ND BASED ON MY INQUIRY OF THOSE INDIVIDUALS IMMEDIATELY RESPONSIBLE FOR OBTAINING THE INFORMATION I BELIEVE THE JBMITTED INFORMATION IS TRUE ACCURATE AND COMPLETE. I AM AWARE THAT THERE ARE SIGNIFICANT PENALTIES FOR SUBMITTING ALSE INFORMATION INCLUDING THE POSSIBILITY OF FINES AND IMPRISONMENT.
IGNATURE OF PRINCIPLE EXECUTIVE OFFICER OR AUTHORIZED AGENT DATE 7/3/2008

RECEIVED JUL 22 2008

SELF MONITORING REPORT FORM
ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

Facility Name: SANTAN WATER RECLAMATION PLANT
Contact: Gary Larsen
ess: 2601 WEST HUNT HIGHWAY
QUEEN CREEK, AZ. 85242

Latitude: 33 11 6
Longitude: 111 35 37
Section: 12
Township: 3
Range: 7
Quarter: b

Place ID: 18584
LTF#: 43235 Inv. #:
Lab ID: AZ 0004
Lab Name: Legend
Date Prepared: 10/03/08
Reporting Period 3rd QRT 2008

Monitoring Point ID: 114121 Monitoring Name: SAN TAN W.R.P. - PHASE II - EFFLUENT PUMP STA'

Sampling/Reporting Frequencies: Daily Monitoring / QUARTERLY

STORET: DFLOW Permit Limit: AL: RSVD DL: RSVD AQL: N/A Min: MAX :
DAILY FLOW Method: Units: MGD

	ANALYZED	RESULTS		ANALYZED	RESULTS		ANALYZED	RESULTS
01	07/01/08	0.551	01	08/01/08	0.560	01	09/01/08	0.688
02	07/02/08	0.486	02	08/02/08	0.572	02	09/02/08	0.456
03	07/03/08	0.636	03	08/03/08	0.589	03	09/03/08	0.480
04	07/04/08	0.656	04	08/04/08	0.460	04	09/04/08	0.559
05	07/05/08	0.671	05	08/05/08	0.576	05	09/05/08	0.558
06	07/06/08	0.721	06	08/06/08	0.616	06	09/06/08	0.571
07	07/07/08	0.445	07	08/07/08	0.547	07	09/07/08	0.586
08	07/08/08	0.551	08	08/08/08	0.577	08	09/08/08	0.589
09	07/09/08	0.573	09	08/09/08	0.592	09	09/09/08	0.552
10	07/10/08	0.634	10	08/10/08	0.607	10	09/10/08	0.561
11	07/11/08	0.489	11	08/11/08	0.550	11	09/11/08	0.494
12	07/12/08	0.529	12	08/12/08	0.538	12	09/12/08	0.710
13	07/13/08	0.569	13	08/13/08	0.545	13	09/13/08	0.725
14	07/14/08	0.553	14	08/14/08	0.569	14	09/14/08	0.740
15	07/15/08	0.544	15	08/15/08	0.566	15	09/15/08	0.516
16	07/16/08	0.544	16	08/16/08	0.580	16	09/16/08	0.523
17	07/17/08	0.566	17	08/17/08	0.595	17	09/17/08	0.653
18	07/18/08	0.525	18	08/18/08	0.558	18	09/18/08	0.398
19	07/19/08	0.540	19	08/19/08	0.481	19	09/19/08	0.580
20	07/20/08	0.555	20	08/20/08	0.574	20	09/20/08	0.594
21	07/21/08	0.519	21	08/21/08	0.568	21	09/21/08	0.609
22	07/22/08	0.483	22	08/22/08	0.543	22	09/22/08	0.540
23	07/23/08	0.497	23	08/23/08	0.556	23	09/23/08	0.547
24	07/24/08	0.552	24	08/24/08	0.571	24	09/24/08	0.546
25	07/25/08	0.541	25	08/25/08	0.588	25	09/25/08	0.549
26	07/26/08	0.552	26	08/26/08	0.541	26	09/26/08	0.564
27	07/27/08	0.565	27	08/27/08	0.562	27	09/27/08	0.567
28	07/28/08	0.506	28	08/28/08	0.536	28	09/28/08	0.579
29	07/29/08	0.601	29	08/29/08	0.473	29	09/29/08	0.557
30	07/30/08	0.548	30	08/30/08	0.551	30	09/30/08	0.547
31	07/31/08	0.535	31	08/31/08	0.572	31		
	Average	0.556			0.558			0.571

I CERTIFY UNDER PENALTY OF LAW THAT I HAVE PERSONALLY EXAMINED AND AM FAMILIAR WITH THE INFORMATION SUBMITTED HEREIN AND BASED ON MY INQUIRY OF THOSE INDIVIDUALS IMMEDIATELY RESPONSIBLE FOR OBTAINING THE INFORMATION I BELIEVE THE SUBMITTED INFORMATION IS TRUE ACCURATE AND COMPLETE. I AM AWARE THAT THERE ARE SIGNIFICANT PENALTIES FOR SUBMITTING FALSE INFORMATION INCLUDING THE POSSIBILITY OF FINES AND IMPRISONMENT.

SIGNATURE OF PRINCIPLE EXECUTIVE OFFICER OR AUTHORIZED AGENT DATE 10/24/08

SELF MONITORING REPORT FORM
ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

Facility Name: SANTAN WATER RECLAMATION PLANT
Contact: Gary Larsen
Address: 2601 WEST HUNT HIGHWAY
QUEEN CREEK, AZ. 85242

Latitude: 33 11 6
Longitude: 111 35 37
Section: 12
Township: 3
Range: 7
Quarter: b

Place ID: 18584
LTF#: 43235 Inv. #:
Lab ID: AZ 0004
Lab Name: Legend
Date Prepared: 12/31/08
Reporting Period 4th QRT 2008

Monitoring Point ID: 114121 Monitoring Name: SAN TAN W.R.P. - PHASE II - EFFLUENT PUMP STA'
Sampling/Reporting Frequencies: Daily Monitoring / QUARTERLY

STORET: DFLOW Permit Limit: AL: RSVD DL: RSVD AQL: N/A Min: MAX:
DAILY FLOW Method: Units: MGD

	ANALYZED	RESULTS		ANALYZED	RESULTS		ANALYZED	RESULTS
01	10/01/08	0.586	01	11/01/08	0.590	01	12/01/08	0.610
02	10/02/08	0.492	02	11/02/08	0.572	02	12/02/18	0.661
03	10/03/08	0.549	03	11/03/08	0.607	03	12/03/08	0.629
04	10/04/08	0.541	04	11/04/08	0.580	04	12/04/08	0.618
05	10/05/08	0.561	05	11/05/08	0.611	05	12/05/08	0.560
06	10/06/08	0.590	06	11/06/08	0.505	06	12/06/08	0.601
07	10/07/08	0.500	07	11/07/08	0.524	07	12/07/08	0.640
08	10/08/08	0.555	08	11/08/08	0.601	08	12/08/08	0.677
09	10/09/08	0.541	09	11/09/08	0.619	09	12/09/08	0.551
10	10/10/08	0.547	10	11/10/08	0.542	10	12/10/08	0.529
11	10/11/08	0.559	11	11/11/08	0.585	11	12/11/08	0.618
12	10/12/08	0.571	12	11/12/08	0.580	12	12/12/08	0.528
13	10/13/08	0.634	13	11/13/08	0.549	13	12/13/08	0.597
14	10/14/08	0.530	14	11/14/08	0.620	14	12/14/08	0.669
15	10/15/08	0.540	15	11/15/08	0.639	15	12/15/08	0.657
16	10/16/08	0.504	16	11/16/08	0.641	16	12/16/08	0.649
17	10/17/08	0.539	17	11/17/08	0.577	17	12/17/08	0.673
18	10/18/08	0.566	18	11/18/08	0.560	18	12/18/08	0.604
19	10/19/08	0.592	19	11/19/08	0.590	19	12/19/08	0.587
20	10/20/08	0.583	20	11/20/08	0.579	20	12/20/08	0.602
21	10/21/08	0.566	21	11/21/08	0.581	21	12/21/08	0.617
22	10/22/08	0.542	22	11/22/08	0.595	22	12/22/08	0.768
23	10/23/08	0.567	23	11/23/08	0.610	23	12/23/08	0.525
24	10/24/08	0.566	24	11/24/08	0.619	24	12/24/08	0.787
25	10/25/08	0.589	25	11/25/08	0.642	25	12/25/08	0.619
26	10/26/08	0.614	26	11/26/08	0.570	26	12/26/08	0.591
27	10/27/08	0.637	27	11/27/08	0.689	27	12/27/08	0.477
28	10/28/08	0.590	28	11/28/08	0.657	28	12/28/08	0.501
29	10/29/08	0.481	29	11/29/08	0.648	29	12/29/08	0.676
30	10/30/08	0.574	30	11/30/08	0.628	30	12/30/08	0.615
31	10/31/08	0.589	31			31	12/31/08	0.531
	Average	0.561			0.597			0.612

I CERTIFY UNDER PENALTY OF LAW THAT I HAVE PERSONALLY EXAMINED AND AM FAMILIAR WITH THE INFORMATION SUBMITTED HEREIN AND BASED ON MY INQUIRY OF THOSE INDIVIDUALS IMMEDIATELY RESPONSIBLE FOR OBTAINING THE INFORMATION I BELIEVE THE SUBMITTED INFORMATION IS TRUE ACCURATE AND COMPLETE. I AM AWARE THAT THERE ARE SIGNIFICANT PENALTIES FOR SUBMITTING FALSE INFORMATION INCLUDING THE POSSIBILITY OF FINES AND IMPRISONMENT.

SIGNATURE OF PRINCIPLE EXECUTIVE OFFICER OR AUTHORIZED AGENT DATE 1/5/09

SELF MONITORING REPORT FORM
ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

y Name: SANTAN WATER RECLAMATION PLANT
Gary Larsen
2601 WEST HUNT HIGHWAY
QUEEN CREEK, AZ. 85242

Latitude: 33 11 6
Longitude: 111 35 37
Section: 12
Township: 3
Range: 7
Quarter: b

Facility ID: 18584
ADEQ Permit Number: 34792
Lab ID: AZ 0004
Lab Name: Legend
Date Prepared:
Reporting Period:

oring Point ID: 22640 Monitoring Name: SAN TAN W.R.P. - DM - PHASE 1 EFFLUENT PUMP STA
oling/Reporting Frequencies: Daily Monitoring / QUARTERLY

.ET: DFLOW Permit Limit: AL: RSVD DL: RSVD AQL: N/A Min: MAX:
DAILY FLOW Method: Units: MGD

ANALYZED	RESULTS		ANALYZED	RESULTS		ANALYZED	RESULTS
04/01/06	0.365	01	05/01/06	0.365	01	06/01/06	0.365
04/02/06	0.379	02	05/02/06	0.355	02	06/02/06	0.362
04/03/06	0.435	03	05/03/06	0.364	03	06/03/06	0.377
04/04/06	0.327	04	05/04/06	0.364	04	06/04/06	0.392
04/05/06	0.355	05	05/05/06	0.345	05	06/05/06	0.358
04/06/06	0.353	06	05/06/06	0.360	06	06/06/06	0.345
04/07/06	0.385	07	05/07/06	0.375	07	06/07/06	0.362
04/08/06	0.410	08	05/08/06	0.356	08	06/08/06	0.369
04/09/06	0.435	09	05/09/06	0.344	09	06/09/06	0.409
04/10/06	0.365	10	05/10/06	0.333	10	06/10/06	0.424
04/11/06	0.354	11	05/11/06	0.366	11	06/11/06	0.439
04/12/06	0.361	12	05/12/06	0.351	12	06/12/06	0.360
04/13/06	0.329	13	05/13/06	0.376	13	06/13/06	0.345
04/14/06	0.375	14	05/14/06	0.401	14	06/14/06	0.362
04/15/06	0.390	15	05/15/06	0.352	15	06/15/06	0.385
04/16/06	0.385	16	05/16/06	0.357	16	06/16/06	0.398
04/17/06	0.357	17	05/17/06	0.329	17	06/17/06	0.415
04/18/06	0.344	18	05/18/06	0.352	18	06/18/06	0.426
04/19/06	0.353	19	05/19/06	0.365	19	06/19/06	0.385
04/20/06	0.356	20	05/20/06	0.378	20	06/20/06	0.383
04/21/06	0.330	21	05/21/06	0.393	21	06/21/06	0.365
04/22/06	0.380	22	05/22/06	0.353	22	06/22/06	0.382
04/23/06	0.370	23	05/23/06	0.343	23	06/23/06	0.379
04/24/06	0.373	24	05/24/06	0.366	24	06/24/06	0.394
04/25/06	0.357	25	05/25/06	0.374	25	06/25/06	0.409
04/26/06	0.314	26	05/26/06	0.368	26	06/26/06	0.417
04/27/06	0.378	27	05/27/06	0.380	27	06/27/06	0.376
04/28/06	0.385	28	05/28/06	0.421	28	06/28/06	0.385
04/29/06	0.411	29	05/29/06	0.397	29	06/29/06	0.390
04/30/06	0.395	30	05/30/06	0.351	30	06/30/06	0.385
/ /		31	05/31/06	0.365	31	/ /	

ERTIFY UNDER PENALTY OF LAW THAT I HAVE PERSONALLY EXAMINED AND AM FAMILIAR WITH THE INFORMATION SUBMITTED HEREIN
BASED ON MY INQUIRY OF THOSE INDIVIDUALS IMMEDIATELY RESPONSIBLE FOR OBTAINING THE INFORMATION I BELIEVE THE
MITTED INFORMATION IS TRUE ACCURATE AND COMPLETE. I AM AWARE THAT THERE ARE SIGNIFICANT PENALTIES FOR SUBMITTING
SE INFORMATION INCLUDING THE POSSIBILITY OF FINES AND IMPRISONMENT.
NATURE OF PRINCIPLE EXECUTIVE OFFICER OR AUTHORIZED AGENT DATE 7-7-06

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
JUL 17 2006
WATER QUALITY COMPLIANCE SECTION

SELF MONITORING REPORT FORM
ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

acility Name: SANTAN WATER RECLAMATION PLANT
r t: Gary Larsen
dr ess: 2601 WEST HUNT HIGHWAY

QUEEN CREEK, AZ. 85242

Latitude: 33 11 6
Longitude: 111 35 37
Section: 12
Township: 3
Range: 7
Quarter: b

Facility ID: 18584
ADEQ Permit Number: 34792
Lab ID: AZ 0004
Lab Name: Legend
Date Prepared:
Reporting Period:

onitoring Point ID: 22640 Monitoring Name: SAN TAN W.R.P. - DM - PHASE 1 EFFLUENT PUMP STA
ampling/Reporting Frequencies: Daily Monitoring / QUARTERLY

TORET: DFLOW Permit Limit: AL: RSVD DL: RSVD AQL: N/A Min: MAX:
DAILY FLOW Method: Units: MGD

	ANALYZED	RESULTS		ANALYZED	RESULTS		ANALYZED	RESULTS
01	07/01/06	0.400	01	08/01/06	0.453	01	09/01/06	0.381
02	07/02/06	0.415	02	08/02/06	0.413	02	09/02/06	0.396
03	07/03/06	0.408	03	08/03/06	0.433	03	09/03/06	0.411
04	07/04/06	0.388	04	08/04/06	0.419	04	09/04/06	0.381
05	07/05/06	0.304	05	08/05/06	0.434	05	09/05/06	0.465
06	07/06/06	0.517	06	08/06/06	0.449	06	09/06/06	0.464
07	07/07/06	0.398	07	08/07/06	0.417	07	09/07/06	0.459
08	07/08/06	0.409	08	08/08/06	0.432	08	09/08/06	0.458
09	07/09/06	0.420	09	08/09/06	0.398	09	09/09/06	0.473
10	07/10/06	0.389	10	08/10/06	0.411	10	09/10/06	0.488
11	07/11/06	0.386	11	08/11/06	0.436	11	09/11/06	0.261
12	07/12/06	0.374	12	08/12/06	0.451	12	09/12/06	0.528
13	07/13/06	0.387	13	08/13/06	0.466	13	09/13/06	0.468
14	07/14/06	0.381	14	08/14/06	0.401	14	09/14/06	0.454
15	07/15/06	0.396	15	08/15/06	0.422	15	09/15/06	0.449
16	07/16/06	0.411	16	08/16/06	0.488	16	09/16/06	0.444
17	07/17/06	0.379	17	08/17/06	0.406	17	09/17/06	0.469
18	07/18/06	0.406	18	08/18/06	0.436	18	09/18/06	0.465
19	07/19/06	0.396	19	08/19/06	0.451	19	09/19/06	0.472
20	07/20/06	0.405	20	08/20/06	0.466	20	09/20/06	0.425
21	07/21/06	0.396	21	08/21/06	0.430	21	09/21/06	0.460
22	07/22/06	0.411	22	08/22/06	0.446	22	09/22/06	0.430
23	07/23/06	0.426	23	08/23/06	0.412	23	09/23/06	0.329
24	07/24/06	0.398	24	08/24/06	0.447	24	09/24/06	0.344
25	07/25/06	0.386	25	08/25/06	0.436	25	09/25/06	0.359
26	07/26/06	0.380	26	08/26/06	0.449	26	09/26/06	0.637
27	07/27/06	0.443	27	08/27/06	0.466	27	09/27/06	0.448
28	07/28/06	0.425	28	08/28/06	0.355	28	09/28/06	0.465
29	07/29/06	0.440	29	08/29/06	0.411	29	09/29/06	0.487
30	07/30/06	0.455	30	08/30/06	0.392	30	09/30/06	0.527
31	07/31/06	0.366	31	08/31/06	0.409	31	/ /	

CERTIFY UNDER PENALTY OF LAW THAT I HAVE PERSONALLY EXAMINED AND AM FAMILIAR WITH THE INFORMATION SUBMITTED HEREIN AND BASED ON MY INQUIRY OF THOSE INDIVIDUALS IMMEDIATELY RESPONSIBLE FOR OBTAINING THE INFORMATION I BELIEVE THE SUBMITTED INFORMATION IS TRUE ACCURATE AND COMPLETE. I AM AWARE THAT THERE ARE SIGNIFICANT PENALTIES FOR SUBMITTING FALSE INFORMATION INCLUDING THE POSSIBILITY OF FINES AND IMPRISONMENT.

SIGNATURE OF PRINCIPLE EXECUTIVE OFFICER OR AUTHORIZED AGENT DATE 10-5-06

OCT 16 2006

SELF MONITORING REPORT FORM
ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

SANTAN WATER RECLAMATION PLANT
Gary Larsen
2601 WEST HUNT HIGHWAY
QUEEN CREEK, AZ. 85242

Latitude: 33 11 6
Longitude: 111 35 37
Section: 12
Township: 3
Range: 7
Quarter: b

Facility ID: 18584
ADEQ Permit Number: 34792
Lab ID: AZ 0004
Lab Name: Legend
Date Prepared: 1/10/04
Reporting Period: 4th Qtr 06

ring Point ID: 22640 Monitoring Name: SAN TAN W.R.P. - DM - PHASE 1 EFFLUENT PUMP STA

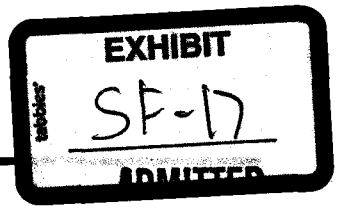
ling/Reporting Frequencies: Daily Monitoring / QUARTERLY

ET: DFLOW Permit Limit: AL: RSVD DL: RSVD AQL: N/A Min: MAX :
DAILY FLOW Method: Units: MGD

ANALYZED	RESULTS		ANALYZED	RESULTS		ANALYZED	RESULTS
10/01/06	0.527	01	11/01/06	0.454	01	12/01/06	0.482
10/02/06	0.567	02	11/02/06	0.458	02	12/02/06	0.497
10/03/06	0.452	03	11/03/06	0.396	03	12/03/06	0.512
10/04/06	0.452	04	11/04/06	0.610	04	12/04/06	0.452
10/05/06	0.448	05	11/05/06	0.625	05	12/05/06	0.500
10/06/06	0.415	06	11/06/06	0.640	06	12/06/06	0.420
10/07/06	0.358	07	11/07/06	0.502	07	12/07/06	0.451
10/08/06	0.396	08	11/08/06	0.531	08	12/08/06	0.498
10/09/06	0.428	09	11/09/06	0.462	09	12/09/06	0.513
10/10/06	0.502	10	11/10/06	0.461	10	12/10/06	0.528
10/11/06	0.477	11	11/11/06	0.486	11	12/11/06	0.462
10/12/06	0.448	12	11/12/06	0.501	12	12/12/06	0.374
10/13/06	0.455	13	11/13/06	0.516	13	12/13/06	0.505
10/14/06	0.419	14	11/14/06	0.441	14	12/14/06	0.337
10/15/06	0.449	15	11/15/06	0.461	15	12/15/06	0.244
10/16/06	0.479	16	11/16/06	0.476	16	12/16/06	0.259
10/17/06	0.460	17	11/17/06	0.447	17	12/17/06	0.274
10/18/06	0.436	18	11/18/06	0.463	18	12/18/06	0.465
10/19/06	0.429	19	11/19/06	0.493	19	12/19/06	0.480
10/20/06	0.418	20	11/20/06	0.521	20	12/20/06	0.464
10/21/06	0.432	21	11/21/06	0.440	21	12/21/06	0.502
10/22/06	0.462	22	11/22/06	0.516	22	12/22/06	0.390
10/23/06	0.490	23	11/23/06	0.483	23	12/23/06	0.388
10/24/06	0.391	24	11/24/06	0.484	24	12/24/06	0.967
10/25/06	0.496	25	11/25/06	0.499	25	12/25/06	0.217
10/26/06	0.491	26	11/26/06	0.514	26	12/26/06	0.035
10/27/06	0.409	27	11/27/06	0.543	27	12/27/06	0.063
10/28/06	0.487	28	11/28/06	0.470	28	12/28/06	0.496
10/29/06	0.502	29	11/29/06	0.415	29	12/29/06	0.438
10/30/06	0.517	30	11/30/06	0.486	30	12/30/06	0.558
10/31/06	0.435	31			31	12/31/06	0.500

I CERTIFY UNDER PENALTY OF LAW THAT I HAVE PERSONALLY EXAMINED AND AM FAMILIAR WITH THE INFORMATION SUBMITTED HEREIN, AND BASED ON MY INQUIRY OF THOSE INDIVIDUALS IMMEDIATELY RESPONSIBLE FOR OBTAINING THE INFORMATION I BELIEVE THE SUBMITTED INFORMATION IS TRUE ACCURATE AND COMPLETE. I AM AWARE THAT THERE ARE SIGNIFICANT PENALTIES FOR SUBMITTING FALSE INFORMATION INCLUDING THE POSSIBILITY OF FINES AND IMPRISONMENT.

SIGNATURE OF PRINCIPLE EXECUTIVE OFFICER OR AUTHORIZED AGENT _____ DATE 1-15-07



Craig Marks

From: Crockett, Jeff [jcrockett@swlaw.com]
Sent: Monday, February 23, 2009 4:58 PM
To: Craig Marks
Cc: Carroll, Bradley
Subject: Response to SFG data request 1.3 (rate case)
Attachments: 1.3 JU Effluent Sales through Dec08.xlsx

Craig:

Set forth on the attached spreadsheet are the quantities of effluent that were delivered and sold by Johnson Utilities to customers (identified by the letters A, B, C, D, E and F) during the years 2006, 2007 and 2008 from the company's four wastewater treatment plants. Johnson Utilities had no effluent sales to customers in 2005. Johnson Utilities does not have data on the delivery of effluent for disposal. Johnson Utilities only has data on the amount of total effluent generated from each wastewater treatment plant and the quantities of effluent sold.

Regards,

Jeff

Snell Wilmer
DENVER LAS VEGAS ORANGE COUNTY PHOENIX SALT LAKE CITY TUCSON

Jeffrey W. Crockett

Snell & Wilmer L.L.P.
One Arizona Center
Phoenix, AZ 85004
602.382.6234

jcrockett@swlaw.com | www.swlaw.com

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Circular 230 Disclaimer: To ensure compliance with Treasury Regulations governing written tax advice, please be advised that any tax advice included in this communication, including any attachments, is not intended, and cannot be used, for the purpose of (i) avoiding any federal tax penalty or (ii) promoting, marketing, or recommending any transaction or matter to another person.

Customer	Rate	Jan 05 Use	Feb 05 Use	Mar 05 Use	Apr 05 Use	May 05 Use	Jun 05 Use	July 05 Use	Aug 05 Use	Sep 05 Use	Oct 05 Use	Nov 05 Use	Dec 05 Use
[redacted]													

Customer	Rate	Jan 06 Use	Feb 06 Use	Mar 06 Use	Apr 06 Use	May 06 Use	Jun 06 Use	July 06 Use	Aug 06 Use	Sep 06 Use	Oct 06 Use	Nov 06 Use	Dec 06 Use
A	0.62*			11,886,000	5,841,000	10,646,000	11,352,000	9,744,000	11,647,000	3,889,000	6,052,000		15,407,000

Customer	Rate	Jan 07 Use	Feb 07 Use	Mar 07 Use	Apr 07 Use	May 07 Use	Jun 07 Use	July 07 Use	Aug 07 Use	Sep 07 Use	Oct 07 Use	Nov 07 Use	Dec 07 Use
A	0.62*	2,181,000	1,404,000	0	322,000	0	0	0	0	0	0	0	7,037,000
B	0.62*	10,912,000	3,832,000	0	6,495,000	4,185,000	1,766,000	206,000	3,340,000	5,100,000	5,824,000	7,281,000	8,345,000

Customer	Rate	Jan 08 Use	Feb 08 Use	Mar 08 Use	Apr 08 Use	May 08 Use	Jun 08 Use	July 08 Use	Aug 08 Use	Sep 08 Use	Oct 08 Use	Nov 08 Use	Dec 08 Use
A	0.62	2,535,000	5,469,000	7,392,000	14,417,000	14,309,000	13,613,000	11,877,000	15,955,000	13,276,000	10,834,000	12,065,000	5,447,000
B	0.62	6,135,000	3,073,000	3,650,000	5,088,000	0	0	2,668,000	489,000	245,000	93,000	0	0
C	0.62	[redacted]								6,173,000	8,827,000	6,449,000	5,083,000
D	0.62	[redacted]								[redacted]	699,000	0	4,000
E	0.62	[redacted]								[redacted]	[redacted]	21,000	13,038,000
F	0.62	[redacted]								[redacted]	[redacted]	33,000	0

Credits were given the end of 2007 & the beginning of 2008 to adjust for an incorrect billing rate for customers A & B.

EXHIBIT SF-18 ADMITTED

requests, the following table compares the amount of effluent available from the Santan WWTP to what Utility actually delivered to Swing First and the Santan HOA.

	Swing First (MG)	Santan HOA (MG)	Total Sales (MG)	Effluent Produced (MG)	Unsold Effluent (MG)
2006					
Mar	11.0886		11.0866	11.0866	0.0000
Apr	5.841		5.8410	10.917	5.0760
May	10.646		10.6460	11.318	0.6720
Jun	11.352		11.3520	11.543	0.1910
Jul	9.744		9.7440	12.497	2.7530
Aug	11.647		11.6470	13.335	1.6880
Sep	3.889		3.8890	13.297	9.4080
Oct	6.052		6.0520	14.127	8.0750
Nov	0		0.0000	14.794	14.7940
Dec	15.407		15.4070	13.3295	-2.0775
Total 2006	**85.6666**		**85.6646**	**126.2441**	**40.5795**
2007					
Jan	2.181	10.9120	13.0930	16.337	3.2440
Feb	1.4040	3.8320	5.2360	14.532	9.2960
Mar	0.0000	0.0000	0.0000	16.027	16.0270
Apr	0.3220	6.4950	6.8170	15.39	8.5730
May	0.0000	4.1850	4.1850	15.159	10.9740
Jun	0.0000	1.7660	1.7660	13.71	11.9440
Jul	0.0000	0.2060	0.2060	13.361	13.1550
Aug	0.0000	3.3400	3.3400	15.624	12.2840
Sep	0.0000	5.1000	5.1000	15.27	10.1700
Oct	0.0000	5.8240	5.8240	15.903	10.0790
Nov	0.0000	7.2810	7.2810	16.41	9.1290
Dec	7.0370	8.3450	15.3820	17.081	1.6990
Total 2007	**10.944**	**57.2860**	**68.2301**	**184.804**	**116.5739**
2008	0	0.0000			
Jan	2.535	6.1350	8.6700	16.814	8.1440
Feb	5.469	3.0730	8.5420	16.652	8.1100
Mar	7.392	3.6500	11.0420	17.341	6.2990
Apr	14.417	5.0880	19.5050	16.658	-2.8470
May	14.309	0.0000	14.3090	16.898	2.5890
Jun	13.613	0.0000	13.6130	16.371	2.7580
Jul	11.877	2.6680	14.5450	17.196	2.6510
Aug	15.955	0.4890	16.4440	17.302	0.8580
Sep	13.276	0.2450	13.5210	16.968	3.4470
Oct	10.834	0.0930	10.9270	17.404	6.4770
Nov	12.065	0.0000	12.0650	17.89	5.8250
Dec	5.447	0.0000	5.4470	18.958	13.5110
Total 2008	**127.189**	**21.4410**	**148.6300**	**206.452**	**57.8220**
Total 2006-08	**223.7996**	**78.7270**	**302.5247**	**517.5001**	**214.9754**

EXHIBIT
SF-19
ADMITTED

Snell & Wilmer
L.L.P.
LAW OFFICES

One Arizona Center
Phoenix, AZ 85004-2202
602.382.6000
602.382.6070 (Fax)
www.swlaw.com

LAS VEGAS
ORANGE COUNTY
PHOENIX
SALT LAKE CITY
TUCSON

Jeffrey W. Crockett
602.382.6234
jcrockett@swlaw.com

April 15, 2009

VIA E-MAIL AND FIRST CLASS MAIL

Craig A. Marks
Craig A. Marks PLC
10645 N. Tatum Blvd.
Suite 200-676
Phoenix Arizona 85028

Re: Johnson Utilities, LLC's Responses to Swing First Golf LLC's Sixth Set of Data Requests (Docket No. WS-02987A-08-0180)

Dear Craig:

Enclosed please find Johnson Utilities' Responses to Swing First Golf LLC's Data Request 6-2 in the above-captioned rate case.

Very truly yours,

SNELL & WILMER

Jeffrey W. Crockett

JWC:gdb
Enclosures
cc (with enclosures): Brian Tompsett
CROCKEJ\SWDMS\9883346.1

Docket No. WS-02987A-08-0180
Swing First Golf LLC
Sixth Set of Data Requests to Johnson Utilities LLC

(RATE CASE PROCEEDING)

6.2 Please refer to the table set forth at page 2 of Mr. Ashton's Surrebuttal Testimony.

(a) For each of the months of January through March, 2009, please provide the amounts of treated effluent produced from the Santan WWTP and the amount of effluent sales to Swing First, the Santan HOA, and any other customer.

Response: Please see attached.

(b) For each of the months of March 2006 through March 2009, how much treated effluent did Utility produce from the Santan WWTP that was not sold to either Swing First or the Santan HOA? For each of these months, please describe and quantify how Utility utilized the unsold remainder of the treated effluent, including recharge, sales for construction uses, or other purposes.

Response: There are no other effluent customers being served by the San Tan WWTP. Effluent that is not sold is recharged.

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

CROCKEJ\SWDMS\9883479.1

	Customer A (MG)	Customer B (MG)	Effluent Generated (MG)
Jan, 09	2.95		19.32
Feb, 09	4.60		18.05
Mar, 09	5.85	1.23	19.18

SF-19

Snell & Wilmer
L.L.P.
LAW OFFICES

One Arizona Center
Phoenix, AZ 85004-2202
602.382.6000
602.382.6070 (Fax)
www.swlaw.com

DENVER
LAS VEGAS
ORANGE COUNTY
PHOENIX
SALT LAKE CITY
TUCSON

Jeffrey W. Crockett
602.382.6234
jcrockett@swlaw.com

April 15, 2009

VIA E-MAIL AND FIRST CLASS MAIL

Craig A. Marks
Craig A. Marks PLC
10645 N. Tatum Blvd.
Suite 200-676
Phoenix Arizona 85028

Re: Johnson Utilities, LLC's Responses to Swing First Golf LLC's Sixth Set of Data Requests (Docket No. WS-02987A-08-0180)

Dear Craig:

Enclosed please find Johnson Utilities' Responses to Swing First Golf LLC's Data Request 6-2 in the above-captioned rate case.

Very truly yours,

SNELL & WILMER

Jeffrey W. Crockett

JWC:gdb
Enclosures
cc (with enclosures): Brian Tompsett
CROCKEJ\SWDMS\9883346.1

Docket No. WS-02987A-08-0180
Swing First Golf LLC
Sixth Set of Data Requests to Johnson Utilities LLC

(RATE CASE PROCEEDING)

6.2 Please refer to the table set forth at page 2 of Mr. Ashton's Surrebuttal Testimony.

(a) For each of the months of January through March, 2009, please provide the amounts of treated effluent produced from the Santan WWTP and the amount of effluent sales to Swing First, the Santan HOA, and any other customer.

Response: Please see attached.

(b) For each of the months of March 2006 through March 2009, how much treated effluent did Utility produce from the Santan WWTP that was not sold to either Swing First or the Santan HOA? For each of these months, please describe and quantify how Utility utilized the unsold remainder of the treated effluent, including recharge, sales for construction uses, or other purposes.

Response: There are no other effluent customers being served by the San Tan WWTP. Effluent that is not sold is recharged.

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

CROCKEJ\SWDMS\9883479.1

	Customer A (MG)	Customer B (MG)	Effluent Generated (MG)
Jan, 09	2.95		19.32
Feb, 09	4.60		18.05
Mar, 09	5.85	1.23	19.18

EXHIBIT
SP-20
ADMITTED

Brian

From: Brian [btompsett@qwest.net]
Sent: Monday, December 03, 2007 10:42 AM
To: 'daveashton@gmail.com'
Cc: 'Jeff Lundgren'; 'Gary Larsen'; 'December Davis'; Danny Hodges (danielhodges@qwest.net)
Subject: RE: Latest conversation

Dave-
Again I can't emphasize enough that the two issues aren't tied together. You have a signed contract with Johnson Utilities. You do not have a signed contract with Oasis. You need to address the monies owed to Johnson Utilities now. I will have Gary get with Jeff regarding a check today in the amount of $12,625. We still need to get the promissory note signed now. After today's payment I put that amount at $54, 375. I will have December modify the note to that amount.

With respect to effluent delivery or golf course water. The contract clearly states in paragraph 9 (c): "Utility reserves the right to deliver the quantities of water that Holdings elects to purchase pursuant to Paragraph 9(a) from any of the following sources: (i) effluent from any wastewater treatment plant of Utility, (ii) any surface water available to Utility, or (iii) groundwater (the foregoing items (i), (ii) and (iii) being hereafter referred to as "Exchange Water"). ***Election of such sources shall be at the sole discretion of Utility".***

We will continue to try to deliver as much effluent to the golf course as we can but the other part of the equation is that the golf course does not generate any wastewater. All effluent delivery is based on flows generated from the subdivisions.

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: Friday, November 30, 2007 5:37 PM
To: Brian Tompsett
Cc: Jeff Lundgren; Gary Larsen; December Davis
Subject: Latest conversation

Hi Brian: You may be aware that I spoke with George this afternoon. Given his comments, it seems clear that we face significant hurdles to resolution.

Water delivery and Oasis management were unfortunately linked at one time. I wish we could change what happened in the past.

As you know I don't wish to escalate. I believe it benefits no one. Therefore I will not do so until water to the golf course is turned off. If it's turned off and I'm not notified, I will ask Jeff to verify when it becomes clear that our lake is getting low.

If water is delivered going forward I will continue to pay for it on time and in full as billed correctly.

The amount I'm requesting for Oasis management is less than what we currently owe for water ($54,375 vs $67,000). Therefore you should receive a check for the difference. I will ask Jeff to please get a check to Gary on Monday. If we don't have enough money in our account on Monday then I'll pay for it out of my own pocket. While I realize this gains me nothing, it seems like the prudent thing to do. As you know, the only reason this wasn't paid before is because it was impossible to know what was really owed. Your work the last ten days has

provided clarity on that. I appreciate your efforts in that regard.

Regards,
Dave

EXHIBIT
SF-21
ADMITTED

Docket No. WS-02987A-08-0049
Swing First Golf LLC
First Data Requests to Johnson Utilities LLC

(COMPLAINT PROCEEDING)

REVISED RESPONSE TO 1.1 (10-17-2008)

1.1 Please provide copies of all bills rendered by Johnson Utilities to Swing First from December 2004 to the present.

Response: In accordance with Administrative Law Judge Kinsey's ruling at the oral argument held June 18, 2008 in Docket WS-02987A-08-0049 as set forth in the transcript of that proceeding, attached are copies of the bills rendered by Johnson Utilities to Swing First Golf from or after December 1, 2004, through June 30, 2008.

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

SF000002

Johnson Utilities

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

03/31/06	00120362-01
04/20/06	$10,565.88

SWING FIRST GOLF COURSE
433 GOLF CLUB Dr
QUEEN CREEK, AZ 85243

0012036201

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	0	0	0	Initial Read	2/23/2006	2/23/2006
	0	11886000	11886000	Normal Rd.	2/23/2006	3/24/2006

WATER SERVICE

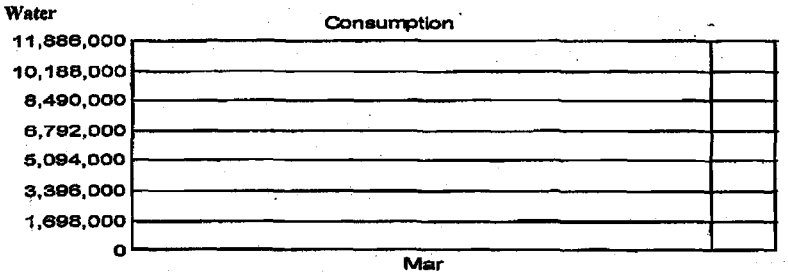
Water Usage	$9,839.23	Water - Trans Privilege Tax	$649.39
Superfund Tax	$77.26		
		Total Water Charges	**$10,565.88**

Previous Balance	**$0.00**		
Payment	**$0.00**	**Total Due**	**$10,565.88**

Please pay your Statement by the Due date to avoid Late Fees and/or Disconnection.

SWING FIRST GOLF COURSE

433 GOLF CLUB Dr



00120362-01	03/31/06
2005132-9-06	04/20/06

From 02/28/06 to 03/31/06 = 31 Days

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

SF000003

Johnson Utilities

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

04/30/06	00120362-01
05/20/06	$15,916.64

SWING FIRST GOLF COURSE
433 GOLF CLUB Dr
QUEEN CREEK, AZ 85243

0012036201

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	11886000	17727000	5841000	Normal Rd.	3/24/2006	4/21/2006

WATER SERVICE

Water Usage	$4,835.18	Water - Trans Privilege Tax	$319.12
Superfund Tax	$37.97		
		Total Water Charges	**$5,192.27**

OTHER CHARGES

Late Fee	$158.49		
		Total Other Charges	**$158.49**

Previous Balance	**$10,565.88**		
Payment	**$0.00**	**Total Due**	**$15,916.64**

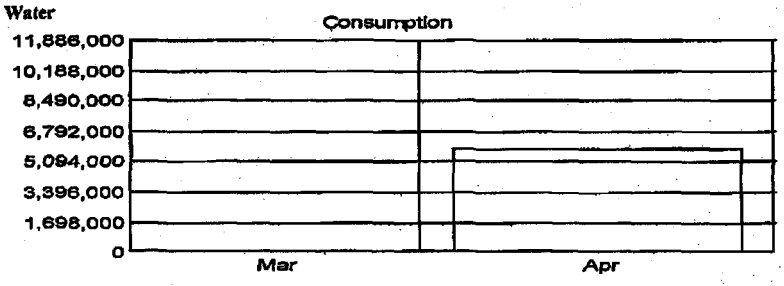
Please pay your Statement by the Due date to avoid Late Fees and/or Disconnection.

SWING FIRST GOLF COURSE

433 GOLF CLUB Dr

00120362-01	04/30/06
2005132-9-06	05/20/06

From 03/31/06 to 04/30/06 = 30 Days



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

SF000004

Johnson Utilities

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

05/31/06	00120362-01
06/20/06	$17,811.34

SWING FIRST GOLF COURSE
433 GOLF CLUB Dr
QUEEN CREEK, AZ 85243

0012036201

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	17727000	28373000	10646000	Normal Rd.	4/21/2006	5/22/2006

WATER SERVICE

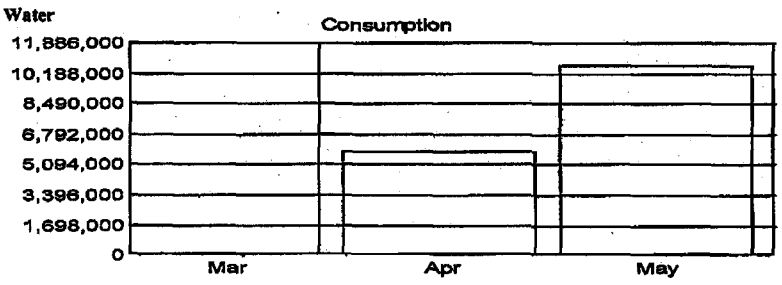
Water Usage	$8,812.76	Water - Trans Privilege Tax	$581.64
Superfund Tax	$69.20		
		Total Water Charges	**$9,463.60**

OTHER CHARGES

Late Fee	$123.37		
		Total Other Charges	**$123.37**

Previous Balance	**$15,916.64**		
Payment	**($7,692.27)**	**Total Due**	**$17,811.34**

Please pay your Statement by the Due date to avoid Late Fees and/or Disconnection.



SWING FIRST GOLF COURSE

433 GOLF CLUB Dr

00120362-01	05/31/06
2005132-9-06	06/20/06

From 04/30/06 to 05/31/06 = 31 Days

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

SF000005

Johnson Utilities

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

06/30/06	00120362-01
07/20/06	$28,025.90

SWING FIRST GOLF COURSE
433 GOLF CLUB Dr
QUEEN CREEK, AZ 85243

0012036201

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	28373000	39725000	11352000	Normal Rd.	5/22/2006	6/21/2006

WATER SERVICE

Water Usage	$9,397.19	Water - Trans Privilege Tax	$620.21
Superfund Tax	$73.79		
		Total Water Charges	**$10,091.19**

OTHER CHARGES

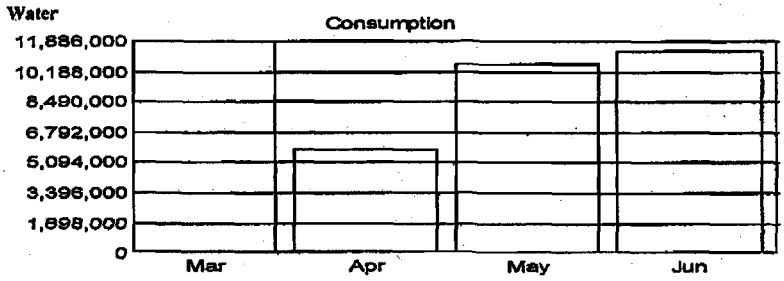
Late Fee	$123.37		
		Total Other Charges	**$123.37**

Previous Balance	**$17,811.34**		
Payment	**$0.00**	**Total Due**	**$28,025.90**

Johnson Utilities now has Pay-On-Line at johnsonutilities.com, available for your payment needs. Please pay your Statement by the Due date to avoid Late Fees and/or Disconnection.

SWING FIRST GOLF COURSE

433 GOLF CLUB Dr



00120362-01	06/30/06
2005132-9-06	07/20/06

From 05/31/06 to 06/30/06 = 30 Days

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

SF000006

Johnson Utilities

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

07/31/06	00120362-01
08/20/06	$37,108.07

SWING FIRST GOLF COURSE
433 GOLF CLUB Dr
QUEEN CREEK, AZ 85243

0012036201

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	39725000	49469000	9744000	Normal Rd.	6/21/2006	7/24/2006

WATER SERVICE

Water Usage	$8,066.08	Water - Trans Privilege Tax	$532.36
Superfund Tax	$63.34		
		Total Water Charges	**$8,661.78**

OTHER CHARGES

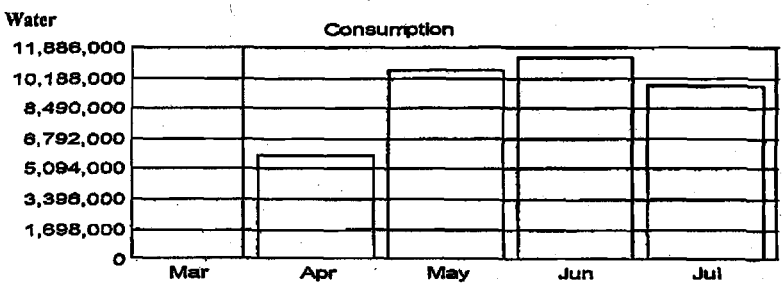
Late Fee	$420.39		
		Total Other Charges	**$420.39**

Previous Balance	**$28,025.90**		
Payment	**$0.00**	**Total Due**	**$37,108.07**

Johnson Utilities now has Pay-On-Line at johnsonutilities.com, available for your payment needs. Please pay your Statement by the Due date to avoid Late Fees and/or Disconnection.

SWING FIRST GOLF COURSE

433 GOLF CLUB Dr



00120362-01	07/31/06
2005132-9-06	08/20/06

From 06/30/06 to 07/31/06 = 31 Days

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

SF000007

Johnson Utilities

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

08/31/06	00120362-01
09/20/06	$48,018.12

SWING FIRST GOLF COURSE
433 GOLF CLUB Dr
QUEEN CREEK, AZ 85243

0012036201

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	49469000	61116000	11647000	Normal Rd.	7/24/2006	8/25/2006

WATER SERVICE

Water Usage	$9,641.39	Water - Trans Privilege Tax	$636.33
Superfund Tax	$75.71		
		Total Water Charges	**$10,353.43**

OTHER CHARGES

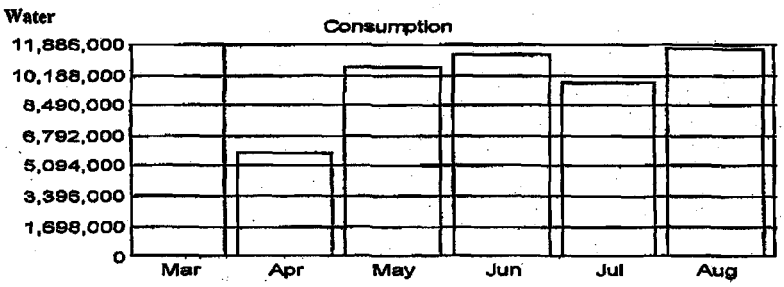
Late Fee	$556.62		
		Total Other Charges	**$556.62**

Previous Balance	**$37,108.07**		
Payment	**$0.00**	**Total Due**	**$48,018.12**

Johnson Utilities now has Pay-On-Line at johnsonutilities.com, available for your payment needs. Please pay your Statement by the Due date to avoid Late Fees and/or Disconnection.

SWING FIRST GOLF COURSE

433 GOLF CLUB Dr



00120362-01	08/31/06
2005132-9-06	09/20/06

From 07/31/06 to 08/31/06 = 31 Days

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

SF000008

Johnson Utilities

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

09/30/06	00120362-01
10/20/06	$52,031.80

SWING FIRST GOLF COURSE
433 GOLF CLUB Dr
QUEEN CREEK, AZ 85243

0012036201

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	61116000	65005000	3889000	Normal Rd.	8/25/2006	9/20/2006

WATER SERVICE

Water Usage	$3,219.31	Water - Trans Privilege Tax	$212.47
Superfund Tax	$25.28		
		Total Water Charges	**$3,457.06**

OTHER CHARGES

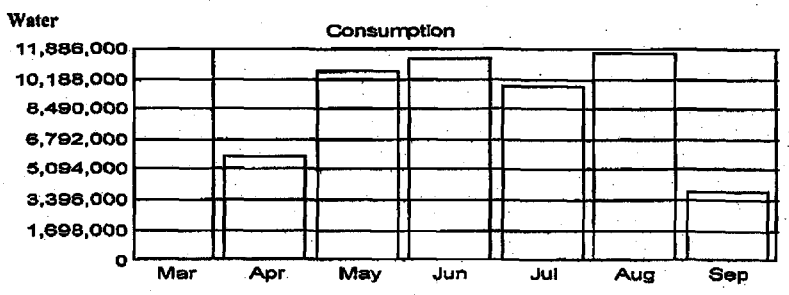
Late Fee	$556.62		
		Total Other Charges	**$556.62**

Previous Balance	**$48,018.12**		
Payment	**$0.00**	**Total Due**	**$52,031.80**

In the near future Johnson Utilities will discontinue the Courtesy Hang Notices and transfer to a new Virtual Phone Notification System. It's essential that we have the phone # that you would like for us to contact you. For more information please call our Johnson Utilities office.

SWING FIRST GOLF COURSE

433 GOLF CLUB Dr



00120362-01	09/30/06
2005132-9-06	10/20/06

From 08/31/06 to 09/30/06 = 30 Days

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

SF000009

Johnson Utilities

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

12/31/06	00120362-02
01/20/07	$14,655.22

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

0012036202

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	71057000	71057000	0	Initial Read	11/1/2006	11/1/2006
	71057000	78845000	7788000	Normal Rd.	11/1/2006	11/22/2006
	78845000	86464000	7619000	Normal Rd.	11/22/2006	12/21/2006

WATER SERVICE

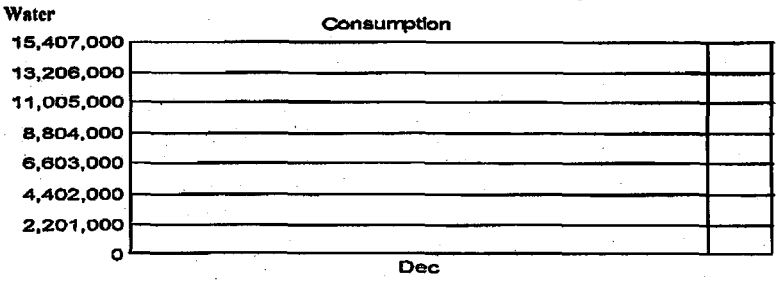
Water Minimum	$900.00	Water Usage	$12,753.91
Water - Trans Privilege Tax	$901.16	Superfund Tax	$100.15
		Total Water Charges	**$14,655.22**

Previous Balance	**$0.00**		
Payment	**$0.00**	**Total Due**	**$14,655.22**

Johnson Utilities has discontinued the Courtesy Hang Notices and transferred to a new Virtual Phone Notification System which has been a very successful upgrade. It's essential that we have the phone number that you would like for us to contact you in order to avoid service interruption.

SWING FIRST GOLF

433 GOLF CLUB DR



00120362-02	12/31/06
2005132-9-06	01/20/07

From 11/30/06 to 12/31/06 = 31 Days

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

SF000010

Johnson Utilities

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

01/31/07	00120362-02
02/15/07	$17,773.22

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

0012036202

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	86464000	88645000	2181000	Normal Rd.	12/21/2006	1/24/2007

WATER SERVICE

Water Minimum	$900.00	Water Usage	$1,805.43
Water - Trans Privilege Tax	$178.56	Superfund Tax	$14.18
		Total Water Charges	**$2,898.17**

OTHER CHARGES

Late Fee	$219.83		
		Total Other Charges	**$219.83**

Previous Balance	**$14,655.22**		
Payment	**$0.00**	**Total Due**	**$17,773.22**

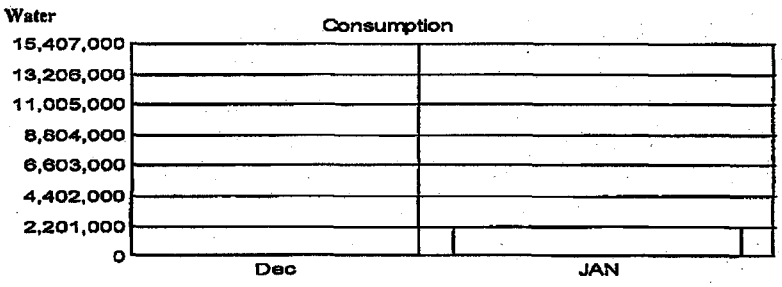
Johnson Utilities has discontinued the Courtesy Hang Notices and transferred to a new Virtual Phone Notification System which has been a very successful upgrade. It's essential that we have the phone number that you would like for us to contact you in order to avoid service interruption.

SWING FIRST GOLF

433 GOLF CLUB DR

00120362-02	01/31/07
2005132-9-06	02/15/07

From 12/31/06 to 01/31/07 = 31 Days



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

SF000011

Johnson Utilities

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

02/28/07	00120362-02
03/20/07	$20,200.52

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

0012036202

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	10711000	12115000	1404000	Normal Rd.	1/24/2007	2/22/2007

WATER SERVICE

Water Minimum	$900.00	Water Usage	$1,162.23
Water - Trans Privilege Tax	$136.11	Superfund Tax	$9.13
		Total Water Charges	**$2,207.47**

OTHER CHARGES

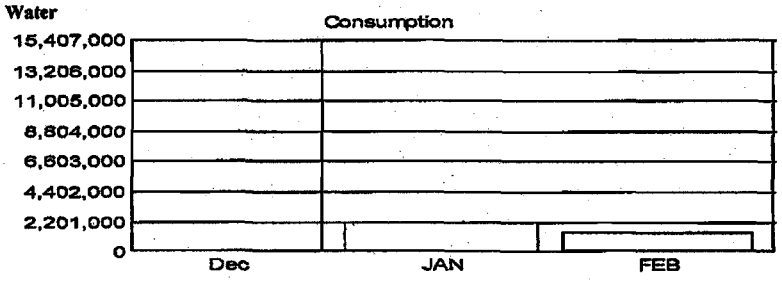
Late Fee	$219.83		
		Total Other Charges	**$219.83**

Previous Balance	**$17,773.22**		
Payment	**$0.00**	**Total Due**	**$20,200.52**

Johnson Utilities has discontinued the Courtesy Hang Notices and transferred to a new Virtual Phone Notification System which has been a very successful upgrade. It's essential that we have the phone number that you would like for us to contact you in order to avoid service interruption.

SWING FIRST GOLF

433 GOLF CLUB DR



00120362-02	02/28/07
2005132-9-06	03/20/07

From 01/31/07 to 02/28/07 = 28 Days

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

SF000012

Johnson Utilities

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

03/31/07 00120362-02

03/20/07 $21,462.93

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

0012036202002146293 8

0012036202

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
WATER SERVICE						
Water Minimum			$900.00	Water - Trans Privilege Tax		$59.40
				Total Water Charges		**$959.40**
OTHER CHARGES						
Late Fee			$303.01			
				Total Other Charges		**$303.01**

Previous Balance	**$20,200.52**		
Payment	**$0.00**	**Total Due**	**$21,462.93**

Johnson Utilities has discontinued the Courtesy Hang Notices and transferred to a new Virtual Phone Notification System which has been a very successful upgrade. It's essential that we have the phone number that you would like for us to contact you in order to avoid service interruption.

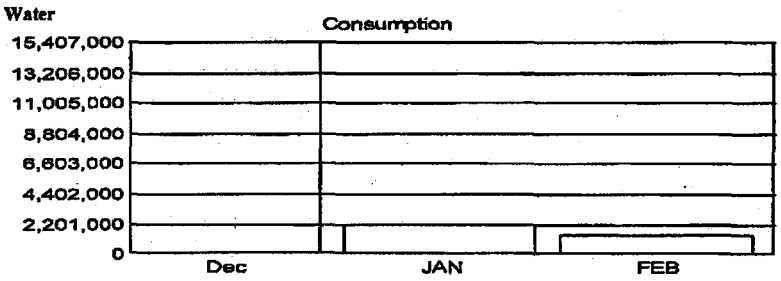
SWING FIRST GOLF

433 GOLF CLUB DR

00120362-02 03/31/07

03/20/07

From 02/28/07 to 03/31/07 = 31 Days



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

SF000013

Johnson Utilities

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

04/30/07	00120362-02
05/20/07	$23,011.57

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

0012036202002301157 6

0012036202

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	12115000	12437000	322000	Normal Rd.	2/22/2007	4/20/2007

WATER SERVICE

Water Minimum	$900.00	Water Usage	$266.55
Water - Trans Privilege Tax	$76.99	Superfund Tax	$2.09
		Total Water Charges	**$1,245.63**

OTHER CHARGES

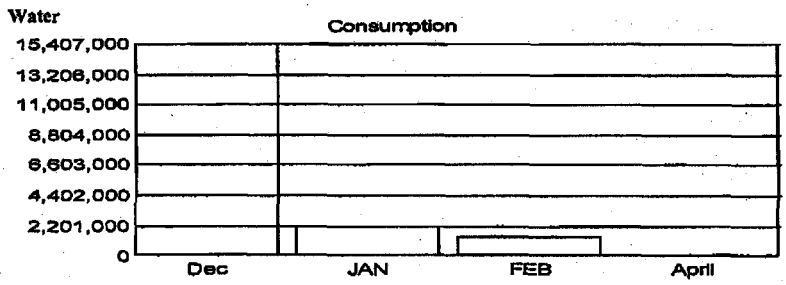
Late Fee	$303.01		
		Total Other Charges	**$303.01**

Previous Balance	**$21,462.93**		
Payment	**$0.00**	**Total Due**	**$23,011.57**

IMPORTANT NOTICE AS OF JUNE 1, 2007 JOHNSON UTILITIES WILL NO LONGER ACCEPT CREDIT OR DEBIT CARDS AT JOHNSON UTILITIES OFFICE. A PHONE NUMBER WILL BE ISSUED TO REMIT CREDIT OR DEBIT CARD TRANSACTIONS. CASH, MONEY ORDER, CASHIER'S CHECKS AND PERSONAL CHECKS WILL BE THE ONLY METHOD OF PAYMENT ACCEPTED AT JOHNSON UTILITIES.

SWING FIRST GOLF

433 GOLF CLUB DR



00120362-02	04/30/07
2005132-9-06	05/20/07

From 03/31/07 to 04/30/07 = 30 Days

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

SF000014

Johnson Utilities

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

05/31/07 00120362-02

06/20/07 $24,091.87

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

0012036202002409187 4

0012036202

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
WATER SERVICE						
Water Minimum			$900.00	Water AZ Trans Privilege Tax		$59.40
				Total Water Charges		**$959.40**
OTHER CHARGES						
Late Fee			$341.86			
				Total Other Charges		**$341.86**

Previous Balance	**$23,011.57**		
Payment	**($220.96)**	**Total Due**	**$24,091.87**

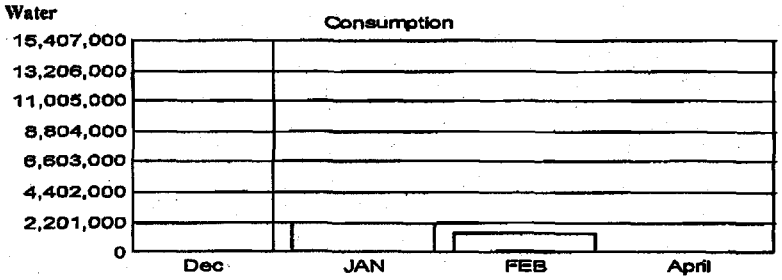
IMPORTANT NOTICE AS OF JUNE 1, 2007 JOHNSON UTILITIES WILL NO LONGER ACCEPT CREDIT OR DEBIT CARDS AT JOHNSON UTILITIES OFFICE. A PHONE NUMBER WILL BE ISSUED TO REMIT CREDIT OR DEBIT CARD TRANSACTIONS. CASH, MONEY ORDER, CASHIER'S CHECKS AND PERSONAL CHECKS WILL BE THE ONLY METHOD OF PAYMENT ACCEPTED AT JOHNSON UTILITIES.

SWING FIRST GOLF

433 GOLF CLUB DR

00120362-02 05/31/07

06/20/07



From 04/30/07 to 05/31/07 = 31 Days

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

SF000015

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

06/01/07 00120362-02

06/20/07 $19,124.50

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

0012036202001912450 8

0012036202

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
OTHER CHARGES						
Late Fee			$282.63			
				Total Other Charges		**$282.63**

Previous Balance	**$24,091.87**		
Payment	**($5,250.00)**	**Total Due**	**$19,124.50**

IMPORTANT NOTICE AS OF JUNE 1, 2007 JOHNSON UTILITIES WILL NO LONGER ACCEPT CREDIT OR DEBIT CARDS AT JOHNSON UTILITIES OFFICE. A PHONE NUMBER WILL BE ISSUED TO REMIT CREDIT OR DEBIT CARD TRANSACTIONS. CASH, MONEY ORDER, CASHIER'S CHECKS AND PERSONAL CHECKS WILL BE THE ONLY METHOD OF PAYMENT ACCEPTED AT JOHNSON UTILITIES.

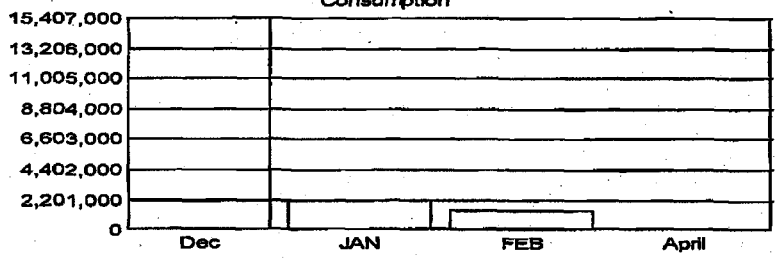
SWING FIRST GOLF

433 GOLF CLUB DR

00120362-02 06/01/07

06/20/07

Water



From 05/31/07 to 06/01/07 = 1 Days

Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000016

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

08/31/07 00120362-02

09/21/07 $6,499.00

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

00120362020006499004

0012036202

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
OTHER CHARGES						
Late Fee			$91.87			
				Total Other Charges		**$91.87**

Previous Balance	**$19,407.13**		
Payment	**($13,000.00)**	**Total Due**	**$6,499.00**

IMPORTANT NOTICE AS OF JUNE 1, 2007 JOHNSON UTILITIES WILL NO LONGER ACCEPT CREDIT OR DEBIT CARDS AT JOHNSON UTILITIES OFFICE. A PHONE NUMBER WILL BE ISSUED TO REMIT CREDIT OR DEBIT CARD TRANSACTIONS. CASH, MONEY ORDER, CASHIER'S CHECKS AND PERSONAL CHECKS WILL BE THE ONLY METHOD OF PAYMENT ACCEPTED AT JOHNSON UTILITIES.

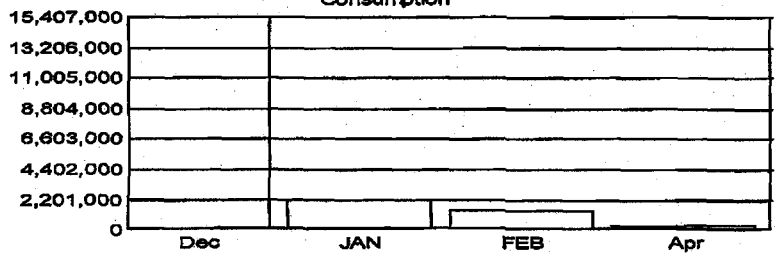
SWING FIRST GOLF

433 GOLF CLUB DR

00120362-02 08/31/07

09/21/07

Water Consumption



From 07/31/07 to 08/31/07 = 31 Days

Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000017

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

09/30/07 00120362-02

10/15/07 Credit Balance of ($2,044.67)

DO NOT PAY

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

001203620200-2044671

0012036202

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
OTHER CHARGES						
CR Late Fee			($219.83)	Late Fee		$1,824.84
CR Late Fee			($1,824.84)	CR Late Fee		($1,824.84)
				Total Other Charges		**($2,044.67)**

Previous Balance	**$6,499.00**		**DO NOT PAY**
Payment	**($6,499.00)**	**Total Due**	**Credit Balance of ($2,044.67)**

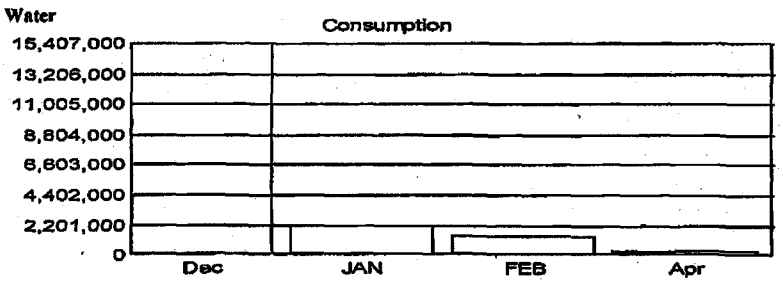
SWING FIRST GOLF

433 GOLF CLUB DR

00120362-02 09/30/07

10/15/07

From 08/31/07 to 09/30/07 = 30 Days



Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000018

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

10/31/07 00120362-02

11/15/07 Credit Balance of ($2,044.67)

DO NOT PAY

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

001203620200-2044671

0012036202

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present

Previous Balance	**($2,044.67)**		**DO NOT PAY**
Payment	**$0.00**	**Total Due**	**Credit Balance of ($2,044.67)**

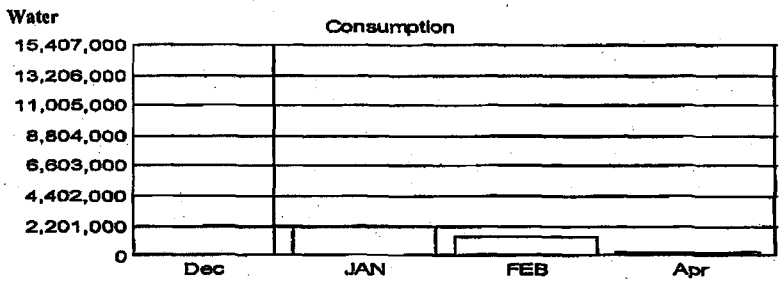
SWING FIRST GOLF

433 GOLF CLUB DR

00120362-02 10/31/07

11/15/07

From 09/30/07 to 10/31/07 = 31 Days



Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000019

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

12/31/07	00120362-02
01/15/08	$5,107.51

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

0012036202000510751 7

0012036202

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	17626000	19474000	1848000	Normal Rd.	11/20/2007	12/21/2007

WATER SERVICE

DR Water Usage Charge	$3,217.18	Water Usage	$1,529.77
Water AZ Trans Privilege Tax	$102.49	Superfund Tax	$12.01
		Total Water Charges	**$4,861.45**

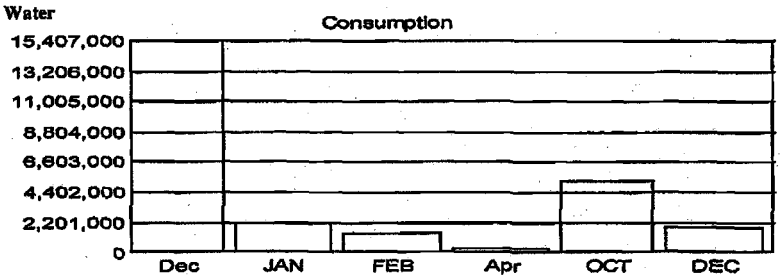
OTHER CHARGES

DR Water Privilege Tax	$212.33	DR Superfund Tax	$33.73
		Total Other Charges	**$246.06**

Previous Balance	**$0.00**		
Payment	**$0.00**	**Total Due**	**$5,107.51**

SWING FIRST GOLF

433 GOLF CLUB DR



00120362-02	12/31/07
2005132-9-06	01/15/08

From 11/30/07 to 12/31/07 = 31 Days

Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000020

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

01/31/08	00120362-02
02/15/08	$2,658.15

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

00120362020002658157

0012036202

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	19474000	19474000	0	Final Reading	12/21/2007	12/21/2007
	0	0	0	Initial Read	12/21/2007	12/21/2007
	0	2535000	2535000	Normal Rd.	12/21/2007	1/23/2008

WATER SERVICE

DR Water Minimum Charge	$450.00	CR Water Usage Charge	($384.01)
CR Water Privilege Tax	($25.73)	Water Minimum	$479.03
Water Usage	$1,571.70	Water AZ Trans Privilege Tax	$137.40
Superfund Tax	$16.48		
		Total Water Charges	**$2,244.87**

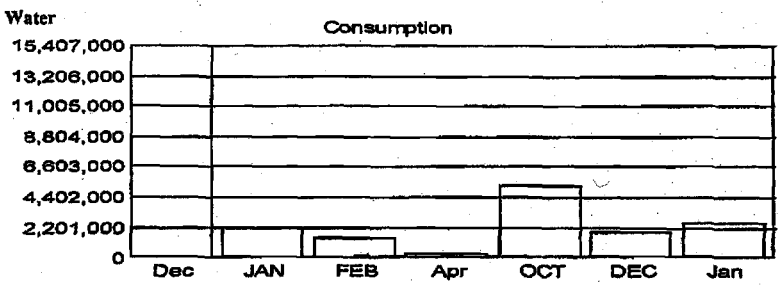
OTHER CHARGES

Late Fee	$0.05		
		Total Other Charges	**$0.05**

Previous Balance	**$5,107.51**		
Payment	**($4,694.28)**	**Total Due**	**$2,658.15**

SWING FIRST GOLF

433 GOLF CLUB DR



00120362-02	01/31/08
2005132-9-06	02/15/08

From 12/31/07 to 01/31/08 = 31 Days

Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000021

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

02/29/08	00120362-02
03/15/08	$4,133.66

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

00120362020004133662

0012036202

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	2535000	8004000	5469000	Normal Rd.	1/23/2008	2/19/2008

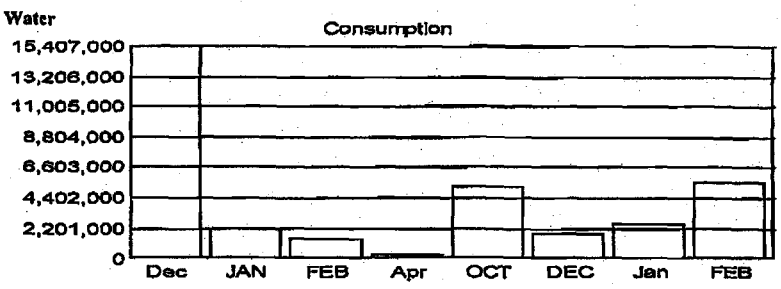
WATER SERVICE

Water Minimum	$450.00	Water Usage	$3,390.78
Water AZ Trans Privilege Tax	$257.33	Superfund Tax	$35.55
		Total Water Charges	**$4,133.66**

Previous Balance	**$2,658.15**		
Payment	**($2,658.15)**	**Total Due**	**$4,133.66**

SWING FIRST GOLF

433 GOLF CLUB DR



00120362-02	02/29/08
53303	03/15/08

From 01/31/08 to 02/29/08 = 29 Days

Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000022

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

03/31/08	00120362-02
04/15/08	$9,551.96

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

00120362020009551967

0012036202

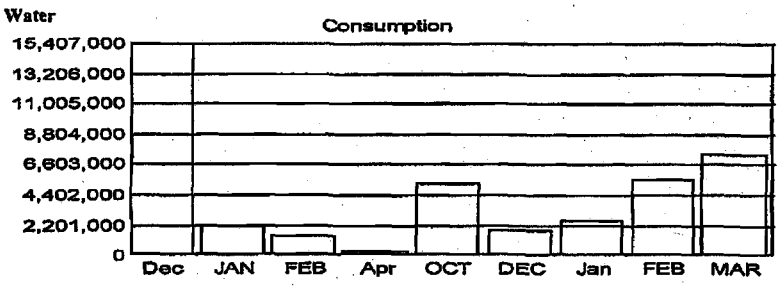
Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	8004000	15396000	7392000	Normal Rd.	2/19/2008	3/28/2008

WATER SERVICE

Water Minimum	$450.00	Water Usage	$4,583.04
Water AZ Trans Privilege Tax	$337.21	Superfund Tax	$48.05
		Total Water Charges	**$5,418.30**

Previous Balance	**$4,133.66**		
Payment	**$0.00**	**Total Due**	**$9,551.96**

Make payments online at www.johnsonutilities.com
Johnson Utilities has partnered with NCO to offer fast and convenient payments over the phone. Call Johnson Utilities at (480)987-9870 and choose option 1 or call NCO directly at 1-866-277-0759. Be sure to have your account information available.
Previous balance is due upon receipt to avoid late fees and disconnection



SWING FIRST GOLF

433 GOLF CLUB DR

00120362-02	03/31/08
53303	04/15/08

From 02/29/08 to 03/31/08 = 31 Days

Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000023

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

04/30/08	00120362-02
05/15/08	$10,111.28

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

0012036202001011128 0

0012036202

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	15396000	29813000	14417000	Normal Rd.	3/28/2008	4/23/2008

WATER SERVICE

Water Minimum	$450.00	Water Usage	$8,938.54
Water AZ Trans Privilege Tax	$629.03	Superfund Tax	$93.71
		Total Water Charges	**$10,111.28**

Previous Balance	**$9,551.96**		
Payment	**($9,551.96)**	**Total Due**	**$10,111.28**

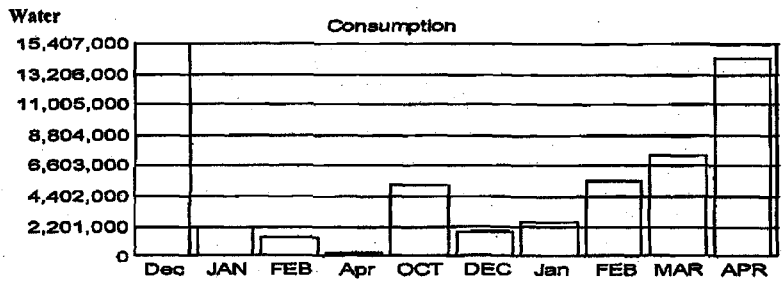
Make payments online at www.johnsonutilities.com
Johnson Utilities has partnered with NCO to offer fast and convenient payments over the phone. Call Johnson Utilities at (480)987-9870 and choose option 1 or call NCO directly at 1-866-277-0759. Be sure to have your account information available.
Previous balance is due upon receipt to avoid late fees and disconnection

SWING FIRST GOLF

433 GOLF CLUB DR

00120362-02	04/30/08
53303	05/15/08

From 03/31/08 to 04/30/08 = 30 Days



Johnson Utilities
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SF000024

Johnson Utilities

968 E Hunt Hwy
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(480) 987-9870

05/31/08	00120362-02
06/15/08	$10,039.14

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

0012036202001003914 3

0012036202

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	29813000	44122000	14309000	Normal Rd.	4/23/2008	5/30/2008

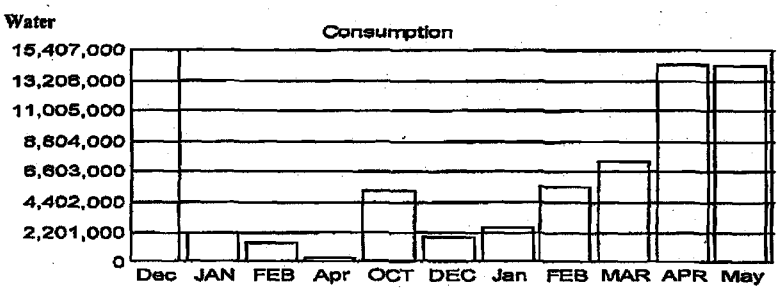
WATER SERVICE

Water Minimum	$450.00	Water Usage	$8,871.58
Water AZ Privilege Tax	$624.55	Water AZ Superfund Tax	$93.01
		Total Water Charges	**$10,039.14**

Previous Balance	**$10,111.28**		
Payment	**($10,111.28)**	**Total Due**	**$10,039.14**

SWING FIRST GOLF

433 GOLF CLUB DR



00120362-02	05/31/08
53303	06/15/08

From 04/30/08 to 05/31/08 = 31 Days

Johnson Utilities
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SF000025

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968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

06/30/08	00120362-02
07/15/08	$19,613.31

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

0012036202001961331 0

0012036202

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	44122000	57735000	13613000	Normal Rd.	5/30/2008	6/17/2008

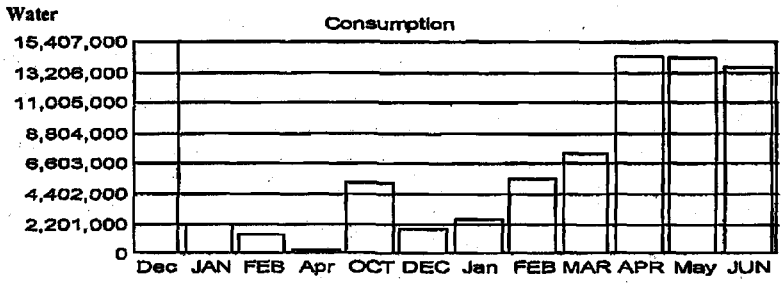
WATER SERVICE

Water Minimum	$450.00	Water Usage	$8,440.06
Water AZ Privilege Tax	$595.63	Water AZ Superfund Tax	$88.48
		Total Water Charges	**$9,574.17**

Previous Balance	**$10,039.14**		
Payment	**$0.00**	**Total Due**	**$19,613.31**

SWING FIRST GOLF

433 GOLF CLUB DR



00120362-02	06/30/08
53303	07/15/08

From 05/31/08 to 06/30/08 = 30 Days

Johnson Utilities
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01/31/06	00119200-01
02/20/06	$6,266.60

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

0011920001

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	337284000	337284000	0	Initial Read	1/1/2006	1/1/2006
	337284000	343498000	6214000	Normal Rd.	1/1/2006	1/25/2006

WATER SERVICE

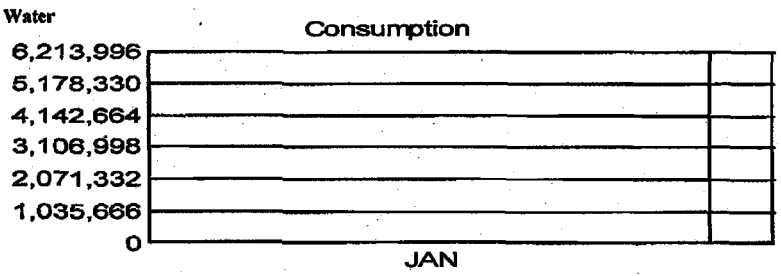
Water Minimum	$696.77	Water Usage	$5,143.95
Water - Trans Privilege Tax	$385.49	Superfund Tax	$40.39
		Total Water Charges	**$6,266.60**

Previous Balance	**$0.00**		
Payment	**$0.00**	**Total Due**	**$6,266.60**

Please pay your Statement by the Due date to avoid Late Fees and/or Disconnection. Office Hours M-F 8AM-4:45PM Closed between 12:00 & 1:PM.

SWING FIRST GOLF

433 GOLF CLUB Dr



00119200-01	01/31/06
20040123-08	02/20/06

From 12/31/05 to 01/31/06 = 31 Days

Johnson Utilities
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SF000028

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02/28/06	00119200-01
03/20/06	$6,860.16

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

0011920001

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	343498000	350136000	6638000	Normal Rd.	1/25/2006	2/23/2006

WATER SERVICE

Water Minimum	$900.00	Water Usage	$5,494.94
Water - Trans Privilege Tax	$422.07	Superfund Tax	$43.15
		Total Water Charges	**$6,860.16**

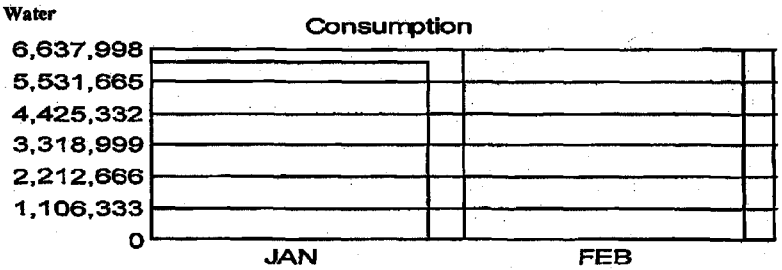
Previous Balance	**$6,266.60**		
Payment	**($6,266.60)**	**Total Due**	**$6,860.16**

Please pay your Statement by the Due date to avoid Late Fees and/or Disconnection. Office Hours M-F 8AM-4:45PM Closed between 12:00 & 1:PM.

SWING FIRST GOLF

433 GOLF CLUB Dr

Water



00119200-01	02/28/06
20040123-08	03/20/06

From 01/31/06 to 02/28/06 = 28 Days

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SF000029

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03/31/06	00119200-01
04/20/06	$959.40

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

0011920001

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	350136000	350136000	0	Normal Rd.	2/23/2006	3/24/2006

WATER SERVICE

Water Minimum	$900.00	Water - Trans Privilege Tax	$59.40
		Total Water Charges	**$959.40**

Previous Balance	**$6,860.16**		
Payment	**($6,860.16)**	**Total Due**	**$959.40**

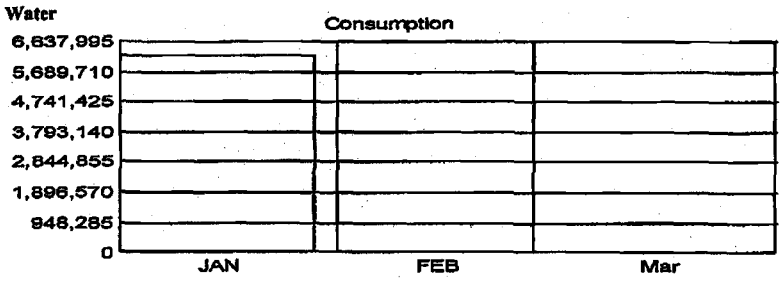
Please pay your Statement by the Due date to avoid Late Fees and/or Disconnection.

SWING FIRST GOLF

433 GOLF CLUB Dr

00119200-01	03/31/06
20040123-08	04/20/06

From 02/28/06 to 03/31/06 = 31 Days



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SF000030

Johnson Utilities

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

04/30/06	00119200-01
05/20/06	$2,876.36

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

0011920001

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	350136000	351197000	1061000	Normal Rd.	3/24/2006	4/21/2006

WATER SERVICE

Water Minimum	$900.00	Water Usage	$878.30
Water - Trans Privilege Tax	$117.37	Superfund Tax	$6.90
		Total Water Charges	**$1,902.57**

OTHER CHARGES

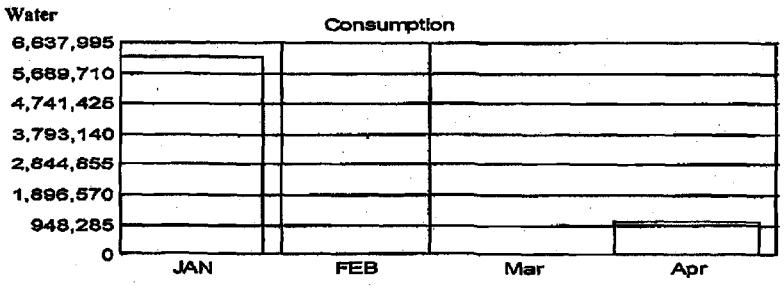
Late Fee	$14.39		
		Total Other Charges	**$14.39**

Previous Balance	**$959.40**		
Payment	**$0.00**	**Total Due**	**$2,876.36**

Please pay your Statement by the Due date to avoid Late Fees and/or Disconnection.

SWING FIRST GOLF

433 GOLF CLUB Dr



00119200-01	04/30/06
20040123-08	05/20/06

From 03/31/06 to 04/30/06 = 30 Days

Johnson Utilities
968 E Hunt Hwy
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SF000031

Johnson Utilities

968 E Hunt Hwy
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05/31/06	00119200-01
06/20/06	$8,439.79

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

0011920001

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	351197000	359612000	8415000	Normal Rd.	4/21/2006	5/25/2006

WATER SERVICE

Water Minimum	$900.00	Water Usage	$6,965.94
Water - Trans Privilege Tax	$519.15	Superfund Tax	$54.70
		Total Water Charges	**$8,439.79**

Previous Balance	**$2,876.36**		
Payment	**($2,876.36)**	**Total Due**	**$8,439.79**

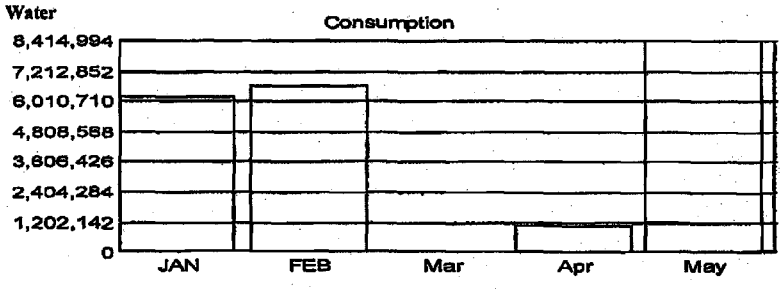
Please pay your Statement by the Due date to avoid Late Fees and/or Disconnection.

SWING FIRST GOLF

433 GOLF CLUB Dr

00119200-01	05/31/06
20040123-08	06/20/06

From 04/30/06 to 05/31/06 = 31 Days



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(480) 987-9870

SF000032

Johnson Utilities

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

06/30/06	00119200-01
07/20/06	$20,027.29

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

0011920001

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	359612000	371568000	11956000	Normal Rd.	5/25/2006	6/21/2006

WATER SERVICE

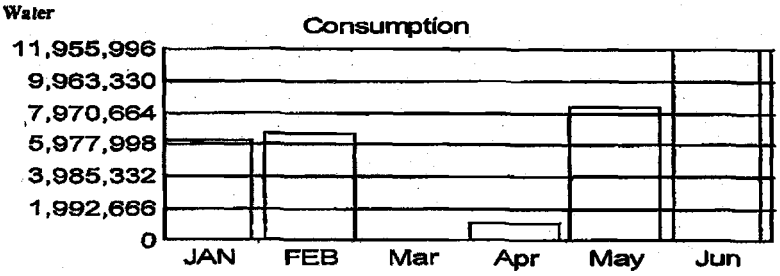
Water Minimum	$900.00	Water Usage	$9,897.18
Water - Trans Privilege Tax	$712.61	Superfund Tax	$77.71
		Total Water Charges	**$11,587.50**

Previous Balance	**$8,439.79**		
Payment	**$0.00**	**Total Due**	**$20,027.29**

Johnson Utilities now has Pay-On-Line at johnsonutilities.com, available for your payment needs. Please pay your Statement by the Due date to avoid Late Fees and/or Disconnection.

SWING FIRST GOLF

433 GOLF CLUB Dr



00119200-01	06/30/06
20040123-08	07/20/06

From 05/31/06 to 06/30/06 = 30 Days

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

SF000033

Johnson Utilities

968 E Hunt Hwy
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(480) 987-9870

07/31/06	00119200-01
08/20/06	$32,000.55

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

0011920001

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	371568000	383620000	12052000	Normal Rd.	6/21/2006	7/24/2006

WATER SERVICE

Water Minimum	$900.00	Water Usage	$9,976.65
Water - Trans Privilege Tax	$717.86	Superfund Tax	$78.34
		Total Water Charges	**$11,672.85**

OTHER CHARGES

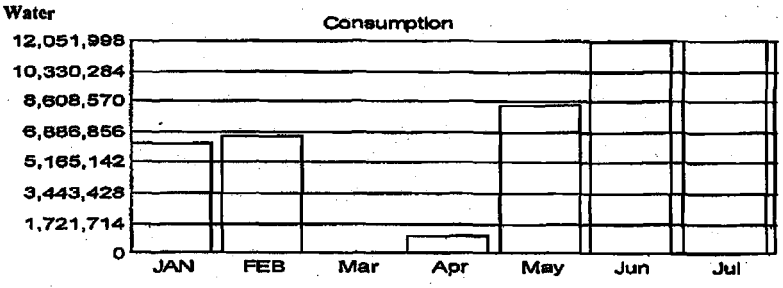
Late Fee	$300.41		
		Total Other Charges	**$300.41**

Previous Balance	**$20,027.29**		
Payment	**$0.00**	**Total Due**	**$32,000.55**

Johnson Utilities now has Pay-On-Line at *johnsonutilities.com*, available for your payment needs. Please pay your Statement by the Due date to avoid Late Fees and/or Disconnection.

SWING FIRST GOLF

433 GOLF CLUB Dr



00119200-01	07/31/06
20040123-08	08/20/06

From 06/30/06 to 07/31/06 = 31 Days

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

SF000034

Johnson Utilities

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

08/31/06	00119200-01
09/20/06	$41,758.61

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

0011920001

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	383620000	392978000	9358000	Normal Rd.	7/24/2006	8/25/2006

WATER SERVICE

Water Minimum	$900.00	Water Usage	$7,746.55
Water - Trans Privilege Tax	$570.67	Superfund Tax	$60.83
		Total Water Charges	**$9,278.05**

OTHER CHARGES

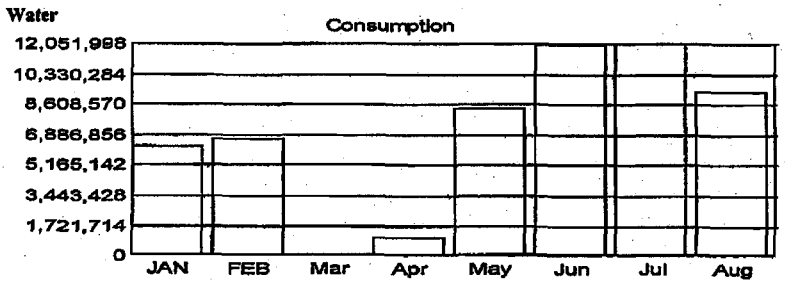
Late Fee	$480.01		
		Total Other Charges	**$480.01**

Previous Balance	**$32,000.55**		
Payment	**$0.00**	**Total Due**	**$41,758.61**

Johnson Utilities now has Pay-On-Line at johnsonutilities.com, available for your payment needs. Please pay your Statement by the Due date to avoid Late Fees and/or Disconnection.

SWING FIRST GOLF

433 GOLF CLUB Dr



00119200-01	08/31/06
20040123-08	09/20/06

From 07/31/06 to 08/31/06 = 31 Days

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

SF000035

Johnson Utilities

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

09/30/06	00119200-01
10/20/06	$53,028.75

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

0011920001

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	392978000	404037000	11059000	Normal Rd.	8/25/2006	9/20/2006

WATER SERVICE

Water Minimum	$900.00	Water Usage	$9,154.64
Water - Trans Privilege Tax	$663.61	Superfund Tax	$71.88
		Total Water Charges	**$10,790.13**

OTHER CHARGES

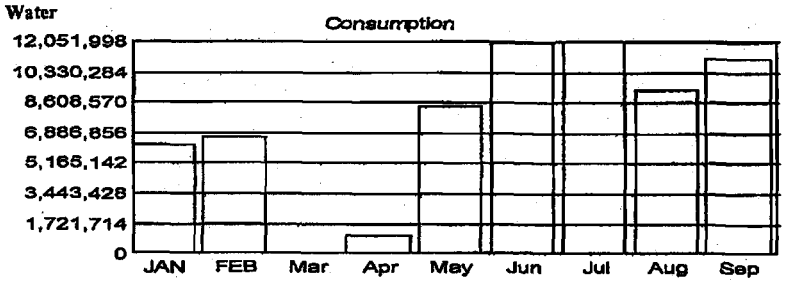
Late Fee	$480.01		
		Total Other Charges	**$480.01**

Previous Balance	**$41,758.61**		
Payment	**$0.00**	**Total Due**	**$53,028.75**

In the near future Johnson Utilities will discontinue the Courtesy Hang Notices and transfer to a new Virtual Phone Notification System. It's essential that we have the phone # that you would like for us to contact you. For more information please call our Johnson Utilities office.

SWING FIRST GOLF

433 GOLF CLUB Dr



00119200-01	09/30/06
20040123-08	10/20/06

From 08/31/06 to 09/30/06 = 30 Days

Johnson Utilities
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SF000036

Johnson Utilities

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

10/31/06	00119200-01
11/20/06	$53,028.75

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

0011920001

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	404037000	408189000	4152000	Normal Rd.	9/20/2006	10/23/2006

Previous Balance	**$53,028.75**		
Payment	**$0.00**	**Total Due**	**$53,028.75**

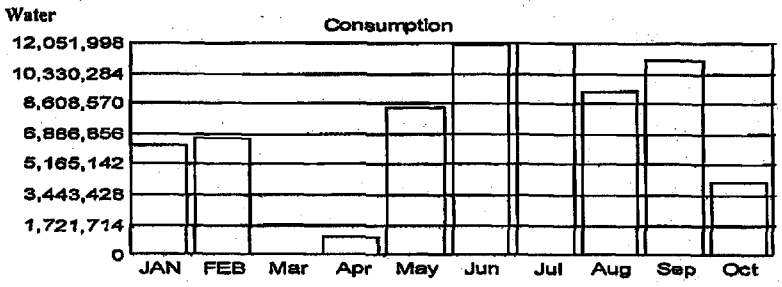
In the near future Johnson Utilities will discontinue the Courtesy Hang Notices and transfer to a new Virtual Phone Notification System. It's essential that we have the phone # that you would like for us to contact you. For more information please call our Johnson Utilities office.

SWING FIRST GOLF

433 GOLF CLUB Dr

00119200-01	10/31/06
20040123-08	11/20/06

From 09/30/06 to 10/31/06 = 31 Days



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SF000037

Johnson Utilities

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

11/30/06	00119200-01
12/20/06	$53,028.75

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

0011920001

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	408189000	413455000	5266000	Normal Rd.	10/23/2006	11/22/2006

Previous Balance	**$53,028.75**		
Payment	**$0.00**	**Total Due**	**$53,028.75**

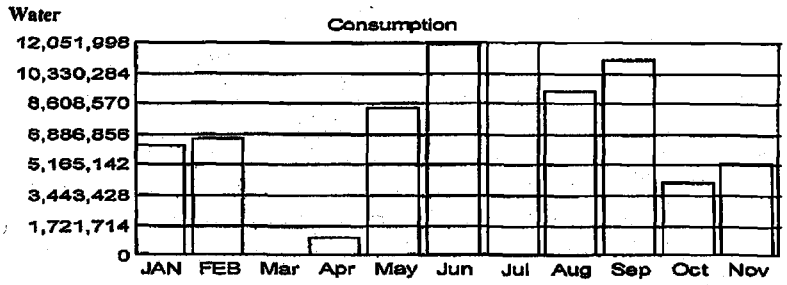
Johnson Utilities has discontinued the Courtesy Hang Notices and transferred to a new Virtual Phone Notification System which will be in effect for the December Shut Off's. It's essential that we have the phone # that you would like for us to contact you.

SWING FIRST GOLF

433 GOLF CLUB Dr

00119200-01	11/30/06
20040123-08	12/20/06

From 10/31/06 to 11/30/06 = 30 Days



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

SF000038

Johnson Utilities

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

12/31/06	00119200-01
01/20/07	$53,028.75

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

Final Account

0011920001

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present

Previous Balance	**$53,028.75**		
Payment	**$0.00**	**Total Due**	**$53,028.75**

Johnson Utilities has discontinued the Courtesy Hang Notices and transferred to a new Virtual Phone Notification System which has been a very successful upgrade. It's essential that we have the phone number that you would like for us to contact you in order to avoid service interruption.

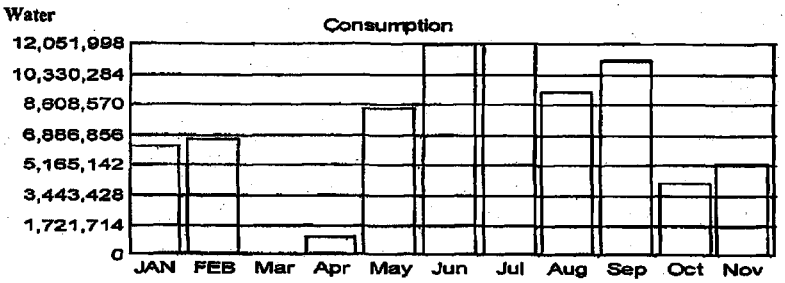
SWING FIRST GOLF

433 GOLF CLUB DR

00119200-01 12/31/06

01/20/07

Water



From 11/30/06 to 12/31/06 = 31 Days

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

SF000039

Johnson Utilities

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

12/31/06	00119200-02
01/20/07	$33,660.07

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

0011920002

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	408189000	408189000	0	Initial Read	11/1/2006	11/1/2006
	408189000	413455000	5266000	Normal Rd.	11/1/2006	11/22/2006
	413455000	416356000	2901000	Normal Rd.	11/22/2006	12/21/2006

WATER SERVICE

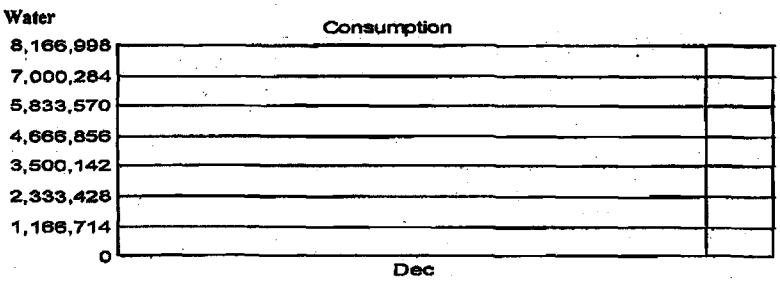
Water Minimum	$900.00	Water Usage	$30,626.25
Water - Trans Privilege Tax	$2,080.73	Superfund Tax	$53.09
		Total Water Charges	**$33,660.07**

Previous Balance	**$0.00**		
Payment	**$0.00**	**Total Due**	**$33,660.07**

Johnson Utilities has discontinued the Courtesy Hang Notices and transferred to a new Virtual Phone Notification System which has been a very successful upgrade. It's essential that we have the phone number that you would like for us to contact you in order to avoid service interruption.

SWING FIRST GOLF

433 GOLF CLUB DR



00119200-02	12/31/06
20040123-08	01/20/07

From 11/30/06 to 12/31/06 = 31 Days

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

SF000040

Johnson Utilities

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

01/31/07	00119200-02
02/15/07	$28,765.35

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

0011920002

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	416356000	417100000	744000	Normal Rd.	12/21/2006	1/24/2007

WATER SERVICE

Water Minimum	$900.00	Water Usage	$2,790.00
Water - Trans Privilege Tax	$243.54	Superfund Tax	$4.84
		Total Water Charges	**$3,938.38**

OTHER CHARGES

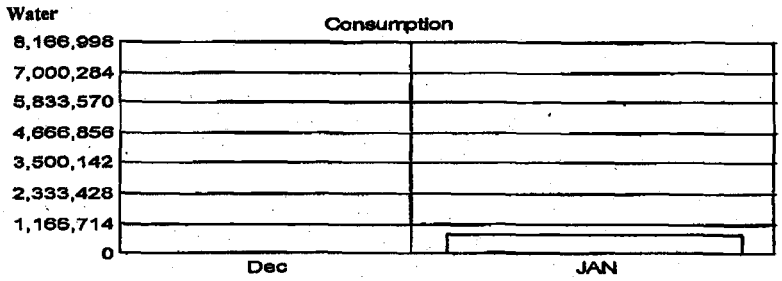
Late Fee	$366.90		
		Total Other Charges	**$366.90**

Previous Balance	**$33,660.07**		
Payment	**($9,200.00)**	**Total Due**	**$28,765.35**

Johnson Utilities has discontinued the Courtesy Hang Notices and transferred to a new Virtual Phone Notification System which has been a very successful upgrade. It's essential that we have the phone number that you would like for us to contact you in order to avoid service interruption.

SWING FIRST GOLF

433 GOLF CLUB DR



00119200-02	01/31/07
20040123-08	02/15/07

From 12/31/06 to 01/31/07 = 31 Days

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

SF000041

Johnson Utilities

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

02/28/07	00119200-02
03/20/07	$25,828.65

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

0011920002

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	417100000	417100000	0	Normal Rd.	1/24/2007	2/24/2007

WATER SERVICE

Water Minimum	$900.00	Water - Trans Privilege Tax	$59.40
		Total Water Charges	**$959.40**

OTHER CHARGES

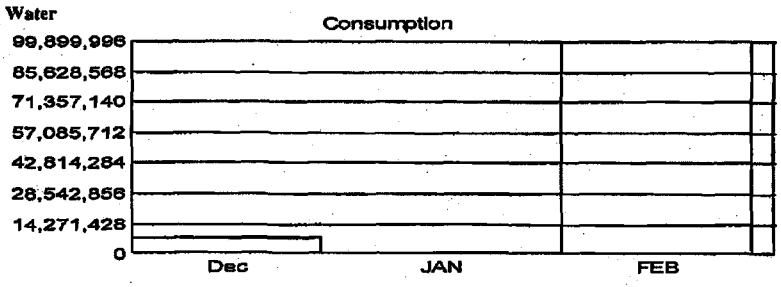
Late Fee	$303.90		
		Total Other Charges	**$303.90**

Previous Balance	**$28,765.35**		
Payment	**($4,200.00)**	**Total Due**	**$25,828.65**

Johnson Utilities has discontinued the Courtesy Hang Notices and transferred to a new Virtual Phone Notification System which has been a very successful upgrade. It's essential that we have the phone number that you would like for us to contact you in order to avoid service interruption.

SWING FIRST GOLF

433 GOLF CLUB DR



00119200-02	02/28/07
20040123-08	03/20/07

From 01/31/07 to 02/28/07 = 28 Days

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

SF000042

Johnson Utilities

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

03/31/07 00119200-02

03/20/07 $21,897.48

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

00119200020021897487

0011920002

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
WATER SERVICE						
Water Minimum			$900.00	Water - Trans Privilege Tax		$59.40
				Total Water Charges		**$959.40**
OTHER CHARGES						
Late Fee			$309.43			
				Total Other Charges		**$309.43**

Previous Balance	**$25,828.65**		
Payment	**($5,200.00)**	**Total Due**	**$21,897.48**

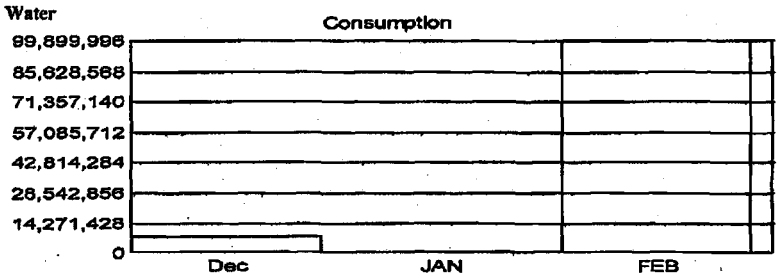
Johnson Utilities has discontinued the Courtesy Hang Notices and transferred to a new Virtual Phone Notification System which has been a very successful upgrade. It's essential that we have the phone number that you would like for us to contact you in order to avoid service interruption.

SWING FIRST GOLF

433 GOLF CLUB DR

00119200-02 03/31/07

03/20/07



From 02/28/07 to 03/31/07 = 31 Days

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

SF000043

Johnson Utilities

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

04/30/07	00119200-02
05/20/07	$28,352.80

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

00119200020028352809

0011920002

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	417100000	420474000	3374000	Normal Rd.	2/24/2007	4/20/2007

WATER SERVICE

Water Minimum	$900.00	Water Usage	$12,652.50
Water - Trans Privilege Tax	$894.46	Superfund Tax	$21.93
		Total Water Charges	**$14,468.89**

OTHER CHARGES

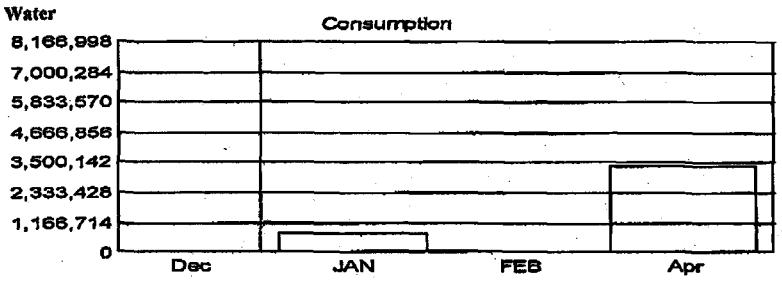
Late Fee	$186.43		
		Total Other Charges	**$186.43**

Previous Balance	**$21,897.48**		
Payment	**($8,200.00)**	**Total Due**	**$28,352.80**

IMPORTANT NOTICE AS OF JUNE 1, 2007 JOHNSON UTILITIES WILL NO LONGER ACCEPT CREDIT OR DEBIT CARDS AT JOHNSON UTILITIES OFFICE. A PHONE NUMBER WILL BE ISSUED TO REMIT CREDIT OR DEBIT CARD TRANSACTIONS. CASH, MONEY ORDER, CASHIER'S CHECKS AND PERSONAL CHECKS WILL BE THE ONLY METHOD OF PAYMENT ACCEPTED AT JOHNSON UTILITIES.

SWING FIRST GOLF

433 GOLF CLUB DR



00119200-02	04/30/07
20040123-08	05/20/07

From 03/31/07 to 04/30/07 = 30 Days

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

SF000044

Johnson Utilities

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

05/31/07 00119200-02

06/20/07 $21,190.21

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

00119200020021190214

0011920002

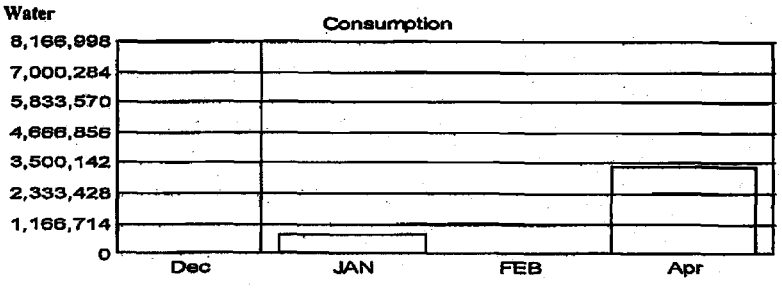
Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
WATER SERVICE						
Water Minimum			$900.00	Water AZ Trans Privilege Tax		$59.40
				Total Water Charges		**$959.40**
OTHER CHARGES						
Late Fee			$298.98			
				Total Other Charges		**$298.98**

Previous Balance	**$28,352.80**		
Payment	**($8,420.97)**	**Total Due**	**$21,190.21**

IMPORTANT NOTICE AS OF JUNE 1, 2007 JOHNSON UTILITIES WILL NO LONGER ACCEPT CREDIT OR DEBIT CARDS AT JOHNSON UTILITIES OFFICE. A PHONE NUMBER WILL BE ISSUED TO REMIT CREDIT OR DEBIT CARD TRANSACTIONS. CASH, MONEY ORDER, CASHIER'S CHECKS AND PERSONAL CHECKS WILL BE THE ONLY METHOD OF PAYMENT ACCEPTED AT JOHNSON UTILITIES.

SWING FIRST GOLF

433 GOLF CLUB DR



00119200-02 05/31/07

06/20/07

From 04/30/07 to 05/31/07 = 31 Days

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

SF000045

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

06/01/07	00119200-02
06/20/07	$100,555.60

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

0011920002010055560 0

0011920002

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	430031000	441547000	11516000	Normal Rd.	5/20/2007	6/20/2007
	420474000	430031000	9557000	Normal Rd.	4/20/2007	5/20/2007

WATER SERVICE

Water Usage	$79,023.75	Water AZ Trans Privilege Tax	$5,215.57
Superfund Tax	$136.97		
		Total Water Charges	**$84,376.29**

OTHER CHARGES

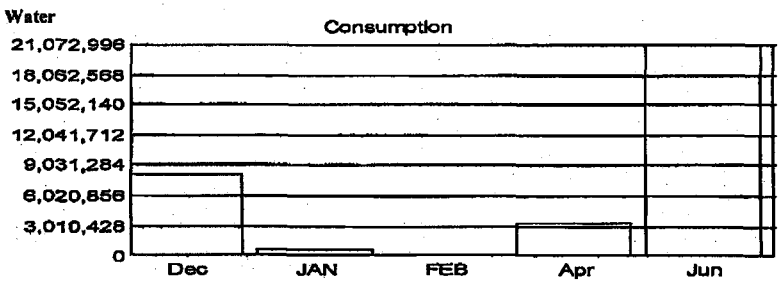
Late Fee	$239.10		
		Total Other Charges	**$239.10**

Previous Balance	**$21,190.21**		
Payment	**($5,250.00)**	**Total Due**	**$100,555.60**

IMPORTANT NOTICE AS OF JUNE 1, 2007 JOHNSON UTILITIES WILL NO LONGER ACCEPT CREDIT OR DEBIT CARDS AT JOHNSON UTILITIES OFFICE. A PHONE NUMBER WILL BE ISSUED TO REMIT CREDIT OR DEBIT CARD TRANSACTIONS. CASH, MONEY ORDER, CASHIER'S CHECKS AND PERSONAL CHECKS WILL BE THE ONLY METHOD OF PAYMENT ACCEPTED AT JOHNSON UTILITIES.

SWING FIRST GOLF

433 GOLF CLUB DR



00119200-02	06/01/07
20040123-08	06/20/07

From 05/31/07 to 06/01/07 = 1 Days

Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000046

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

07/31/07	00119200-02
08/21/07	$112,813.99

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

0011920002011281399 7

0011920002

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	441547000	455068000	13521000	Normal Rd.	6/20/2007	7/22/2007

WATER SERVICE

Water Usage	$11,192.68	Water AZ Trans Privilege Tax	$738.72
Superfund Tax	$87.89		
		Total Water Charges	**$12,019.29**

OTHER CHARGES

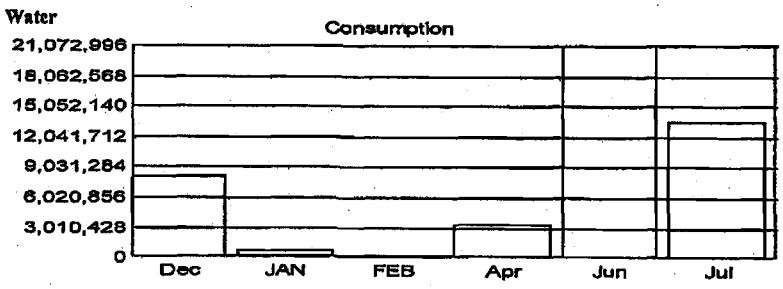
Late Fee	$239.10		
		Total Other Charges	**$239.10**

Previous Balance	**$100,555.60**		
Payment	**$0.00**	**Total Due**	**$112,813.99**

IMPORTANT NOTICE AS OF JUNE 1, 2007 JOHNSON UTILITIES WILL NO LONGER ACCEPT CREDIT OR DEBIT CARDS AT JOHNSON UTILITIES OFFICE. A PHONE NUMBER WILL BE ISSUED TO REMIT CREDIT OR DEBIT CARD TRANSACTIONS. CASH, MONEY ORDER, CASHIER'S CHECKS AND PERSONAL CHECKS WILL BE THE ONLY METHOD OF PAYMENT ACCEPTED AT JOHNSON UTILITIES.

SWING FIRST GOLF

433 GOLF CLUB DR



00119200-02	07/31/07
20040123-08	08/21/07

From 06/30/07 to 07/31/07 = 31 Days

Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000047

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

08/31/07	00119200-02
09/21/07	$122,139.61

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

00119200020122139615

0011920002

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	455068000	463862000	8794000	Normal Rd.	7/22/2007	8/19/2007

WATER SERVICE

Water Usage	$7,279.67	Water AZ Trans Privilege Tax	$480.46
Superfund Tax	$57.16		
		Total Water Charges	**$7,817.29**

OTHER CHARGES

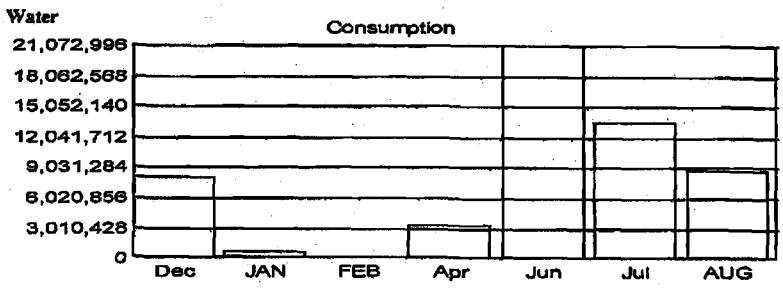
Late Fee	$1,508.33		
		Total Other Charges	**$1,508.33**

Previous Balance	**$112,813.99**		
Payment	**$0.00**	**Total Due**	**$122,139.61**

IMPORTANT NOTICE AS OF JUNE 1, 2007 JOHNSON UTILITIES WILL NO LONGER ACCEPT CREDIT OR DEBIT CARDS AT JOHNSON UTILITIES OFFICE. A PHONE NUMBER WILL BE ISSUED TO REMIT CREDIT OR DEBIT CARD TRANSACTIONS. CASH, MONEY ORDER, CASHIER'S CHECKS AND PERSONAL CHECKS WILL BE THE ONLY METHOD OF PAYMENT ACCEPTED AT JOHNSON UTILITIES.

SWING FIRST GOLF

433 GOLF CLUB DR



00119200-02	08/31/07
20040123-08	09/21/07

From 07/31/07 to 08/31/07 = 31 Days

Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000048

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

09/30/07	00119200-02
10/15/07	$125,715.75

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

00119200020125715759

0011920002

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	463862000	474905000	11043000	Normal Rd.	8/19/2007	9/14/2007

WATER SERVICE

Water Usage	$9,141.40	Water AZ Trans Privilege Tax	$603.33
Superfund Tax	$71.78		
		Total Water Charges	**$9,816.51**

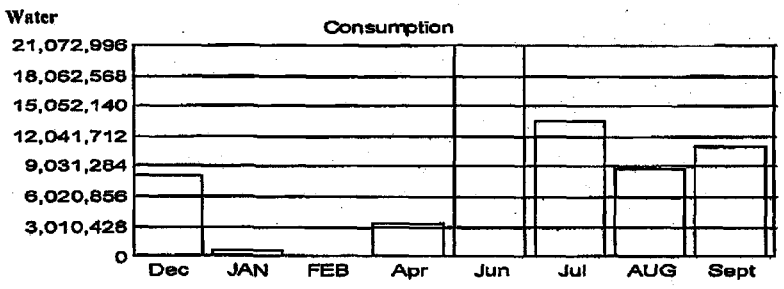
OTHER CHARGES

CR Late Fee	($309.43)	CR Late Fee	($303.90)
CR Late Fee	($366.90)	Late Fee	$1,712.80
Void Charge	($1,508.33)	Void Charge	($239.10)
Void Charge	($239.10)	Void Charge	($298.98)
Void Charge	($186.43)		
		Total Other Charges	**($1,739.37)**

Previous Balance	**$122,139.61**		
Payment	**($4,501.00)**	**Total Due**	**$125,715.75**

SWING FIRST GOLF

433 GOLF CLUB DR



00119200-02	09/30/07
20040123-08	10/15/07

From 08/31/07 to 09/30/07 = 30 Days

Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000049

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

10/31/07	00119200-02
11/15/07	$130,277.01

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

00119200020130277019

0011920002

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	474905000	477912000	3007000	Normal Rd.	9/14/2007	10/20/2007

WATER SERVICE

Water Usage	$2,489.19	Water AZ Trans Privilege Tax	$166.78
Superfund Tax	$19.55		
		Total Water Charges	**$2,675.52**

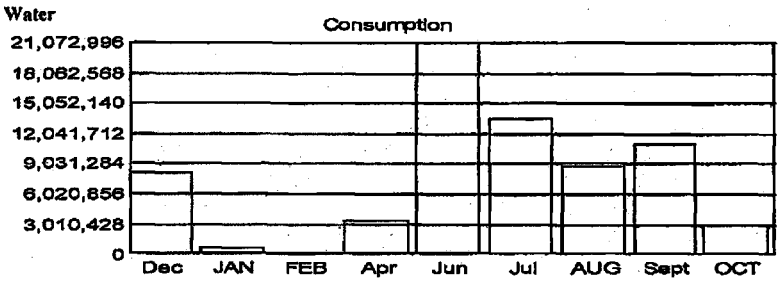
OTHER CHARGES

Late Fee	$1,885.74		
		Total Other Charges	**$1,885.74**

Previous Balance	**$125,715.75**		
Payment	**$0.00**	**Total Due**	**$130,277.01**

SWING FIRST GOLF

433 GOLF CLUB DR



00119200-02	10/31/07
20040123-08	11/15/07

From 09/30/07 to 10/31/07 = 31 Days

Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000050

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

11/30/07	00119200-02
12/14/07	$72,841.29

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

00119200020072841293

0011920002

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	477912000	484477000	6565000	Normal Rd.	10/20/2007	11/20/2007

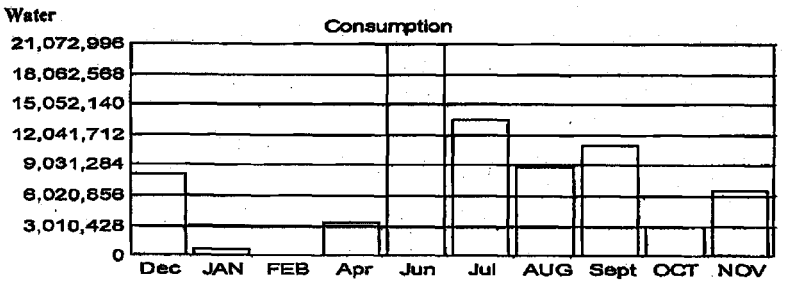
WATER SERVICE

CR Water Usage Charge	($7,805.83)	CR Water Privilege Tax	($515.21)
Water Usage	$5,434.51	Water AZ Trans Privilege Tax	$364.11
Superfund Tax	$42.67		
		Total Water Charges	**($2,479.75)**

OTHER CHARGES

Transfer CR In	($2,044.67)	CR Superfund Tax	($61.30)
		Total Other Charges	**($2,105.97)**

Previous Balance	**$130,277.01**		
Payment	**($52,850.00)**	**Total Due**	**$72,841.29**



SWING FIRST GOLF

433 GOLF CLUB DR

00119200-02	11/30/07
20040123-08	12/14/07

From 10/31/07 to 11/30/07 = 30 Days

Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000051

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

12/31/07	00119200-02
01/15/08	$73,756.29

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

00119200020073756292

0011920002

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	484477000	484477000	0	Normal Rd.	11/20/2007	12/19/2007

WATER SERVICE

DR Water Minimum Charge	$900.00		
		Total Water Charges	**$900.00**

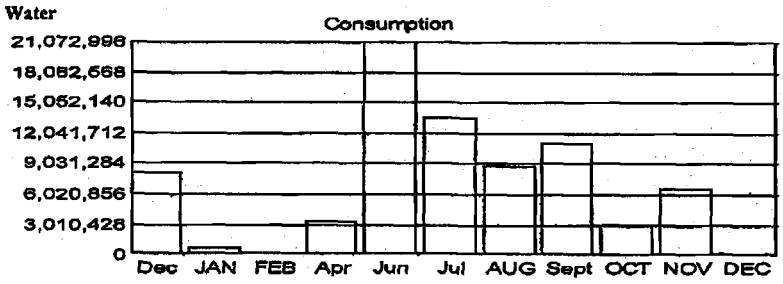
OTHER CHARGES

Payment Reversal	$12,625.00	NSF Fee	$15.00
		Total Other Charges	**$12,640.00**

Previous Balance	**$72,841.29**		
Payment	**($12,625.00)**	**Total Due**	**$73,756.29**

SWING FIRST GOLF

433 GOLF CLUB DR



00119200-02	12/31/07
20040123-08	01/15/08

From 11/30/07 to 12/31/07 = 31 Days

Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000052

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

01/31/08	00119200-02
02/15/08	$62,091.59

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

00119200020062091594

0011920002

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	484477000	484477000	0	Normal Rd.	12/19/2007	1/22/2008

WATER SERVICE

Water Minimum	$900.00	Water AZ Trans Privilege Tax	$60.30
		Total Water Charges	**$960.30**

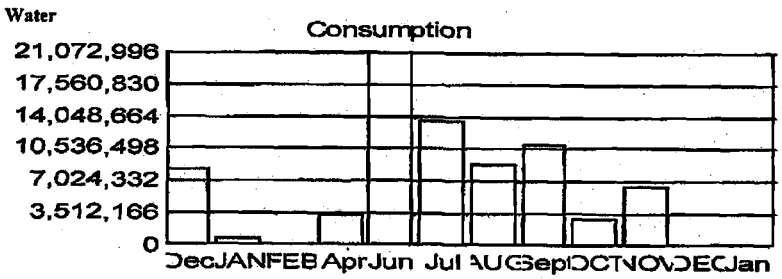
Previous Balance	**$73,756.29**		
Payment	**($12,625.00)**	**Total Due**	**$62,091.59**

SWING FIRST GOLF

433 GOLF CLUB DR

00119200-02	01/31/08
20040123-08	02/15/08

From 12/31/07 to 01/31/08 = 31 Days



Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000053

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

02/29/08	00119200-02
03/15/08	$63,968.86

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

00119200002006396886 5

0011920002

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	484477000	484477000	0	Normal Rd.	1/22/2008	2/19/2008

WATER SERVICE

Water Minimum	$900.00	Water AZ Trans Privilege Tax	$60.30
		Total Water Charges	**$960.30**

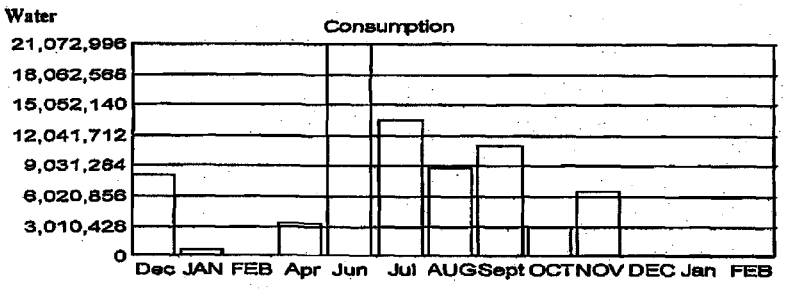
OTHER CHARGES

Late Fee	$916.97		
		Total Other Charges	**$916.97**

Previous Balance	**$62,091.59**		
Payment	**$0.00**	**Total Due**	**$63,968.86**

SWING FIRST GOLF

433 GOLF CLUB DR



00119200-02	02/29/08
20040123-08	03/15/08

From 01/31/08 to 02/29/08 = 29 Days

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000054

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

03/31/08	00119200-02
04/15/08	$65,860.53

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

00119200020065860532

0011920002

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	484477000	484477000	0	Normal Rd.	2/19/2008	3/28/2008

WATER SERVICE

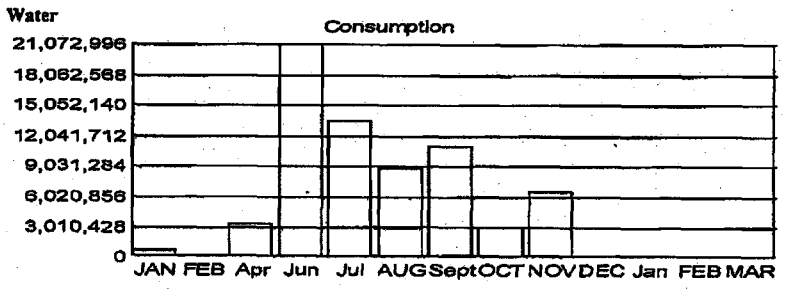
Water Minimum	$900.00	Water AZ Trans Privilege Tax	$60.30
		Total Water Charges	**$960.30**

OTHER CHARGES

Late Fee	$931.37		
		Total Other Charges	**$931.37**

Previous Balance	**$63,968.86**		
Payment	**$0.00**	**Total Due**	**$65,860.53**

Make payments online at www.johnsonutilities.com
Johnson Utilities has partnered with NCO to offer fast and convenient payments over the phone. Call Johnson Utilities at (480)987-9870 and choose option 1 or call NCO directly at 1-866-277-0759. Be sure to have your account information available.
Previous balance is due upon *receipt to* avoid late fees and disconnection



SWING FIRST GOLF

433 GOLF CLUB DR

00119200-02	03/31/08
20040123-08	04/15/08

From 02/29/08 to 03/31/08 = 31 Days

Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000055

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

04/30/08	00119200-02
05/15/08	$67,808.74

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

00119200020067808745

0011920002

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	484477000	484477000	0	Normal Rd.	3/28/2008	4/23/2008

WATER SERVICE

Water Minimum	$900.00	Water AZ Trans Privilege Tax	$60.30
		Total Water Charges	**$960.30**

OTHER CHARGES

Late Fee	$987.91		
		Total Other Charges	**$987.91**

Previous Balance	**$65,860.53**		
Payment	**$0.00**	**Total Due**	**$67,808.74**

Make payments online at www.johnsonutilities.com
Johnson Utilities has partnered with NCO to offer fast and convenient payments over the phone. Call Johnson Utilities at (480)987-9870 and choose option 1 or call NCO directly at 1-866-277-0759. Be sure to have your account information available.
Previous balance is due upon receipt to avoid late fees and disconnection

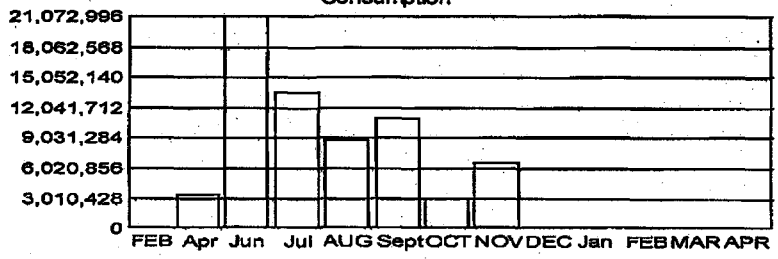
SWING FIRST GOLF

433 GOLF CLUB DR

00119200-02	04/30/08
20040123-08	05/15/08

From 03/31/08 to 04/30/08 = 30 Days

Water Consumption



Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000056

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

05/31/08	00119200-02
06/15/08	$69,756.95

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

00119200020069756959

0011920002

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	484477000	484477000	0	Normal Rd.	4/23/2008	5/30/2008

WATER SERVICE

Water Minimum	$900.00	Water AZ Privilege Tax	$60.30
		Total Water Charges	**$960.30**

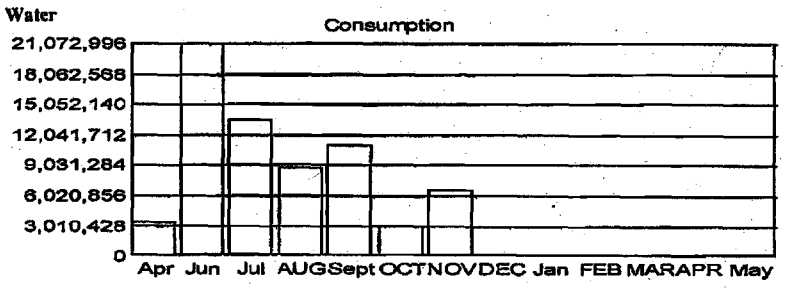
OTHER CHARGES

Late Fee	$987.91		
		Total Other Charges	**$987.91**

Previous Balance	**$67,808.74**		
Payment	**$0.00**	**Total Due**	**$69,756.95**

SWING FIRST GOLF

433 GOLF CLUB DR



00119200-02	05/31/08
20040123-08	06/15/08

From 04/30/08 to 05/31/08 = 31 Days

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000057

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

06/30/08	00119200-02
07/15/08	$71,734.38

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

00119200020071734382

0011920002

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	484477000	484477000	0	Normal Rd.	5/30/2008	6/17/2008

WATER SERVICE

Water Minimum	$900.00	Water AZ Privilege Tax	$60.30
		Total Water Charges	**$960.30**

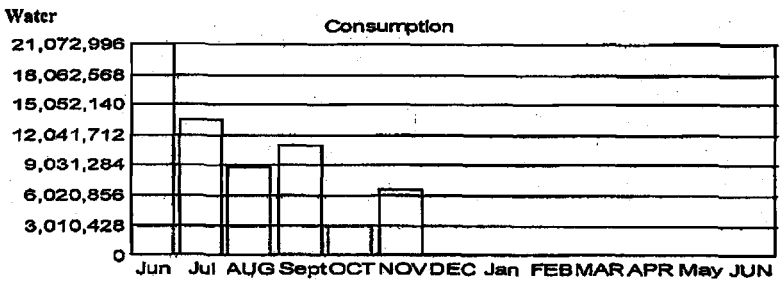
OTHER CHARGES

Late Fee	$1,017.13		
		Total Other Charges	**$1,017.13**

Previous Balance	**$69,756.95**		
Payment	**$0.00**	**Total Due**	**$71,734.38**

SWING FIRST GOLF

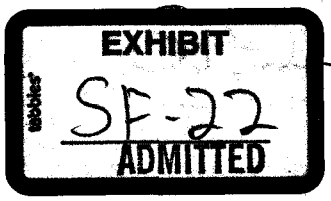
433 GOLF CLUB DR



00119200-02	06/30/08
20040123-08	07/15/08

From 05/31/08 to 06/30/08 = 30 Days

Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870



SWING FIRST GOLF, LLC
RESPONSES TO
JOHNSON UTILITIES' THIRD SET OF DATA REQUESTS
DOCKET WS-02987A-08-0180
APRIL 6, 2009
(RATE CASE)

JU 3-27 On page 6 of his Revised Direct Testimony (lines 20-21), David Ashton states: "I was naïve and believed that Utility was following the law, so we did not keep a file of paid utility bills." With regard to this testimony, please answer the following questions:

...

(b) Please provide copies of all Johnson Utilities bills in the possession of SFG.

Supplemental Response Provided by Mr. Ashton: I have attached copies of additional bills that we have located.

SF000204

JOHNSON UTILITIES, LLC

968 E. HUNT HWY.
QUEEN CREEK, AZ. 85242
TEL: (480) 987-9870 FAX: (480) 987-9819

Invoice No. JU00448

INVOICE

Customer

Name	SWING FIRST GOLF COURSE
Address	433 W. GOLF CLUB DR.
City	QUEEN CREEK **ST** AZ **ZIP** 85243
ATTN:	

Date	8/17/2006
Order No.	
Rep	
FOB	

Qty	Description	TOTAL GALS.	FLAT FEE
LOCATION	**Service Month: May 2006**		
	ACCT. # 120362-01		
	Effluent Readings for May 2006		
	Start Read: **17,727,000 gal.**	10,646,000	
	End Read: **28,373,000 gal.**		
	ACCT. # 119200-01		
	CAP Readings for May 2006	8,415,000	
	Start Read: **351,197,000 gal.**		
	End Read: **359,612,000 gal.**		
	REMIT PAYMENT TO:		
	JOHNSON UTILITIES, LLC		
	5230 E. Shea Blvd.		
	Scottsdale, AZ 85254		
		19,061,000	
		SubTotal	$ 12,245.00
		Shipping & Handling	
		Taxes	
		TOTAL	$ 12,245.00

DUE UPON RECEIPT

Office Use Only

SF000205

JOHNSON UTILITIES, LLC

968 E. HUNT HWY.
QUEEN CREEK, AZ. 85242
TEL: (480) 987-9870 FAX: (480) 987-9819

Invoice No. JU00457-REV

INVOICE

Customer

Name	SWING FIRST GOLF COURSE
Address	433 W. GOLF CLUB DR.
City	QUEEN CREEK **ST** AZ **ZIP** 85243
ATTN:	

Date	12/5/2006
Order No.	120362-01
Rep	
FOB	

Qty	Description	TOTAL GALS.	FLAT FEE
LOCATION	**Service Month: AUGUST 2006**		
	ACCT. # 120362-01		
.63	**Effluent Readings for August 2006**		
	Start Read: **49,469,000 gal.**		
	End Read: **61,116,000 gal.**	11,647,000	$ 7,221.14
	Water Trans. Privilege Tax		$536.00
	Water Minimum		$900.00
	Superfund Tax		$75.71
	Late Fee		$556.62
		11,647,000	
		SubTotal	
		Shipping & Handling	
		Taxes	
		TOTAL	$ 9,289.47

.62

DUE UPON RECEIPT

Office Use Only

0.63

SF000206

JOHNSON UTILITIES, LLC

968 E. HUNT HWY.
QUEEN CREEK, AZ. 85242
TEL: (480) 987-9870 FAX: (480) 987-9819

Invoice No. JU00462-REV

INVOICE

Customer

Name	SWING FIRST GOLF COURSE
Address	433 W. GOLF CLUB DR.
City	QUEEN CREEK **ST** AZ **ZIP** 85243
ATTN:	

Date	12/5/2006
Order No.	120362-01
Rep	
FOB	

Qty	Description	TOTAL GALS.	FLAT FEE
LOCATION	**Service Month: SEPTEMBER 2006**		
	ACCT. # 120362-01		
	Effluent Readings for September 2006		
	Start Read: **61,116,000 gal.**		
	End Read: **65,005,000 gal.**	3,889,000	$ 2,411.18
	Water Trans. Privilege Tax		$218.54
	Water Minimum		$900.00
	Superfund Tax		$25.28
	Late Fee		$556.62
	REMIT PAYMENT TO:		
	JOHNSON UTILITIES, LLC		
	5230 E. Shea Blvd.		
	Scottsdale, AZ 85254		
		3,889,000	
		SubTotal	
		Shipping & Handling	
		Taxes	
		TOTAL	$ 4,111.62

DUE UPON RECEIPT

Office Use Only

SF000207

JOHNSON UTILITIES, LLC

968 E. HUNT HWY.

QUEEN CREEK, AZ. 85243

TEL: (480) 987-9870 FAX: (480) 987-9819

Invoice No. JU00476-REV

INVOICE

Customer

Name	SWING FIRST GOLF COURSE
Address	433 W. GOLF CLUB DR.
City	QUEEN CREEK **ST** AZ **ZIP** 85243
ATTN:	

Date	12/5/2006
Order No.	120362-01
Rep	
FOB	

Qty	Description	TOTAL GALS.	FLAT FEE
LOCATION	**Service Month: October 2006**		
	ACCT. # 120362-01		
	Effluent Readings for October 2006		
	Start Read: **65,005,000 gal.**		
	End Read: **71,057,000 gal.**	6,052,000	$ 3,752.24
	Water Trans. Privilege Tax		$307.48
	Water Minimum		$900.00
	Superfund Tax		$39.34
	REMIT PAYMENT TO:		
	JOHNSON UTILITIES, LLC		
	5230 E. Shea Blvd.		
	Scottsdale, AZ 85254		
		6,052,000	
		SubTotal	
		Shipping & Handling	
		Taxes	
		TOTAL	$ 4,999.06

DUE UPON RECEIPT

Office Use Only

SF000208

Johnson Utilities

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

09/30/06	00120362-01
10/20/06	$52,031.80

SWING FIRST GOLF COURSE
433 GOLF CLUB Dr
QUEEN CREEK, AZ 85243

0012036201

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	61116000	65005000	3889000	Normal Rd.	8/25/2006	9/20/2006

WATER SERVICE

Water Usage	$3,219.31	Water - Trans Privilege Tax	$212.47
Superfund Tax	$25.28		
		Total Water Charges	**$3,457.06**

OTHER CHARGES

Late Fee	$556.62		
		Total Other Charges	**$556.62**

Previous Balance	**$48,018.12**		
Payment	**$0.00**	**Total Due**	**$52,031.80**

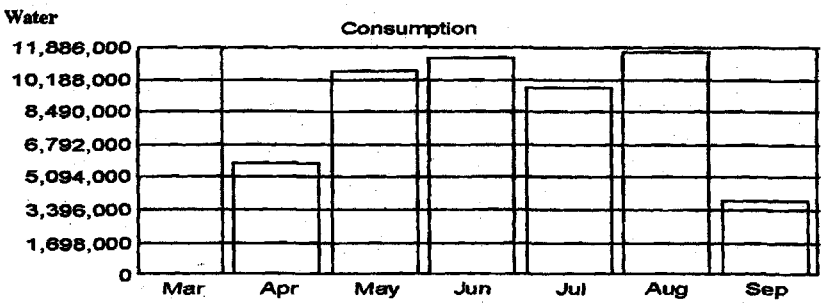
In the near future Johnson Utilities will discontinue the Courtesy Hang Notices and transfer to a new Virtual Phone Notification System. It's essential that we have the phone # that you would like for us to contact you. For more information please call our Johnson Utilities office.

SWING FIRST GOLF COURSE

433 GOLF CLUB Dr

00120362-01	09/30/06
2005132-9-06	10/20/06

From 08/31/06 to 09/30/06 = 30 Days



Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85242

SF000209

Johnson Utilities

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

AMOUNT PAID _____

BILLING DATE	ACCOUNT NUMBER
12/31/06	00120362-01
DUE DATE	**AMOUNT DUE**
01/20/07	$52,031.80

PLEASE MAKE ADDRESS CORRECTIONS BELOW

Final Account

SWING FIRST GOLF COURSE
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

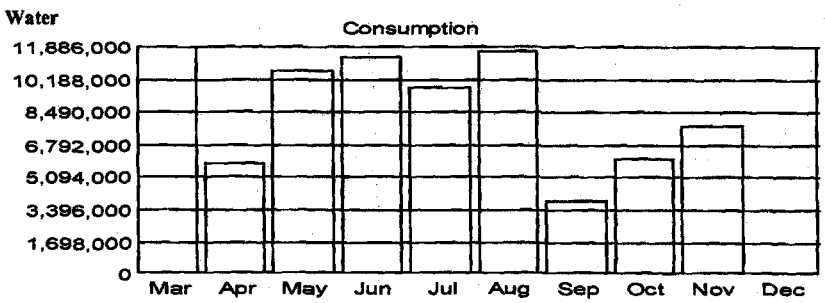
0012036201

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

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	71057000	71057000	0	Final Reading	10/23/2006	10/31/2006

Previous Balance	**$52,031.80**		
Payment	**$0.00**	**Total Due**	**$52,031.80**

Johnson Utilities has discontinued the Courtesy Hang Notices and transferred to a new Virtual Phone Notification System which has been a very successful upgrade. It's essential that we have the phone number that you would like for us to contact you in order to avoid service interruption.



CUSTOMER
SWING FIRST GOLF COURSE
SERVICE ADDRESS
433 GOLF CLUB DR

ACCOUNT NUMBER	BILLING DATE
00120362-01	12/31/06
METER NUMBER	**DUE DATE**
2005132-9-06	01/20/07

BILLING PERIOD
From 11/30/06 to 12/31/06 = 31 Days

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

SF000210

Johnson Utilities

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

AMOUNT PAID _____

BILLING DATE	ACCOUNT NUMBER
12/31/06	00120362-02
DUE DATE	**AMOUNT DUE**
01/20/07	$14,655.22

PLEASE MAKE ADDRESS CORRECTIONS BELOW

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

0012036202

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

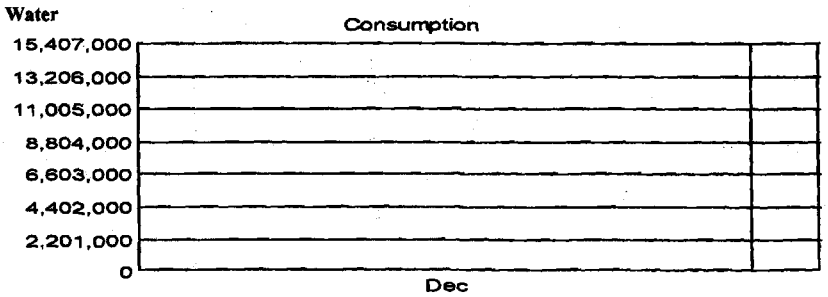
Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	71057000	71057000	0	Initial Read	11/1/2006	11/1/2006
	71057000	78845000	7788000	Normal Rd.	11/1/2006	11/22/2006
	78845000	86464000	7619000	Normal Rd.	11/22/2006	12/21/2006

WATER SERVICE

Water Minimum	$900.00	Water Usage	$12,753.91
Water - Trans Privilege Tax	$901.16	Superfund Tax	$100.15
		Total Water Charges	**$14,655.22**

Previous Balance	**$0.00**		
Payment	**$0.00**	**Total Due**	**$14,655.22**

Johnson Utilities has discontinued the Courtesy Hang Notices and transferred to a new Virtual Phone Notification System which has been a very successful upgrade. It's essential that we have the phone number that you would like for us to contact you in order to avoid service interruption.



CUSTOMER
SWING FIRST GOLF
SERVICE ADDRESS
433 GOLF CLUB DR

ACCOUNT NUMBER	BILLING DATE
00120362-02	12/31/06
METER NUMBER	**DUE DATE**
2005132-9-06	01/20/07

BILLING PERIOD
From 11/30/06 to 12/31/06 = 31 Days

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

SF000211

Johnson Utilities

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

AMOUNT PAID _____

BILLING DATE	ACCOUNT NUMBER
03/31/07	00120362-02
DUE DATE	**AMOUNT DUE**
03/20/07	$21,462.93

PLEASE MAKE ADDRESS CORRECTIONS BELOW

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

0012036202002146293 8

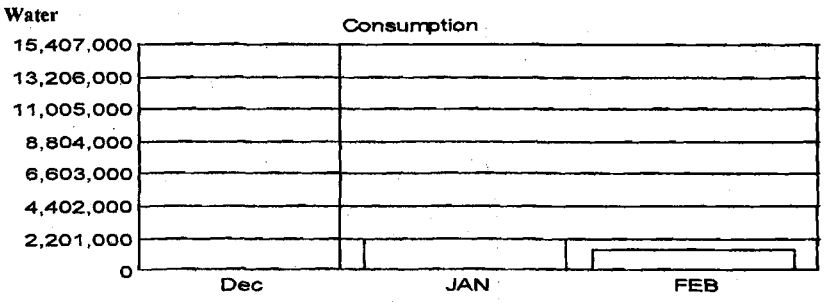
0012036202

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

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
WATER SERVICE						
Water Minimum			$900.00	Water - Trans Privilege Tax		$59.40
				Total Water Charges		**$959.40**
OTHER CHARGES						
Late Fee			$303.01			
				Total Other Charges		**$303.01**

Previous Balance	**$20,200.52**		
Payment	**$0.00**	**Total Due**	**$21,462.93**

Johnson Utilities has discontinued the Courtesy Hang Notices and transferred to a new Virtual Phone Notification System which has been a very successful upgrade. It's essential that we have the phone number that you would like for us to contact you in order to avoid service interruption.



CUSTOMER
SWING FIRST GOLF

SERVICE ADDRESS
433 GOLF CLUB DR

ACCOUNT NUMBER	BILLING DATE
00120362-02	03/31/07
METER NUMBER	**DUE DATE**
	03/20/07

BILLING PERIOD
From 02/28/07 to 03/31/07 = 31 Days

Johnson Utilities

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

SF000212

Johnson Utilities

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

AMOUNT PAID _____

BILLING DATE	ACCOUNT NUMBER
04/30/07	00120362-02
DUE DATE	**AMOUNT DUE**
05/20/07	$23,011.57

PLEASE MAKE ADDRESS CORRECTIONS BELOW

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

0012036202002301157 6

0012036202

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

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	12115000	12437000	322000	Normal Rd.	2/22/2007	4/20/2007

WATER SERVICE

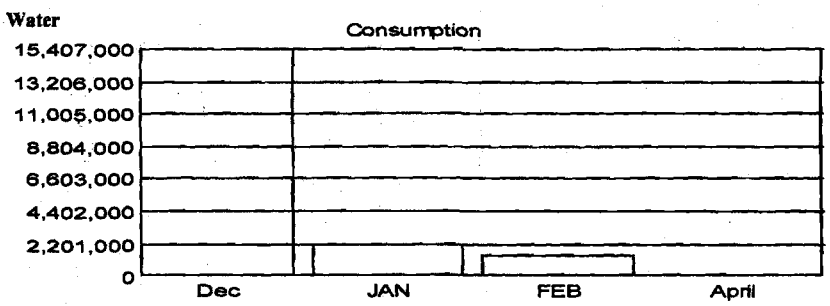
Water Minimum	$900.00	Water Usage	$266.55
Water - Trans Privilege Tax	$76.99	Superfund Tax	$2.09
		Total Water Charges	**$1,245.63**

OTHER CHARGES

Late Fee	$303.01		
		Total Other Charges	**$303.01**

Previous Balance	**$21,462.93**		
Payment	**$0.00**	**Total Due**	**$23,011.57**

IMPORTANT NOTICE AS OF JUNE 1, 2007 JOHNSON UTILITIES WILL NO LONGER ACCEPT CREDIT OR DEBIT CARDS AT JOHNSON UTILITIES OFFICE. A PHONE NUMBER WILL BE ISSUED TO REMIT CREDIT OR DEBIT CARD TRANSACTIONS. CASH, MONEY ORDER, CASHIER'S CHECKS AND PERSONAL CHECKS WILL BE THE ONLY METHOD OF PAYMENT ACCEPTED AT JOHNSON UTILITIES.



CUSTOMER
SWING FIRST GOLF
SERVICE ADDRESS
433 GOLF CLUB DR

ACCOUNT NUMBER	BILLING DATE
00120362-02	04/30/07
METER NUMBER	**DUE DATE**
2005132-9-06	05/20/07

BILLING PERIOD
From 03/31/07 to 04/30/07 = 30 Days

Johnson Utilities

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

SF000213

Johnson Utilities

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

AMOUNT PAID _____

BILLING DATE	ACCOUNT NUMBER
05/31/07	00120362-02
DUE DATE	**AMOUNT DUE**
06/20/07	$24,091.87

PLEASE MAKE ADDRESS CORRECTIONS BELOW

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

0012036202002409187 4

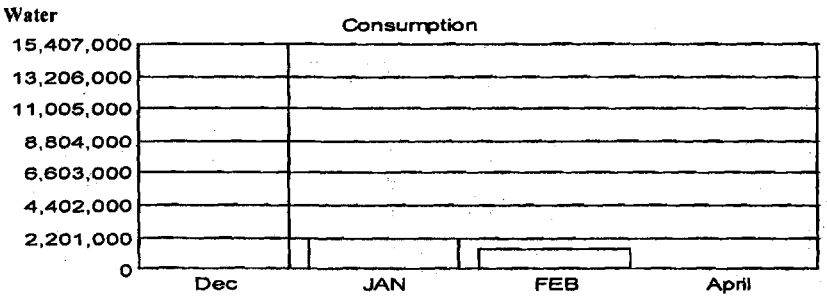
0012036202

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

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
WATER SERVICE						
Water Minimum			$900.00	Water AZ Trans Privilege Tax		$59.40
				Total Water Charges		**$959.40**
OTHER CHARGES						
Late Fee			$341.86			
				Total Other Charges		**$341.86**

Previous Balance	**$23,011.57**		
Payment	**($220.96)**	**Total Due**	**$24,091.87**

IMPORTANT NOTICE AS OF JUNE 1, 2007 JOHNSON UTILITIES WILL NO LONGER ACCEPT CREDIT OR DEBIT CARDS AT JOHNSON UTILITIES OFFICE. A PHONE NUMBER WILL BE ISSUED TO REMIT CREDIT OR DEBIT CARD TRANSACTIONS. CASH, MONEY ORDER, CASHIER'S CHECKS AND PERSONAL CHECKS WILL BE THE ONLY METHOD OF PAYMENT ACCEPTED AT JOHNSON UTILITIES.



CUSTOMER
SWING FIRST GOLF
SERVICE ADDRESS
433 GOLF CLUB DR

ACCOUNT NUMBER	BILLING DATE
00120362-02	05/31/07
METER NUMBER	**DUE DATE**
	06/20/07

BILLING PERIOD
From 04/30/07 to 05/31/07 = 31 Days

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

SF000214

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

AMOUNT PAID _____

BILLING DATE	ACCOUNT NUMBER
08/31/07	00120362-02
DUE DATE	**AMOUNT DUE**
09/21/07	$6,499.00

PLEASE MAKE ADDRESS CORRECTIONS BELOW

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

00120362020006499004

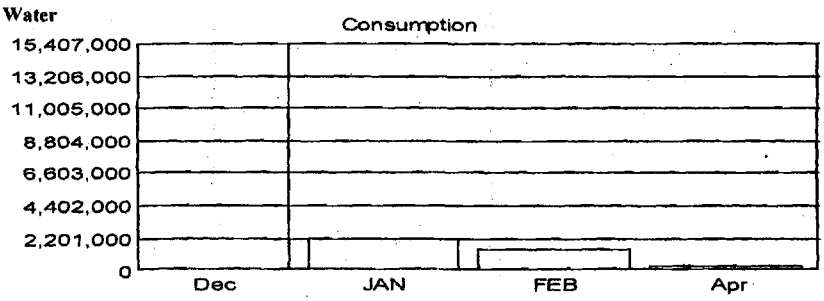
0012036202

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

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
OTHER CHARGES						
Late Fee			$91.87			
				Total Other Charges		**$91.87**

Previous Balance	**$19,407.13**		
Payment	**($13,000.00)**	**Total Due**	**$6,499.00**

IMPORTANT NOTICE AS OF JUNE 1, 2007 JOHNSON UTILITIES WILL NO LONGER ACCEPT CREDIT OR DEBIT CARDS AT JOHNSON UTILITIES OFFICE. A PHONE NUMBER WILL BE ISSUED TO REMIT CREDIT OR DEBIT CARD TRANSACTIONS. CASH, MONEY ORDER, CASHIER'S CHECKS AND PERSONAL CHECKS WILL BE THE ONLY METHOD OF PAYMENT ACCEPTED AT JOHNSON UTILITIES.



CUSTOMER	SWING FIRST GOLF
SERVICE ADDRESS	433 GOLF CLUB DR
ACCOUNT NUMBER	00120362-02
BILLING DATE	08/31/07
METER NUMBER	
DUE DATE	09/21/07
BILLING PERIOD	From 07/31/07 to 08/31/07 = 31 Days

Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000215

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

AMOUNT PAID _____

BILLING DATE	ACCOUNT NUMBER
09/30/07	00120362-02
DUE DATE	**AMOUNT DUE**
10/15/07	Credit Balance of ($2,044.67)

DO NOT PAY

PLEASE MAKE ADDRESS CORRECTIONS BELOW

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

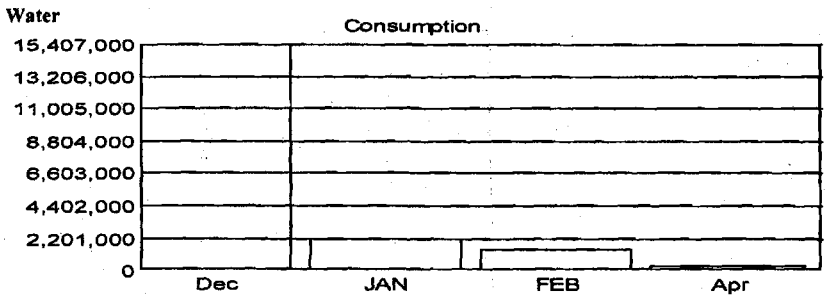
001203620200-2044671

0012036202

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

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
OTHER CHARGES						
CR Late Fee			($219.83)	Late Fee		$1,824.84
CR Late Fee			($1,824.84)	CR Late Fee		($1,824.84)
				Total Other Charges		**($2,044.67)**

Previous Balance	**$6,499.00**		**DO NOT PAY**
Payment	**($6,499.00)**	**Total Due**	**Credit Balance of ($2,044.67)**



CUSTOMER
SWING FIRST GOLF
SERVICE ADDRESS
433 GOLF CLUB DR

ACCOUNT NUMBER	BILLING DATE
00120362-02	09/30/07
METER NUMBER	**DUE DATE**
	10/15/07

BILLING PERIOD
From 08/31/07 to 09/30/07 = 30 Days

Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000216

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

AMOUNT PAID _____

BILLING DATE	ACCOUNT NUMBER
12/31/07	00120362-02
DUE DATE	**AMOUNT DUE**
01/15/08	$5,107.51

A effluent

PLEASE MAKE ADDRESS CORRECTIONS BELOW

Paid 12/31/07 1123105

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

00120362020005107517

0012036202

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

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	17626000	19474000	1848000	Normal Rd.	11/20/2007	12/21/2007

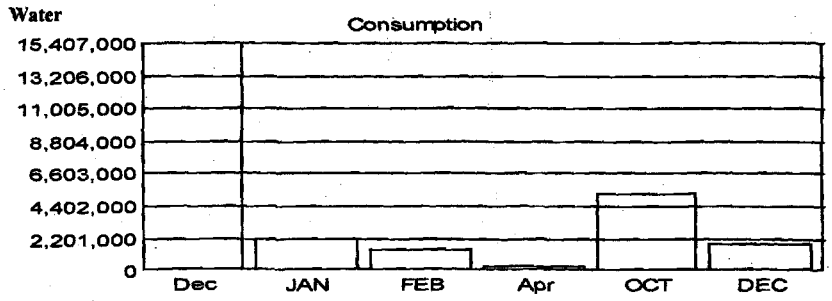
WATER SERVICE Back billed minimums AM/1000 gall

DR Water Usage Charge	($3,217.18)	Water Usage	$1,529.77
Water AZ Trans Privilege Tax	$102.49 76.77	Superfund Tax	$12.01
		Total Water Charges	**$4,861.45**

OTHER CHARGES

DR Water Privilege Tax	$212.33	DR Superfund Tax	$33.73
		Total Other Charges	**$246.06**

Previous Balance	**$0.00**		
Payment	**$0.00**	**Total Due**	**$5,107.51**



CUSTOMER
SWING FIRST GOLF
SERVICE ADDRESS
433 GOLF CLUB DR

ACCOUNT NUMBER	BILLING DATE
00120362-02	12/31/07
METER NUMBER	**DUE DATE**
2005132-9-06	01/15/08

BILLING PERIOD
From 11/30/07 to 12/31/07 = 31 Days

Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000217

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

AMOUNT PAID _____

BILLING DATE	ACCOUNT NUMBER
01/31/08	00120362-02
DUE DATE	**AMOUNT DUE**
02/15/08	$2,658.15

PLEASE MAKE ADDRESS CORRECTIONS BELOW

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

0012036202000026581 57

0012036202

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

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	19474000	19474000	0	Final Reading	12/21/2007	12/21/2007
	0	0	0	Initial Read	12/21/2007	12/21/2007
	0	2535000	2535000	Normal Rd.	12/21/2007	1/23/2008

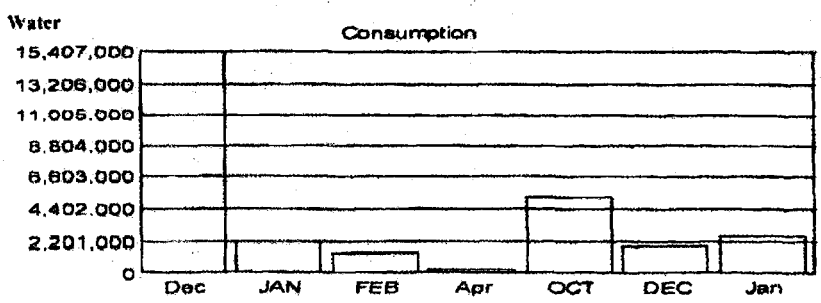
WATER SERVICE

DR Water Minimum Charge	$450.00	CR Water Usage Charge	($384.01)
CR Water Privilege Tax	($25.73)	Water Minimum	$479.03
Water Usage	$1,571.70	Water AZ Trans Privilege Tax	$137.40
Superfund Tax	$16.48		
		Total Water Charges	**$2,244.87**

OTHER CHARGES

Late Fee	$0.05		
		Total Other Charges	**$0.05**

Previous Balance	**$5,107.51**		
Payment	**($4,694.28)**	**Total Due**	**$2,658.15**



CUSTOMER	
SWING FIRST GOLF	
SERVICE ADDRESS	
433 GOLF CLUB DR	
ACCOUNT NUMBER	**BILLING DATE**
00120362-02	01/31/08
METER NUMBER	**DUE DATE**
20051324-06	02/15/08
BILLING PERIOD	
From 12/31/07 to 01/31/08 = 31 days	

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000218

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

02/29/08	00120362-02
03/15/08	$4,133.66

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

00120362020004133662

0012036202

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	2535000	8004000	5469000	Normal Rd.	1/23/2008	2/19/2008

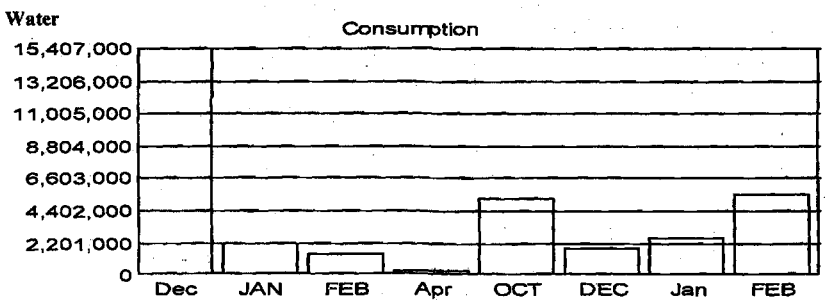
WATER SERVICE

Water Minimum	$450.00	Water Usage	$3,390.78
Water AZ Trans Privilege Tax	$257.33	Superfund Tax	$35.55
		Total Water Charges	**$4,133.66**

Previous Balance	**$2,658.15**		
Payment	**($2,658.15)**	**Total Due**	**$4,133.66**

SWING FIRST GOLF

433 GOLF CLUB DR



00120362-02	02/29/08
53303	03/15/08

From 01/31/08 to 02/29/08 = 29 Days

Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000219

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

Paid NCO
4/28
99819149482
93

03/31/08	00120362-02
04/15/08	$9,551.96

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

00120362020009551967

0012036202

Description	Meter Readings Previous	Meter Readings Present	Usage	Read Code	Readings Dates Previous	Readings Dates Present
	8004000	15396000	7392000	Normal Rd.	2/19/2008	3/28/2008

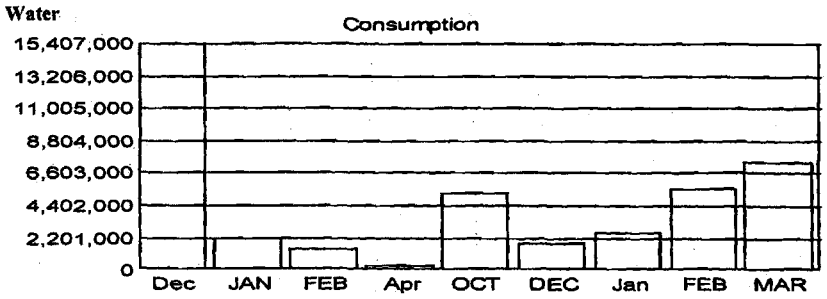
WATER SERVICE

Water Minimum	$450.00	Water Usage	$4,583.04
Water AZ Trans Privilege Tax	$337.21	Superfund Tax	$48.05
		Total Water Charges	**$5,418.30**

3/31/08 pmt posted $4133.66 all

Previous Balance	**$4,133.66**		5418.30
Payment	**$0.00**	**Total Due**	~~**$9,551.96**~~

Make payments online at www.johnsonutilities.com
Johnson Utilities has partnered with NCO to offer fast and convenient payments over the phone. Call Johnson Utilities at (480)987-9870 and choose option 1 or call NCO directly at 1-866-277-0759. Be sure to have your account information available.
Previous balance is due upon receipt to avoid late fees and disconnection



SWING FIRST GOLF

433 GOLF CLUB DR

00120362-02	03/31/08
53303	04/15/08

From 02/29/08 to 03/31/08 = 31 Days

Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000220

AMOUNT PAID _____

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

BILLING DATE	ACCOUNT NUMBER
04/30/08	00120362-02
DUE DATE	**AMOUNT DUE**
05/15/08	$10,111.28

PLEASE MAKE ADDRESS CORRECTIONS BELOW

pd 5/28

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

0012036202001011128 0

9982815094987 7

0012036202

DETACH AND RETURN THIS PORTION WITH PAYMENT. KEEP BOTTOM PORTION FOR YOUR RECORDS.

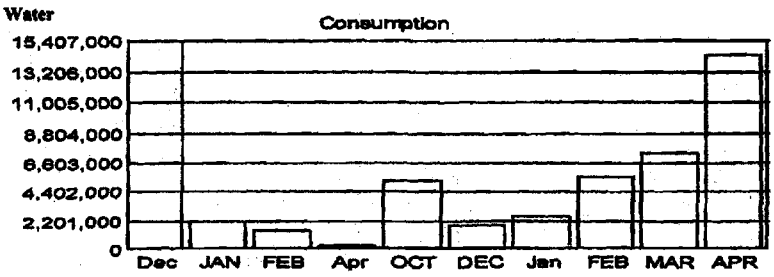
Description	Meter Readings Previous	Present	Usage	Read Code	Previous	Present
	15396000	29813000	14417000	Normal Rd.	3/28/2008	4/23/2008

WATER SERVICE

Water Minimum	$450.00	Water Usage	$8,938.54
Water AZ Trans Privilege Tax	$629.03	Superfund Tax	$93.71
		Total Water Charges	**$10,111.28**

Previous Balance	**$9,551.96**		
Payment	**($9,551.96)**	**Total Due**	**$10,111.28**

Make payments online at www.johnsonutilities.com
Johnson Utilities has partnered with NCO to offer fast and convenient payments over the phone. Call Johnson Utilities at (480)987-9870 and choose option 1 or call NCO directly at 1-866-277-0759. Be sure to have your account information available.
Previous balance is due upon receipt to avoid late fees and disconnection



CUSTOMER
SWING FIRST GOLF
SERVICE ADDRESS
433 GOLF CLUB DR

ACCOUNT NUMBER	BILLING DATE
00120362-02	04/30/08
METER NUMBER	**DUE DATE**
53303	05/15/08

BILLING PERIOD
From 03/31/08 to 04/30/08 = 30 Days

Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000221

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

05/31/08	00120362-02
06/15/08	$10,039.14

Paid 7/3
998281859 71916

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

00120362020010039143

0012036202

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	29813000	44122000	14309000	Normal Rd.	4/23/2008	5/30/2008

WATER SERVICE

Water Minimum	$450.00	Water Usage	$8,871.58
Water AZ Privilege Tax	$624.55	Water AZ Superfund Tax	$93.01
		Total Water Charges	**$10,039.14**

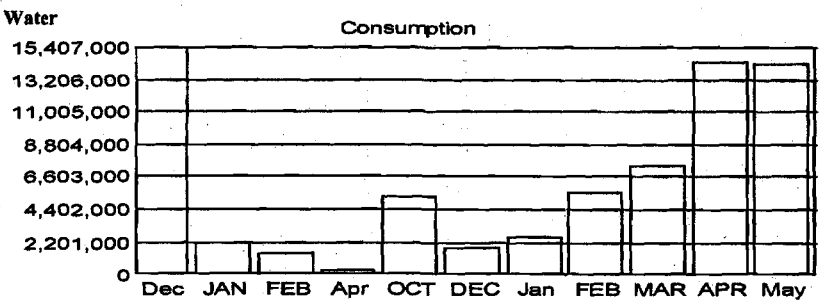
April

Previous Balance	**$10,111.28**		
Payment	**($10,111.28)**	**Total Due**	**$10,039.14**

May

SWING FIRST GOLF

433 GOLF CLUB DR



00120362-02	05/31/08
53303	06/15/08

May

From 04/30/08 to 05/31/08 = 31 Days

Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000222

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

06/30/08	00120362-02
07/15/08	$19,613.31

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

00120362020019613310

0012036202

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	44122000	57735000	13613000	Normal Rd.	5/30/2008	6/17/2008

WATER SERVICE

Water Minimum	$450.00	Water Usage	$8,440.06
Water AZ Privilege Tax	$595.63	Water AZ Superfund Tax	$88.48
		Total Water Charges	**$9,574.17**

Pay

June 1 paid 8/6

#998192
199471
63

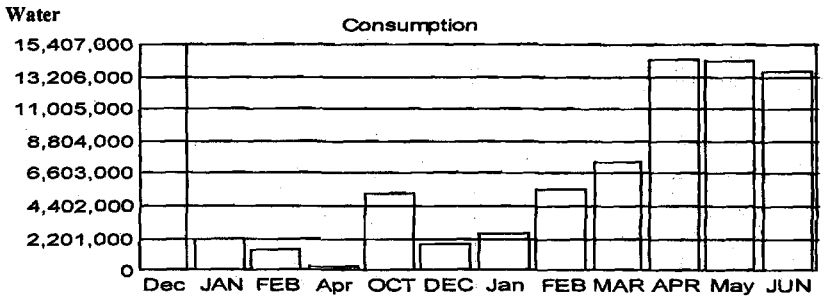
Previous Balance	**$10,039.14** Paid		
Payment	**$0.00**	**Total Due**	**$19,613.31**

SWING FIRST GOLF

433 GOLF CLUB DR

00120362-02	06/30/08
53303	07/15/08

From 05/31/08 to 06/30/08 = 30 Days



Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000223

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

07/31/08	00120362-02
08/15/08	$17,988.63

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

0012036202001798863 1

0012036202

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	57735000	69612000	11877000	Normal Rd.	6/17/2008	7/18/2008

WATER SERVICE

Water Minimum	$450.00	Water Usage	$7,363.74
Water AZ Privilege Tax	$523.52	Water AZ Superfund Tax	$77.20
		Total Water Charges	**$8,414.46**

July

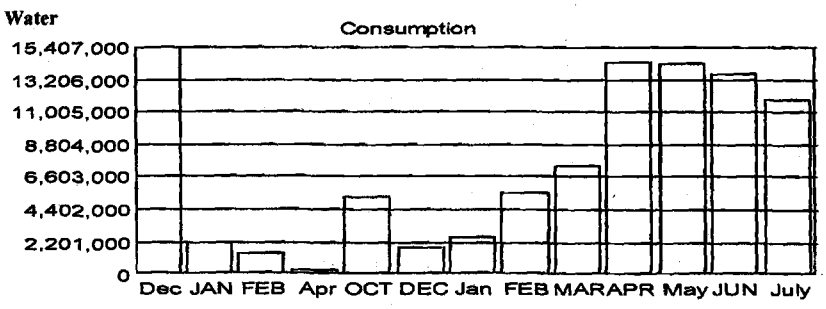
Paid 9/8

998182529 49220

Previous Balance	**$19,613.31**		
Payment	**($10,039.14)**	**Total Due**	**$17,988.63**

SWING FIRST GOLF

433 GOLF CLUB DR



00120362-02	07/31/08
53303	08/15/08

From 06/30/08 to 07/31/08 = 31 Days

Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000224

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

08/31/08	00120362-02
09/15/08	$19,679.41

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

00120362020019679410

0012036202

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	69612000	85567000	15955000	Normal Rd.	7/18/2008	8/19/2008

WATER SERVICE

Water Minimum	$450.00	Water Usage	$9,892.10
Water AZ Privilege Tax	$692.92	Water AZ Superfund Tax	$103.71
		Total Water Charges	**$11,138.73**

OTHER CHARGES

Late Fee	$126.22		
		Total Other Charges	**$126.22**

#998282759610 71

Paid 10/1

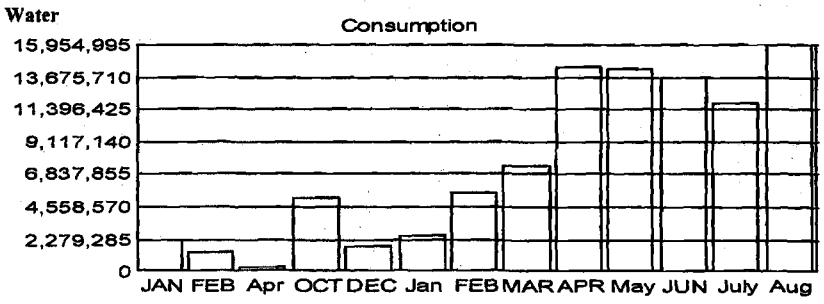
Previous Balance	**$17,988.63**		
Payment	**($9,574.17)**	**Total Due**	**$19,679.41**

SWING FIRST GOLF

433 GOLF CLUB DR

00120362-02	08/31/08
53303	09/15/08

From 07/31/08 to 08/31/08 = 31 Days



Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000225

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

09/30/08	00120362-02
10/15/08	$20,614.00

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

00120362020020614000

0012036202

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	85567000	98843000	13276000	Normal Rd.	8/19/2008	9/16/2008

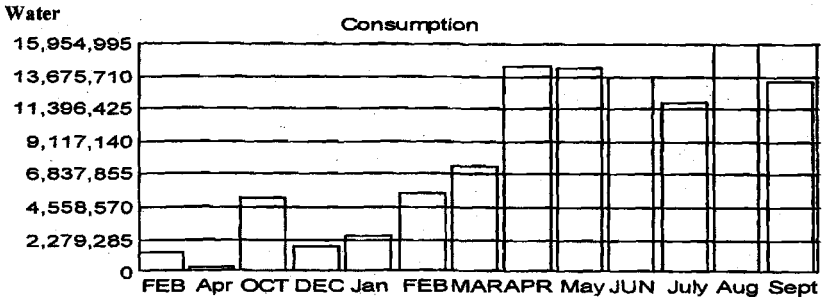
WATER SERVICE

Water Minimum	$450.00	Water Usage	$8,231.12
Water AZ Privilege Tax	$581.64	Water AZ Superfund Tax	$86.29
		Total Water Charges	**$9,349.05**

Previous Balance	**$19,679.41**		
Payment	**($8,414.46)**	**Total Due**	**$20,614.00**

SWING FIRST GOLF

433 GOLF CLUB DR



00120362-02	09/30/08
53303	10/15/08

From 08/31/08 to 09/30/08 = 30 Days

Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000226

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

11/30/08	00120362-02
12/15/08	$16,527.98

Ask me Nov

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

0012036202001652798 4

0012036202

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	109677000	121742000	12065000	Normal Rd.	10/15/2008	11/13/2008

WATER SERVICE

Water Minimum	$450.00	Water Usage	$7,480.30
Water AZ Privilege Tax	$531.33	Water AZ Superfund Tax	$78.42
		Total Water Charges	**$8,540.05**

OTHER CHARGES

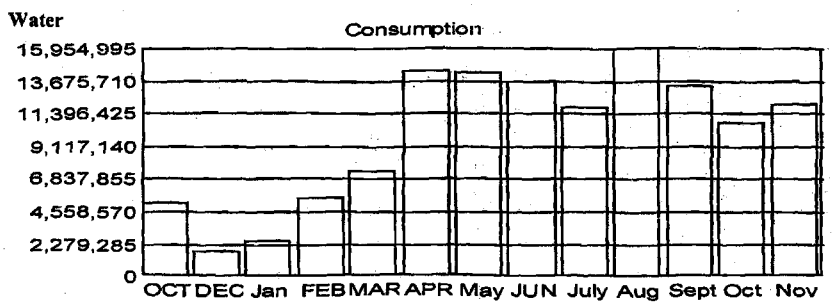
Late Fee	$1.89		
		Total Other Charges	**$1.89**

Previous Balance	**$17,335.09**		
Payment	**($9,349.05)**	**Total Due**	**$16,527.98**

8,972

SWING FIRST GOLF

433 GOLF CLUB DR



00120362-02	11/30/08
53303	12/15/08

From 10/31/08 to 11/30/08 = 30 Days

Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000227

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

12/31/08	00120362-02
01/15/09	$10,744.87

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

0012036202001074487 4

0012036202

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	121742000	127189000	5447000	Normal Rd.	11/13/2008	12/17/2008

WATER SERVICE

Water Minimum	$450.00	Water Usage	$3,377.14
Water AZ Privilege Tax	$256.42	Water AZ Superfund Tax	$35.41
		Total Water Charges	**$4,118.97**

OTHER CHARGES

Late Fee	$97.92		
		Total Other Charges	**$97.92**

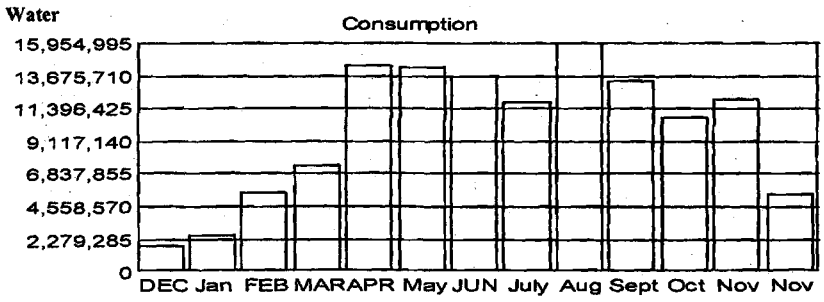
Previous Balance	**$16,527.98**		
Payment	**($10,000.00)**	**Total Due**	**$10,744.87**

SWING FIRST GOLF

433 GOLF CLUB DR

00120362-02	12/31/08
53303	01/15/09

From 11/30/08 to 12/31/08 = 31 Days



Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000228

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

AMOUNT PAID _____

BILLING DATE	ACCOUNT NUMBER
01/31/09	00120362-02
DUE DATE	**AMOUNT DUE**
02/15/09	$2,451.53

PLEASE MAKE ADDRESS CORRECTIONS BELOW

SWING FIRST GOLF
433 GOLF CLUB DR
QUEEN CREEK, AZ 85243

00120362020002451538

0012036202

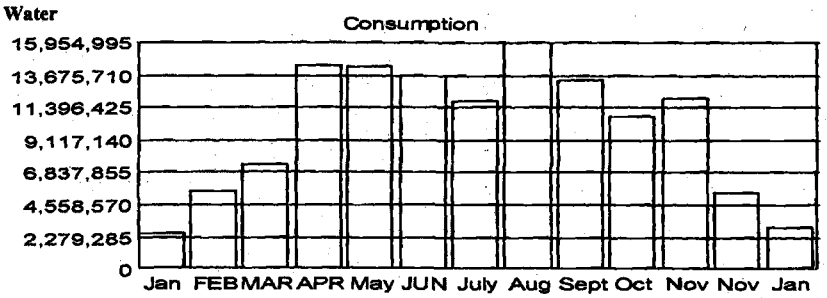
DETACH AND MAIL ABOVE PORTION WITH PAYMENT. KEEP BOTTOM PORTION FOR YOUR RECORDS.

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	127189000	130140000	2951000	Normal Rd.	12/17/2008	1/16/2009

WATER SERVICE

Water Minimum	$450.00	Water Usage	$1,829.62
Water AZ Privilege Tax	$152.73	Water AZ Superfund Tax	$19.18
		Total Water Charges	**$2,451.53**

Previous Balance	**$10,744.87**		
Payment	**($10,744.87)**	**Total Due**	**$2,451.53**



CUSTOMER
SWING FIRST GOLF
SERVICE ADDRESS
433 GOLF CLUB DR

ACCOUNT NUMBER	BILLING DATE
00120362-02	01/31/09
METER NUMBER	**DUE DATE**
53303	02/15/09

BILLING PERIOD
From 12/31/08 to 01/31/09 = 31 Days

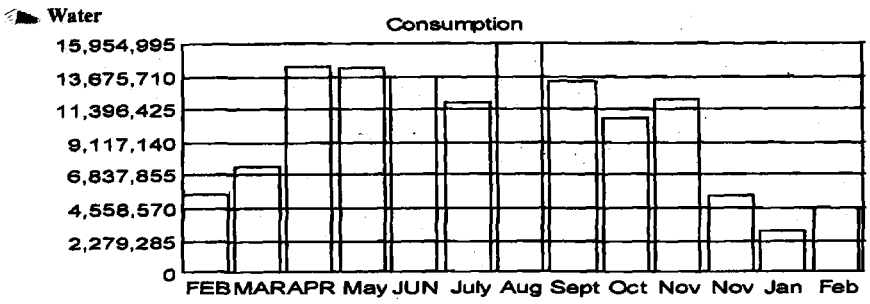
Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

Description	Previous	Present	Usage	Read Code	Previous	Present
SF000229	130140000	134745000	4605000	Normal Rd.	1/16/2009	2/16/2009

WATER SERVICE

Water Minimum	$450.00	Water Usage	$2,855.10
Water AZ Privilege Tax	$221.44	Water AZ Superfund Tax	$29.93
		Total Water Charges	**$3,556.47**

Previous Balance	**$2,451.53**		
Payment	**$0.00**	**Total Due**	**$6,008.00**



CUSTOMER
SWING FIRST GOLF

SERVICE ADDRESS
433 GOLF CLUB DR

ACCOUNT NUMBER	BILLING DATE
00120362-02	02/28/09
METER NUMBER	**DUE DATE**
53303	03/15/09

BILLING PERIOD
From 01/31/09 to 02/28/09 = 28 Days

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000230

0.00375

JOHNSON UTILITIES, LLC

968 E. HUNT HWY.
QUEEN CREEK, AZ. 85242
TEL: (480) 987-9870 FAX: (480) 987-9819

Invoice No. JU00457-REV

INVOICE

Customer

Name	SWING FIRST GOLF COURSE
Address	433 W. GOLF CLUB DR.
City	QUEEN CREEK **ST** AZ **ZIP** 85243
ATTN:	

Date	12/5/2006
Order No.	119200-01
Rep	
FOB	

Qty	Description	TOTAL GALS.	FLAT FEE
LOCATION	**Service Month: AUGUST 2006**		
	ACCT. # 119200-01		
	CAP Readings for August 2006		
	Start Read: **383,620,000 gal.**		
	End Read: **392,987,000 gal.**	9,358,000	$ 35,092.50
	Water Trans. Privilege Tax	9,367,000	$2,375.51
	Water Minimum		$900.00
	Superfund Tax		$60.83
	Late Fee		$480.01
		9,358,000	
		SubTotal	
		Shipping & Handling	
		Taxes	
		TOTAL	$ 38,908.85

DUE UPON RECEIPT

Office Use Only

SF000231

JOHNSON UTILITIES, LLC

968 E. HUNT HWY.
QUEEN CREEK, AZ. 85242
TEL: (480) 987-9870 FAX: (480) 987-9819

Invoice No. JU00462-REV

INVOICE

Customer

Name	SWING FIRST GOLF COURSE
Address	433 W. GOLF CLUB DR.
City	QUEEN CREEK **ST** AZ **ZIP** 85243
ATTN:	

Date	12/5/2006
Order No.	119200-01
Rep	
FOB	

Qty	Description	TOTAL GALS.	FLAT FEE
LOCATION	**Service Month: SEPTEMBER 2006**		
	ACCT. # 119200-01		
	CAP Readings for September 2006		
	Start Read: **392,978,000 gal.**		
	End Read: **404,037,000 gal.**	11,059,000	$ 41,471.25
	Water Trans. Privilege Tax		$2,796.50
	Water Minimum		$900.00
	Superfund Tax		$71.88
	Late Fee		$480.01
	REMIT PAYMENT TO:		
	JOHNSON UTILITIES, LLC		
	5230 E. Shea Blvd.		
	Scottsdale, AZ 85254		
		11,059,000	
		SubTotal	
		Shipping & Handling	
		Taxes	
		TOTAL	$ 45,719.64

DUE UPON RECEIPT

Office Use Only

SF000232

JOHNSON UTILITIES, LLC

968 E. HUNT HWY.
QUEEN CREEK, AZ. 85243
TEL: (480) 987-9870 FAX: (480) 987-9819

Invoice No. JU00476-REV

INVOICE

Customer

Name	SWING FIRST GOLF COURSE
Address	433 W. GOLF CLUB DR.
City	QUEEN CREEK **ST** AZ **ZIP** 85243
ATTN:	

Date	12/5/2006
Order No.	119200-01
Rep	
FOB	

Qty	Description	TOTAL GALS.	FLAT FEE
LOCATION	**Service Month: October 2006**		
	ACCT. # 119200-01		
	CAP Readings for October 2006		
	Start Read: **404,037,000 gal.**		
	End Read: **408,189,000 gal.**	4,152,000	$ 15,570.00
	Water Trans. Privilege Tax		$1,087.02
	Water Minimum		$900.00
	Superfund Tax		$26.99
	REMIT PAYMENT TO:		
	JOHNSON UTILITIES, LLC		
	5230 E. Shea Blvd.		
	Scottsdale, AZ 85254		
		4,152,000	
		SubTotal	
		Shipping & Handling	
		Taxes	
		TOTAL	$ 17,584.01

DUE UPON RECEIPT

Office Use Only

SF000233

AMOUNT PAID _____

Johnson Utilities

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

BILLING DATE	ACCOUNT NUMBER
12/31/06	00119200-01
DUE DATE	**AMOUNT DUE**
01/20/07	$53,028.75

PLEASE MAKE ADDRESS CORRECTIONS BELOW

Final Account

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

0011920001

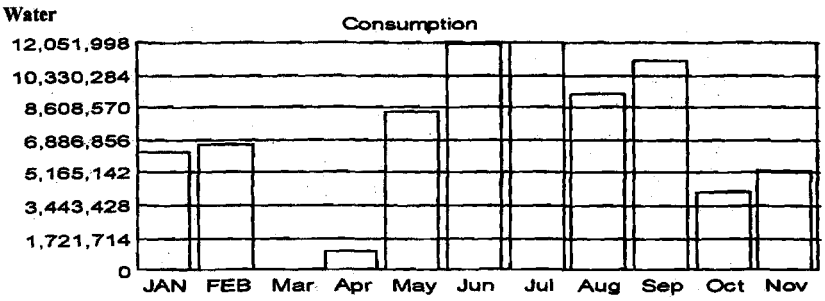
DETACH AND MAIL ABOVE PORTION WITH PAYMENT. KEEP BOTTOM PORTION FOR YOUR RECORDS.

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present

Previous Balance	**$53,028.75**		
Payment	**$0.00**	**Total Due**	**$53,028.75**

Johnson Utilities has discontinued the Courtesy Hang Notices and transferred to a new Virtual Phone Notification System which has been a very successful upgrade. It's essential that we have the phone number that you would like for us to contact you in order to avoid service interruption.

Water



CUSTOMER
SWING FIRST GOLF
SERVICE ADDRESS
433 GOLF CLUB DR

ACCOUNT NUMBER	BILLING DATE
00119200-01	12/31/06
METER NUMBER	**DUE DATE**
	01/20/07

BILLING PERIOD
From 11/30/06 to 12/31/06 = 31 Days

Johnson Utilities

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

SF000234

AMOUNT PAID _____

Johnson Utilities

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

BILLING DATE	ACCOUNT NUMBER
12/31/06	00119200-02
DUE DATE	**AMOUNT DUE**
01/20/07	$33,660.07

PLEASE MAKE ADDRESS CORRECTIONS BELOW

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

0011920002

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

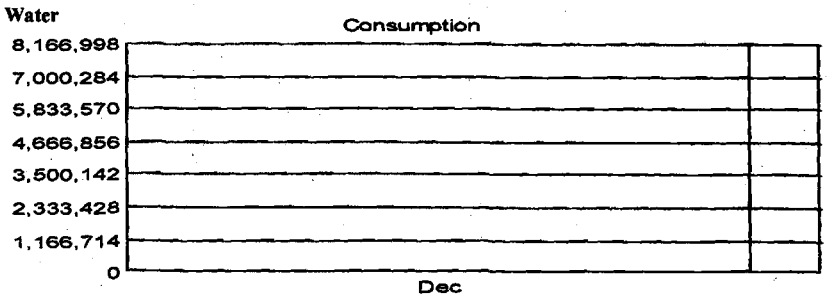
Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	408189000	408189000	0	Initial Read	11/1/2006	11/1/2006
	408189000	413455000	5266000	Normal Rd.	11/1/2006	11/22/2006
	413455000	416356000	2901000	Normal Rd.	11/22/2006	12/21/2006

WATER SERVICE

Water Minimum	$900.00	Water Usage	$30,626.25
Water - Trans Privilege Tax	$2,080.73	Superfund Tax	$53.09
		Total Water Charges	**$33,660.07**

Previous Balance	**$0.00**		
Payment	**$0.00**	**Total Due**	**$33,660.07**

Johnson Utilities has discontinued the Courtesy Hang Notices and transferred to a new Virtual Phone Notification System which has been a very successful upgrade. It's essential that we have the phone number that you would like for us to contact you in order to avoid service interruption.



CUSTOMER
SWING FIRST GOLF

SERVICE ADDRESS
433 GOLF CLUB DR

ACCOUNT NUMBER	BILLING DATE
00119200-02	12/31/06
METER NUMBER	**DUE DATE**
20040123-08	01/20/07

BILLING PERIOD
From 11/30/06 to 12/31/06 = 31 Days

Johnson Utilities

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

SF000235

Johnson Utilities

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

AMOUNT PAID _____

BILLING DATE	ACCOUNT NUMBER
03/31/07	00119200-02
DUE DATE	**AMOUNT DUE**
03/20/07	$21,897.48

PLEASE MAKE ADDRESS CORRECTIONS BELOW

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

0011920002002189748 7

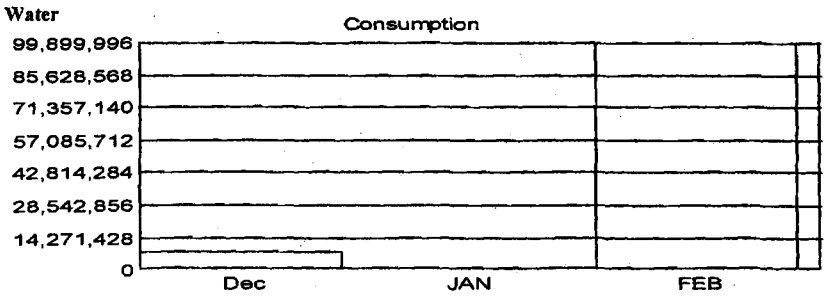
0011920002

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

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
WATER SERVICE						
Water Minimum			$900.00	Water - Trans Privilege Tax		$59.40
				Total Water Charges		**$959.40**
OTHER CHARGES						
Late Fee			$309.43			
				Total Other Charges		**$309.43**

Previous Balance	**$25,828.65**		
Payment	**($5,200.00)**	**Total Due**	**$21,897.48**

Johnson Utilities has discontinued the Courtesy Hang Notices and transferred to a new Virtual Phone Notification System which has been a very successful upgrade. It's essential that we have the phone number that you would like for us to contact you in order to avoid service interruption.



CUSTOMER
SWING FIRST GOLF
SERVICE ADDRESS
433 GOLF CLUB DR

ACCOUNT NUMBER	BILLING DATE
00119200-02	03/31/07
METER NUMBER	**DUE DATE**
	03/20/07

BILLING PERIOD
From 02/28/07 to 03/31/07 = 31 Days

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

SF000236

AMOUNT PAID _____

Johnson Utilities

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

BILLING DATE	ACCOUNT NUMBER
04/30/07	00119200-02
DUE DATE	**AMOUNT DUE**
05/20/07	$28,352.80

PLEASE MAKE ADDRESS CORRECTIONS BELOW

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

00119200020028352809

0011920002

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

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	417100000	420474000	3374000	Normal Rd.	2/24/2007	4/20/2007

WATER SERVICE

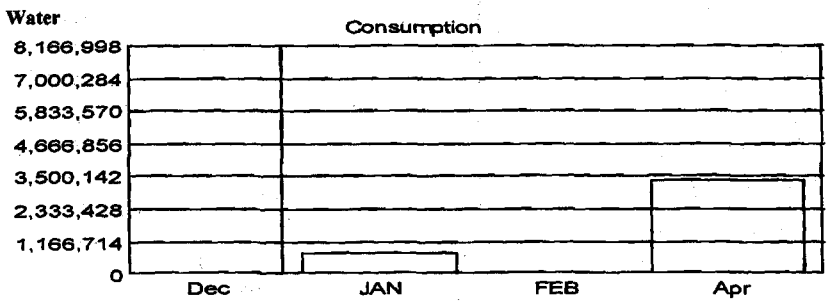
Water Minimum	$900.00	Water Usage	$12,652.50
Water - Trans Privilege Tax	$894.46	Superfund Tax	$21.93
		Total Water Charges	**$14,468.89**

OTHER CHARGES

Late Fee	$186.43		
		Total Other Charges	**$186.43**

Previous Balance	**$21,897.48**		
Payment	**($8,200.00)**	**Total Due**	**$28,352.80**

IMPORTANT NOTICE AS OF JUNE 1, 2007 JOHNSON UTILITIES WILL NO LONGER ACCEPT CREDIT OR DEBIT CARDS AT JOHNSON UTILITIES OFFICE. A PHONE NUMBER WILL BE ISSUED TO REMIT CREDIT OR DEBIT CARD TRANSACTIONS. CASH, MONEY ORDER, CASHIER'S CHECKS AND PERSONAL CHECKS WILL BE THE ONLY METHOD OF PAYMENT ACCEPTED AT JOHNSON UTILITIES.



CUSTOMER
SWING FIRST GOLF
SERVICE ADDRESS
433 GOLF CLUB DR

ACCOUNT NUMBER	BILLING DATE
00119200-02	04/30/07
METER NUMBER	**DUE DATE**
20040123-08	05/20/07

BILLING PERIOD
From 03/31/07 to 04/30/07 = 30 Days

Johnson Utilities

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

SF000237

Johnson Utilities

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

AMOUNT PAID _____

BILLING DATE	ACCOUNT NUMBER
05/31/07	00119200-02
DUE DATE	**AMOUNT DUE**
06/20/07	$21,190.21

PLEASE MAKE ADDRESS CORRECTIONS BELOW

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

00119200020021190214

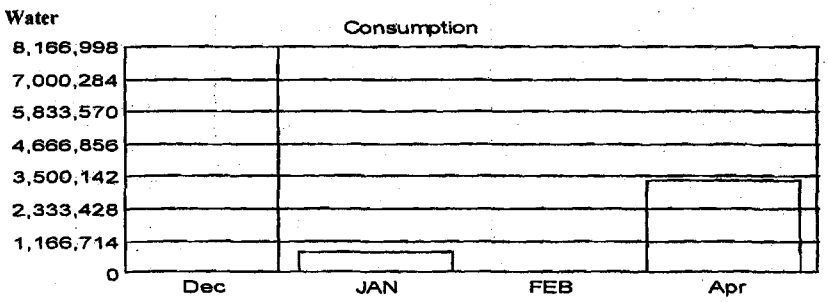
0011920002

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

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
WATER SERVICE						
Water Minimum			$900.00	Water AZ Trans Privilege Tax		$59.40
				Total Water Charges		**$959.40**
OTHER CHARGES						
Late Fee			$298.98			
				Total Other Charges		**$298.98**

Previous Balance	**$28,352.80**		
Payment	**($8,420.97)**	**Total Due**	**$21,190.21**

IMPORTANT NOTICE AS OF JUNE 1, 2007 JOHNSON UTILITIES WILL NO LONGER ACCEPT CREDIT OR DEBIT CARDS AT JOHNSON UTILITIES OFFICE. A PHONE NUMBER WILL BE ISSUED TO REMIT CREDIT OR DEBIT CARD TRANSACTIONS. CASH, MONEY ORDER, CASHIER'S CHECKS AND PERSONAL CHECKS WILL BE THE ONLY METHOD OF PAYMENT ACCEPTED AT JOHNSON UTILITIES.



CUSTOMER
SWING FIRST GOLF

SERVICE ADDRESS
433 GOLF CLUB DR

ACCOUNT NUMBER	BILLING DATE
00119200-02	05/31/07
METER NUMBER	**DUE DATE**
	06/20/07

BILLING PERIOD
From 04/30/07 to 05/31/07 = 31 Days

Johnson Utilities

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

SF000238

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

$167,000

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

0011920002011281399 7

AMOUNT PAID _____

BILLING DATE	ACCOUNT NUMBER
07/31/07	00119200-02
DUE DATE	**AMOUNT DUE**
08/21/07	$112,813.99

PLEASE MAKE ADDRESS CORRECTIONS BELOW

0011920002

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

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	441547000	455068000	13521000	Normal Rd.	6/20/2007	7/22/2007

WATER SERVICE

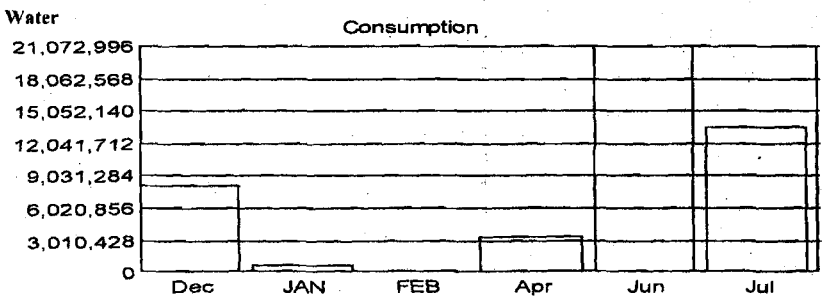
Water Usage	$11,192.68	Water AZ Trans Privilege Tax	$738.72
Superfund Tax	$87.89		
		Total Water Charges	**$12,019.29**

OTHER CHARGES

Late Fee	$239.10		
		Total Other Charges	**$239.10**

Previous Balance	**$100,555.60**		
Payment	**$0.00**	**Total Due**	**$112,813.99**

IMPORTANT NOTICE AS OF JUNE 1, 2007 JOHNSON UTILITIES WILL NO LONGER ACCEPT CREDIT OR DEBIT CARDS AT JOHNSON UTILITIES OFFICE. A PHONE NUMBER WILL BE ISSUED TO REMIT CREDIT OR DEBIT CARD TRANSACTIONS. CASH, MONEY ORDER, CASHIER'S CHECKS AND PERSONAL CHECKS WILL BE THE ONLY METHOD OF PAYMENT ACCEPTED AT JOHNSON UTILITIES.



CUSTOMER	SWING FIRST GOLF
SERVICE ADDRESS	433 GOLF CLUB DR
ACCOUNT NUMBER	00119200-02
BILLING DATE	07/31/07
METER NUMBER	20040123-08
DUE DATE	08/21/07
BILLING PERIOD	From 06/30/07 to 07/31/07 = 31 Days

Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000239

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

AMOUNT PAID _____

BILLING DATE	ACCOUNT NUMBER
08/31/07	00119200-02
DUE DATE	**AMOUNT DUE**
09/21/07	$122,139.61

PLEASE MAKE ADDRESS CORRECTIONS BELOW

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

00119200020122139615

0011920002

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

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	455068000	463862000	8794000	Normal Rd.	7/22/2007	8/19/2007

WATER SERVICE

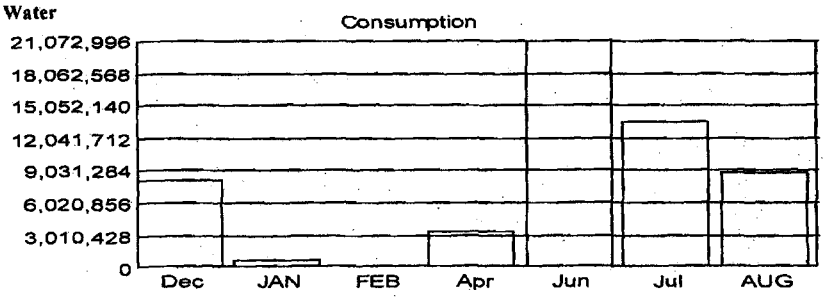
Water Usage	$7,279.67	Water AZ Trans Privilege Tax	$480.46
Superfund Tax	$57.16		
		Total Water Charges	**$7,817.29**

OTHER CHARGES

Late Fee	$1,508.33		
		Total Other Charges	**$1,508.33**

Previous Balance	**$112,813.99**		
Payment	**$0.00**	**Total Due**	**$122,139.61**

IMPORTANT NOTICE AS OF JUNE 1, 2007 JOHNSON UTILITIES WILL NO LONGER ACCEPT CREDIT OR DEBIT CARDS AT JOHNSON UTILITIES OFFICE. A PHONE NUMBER WILL BE ISSUED TO REMIT CREDIT OR DEBIT CARD TRANSACTIONS. CASH, MONEY ORDER, CASHIER'S CHECKS AND PERSONAL CHECKS WILL BE THE ONLY METHOD OF PAYMENT ACCEPTED AT JOHNSON UTILITIES.



CUSTOMER	SWING FIRST GOLF
SERVICE ADDRESS	433 GOLF CLUB DR
ACCOUNT NUMBER	00119200-02
BILLING DATE	08/31/07
METER NUMBER	20040123-08
DUE DATE	09/21/07
BILLING PERIOD	From 07/31/07 to 08/31/07 = 31 Days

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000240

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

AMOUNT PAID _____

BILLING DATE	ACCOUNT NUMBER
09/30/07	00119200-02
DUE DATE	**AMOUNT DUE**
10/15/07	$125,715.75

PLEASE MAKE ADDRESS CORRECTIONS BELOW

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

00119200020125715759

0011920002

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

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	463862000	474905000	11043000	Normal Rd.	8/19/2007	9/14/2007

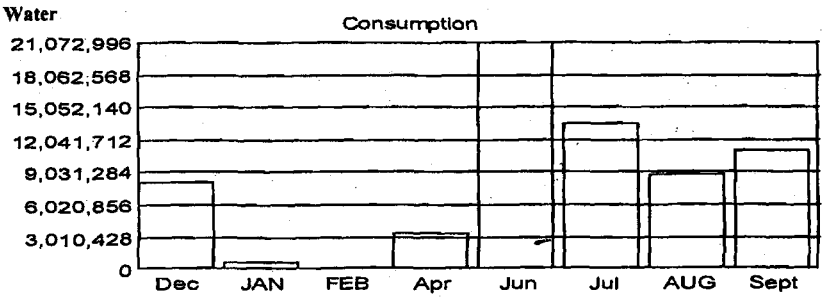
WATER SERVICE

Water Usage	$9,141.40	Water AZ Trans Privilege Tax	$603.33
Superfund Tax	$71.78		
		Total Water Charges	**$9,816.51**

OTHER CHARGES

CR Late Fee	($309.43)	CR Late Fee	($303.90)
CR Late Fee	($366.90)	Late Fee	$1,712.80
Void Charge	($1,508.33)	Void Charge	($239.10)
Void Charge	($239.10)	Void Charge	($298.98)
Void Charge	($186.43)		
		Total Other Charges	**($1,739.37)**

Previous Balance	**$122,139.61**		
Payment	**($4,501.00)**	**Total Due**	**$125,715.75**



CUSTOMER
SWING FIRST GOLF
SERVICE ADDRESS
433 GOLF CLUB DR

ACCOUNT NUMBER	BILLING DATE
00119200-02	09/30/07
METER NUMBER	**DUE DATE**
20040123-08	10/15/07

BILLING PERIOD
From 08/31/07 to 09/30/07 = 30 Days

Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000241

AMOUNT PAID _____

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

LAR

BILLING DATE	ACCOUNT NUMBER
12/31/07	00119200-02
DUE DATE	**AMOUNT DUE**
01/15/08	$73,756.29

PLEASE MAKE ADDRESS CORRECTIONS BELOW

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

00119200020073756292

0011920002

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

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	484477000	484477000	0	Normal Rd.	11/20/2007	12/19/2007

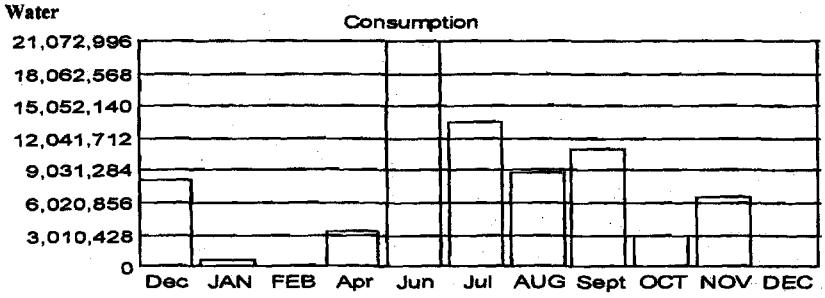
WATER SERVICE

DR Water Minimum Charge	$900.00		
		Total Water Charges	**$900.00**

OTHER CHARGES

Payment Reversal	$12,625.00	NSF Fee	$15.00
		Total Other Charges	**$12,640.00**

Previous Balance	**$72,841.29**		
Payment	**($12,625.00)**	**Total Due**	**$73,756.29**



CUSTOMER
SWING FIRST GOLF
SERVICE ADDRESS
433 GOLF CLUB DR

ACCOUNT NUMBER	BILLING DATE
00119200-02	12/31/07
METER NUMBER	**DUE DATE**
20040123-08	01/15/08

BILLING PERIOD
From 11/30/07 to 12/31/07 = 31 Days

Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000242

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

AMOUNT PAID _____

BILLING DATE	ACCOUNT NUMBER
01/31/08	00119200-02
DUE DATE	**AMOUNT DUE**
02/15/08	$62,091.59

PLEASE MAKE ADDRESS CORRECTIONS BELOW

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

00119200020062091594

0011920002

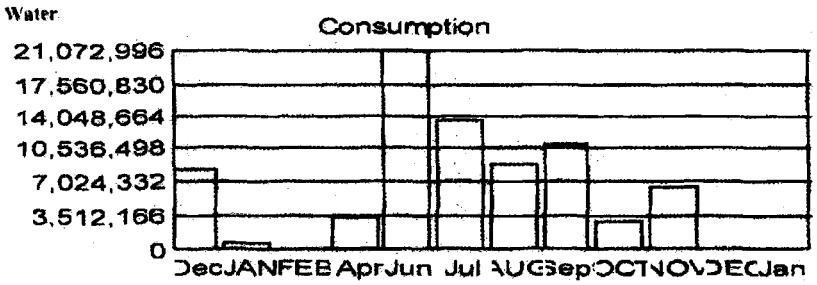
DETACH AND MAIL ABOVE PORTION WITH PAYMENT. KEEP BOTTOM PORTION FOR YOUR RECORDS.

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	484477000	484477000	0	Normal Rd.	12/19/2007	1/22/2008

WATER SERVICE

Water Minimum	$900.00	Water AZ Trans Privilege Tax	$60.30
		Total Water Charges	**$960.30**

Previous Balance	**$73,756.29**		
Payment	**($12,625.00)**	**Total Due**	**$62,091.59**



CUSTOMER
SWING FIRST GOLF
SERVICE ADDRESS
433 GOLF CLUB DR

ACCOUNT NUMBER	BILLING DATE
00119200-02	01/31/08
METER NUMBER	**DUE DATE**
20040123-08	02/15/08

BILLING PERIOD From 12/31/07 to 01/31/08 = 31 Days

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000243

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

02/29/08	00119200-02
03/15/08	$63,968.86

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

00119200020063968865

0011920002

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	484477000	484477000	0	Normal Rd.	1/22/2008	2/19/2008

WATER SERVICE

Water Minimum	$900.00	Water AZ Trans Privilege Tax	$60.30
		Total Water Charges	**$960.30**

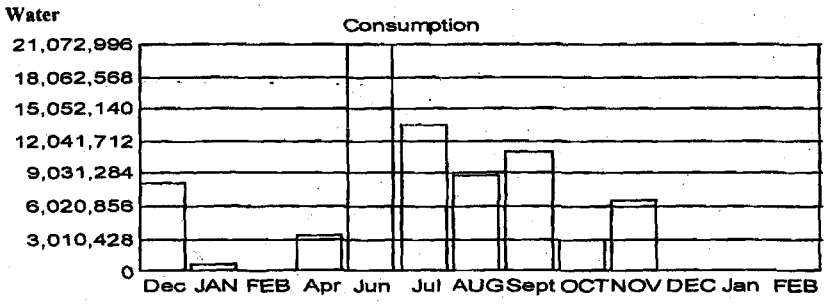
OTHER CHARGES

Late Fee	$916.97		
		Total Other Charges	**$916.97**

Previous Balance	**$62,091.59**		
Payment	**$0.00**	**Total Due**	**$63,968.86**

SWING FIRST GOLF

433 GOLF CLUB DR



00119200-02	02/29/08
20040123-08	03/15/08

From 01/31/08 to 02/29/08 = 29 Days

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000244

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

03/31/08	00119200-02
04/15/08	$65,860.53

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

00119200020065860532

0011920002

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	484477000	484477000	0	Normal Rd.	2/19/2008	3/28/2008

WATER SERVICE

Water Minimum	$900.00	Water AZ Trans Privilege Tax	$60.30
		Total Water Charges	**$960.30**

OTHER CHARGES

Late Fee	$931.37		
		Total Other Charges	**$931.37**

Previous Balance	**$63,968.86**		
Payment	**$0.00**	**Total Due**	**$65,860.53**

Make payments online at www.johnsonutilities.com
Johnson Utilities has partnered with NCO to offer fast and convenient payments over the phone. Call Johnson Utilities at (480)987-9870 and choose option 1 or call NCO directly at 1-866-277-0759. Be sure to have your account information available.
Previous balance is due upon receipt to avoid late fees and disconnection

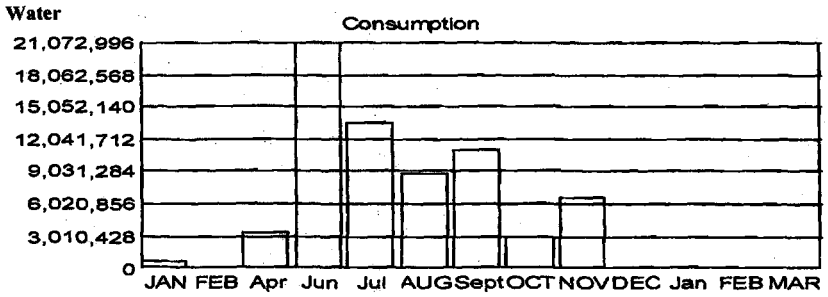
SWING FIRST GOLF

433 GOLF CLUB DR

00119200-02	03/31/08
20040123-08	04/15/08

From 02/29/08 to 03/31/08 = 31 Days

Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870



SF000245

AMOUNT PAID_____

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

BILLING DATE	ACCOUNT NUMBER
04/30/08	00119200-02
DUE DATE	**AMOUNT DUE**
05/15/08	$67,808.74

PLEASE MAKE ADDRESS CORRECTIONS BELOW

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

00119200020067808745

0011920002

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

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	484477000	484477000	0	Normal Rd.	3/28/2008	4/23/2008

WATER SERVICE

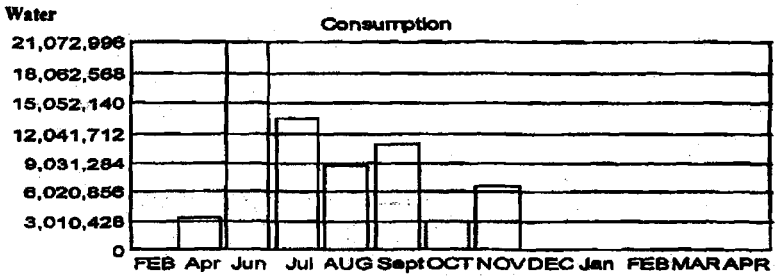
Water Minimum	$900.00	Water AZ Trans Privilege Tax	$60.30
		Total Water Charges	**$960.30**

OTHER CHARGES

Late Fee	$987.91		
		Total Other Charges	**$987.91**

Previous Balance	**$65,860.53**		
Payment	**$0.00**	**Total Due**	**$67,808.74**

Make payments online at www.johnsonutilities.com
Johnson Utilities has partnered with NCO to offer fast and convenient payments over the phone. Call Johnson Utilities at (480)987-9870 and choose option 1 or call NCO directly at 1-866-277-0759. Be sure to have your account information available.
Previous balance is due upon receipt to avoid late fees and disconnection



CUSTOMER
SWING FIRST GOLF
SERVICE ADDRESS
433 GOLF CLUB DR

ACCOUNT NUMBER	BILLING DATE
00119200-02	04/30/08
METER NUMBER	**DUE DATE**
20040123-08	05/15/08

BILLING PERIOD
From 03/31/08 to 04/30/08 = 30 Days

Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000246

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

05/31/08	00119200-02
06/15/08	$69,756.95

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

00119200020069756959

0011920002

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	484477000	484477000	0	Normal Rd.	4/23/2008	5/30/2008

WATER SERVICE

Water Minimum	$900.00	Water AZ Privilege Tax	$60.30
		Total Water Charges	**$960.30**

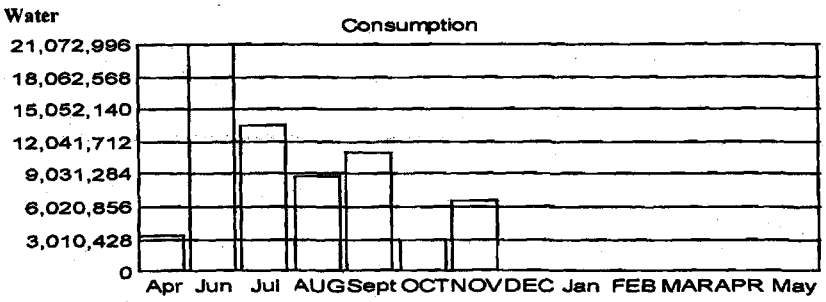
OTHER CHARGES

Late Fee	$987.91		
		Total Other Charges	**$987.91**

Previous Balance	**$67,808.74**		
Payment	**$0.00**	**Total Due**	**$69,756.95**

SWING FIRST GOLF

433 GOLF CLUB DR



00119200-02	05/31/08
20040123-08	06/15/08

From 04/30/08 to 05/31/08 = 31 Days

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000247

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

06/30/08	00119200-02
07/15/08	$71,734.38

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

00119200020071734382

0011920002

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	484477000	484477000	0	Normal Rd.	5/30/2008	6/17/2008

WATER SERVICE

Water Minimum	$900.00	Water AZ Privilege Tax	$60.30
		Total Water Charges	**$960.30**

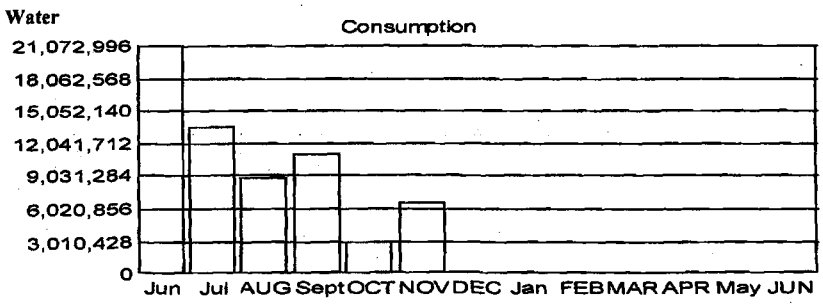
OTHER CHARGES

Late Fee	$1,017.13		
		Total Other Charges	**$1,017.13**

Previous Balance	**$69,756.95**		
Payment	**$0.00**	**Total Due**	**$71,734.38**

SWING FIRST GOLF

433 GOLF CLUB DR



00119200-02	06/30/08
20040123-08	07/15/08

From 05/31/08 to 06/30/08 = 30 Days

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000248

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

07/31/08	00119200-02
08/15/08	$79,303.06

11.88m E: 12m = 387K gall/day
6.16m C: 6m =
18.04m

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

00119200020079303065

0011920002

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	484477000	490638000	6161000	Normal Rd.	6/17/2008	7/18/2008

WATER SERVICE

Water Minimum	$900.00	Water Usage	$5,175.24
Water AZ Privilege Tax	$407.04	Water AZ Superfund Tax	$40.05
		Total Water Charges	**$6,522.33**

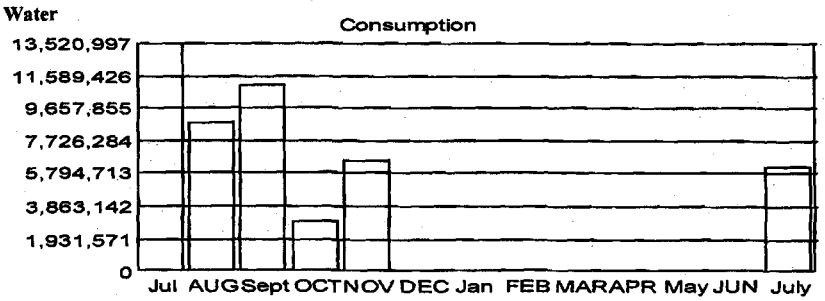
OTHER CHARGES

Late Fee	$1,046.35		
		Total Other Charges	**$1,046.35**

Previous Balance	**$71,734.38**		
Payment	**$0.00**	**Total Due**	**$79,303.06**

SWING FIRST GOLF

433 GOLF CLUB DR



00119200-02	07/31/08
20040123-08	08/15/08

From 06/30/08 to 07/31/08 = 31 Days

Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000249

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

08/31/08	00119200-02
09/15/08	$81,452.91

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

00119200020081452918

0011920002

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	490638000	490638000	0	Normal Rd.	7/18/2008	8/19/2008

WATER SERVICE

Water Minimum	$900.00	Water AZ Privilege Tax	$60.30
		Total Water Charges	**$960.30**

OTHER CHARGES

Late Fee	$1,189.55		
		Total Other Charges	**$1,189.55**

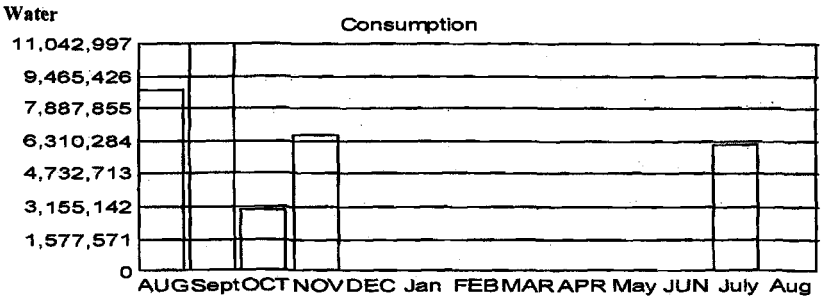
Previous Balance	**$79,303.06**		
Payment	**$0.00**	**Total Due**	**$81,452.91**

SWING FIRST GOLF

433 GOLF CLUB DR

00119200-02	08/31/08
20040123-08	09/15/08

From 07/31/08 to 08/31/08 = 31 Days



Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000250

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

09/30/08	00119200-02
10/15/08	$83,602.76

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

00119200020083602767

0011920002

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	490638000	490638000	0	Normal Rd.	8/19/2008	9/16/2008

WATER SERVICE

Water Minimum	$900.00	Water AZ Privilege Tax	$60.30
		Total Water Charges	**$960.30**

OTHER CHARGES

Late Fee	$1,189.55		
		Total Other Charges	**$1,189.55**

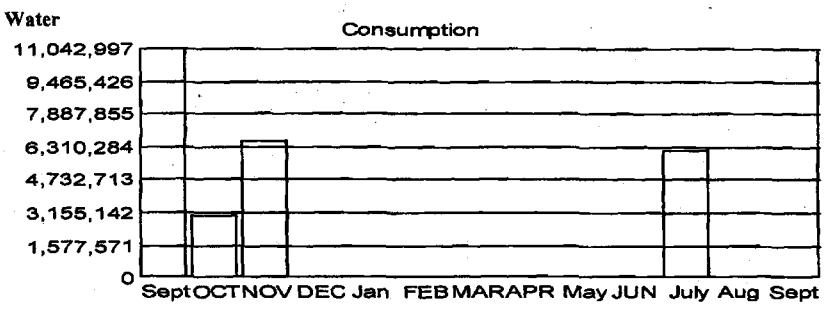
Previous Balance	**$81,452.91**		
Payment	**$0.00**	**Total Due**	**$83,602.76**

SWING FIRST GOLF

433 GOLF CLUB DR

00119200-02	09/30/08
20040123-08	10/15/08

From 08/31/08 to 09/30/08 = 30 Days



Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000251

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

11/30/08	00119200-02
12/15/08	$89,300.75

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

00119200020089300754

0011920002

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	490638000	492044000	1406000	Normal Rd.	10/15/2008	11/30/2008

WATER SERVICE

Water Minimum	$900.00	Water Usage	$1,181.04
Water AZ Privilege Tax	$139.43	Water AZ Superfund Tax	$9.14
		Total Water Charges	**$2,229.61**

OTHER CHARGES

Late Fee	$1,254.04		
		Total Other Charges	**$1,254.04**

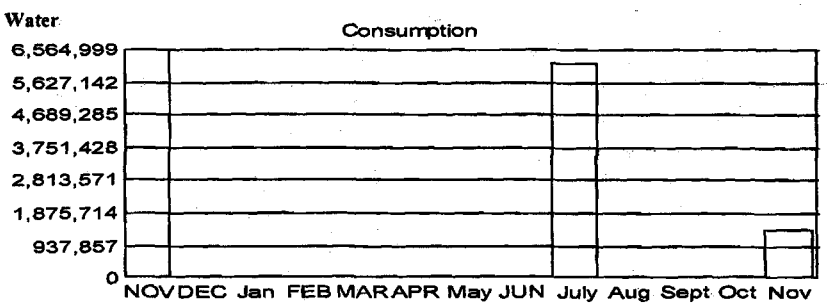
Previous Balance	**$85,817.10**		
Payment	**$0.00**	**Total Due**	**$89,300.75**

SWING FIRST GOLF

433 GOLF CLUB DR

00119200-02	11/30/08
20040123-08	12/15/08

From 10/31/08 to 11/30/08 = 30 Days



Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000252

AMOUNT PAID _____

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

BILLING DATE	ACCOUNT NUMBER
01/31/09	00119200-02
DUE DATE	**AMOUNT DUE**
02/15/09	$93,900.37

PLEASE MAKE ADDRESS CORRECTIONS BELOW

SWING FIRST GOLF
433 W GOLF CLUB DR
QUEEN CREEK, AZ 85243

00119200020093900375

0011920002

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

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	492044000	492044000	0	Normal Rd.	12/17/2008	1/16/2009

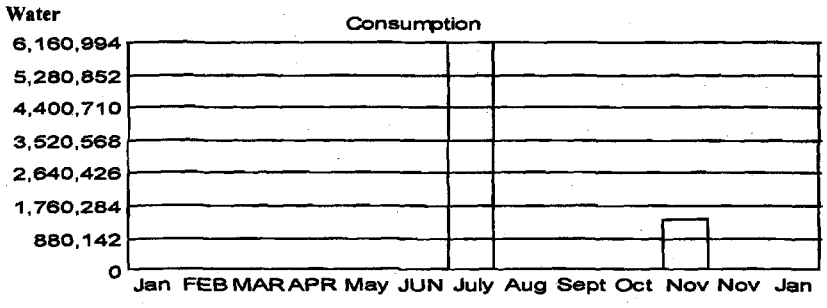
WATER SERVICE

Water Minimum	$900.00	Water AZ Privilege Tax	$60.30
		Total Water Charges	**$960.30**

OTHER CHARGES

Late Fee	$1,339.51		
		Total Other Charges	**$1,339.51**

Previous Balance	**$91,600.56**		
Payment	**$0.00**	**Total Due**	**$93,900.37**



CUSTOMER
SWING FIRST GOLF
SERVICE ADDRESS
433 GOLF CLUB DR

ACCOUNT NUMBER	BILLING DATE
00119200-02	01/31/09
METER NUMBER	**DUE DATE**
20040123-08	02/15/09

BILLING PERIOD
From 12/31/08 to 01/31/09 = 31 Days

Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SF000253

Johnson Utilities

968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

AMOUNT PAID _____

BILLING DATE	ACCOUNT NUMBER
02/28/09	00119200-02
DUE DATE	**AMOUNT DUE**
03/15/09	$91,472.77

PLEASE MAKE ADDRESS CORRECTIONS BELOW

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

0011920002091472773

0011920002

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

Description	Meter Readings Previous	Present	Usage	Read Code	Readings Dates Previous	Present
	492044000	492044000	0	Normal Rd.	1/16/2009	2/16/2009

WATER SERVICE

Water Minimum	$900.00	Water AZ Privilege Tax	$60.30
		Total Water Charges	**$960.30**

OTHER CHARGES

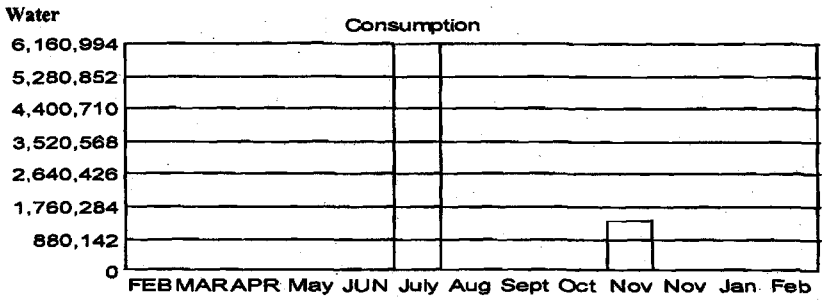
Late Fee	$1,303.64		
		Total Other Charges	**$1,303.64**

Previous Balance	**$93,900.37**		
Payment	**($4,691.54)**	**Total Due**	**$91,472.77**

CUSTOMER
SWING FIRST GOLF
SERVICE ADDRESS
433 GOLF CLUB DR

ACCOUNT NUMBER	BILLING DATE
00119200-02	02/28/09
METER NUMBER	**DUE DATE**
20040123-08	03/15/09

BILLING PERIOD
From 01/31/09 to 02/28/09 = 28 Days



Johnson Utilities
968 E Hunt Hwy
Queen Creek, AZ 85243
(480) 987-9870

SWING FIRST GOLF, LLC
RESPONSES TO
JOHNSON UTILITIES' THIRD SET OF DATA REQUESTS
DOCKET WS-02987A-08-0180
APRIL 6, 2009
(RATE CASE)

Attachment JU 3-27(b) - Supplemental

EXHIBIT
SF-23
ADMITTED

Brian

From: Dave Ashton [daveashton@gmail.com]
Sent: Tuesday, November 06, 2007 5:20 PM
To: Brian
Subject: Re: Johnson Ranch-

Brian if you could give this email to George I would appreciate it.

George - I received word earlier today that water to the golf course has been shut off. I tried to call you as soon as I heard, and was aware that you were at the golf course. I spoke with Gary Larsen instead. I appreciate Gary talking to me but I wanted to speak with you directly.

George, this is the last thing that I wanted to happen between us. I really want to have a good relationship with you personally and professionally and, as I told Brian last week, am distraught that our relationship has deteriorated. While the acute issue is the water being off, it's merely symptomatic of a larger issue, which is the perception that I am trying to take advantage of you. This distresses me more than anything else. At the same time, the thought that I could take advantage of you and get away with it is laughable. I would never, ever try to do that.

I hope you and I might have a chance to talk about this. I will continue to reach out to you in the hopes that we might be able to talk live. I respect you and the business you run, and frankly would like to be the best customer you have.

Best regards,
Dave

George,

On 11/6/07, **Brian** <btompsett@qwest.net> wrote:

Dave-

The utility has discontinued water delivery to the golf course for non-payment.

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.

WS-02987A-08-0049 ORIGINAL

EXHIBIT
SF-24
ADMITTED

4700

ARIZONA CORPORATION COMMIS

UTILITY COMPLAINT FORM

Investigator: Brad Morton **Phone:** [redacted] **Fax:** [redacted]

Priority: Expedite

Complaint No. 2007 64756 **Date:** 11/20/2007

Arizona Corporation Commission
DOCKETED
MAR 17 2008
DOCKETED BY [redacted]

Complaint Description: 01B Billing - Disputed
N/A Not Applicable

	First:	Last:
Complaint By:	David	Ashton

Account Name: Golf Club @Johnson Ranch/ Swing First Golf **Home:** [redacted]
Street: n/a **Work:**
City: Queen Creek **CBR:** [redacted]
State: AZ **Zip:** 00000 **Is:** Other

RECEIVED
2008 MAR 17 P 4: 38
AZ CORP COMMISSION
DOCKET CONTROL

Utility Company. Johnson Utilities L.L.C. d/b/a Johnson Utilities Company
Division: Water
Contact Name: [redacted] **Contact Phone:** [redacted]

Nature of Complaint:
Account [redacted]
Complaint through Steve Olea

Customer has billing dispute with utility and water has been disconnected at his business. Called Gary Larson and left voicemail at 4pm today requesting that service be restored immediately and remain on until this informal complaint can be cleared.

Customer is in France at this time, available through email or telephone.
****
****

From: Dave Ashton [redacted]
Date: Nov 21, 2007 12:34 PM
Subject: For Brian: Checking in
To: Brian Tompsett [redacted]

Hi Brian: I'm sorry we're at an impasse. I don't want that, or for this situation to get worse. Is there any way we can re-engage? As far as I can tell, the following is the case:

My water bills tripled in 2006 and we have never resolved the issues associated with that. There are other obvious issues as well. Dialogue can help address them.

All of my efforts to meet with the decision makers have been rebuffed either verbally or in writing.
My proposal on how to resolve and pay down this debt, no matter the amount, has not received a response.
That means No.

Water to the course was turned off ten days ago with very little notice.

It has now been turned off a second time, this time without warning. Perhaps George never meant for it to be

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

turned back on? I guess that's not important.

George will not accept my calls and I must assume that you have been instructed to refer all my calls to Gary. Gary lacks the authority to resolve this situation.

Brian, I don't understand. Why is George doing this? If it was about money we would be dialoguing now and the Utility would immediately start to get its money. I am your customer. Can we dialogue so I, as your customer, can outline my understanding of what I believe I owe and why? I want to pay whatever I owe and have stated that repeatedly.

If this is about respect, George would get all the respect he seeks if he would deal with this issue honestly, straightforwardly, and within the parameters that govern his business. Surely George doesn't believe that I am truly trying to cheat him. The idea is preposterous.

If this is about time, then it can be resolved quickly if he will grant you or Gary the authority to deal with it in the way you or Gary believe is right and fair given what has occurred between us the last 18 months. You have discussed this with me openly and honestly before, so I'm certain that can happen again.

If this is just about taking advantage of me and making it impossible to run the golf course, then what choice do I have but to escalate, even if it's the last thing I want and will just cause you guys headaches when you have far more important stuff to deal with?

Brian, in the grand scheme of things I'm just not very important. I'm not worth fighting with because I'm too small of a businessman. I want to resolve this. I really do. Simple, honest dialogue can certainly help us to address the outstanding issues. I don't want a conflict with the Utility, I don't want any mudslinging, and threats will accomplish nothing. I just want to resolve it. Is there any way we can engage?

I will call you this AM but if we don't talk today, have a good Thanksgiving.
Dave
David Ashton
[redacted]

****
****
End of Complaint

Utilities' Response:

11/21/07

Voicemail from Brian Tompsett confirming receipt of complaint and voicemail requiring service be restored while complaint in process. Water was restored this morning at Commissions request. He is in an area where his cell phone is not working well but if we have concerns we should call.
End of Response

Investigator's Comments and Disposition:

From: Bradley Morton
Sent: Tuesday, November 20, 2007 3:48 PM
To: [redacted]
Subject: Johnson Utilities

Dear Mr Ashton,

I am contacting regarding your complaint with Johnson Utilities. I tried to reach you by phone but got a busy signal. I will be filing a complaint but also contact the company by phone requiring them to reinstate your water until this complaint has been satisfied. Please to email or call me [redacted] if you have any questions.

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

Brad Morton
Public Utilities Consumer Analyst II
Arizona Corporation Commission
****
***
11/21/07

Callled Brian T and left message to call me at 8:30am.
****
*****
11/21/07

Returned voicemail to Brian and left voicemail to call me at 11:15am. Called Gary Larson ([redacted] line busy 11am.
****
*****
11/21/07 12:45pm vm

Customer received response from Brian Tompsett, water has been restored and Mr Ashton feels negotiations are in process and would like to withdraw his complaint.
****
*****
From: Dave Ashton [redacted]
Sent: Wednesday, November 21, 2007 1:33 PM
To: Steven Olea
Cc: Bradley Morton
Subject: progress?

Hi Steve: FYI I finally had real dialogue with JU today (with Brian Tompsett). Their attitude was quite different after hearing from Brad Morton, who to me is otherwise known as Superman.

JU expressed a willingness, in writing, to work through the issues we still face and were specific in committing to do certain things necessary to recommence dialogue in good faith. I've experienced enough now to know that this is not over, but at least now a resolution is possible. JU has committed to turn on the water today and Gary Larsen has received the request from George Johnson. In the interest of facilitating that resolution I have withdrawn the ACC complaint, although it is understood that if resolution is not reached I will have no choice but to re-open it. FYI I'm very impressed with the professionalism and efficiency of the ACC. There are clearly some good people there. You and Brad are two of them, as are Adam Stafford and Bill Mundell.

Thanks for the leadership you have provided. I will keep you apprised. Have a good Thanksgiving.
Regards,
Dave
****
******
11-26-07 At customers request on 11-21-07 CLOSED
****
******

From: Dave Ashton [redacted]]
Sent: Monday, December 03, 2007 4:34 PM
To: Bradley Morton
Subject: Address for complaint form

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

Hi Brad: I look forward to talking with you again. My address is:

[redacted]

I appreciate you taking my call and for your continued professionalism.
Best regards,
Dave

Formal complaints forms mailed to the above address since negotiations have broken down.
****
*****
ALL FOLLOWING DOCUMENTATION IS FOR RECORD PURPOSES ONLY
****
******
12/7/07

Voicemail received by Steve Olea from customer concerning possible water termination. Call Brian T and left voicemail at 10:45am and advised since Formal complaint in process we would like to see water remain on as long as current charges are being paid.
****
****
12/7/07

Brian T confirmed account current and there will be no shut off. If further concerns down the road Brian will contact me.
****
*****
From: Dave Ashton [redacted]
Sent: Thursday, December 27, 2007 2:10 PM
To: Bradley Morton
Cc: Craig Marks
Subject: Update

Hi Brad: I hope you had a good Christmas. I appreciate very much the answers to my questions that you provided last week.
I am now working with Craig Marks, an attorney specializing in water issues. Both Craig and I anticipate that it will be necessary to file a formal complaint against Johnson Utilities, and are preparing that complaint now.

When we are finished with the complaint we will contact Johnson Utilities in the hope that we can resolve this matter before formal submission to the Commission. Failing that, we will submit.

Either Craig or I will keep you updated and will certainly answer any questions you have.
Thanks very much and regards,
Dave
****
******
From: Bradley Morton
Sent: Friday, January 11, 2008 12:57 PM
To: [redacted]
Subject: RE: Swing First Golf complaint against Johnson Utilities

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

Mr Ashton,

Just checking on your Formal complaint because I have not heard from you or your attorney.

Brad Morton
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******

From: Dave Ashton[redacted]
Sent: Saturday, January 12, 2008 2:34 AM
To: Bradley Morton
Cc: Craig Marks
Subject: Re: Update

Hi Brad: Thanks for your email regarding complaint status against Johnson Utilities. My attorney Craig Marks is working on the complaint now. Perhaps my email to you from Dec 27th did not go through? Regardless, it was time for another update so I appreciate you getting in touch.

I expect it will be filed soon. Craig can you update Brad from your end?
Thanks very much,
Dave
****
*****

From: Brian [redacted]
Sent: Monday, January 14, 2008 8:04 AM
To: Bradley Morton
Subject: RE: Update

Brad-

Thanks for the update. Since Dave seemed to be making no progress, and we can't file anything with the ACC, we filed a complaint for breach of contract with the Superior Court regarding our claim for payments. I have attached a copy for your records. How do you want to proceed as far as the Commission is concerned? Please give me a call when you get a chance.

Brian P. Tompsett, P.E.
[redacted]
****
******

From: Dave Ashton[redacted]
Sent: Thursday, January 17, 2008 12:55 PM
To: December Davis
Cc: Gary Larsen; Craig Marks; Jeff Lundgren; Bradley Morton
Subject: Swing First Golf: January Water Bill

Hi December: I spoke with Gary Larsen regarding our most recent water bill, which we have just received. He told me that you have been instructed to deal with our account, rather than his office in Queen Creek. From now on I will call/email you directly when I have an issue.

I wanted to reach out so we could quickly resolve an issue that has just come up. For our January bill:

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

The Utility has billed us for 1.848m gallons of effluent water at a usage charge of $1529.77. That is $0.83 per thousand gallons. To comply with ACC tariffs, please bill us at $0.62, which is the effluent water rate. We were billed last month at the correct rate, i.e $0.62, so one must conclude that the effluent rate was changed on our account from last month to this month. Can you please ensure that it gets changed back now, permanently?

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. You also billed us for a transaction privilege tax of $102.49. The correct amount is $76.77. Please make the change.

Also on this bill was a charge for over three thousand dollars for DR Water Usage and taxes. We spoke to Gary Larsen about this and he did not know what those charges were for. As you are handling our account now, can you please provide an explanation. As you know, we are unable to make payment on any amounts other than current charges, pending resolution of our outstanding complaint at the ACC. All current charges, when properly billed (as they were in December) will be paid in full.

We have also received a CAP water bill for around $74,000, despite no CAP usage in November or December. The amount in question at the ACC is $54,375, per Brian Tompsett's written communication to me dated 12/3/07. We have paid all current water charges on time and in full since that communication (and before). If you would resolve this $20,000 discrepancy for me I would appreciate it.

Barring any response from the Utility we will remit payment to you of $1229.97 for all water charges incurred on the latest bill, within 15 days of when the bill was mailed to us, per ACC regulations. I have also attached a formal letter to you in case that is necessary. I look forward to working with you from here forward. If I or my manager have any issues we will contact you directly from now on.

Thanks and regards,
Dave

****
*****

From: Bradley Morton
Sent: Tuesday, January 22, 2008 12:51 PM
To: [redacted]
Subject: RE: Swing First Golf: January Water Bill

Mr Ashton,

Thanks for your recent communication, could you ask Mr Marks to contact me at [redacted] or provide me with a contact number for him. I would like to discuss the formal complaint status.

Brad Morton

****
***

1/22/08

Talked to Craig Marks and he confirmed formal would be filed by 1/25/08. Advised Brian Tompsett that if not filed, shut off can take place 1/28/08 since all appropriate notices have been sent. Brian requested that Steve Olea call George Johnson, email sent to Steve.

****
****

From: Dave Ashton [redacted]
Sent: Friday, January 25, 2008 12:57 PM
To: Craig Marks

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

Cc: Bradley Morton
Subject: Re: Swing First Complaint against Johnson Utilities

Brad: Thank you for ensuring my water delivery continued as we put together this complaint. This is simply the beginning of what may be a long and difficult process. I'm very sorry that we must go through it. All I really want to do is run my business. But I'm grateful that there is an organization that we can at least turn to given the situation.

Craig, thanks for succinctly crystallizing the issues. I don't believe I could have done so myself. I'm glad you and I are on the same side.

To you both, have a good weekend.
Regards,
Dave

On Jan 25, 2008 8:21 PM, Craig Marks [redacted] wrote:

Dave,
****
****
From: Dave Ashton [redacted]
Sent: Monday, February 04, 2008 1:47 PM
To: December Davis
Cc: Jeff Lundgren; Craig Marks; Brian Tompsett; Gary Larsen; Bradley Morton
Subject: Johnson Ranch Golf Club: 18th lake/hole is flooded

Hi December: Hope you had a good weekend. I've received a report that the lake on our 18th hole is flooded with effluent water that has extended out far beyond the borders of our lake. We have taken photographs which I will forward to you shortly, showing water on the 18th fairway.

Please stop delivery of water to us until such time that our lake level is low enough to accept more. We will let you know when that is.

Please reply to acknowledge receipt. I cannot accept any more water as our fairway is flooded.
Regards,
Dave
****
*****
From: Brian [redacted]
Sent: Tuesday, February 05, 2008 4:30 PM
To: daveashton [redacted] 'December Davis'
Cc: 'Jeff Lundgren'; 'Craig Marks'; 'Gary Larsen'; Bradley Morton; Dick Sallquist
Subject: RE: Johnson Ranch Golf Club: 18th lake/hole is flooded
David-

Attached are a few pictures of the 18th fairway that were taken yesterday after receipt of your email. If you have been getting reports, I'm sure you know it has been raining "on and off" in the Johnson Ranch area for the last few weeks. Our rain gauges in the area indicate that about 1-1/2 inches of rain fell over the weekend. It does not appear that the effluent has extended beyond the lake limits. The small visible puddle could easily be attributed to the rain not the effluent. Your fairway dos not appear flooded.

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

You have now filed a formal complaint with the Arizona Corporation Commission alleging, among other things, service interruptions. You even requested relief asking that "The Commission to order Utility to continue providing service during the pendency of this matter". We were served with that complaint on Friday February 1, 2008. Now a mere 3 days later you now demand that "WE STOP THE DELIVERY OF WATER". Which way do you want it?

The "Agreement Regarding Utility Service" you sited in your complaint sites Minimum Monthly Purchases and also requires "that Holdings may reduce or eliminate such obligation by providing Utility notice of such reduction no less than 18 months prior to the first month in which Holding no longer elects to take such deliveries". We have no record of a notice.

I suggest that since the effluent service is now the subject of a formal complaint all correspondence should be through our attorneys.

Brian P. Tompsett, P.E.

[redacted]**********
******

From: Dave Ashton [redacted]
Sent: Wednesday, February 06, 2008 8:17 AM
To: Brian
Cc: December Davis; Jeff Lundgren; Craig Marks; Gary Larsen; Bradley Morton; Dick Sallquist
Subject: Re: Johnson Ranch Golf Club: 18th lake/hole is flooded

Hi Brian: Thanks for your note. The fairway was flooded on Saturday, before any rain came on Sunday. Pictures are attached, taken Saturday at 5pm. As you can see I was not exaggerating.

As you know, we need water to irrigate the golf course. If, however, Utility's delivery overflows the borders of the lake and floods the fairway and the Johnson Ranch community, I would be remiss if I didn't notify you. If you prefer I go through your attorneys, I'll hope that adding such an additional step will not slow down Utility's responsiveness to resolving hazards they have created. Should I also contact your attorneys directly if I find continued billing irregularities? December Davis seemed to do a reasonable job resolving the irregularities from last month. If you'd prefer I stop working with her, let me know who to contact instead and I will follow your instructions.

In compliance with our Agreement Regarding Utility Service, we wish to receive water as long as our lake can hold it. If the lake cannot hold more water then I respectfully request that no more be delivered until such time as we can accept more, at which point we will be grateful to take delivery. For the moment, additional water delivery creates a health and safety hazard, which prompted my notification. We will let you know when it's no longer a danger to the community for the course to receive more water, and would appreciate it if you would respect that request. Please let me know if you would like to talk live. I'm always happy to do so.

Best regards,
Dave
****
******

From: Brian [redacted]
Sent: Wednesday, February 06, 2008 10:19 AM
To: daveashton [redacted]
Cc: 'December Davis'; 'Jeff Lundgren'; 'Craig Marks'; 'Gary Larsen'; Bradley Morton; 'Dick Sallquist'
Subject: RE: Johnson Ranch Golf Club: 18th lake/hole is flooded

David-

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

Continue to work with December on the billings if there is a question or irregularity. Lets not get dramatic about the lake. If the effluent and/or storm water exceeds the limits of the lake it is not a health and safety hazard. It is also not a danger to the community. It is merely water on the grass.

Brian P. Tompsett, P.E.
[redacted]
****
******

From: Dave Ashton [redacted]
Sent: Tuesday, February 12, 2008 1:17 PM
To: Bradley Morton
Cc: Jeff Lundgren
Subject: Flooding at Johnson Ranch

Hi Brad: I hope you're well. I'm wondering if you can advise on how to get Johnson Utilities to cease flooding the golf course? The attached photos were taken last Wed, after they had replied to my email below requesting they stop flooding. They also flooded the lake again over the weekend, on Feb 9th. Specifically:

What options do I have other than to email them? At this time I don't have control over how much water I receive. They decide that.
The flooding really does create a hazard. The HOA, residents and golfers have all complained.
I'm uncomfortable paying for water that floods the golf course. It costs me money in lost business, not to mention the cost of the water. The utility has previously credited the San Tan Heights HOA for water that flooded San Tan Heights. Can I request they do the same with me? How do I measure that?
This is really bad, Brad. I just want water to irrigate and to pay the legal rate for it. If they would do this, and nothing else, we wouldn't have any issues. But I have no choice now but to appeal for redress when they continue to act this way (see below).

Please let me know how/if you can help me.
Best regards,
Dave

On Feb 6, 2008 6:18 PM, Brian [redacted] wrote:

David-
****
****

From: Bradley Morton [redacted]
Sent: Wednesday, February 13, 2008 9:17 AM
To: Brian
Subject: FW: Flooding at Johnson Ranch

Could you review this email?
****
******

From: Brian [redacted]
Sent: Thursday, February 14, 2008 7:25 AM
To: Bradley Morton
Subject: RE: Flooding at Johnson Ranch

Brad-

I will be onsite today and will take a look at this situation again and report back to you.

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

Brian P. Tompsett, P.E.
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From: Dave Ashton [redacted]
Sent: Thursday, February 14, 2008 8:39 AM
To: Bradley Morton
Cc: Jeff Lundgren
Subject: Re: Flooding at Johnson Ranch

Hi Brad: Thanks very much for your reply. As you know, Brian visiting the golf course will accomplish little. There's nothing wrong with the lake today. Everything is fine, and has been so for the last couple of days. What matters is:

Did they flood the lake before and is that documented? (yes)

When asked to stop, did they respond in an acceptable way? (no)

Do I have assurances that they will do their best not to flood the lake again? (no)

At this time I'm looking for them to:

Assure me in writing this will not occur again. Email is fine, from Brian Tompsett.

Not bill me for the amount of water they delivered that flooded the course.
If those two things happen then my concerns will be resolved (unless they then flood the course again). Let me know if you think I'm being unreasonable. I really just want them to act professionally.
Thanks very much,
Dave
****
******
From: Dave Ashton [redacted]
Sent: Thursday, February 14, 2008 8:46 AM
To: Bradley Morton
Subject: Lake Photos today

Hi Brad: Just confirming for you that everything is fine today. There is no flooding at the lake and there has not been since last weekend. As you can see by the attached photos, the lake level is very high but not unreasonably so, and the Utility is not delivering any water at this time (that's positive). Just wanted to keep you in the loop. Brian can feel free to visit the course today but I doubt he'll find anything of value related to this issue.

I'm not at all out to get the Utility. But since they've flooded the lake three times in the last several weeks I'd like them to assure me that it won't occur again. They have yet to do so.
Thanks,
Dave
****
******
From: Dave Ashton [redacted]
Sent: Thursday, February 21, 2008 11:05 AM
To: December Davis
Cc: Jeff Lundgren; Bradley Morton; Brian Tompsett; Craig Marks; Dick Sallquist
Subject: Re: January bill

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

Jeff please make payment to Johnson Utilities for the full amount they have requested, which I believe is $2658.15. Please put our appropriate account number(s) on the check as December Davis has requested that we do so.
December, please see attached letter to Utility in which we outline our position in writing.
Craig I have copied you so you can be aware that we now have an additional $681.09 that is in dispute.
Best regards,
Dave

On Thu, Feb 14, 2008 at 8:37 PM, December Davis [redacted] wrote:

Dave, I have reviewed all five of your bills for January. All charges are correct. Please pay the amount in full. You will continue to receive late charges for all accounts you short pay.

December Davis-
****
From: Dave Ashton [redacted]
Sent: Thursday, February 14, 2008 8:55 AM
To: December Davis
Cc: Jeff Lundgren
Subject: Re: January bill

Hi December: Please let me know status on the below. If I have not heard from you by Monday I will assume you do not plan to respond, and will let the commission know that we are sending you a check for $1977.06, which represents full payment of our latest bill, and will explain why.

The Utility is owed money for water we received in January and I want to resolve the below immediately so you can be paid in full.

Best regards,
Dave

On Tue, Feb 12, 2008 at 9:07 PM, Dave Ashton [redacted] wrote:

Hi December: At your request I scrutinize all our bills. Please let me know if you can resolve the following errors on our bill which arrived today, so we can pay the money you are owed:

First off, thanks for billing at the proper $0.62 rate.
Water minimum charge of $450. Please change it to $270. We had a 3" effluent meter until last month, when the Utility changed it at Utility's desire. In addition, the Utility billed us for two years for a 6" meter ($900 per month) when Utility was aware we only had a 3" meter (see my note that I sent you last month, with photos). Therefore please change back to a 3" meter at $270 and continue billing at that rate.
Credit Water Privilege Tax of $25.73. We paid our bill last month on time and in full so you should not owe us any credits. Please delete this credit or help me understand it.
Water Usage Charge credit of $0.01 and Late Fee of $0.05. This is a net difference of $0.04. We have paid our bills on time and in full since our account became in dispute for $54,375. Therefore we should receive no credits and no late charges. Please delete those two things.
Water Minimum of $479.03. We should have one water minimum for $270. Please delete this 2nd water minimum of $479.03.
Previous balance of $5107.51 less payment of $4694.28, net difference of $413.23. We will continue to pay our bills on time and in full when billed correctly. There is no previous outstanding balance, other than what is in dispute with the Corporation Commission. If you perceive that not to be the case, it may be because Utility billed

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

at the incorrect rate last month and that affected the taxes and fees that you charge on the account. Please correct the errors.
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.
Transaction Privilege Tax: Utility has charged a 6.8% rate with a water minimum of $450. The correct rate is 6.7% including a $270 water minimum. The difference is $14.01. Please make the change.
By my calculations we therefore owe $1977.06 ($1571.70+$270+$123.39+$11.97).
Please make the changes and send back your confirmation via email and we will generate a check and put our account numbers on it per your request. I would naturally prefer to resolve this without emailing and/or involving the Corporation Commission, so have not included them here. If you believe you can resolve it without their involvement, that would be great. If not, let me know and I will contact them.

Regards,
Dave
****
***
3/17/08

NOTES BY TRISH:

At the request of Brad Morton please docket this informal complaint.

Docketed in WS-02987A-08-0049

****
*****
End of Comments

Date Completed: 11/26/2007

Complaint No. **2007 - 64756**

Un-Substantiated

Notes: **Undetermined**

EXHIBIT
SF-25
ADMITTED

Snell & Wilmer
L.L.P.
LAW OFFICES

One Arizona Center
Phoenix, AZ 85004-2202
602.382.6000
602.382.6070 (Fax)
www.swlaw.com

LAS VEGAS
ORANGE COUNTY
PHOENIX
SALT LAKE CITY
TUCSON

Jeffrey W. Crockett
602.382.6234
jcrockett@swlaw.com

March 5, 2009

VIA E-MAIL AND FIRST CLASS MAIL

Craig A. Marks
Craig A. Marks PLC
10645 N. Tatum Blvd.
Suite 200-676
Phoenix Arizona 85028

Re: Johnson Utilities, LLC's Responses to Swing First Golf LLC's Fifth Set of Data Requests (Docket No. WS-02987A-08-0180)

Dear Craig:

Enclosed please find Johnson Utilities' Responses to Swing First Golf LLC's Fifth Set of Data Requests in the above-captioned rate case.

Very truly yours,

SNELL & WILMER

Jeff Crockett

Jeffrey W. Crockett

JWC:gdb
Enclosures
cc (with enclosures): Brian Tompsett
CROCKEJ\SWDMS\9622038.1

Docket No. WS-02987A-08-0180
Swing First Golf LLC
Fifth Set of Data Requests to Johnson Utilities LLC

(RATE CASE PROCEEDING)

5.1 Please reference the attachment to Utility's revised response to Swing First's DR 1-3, dated February 10, 2009, specifically the note which states: "Credits were given the end of 2007 and the beginning of 2008 to adjust for an incorrect billing rate for Customers A & B."

a. For each of the months January 2007 through June 2008 what rate was actually billed to Customer B?

b. What was the date the bill credit was provided to Customer B?

c. What was the amount of the bill credit provided to Customer B?

d. How did Utility calculate the amount of the bill credit provided to Customer B?

Response:

a. The commodity rate billed to customer B for the months January 2007 through June 2008 was $3.75 per thousand gallons.

b. Bill credits were provided to customer B on November 12, 2007, and January 8, 2008.

c. The bill credit provided to customer B on November 12, 2007, was $130,395.80 and the bill credit provided on January 8, 2008, was $48,909.38.

d. The bill credits for customer B were calculated by taking the difference between $3.75 per thousand gallons and the effluent tariff rate of $.62 per thousand gallons and multiplying that difference by the number of gallons used (in thousand of gallons). A corresponding adjustment was also made to transaction privilege taxes for customer B.

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

EXHIBIT
SF-26
ADMITTED

Patrick J. Van Zanen (#021371)
MARGRAVE CELMINS, P.C.
8171 E. Indian Bend Rd, Ste 101
Scottsdale, Arizona 85250
Telephone (480) 994-2000
Attorneys for Plaintiff

SUPERIOR COURT OF ARIZONA

COUNTY OF MARICOPA

JOHNSON UTILITIES, LLC, dba **JOHNSON UTILITIES COMPANY**, an Arizona limited liability company, Plaintiff, v. **SWING FIRST GOLF, LLC**, an Arizona limited liability company; **DAVID ASHTON** and **JANE DOE ASHTON**, husband and wife; Defendants.	**No. CV2008-000141** **SECOND AMENDED COMPLAINT** 1. **Breach of Contract** 2. **Breach of the Covenant of Good Faith and Fair Dealing** 3. **Tortious Interference** 4. **Defamation** *(The Honorable Thomas Dunevant III)*

For its Complaint against defendant Swing First Golf, LLC ("Swing First Golf"), plaintiff Johnson Utilities, LLC ("Johnson Utilities") alleges as follows, by and through undersigned counsel:

JURISDICTION AND VENUE

1. This Court has jurisdiction over this matter because Swing First Golf is a limited liability company organized under the laws of Arizona and operates within Arizona.

2. Venue is proper in Maricopa County because Swing First Golf is located in Maricopa County at 7131 W. Avenida Del Sol, Peoria, AZ 85383.

PARTIES

3. Plaintiff Johnson Utilities is an Arizona limited liability company located in Maricopa County that provides water and wastewater utility services in Pinal County, Arizona.

4. Defendant Swing First Golf is an Arizona limited liability company located in Maricopa County, and owns and operates the Johnson Ranch Golf Course in Pinal County, Arizona.

5. David and Jane Doe Ashton are husband and wife living in Maricopa County who acted for and on behalf of the marital community at all times relevant to the Complaint.

GENERAL ALLEGATIONS

6. Johnson Utilities is party to an Agreement Regarding Utility Service (the "Agreement") dated September 17, 2004 for the provision of water and wastewater services to the Johnson Ranch and properties in the vicinity, including the Johnson Ranch Golf Course.

7. The Agreement provides Swing First Golf the right to purchase effluent at a price determined by the Arizona Corporation Commission, which is evidenced by the associated tariff filed with the Arizona Corporation Commission.

8. The Agreement also provides Swing First Golf the right to purchase Central Arizona Project ("CAP") water pursuant to the associated tariff filed with the Arizona Corporation Commission.

9. Johnson Utilities provided effluent and CAP water to Swing First Golf pursuant to the Agreement.

10. Swing First Golf has failed to fully pay for the effluent and CAP water as required by the Agreement and the filed tariffs.

11. Despite written demand, Swing First Golf continues to refuse to pay for the effluent and CAP water.

12. Because Johnson Utilities has sought to obtain the payments from Swing First Golf to which Johnson Utilities is entitled, Swing First Golf and David Ashton have embarked on a campaign to defame Johnson Utilities and interfere with Johnson Utilities' existing and prospective business relationships with various homeowners and homeowners' associations.

13. Swing First Golf's and David Ashton's actions include, but are not limited to, contacting the San Tan Homeowners' Association and the Johnson Ranch Homeowners' Association and telling them that Johnson Utilities has been over billing them.

14. Swing First Golf and David Ashton's actions also include providing to Karen Councilman, the Community Manager of San Tan Homeowner's Association, copies of a complaint filed at the Arizona Corporation Commission by Swing First Golf against Johnson Utilities, which complaint contains false and damaging statements regarding Johnson Utilities.

15. Pursuant to Arizona Supreme Court case law, Swing First Golf's actions in this regard are not protected by the judicial privilege (or any other privilege) because the act of disseminating a complaint containing allegations against a party is not sufficiently related to the judicial proceeding.

16. Documents subpoenaed from San Tan Homeowners' Association reveal that David Ashton's written defamatory statements include, but are not limited to, the following:

a. "The complaint claims that Johnson Utilities has defrauded my company, Swing First Golf, LLC, of more than $120,000 in the last several years . . . "

b. "I believe each of your HOAs has been defrauded on a greater scale than I have."

c. "So not only are they overcharging you, which is against the law, but they *know* they are overcharging you. (emphasis in original)."

d. "If you have ever been charged $3.75 per thousand gallons, it's possible that the utility is delivering you the non-potable water but is charging you for the more expensive water. It's a matter of public record that they have done this before. And one can be fairly confident that it happened before then as well."

e. "Please also be aware that for two years the Utility charged me for a 6" meter when it turns out that the golf course only had a 3" meter. There is a good chance you have also been defrauded in this way."

f. "One possible way [Johnson Utilities] make[s] money is to grossly overcharge you for water usage (for example at $2.25 or $3.75 per k gallons instead of $0.83), charge

you 6.7% TP tax on top of that, report to the state what you actually should have been charged (i.e. $0.83 per k gallons), then pocketed the difference in tax money. I have no evidence this occurred but it is certainly possible."

g. "It is illegal for Johnson Utilities to charge you this rate."

h. "I'd like to have a call with you about these guys. I've recently gone through all bills I received from them the last two years and the fraud is staggering. The exercise took me almost 30 hours of analysis but now I truly understand the depth of what they've done. I have no reason to believe they've treated anyone else any better than they've treated me, hence I'm reaching out to you."

17. The statements made by Swing First Golf and David Ashton, including but not limited to those statements made to the San Tan and Johnson Ranch homeowner's associations, are false and pertain to Johnson Utilities' business dealings.

18. The statements made by Swing First Golf and David Ashton, including but not limited to those statements made to the San Tan and Johnson Ranch homeowner's associations, were made with malice, and were intended to harm Johnson Utilities' reputation in the community and utilities industry, and destroy Johnson's existing and prospective business relationships.

19. Because the false statements made by Swing First Golf and David Ashton pertain to Johnson Utilities' professional reputation, damages are presumed.

20. To the extent any of the statements are found not to be actionable as defamation, they nevertheless amount to a wrongful interference pursuant to The Restatement (Second) of Torts, §§ 766(a), (b), (c) and 767.

COUNT ONE
(Breach of Contract)

21. Johnson Utilities incorporates into this Count the previous allegations as though fully set forth in this Count.

22. Johnson Utilities and Swing First Golf entered into a valid Agreement, which remained valid and effective at all times relevant to this Complaint.

23. Johnson Utilities has performed all of its obligations pursuant to the terms of the Agreement.

24. Swing First Golf has breached the terms of the Agreement by failing to pay Johnson Utilities for the effluent and CAP water at the filed rate in accordance with the Agreement and the applicable tariff.

25. Thus, Johnson Utilities has been damaged in a liquidated amount capable of being calculated based on the filed rates and usage information, and which will be proven at trial.

COUNT TWO
(Breach of the Covenant of Good Faith and Fair Dealing)

26. Johnson Utilities incorporates into this Count the previous allegations as though fully set forth in this Count.

27. In every contract, including the Agreement, exists a covenant of good faith and fair dealing, which prohibits either party from taking any action to deny the other party the benefits that party is due under the contract regardless of whether the action breaches a term of the contract.

28. Here, Swing First Golf breached the covenant of good faith and fair dealing by denying Johnson Utilities the payment it is entitled to under the Agreement.

29. Swing First Golf's breach in this regard is intentional as evidence by its refusal to pay upon Johnson Utilities' demand.

30. Johnson Utilities has been injured by Swing First Golf's breach in this regard.

31. Johnson is thus entitled to damages, including exemplary damages.

COUNT THREE
(Defamation)

32. Johnson Utilities incorporates into this Count the previous allegations as though fully set forth in this Count.

33. Swing First Golf and David Ashton have published to third parties written and oral statements containing false information regarding Johnson Utilities.

34. This false information published by Swing First Golf and David Ashton was made with malice.

35. This false information published by Swing First Golf and David Ashton pertains to Johnson Utilities' professional and business reputation.

36. As a matter of law, damages are presumed under the circumstances involved in this action.

37. Nevertheless, Johnson Utilities has in fact been damaged by Swing First Golf's and David Ashton's false and defamatory statements.

COUNT FOUR
(Tortious Interference With Existing and Prospective Contractual/Business Relationships)

38. Johnson Utilities incorporates into this Count the previous allegations as though fully set forth in this Count.

39. Swing First Golf and David Ashton have a duty not to wrongfully interfere with Johnson Utilities' existing and prospective contractual and business relationships.

40. Swing First Golf and David Ashton wrongfully and intentionally interfered with Johnson Utilities' existing and prospective contractual and business relationships.

41. The actions of Swing First Golf and David Ashton in this regard caused harm to Johnson Utilities.

42. Due to the actions of Swing First Golf and David Ashton, Johnson Utilities has suffered damages in an amount to be proven at trial.

WHEREFORE, Johnson Utilities respectfully prays for judgment as follows:

A. An order from the Court adjudging, declaring and decreeing that Swing First Golf breached the Agreement;

B. An order from the Court adjudging, declaring and decreeing that Swing First Golf breached the covenant of good faith and fair dealing implied in the Agreement;

B. An order from the Court adjudging, declaring and decreeing that Swing First Golf and David Ashton wrongfully, willfully, and with malice, defamed Johnson Utilities with regard to its business reputation and thus, Johnson Utilities is entitled to damages *per se*;

C. An order from the Court adjudging, declaring and decreeing that Johnson Utilities has in fact been damaged by the actions of Swing First Golf and David Ashton;

D. An order from the Court adjudging, declaring and decreeing that Swing First Golf and David Ashton wrongfully interfered with Johnson Utilities' existing and prospective contractual and business relationships, and Johnson Utilities has been damaged thereby;

E. A monetary judgment for Johnson Utilities and against Swing First Golf in an amount to be proven at trial for breach of contract, as well as tort damages for defaming Johnson Utilities and wrongfully interfering with its existing and prospective contractual and business relationships;

F. An award of exemplary damages for Johnson Utilities and against Swing First Golf and David Ashton for the tort claims alleged herein;

G. Judgment for Johnson Utilities and against Swing First Golf for interest calculated from the date due until paid;

H. An award of exemplary damages for Johnson Utilities and against Swing First Golf for Swing First Golf's intentional breach of the covenant of good faith and fair dealing.

I. An award to Johnson Utilities of its attorneys' fees and costs pursuant to A.R.S. § 12-341.01.

DATED this 28th day of March, 2008.

MARGRAVE CELMINS, P.C.

By _____
Patrick J. Van Zanen
8171 E. Indian Bend Rd, Ste. 101
Scottsdale, Arizona 85250
Telephone (480) 994-2000
Attorneys for Johnson Utilities, LLC

Original of the foregoing filed with
Maricopa County Superior Court
this 28th day of March, 2008:

Copies of the foregoing *delivered/mailed
this 28th day of March, 2008 to:

***The Honorable Thomas Dunevant III**
Maricopa County Superior Court
101 W. Jefferson, #412
Phoenix, AZ 85003

Craig A. Marks, Esq.
Craig A. Marks, PLC
3420 E. Shea Blvd., Ste. 200
Phoenix, AZ 85028
Attorneys for Swing First Golf, LLC and David Ashton and Jane Doe Ashton

By: _____
N:\WP50\JOHNSON\Swing First Golf\Complaint.doc

EXHIBIT
SF-27
ADMITTED

Public Access to Court Information - Case Search

Case Information

Case Number:	**S-1100-CV-200801968**		
Title:	JOHNSON UTILITIES VS SANDQUIST	**Category:**	Civil
Court:	Pinal County Superior	**Filing Date:**	06/26/2008
Judge:	THE HON GILBERTO V FIGUEROA	**Disposition Date:**	

JOHN FISHER - Defendent 3

KRISTEN FISHER - Defendent 2

DAVE GRESS - Defendent 5

GINA GRESS - Defendent 4

JOHNSON UTILITIES COMPANY LLC - Plaintiff 1

BAMBI SANDQUIST - Defendent 1

Case Activity

Date	Description	Party
03/27/2009	CAL: INTERNAL REVIEW/INACT	
03/20/2009	COMPARISON/COPY FEE PER PAGE	Defendent 1
02/10/2009	AMENDED	Defendent 2
01/23/2009	AMENDED COMPLAINT/PETITION	Plaintiff 1
01/13/2009	NTC: RULING ON MOTION/ISSUES	
01/08/2009	MOTION	Plaintiff 1
12/09/2008	ME: RULE 16 SCHEDULING CONF	Defendent 1
12/05/2008	ORD GRANTING TELEPHONIC APPEAR	Defendent 2
12/05/2008	ORD GRANTING TELEPHONIC APPEAR	Plaintiff 1
12/04/2008	AMENDED	Defendent 2
12/04/2008	MOTION APPEAR TELEPHONICALLY	Defendent 2
12/03/2008	MOTION APPEAR TELEPHONICALLY	Plaintiff 1
12/03/2008	JOINT PRETRIAL STATEMENT	
11/26/2008	NOTICE SERVICE DISCLOSURE STMT	Defendent 2
11/24/2008	RESPONSE	Defendent 1
10/31/2008	RETURN OF MAIL	
10/24/2008	NTC: ORDER	Defendent 1
10/21/2008	CAL: DEBTORS EXAMINATION	
09/09/2008	CAL: SCHEDULING CONFERENCE	
08/11/2008	ANSWER	Defendent 1
07/23/2008	ANSWER	Defendent 2
07/23/2008	NOTICE OF SERVICE OF	Defendent 2
07/14/2008	COMPARISON/COPY FEE PER PAGE	Plaintiff 1
07/07/2008	AFF OF SERVICE	Defendent 2
07/07/2008	SUMMONS RETURNED	Defendent 2
07/07/2008	SUMMONS RETURNED	Defendent 3
07/07/2008	AFF OF SERVICE	Defendent 1
07/07/2008	SUMMONS RETURNED	Defendent 1
06/26/2008	ARBITRATION CERT/NOT SUBJECT	Plaintiff 1
06/26/2008	COVER SHEET	Plaintiff 1

06/26/2008	COMPLAINT OR PETITION	Plaintiff 1

NOTES:
La Paz County, Yuma County, Cochise County, and Mohave Superior Court data is temporarily unavailable.
There is currently no time estimate for when this data will be available.

The following are excluded from search results:
Sealed Cases, Non-served Domestic Violence Cases, Mental Health Cases, Juvenile Incorrigible/Delinquency Cases, Probate Cases, Victim Data, Witness Data. Juvenile Incorrigible/Delinquency case data is excluded and does not display; other types of cases in which juveniles are parties may display. Other functions that are carried out by the clerk's office such as passport applications, power of attorney and process servers are also not reflected here.

Data available on this web site is updated frequently and can be provided via electronic media for an annual subscription fee. If interested, please Contact Us.

The information displayed is not the official record of the court, and not all cases from a participating court or all charges in a particular case may be included. The Arizona judiciary, including its courts, divisions, officers, and employees, is not responsible or liable for any loss, consequence, or damage resulting directly or indirectly from the use of this information.

Last Updated: Friday, April 10, 2009

EXHIBIT
SP-28
ADMITTED

Brian

From:	Dave Ashton [daveashton@gmail.com]
Sent:	Wednesday, February 06, 2008 8:17 AM
To:	Brian
Cc:	December Davis; Jeff Lundgren; Craig Marks; Gary Larsen; Bradley Morton; Dick Sallquist
Subject:	Re: Johnson Ranch Golf Club: 18th lake/hole is flooded
Attachments:	Water 002.JPG; Water 003.JPG; Water 004.JPG; Water 005.JPG

Hi Brian: Thanks for your note. The fairway was flooded on Saturday, before any rain came on Sunday. Pictures are attached, taken Saturday at 5pm. As you can see I was not exaggerating.

As you know, we need water to irrigate the golf course. If, however, Utility's delivery overflows the borders of the lake and floods the fairway and the Johnson Ranch community, I would be remiss if I didn't notify you. If you prefer I go through your attorneys, I'll hope that adding such an additional step will not slow down Utility's responsiveness to resolving hazards they have created. Should I also contact your attorneys directly if I find continued billing irregularities? December Davis seemed to do a reasonable job resolving the irregularities from last month. If you'd prefer I stop working with her, let me know who to contact instead and I will follow your instructions.

In compliance with our *Agreement Regarding Utility Service,* we wish to receive water as long as our lake can hold it. If the lake cannot hold more water then I respectfully request that no more be delivered until such time as we can accept more, at which point we will be grateful to take delivery. For the moment, additional water delivery creates a health and safety hazard, which prompted my notification. We will let you know when it's no longer a danger to the community for the course to receive more water, and would appreciate it if you would respect that request. Please let me know if you would like to talk live. I'm always happy to do so.

Best regards,
Dave

On Feb 6, 2008 12:29 AM, Brian <btompsett@qwest.net> wrote:

David-

Attached are a few pictures of the 18th fairway that were taken yesterday after receipt of your email. If you have been getting reports, I'm sure you know it has been raining "on and off" in the Johnson Ranch area for the last few weeks. Our rain gauges in the area indicate that about 1-1/2 inches of rain fell over the weekend. It does not appear that the effluent has extended beyond the lake limits. The small visible puddle could easily be attributed to the rain not the effluent. Your fairway dos not appear flooded.

You have now filed a formal complaint with the Arizona Corporation Commission alleging, among other things, service interruptions. You even requested relief asking that "The Commission to order Utility to continue providing service during the pendency of this matter". We were served with that complaint on Friday February 1, 2008. Now a mere 3 days later you now demand that "WE STOP THE DELIVERY OF WATER". **Which way do you want it?**

The "Agreement Regarding Utility Service" you sited in your complaint sites Minimum Monthly Purchases and also requires "that Holdings may reduce or eliminate such obligation by providing Utility notice of such reduction no less than 18 months prior to the first month in which Holding no longer elects to take such deliveries". We have no record of a notice.

I suggest that since the effluent service is now the subject of a formal complaint all correspondence should be through our attorneys.

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: Monday, February 04, 2008 1:47 PM
To: December Davis
Cc: Jeff Lundgren; Craig Marks; Brian Tompsett; Gary Larsen; Bradley Morton
Subject: Johnson Ranch Golf Club: 18th lake/hole is flooded

Hi December: Hope you had a good weekend. I've received a report that the lake on our 18th hole is flooded with effluent water that has extended out far beyond the borders of our lake. We have taken photographs which I will forward to you shortly, showing water on the 18th fairway.

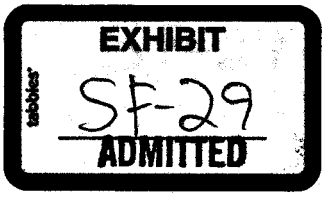
Please stop delivery of water to us until such time that our lake level is low enough to accept more. We will let you know when that is.

Please reply to acknowledge receipt. I cannot accept any more water as our fairway is flooded.

Regards,

Dave

Exhibit DA-1



JOHNSON UTILITIES, L.L.C

5230 East Shea Boulevard * Scottsdale, Arizona 85254
PH: (480) 998-3300; FAX: (480) 483-7908

February 9, 2009

Mr. Nick Enthoven
227 Monroe Dr.
Mountain View, CA. 94040

Re: Johnson Utilities, L.L.C.
David Ashton as Managing Member of Swing First Golf, L.L.C.

Dear Swing First Golf Member:

As you may or may not know, David Ashton, as the managing member of Swing First Golf, L.L.C., ("SFG") has filed a libelous complaint against Johnson Utilities, L.L.C. with the Arizona Corporation Commission, ("ACC"). Before Mr. Ashton filed his libelous complaint with the ACC, Johnson Utilities filed a lawsuit against SFG and David Ashton in the Superior Court of Arizona. The case number for that complaint is CV2008-000141. The complaint includes claims of Tortious Interference and Defamation among other things.

I am writing to you now for two reasons. First, Mr. Ashton, purportedly acting on behalf of SFG, continues to make libelous remarks and unsubstantiated filings with the ACC in effort to slander me personally and damage Johnson Utilities. I do not know whether you are aware of Mr. Ashton's actions on your behalf or whether you support those actions. However, because Mr. Ashton claims to be acting for SFG, and therefore on your behalf, we are considering adding all members of SFG personally as defendants in the pending Superior Court case. If you do not support Mr. Ashton's actions, please let me know as soon as possible. If I do not hear from you, we will assume that you support Mr. Ashton's actions, and will proceed accordingly.

The second reason for this letter is to make you aware of the nature of the character of Mr. Ashton who is your appointed representative of SFG. Attached you will find copies of complaints filed against Mr. Ashton in the Superior Court of Arizona. These complaints are unrelated to Johnson Utilities but, in my humble opinion, show "the nature of the beast" we are all dealing with in Mr. Ashton.

A cursory review of the financials that we understand have been provided to you would strongly suggest that an outside independent management and financial audit be performed on SFG since Mr. Ashton has been managing member. We would also suggest the independent financial audit should not be limited to SFG, but in light of the other superior court complaints, be extended to Mr. Ashton's personal tax returns.

If we can provide additional information or answer any questions, please do not hesitate to call.

Sincerely,

George H. Johnson

Enclosure: Superior Court Complaint NO. CV2005-013279
Superior Court Judgment NO. CV2005-013279
Superior Court Complaint NO CR2005-110896-001

Curry, Pearson & Wooten, PLC
814 W. Roosevelt Street
Phoenix, Arizona 85007
Tel. (602)258-1000
Fax (602)523-9000
e-mail: kcurry@azlaw.com

Kristen Curry #015017
Attorney for Plaintiffs

MICHAEL K. JEANES
Clerk of the Superior Court

By ALAYNA HUFF, Deputy
Date 08/19/2005 Time 03:36 PM

Description	Qty	Amount
CASE# CV2005-013279		
CIVIL NEW COMPLAINT	001	245.00
TOTAL AMOUNT		245.00

Receipt# 00007263336

IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

IN AND FOR THE COUNTY OF MARICOPA

CURTIS LAYTON, by and through his parents and guardians, BRIAN LAYTON and CYNTHIA LAYTON, Plaintiff, vs. DAVID ASHTON and STASHA ASHTON, husband and wife; JOHN DOES I-V and JANE DOES I-V, Defendants.	NO. CV2005-013279 **COMPLAINT** **(TORT-NON MOTOR VEHICLE)**

Plaintiff, by and through undersigned counsel, hereby alleges as follows:

GENERAL ALLEGATIONS

1. Plaintiff, Curtis Layton, by and through his parents, Brian Layton and Cynthia Layton, were residents of Maricopa County, Arizona, at the time the events alleged herein occurred.

2. On information and belief, Defendants David Ashton and Stasha Ashton are husband and wife and reside in Maricopa County Arizona. All actions against Defendants complained of herein were undertaken jointly or on behalf of and for the benefit of the marital community of David Ashton and Stasha Ashton.

3. The remaining Defendants are fictitiously-named individuals who, along with the

Defendants are liable for the Plaintiff's damages, as alleged herein. The Plaintiff will seek leave to amend this Complaint to add proper names when the identities of the fictitiously-named Defendants are ascertained.

4. The incident and all matters alleged herein occurred in Maricopa County in the State of Arizona.

5. Jurisdiction and venue are appropriate for this Court. The amount in controversy exceeds the minimal jurisdictional limits of this court.

6. On or about April 11, 2005, Defendants David Ashton and Stasha Ashton sought out some unknown juvenile males who had allegedly yelled profanities at Stasha Ashton earlier in the day.

7. Defendants David Ashton and Stasha Ashton were together in their vehicle searching for the juveniles when they saw Plaintiff Curtis Layton riding his bicycle near 67th Avenue and Happy Valley Road in Phoenix, Arizona.

8. Defendant Stasha Ashton identified Plaintiff and then Defendant David Ashton exited his vehicle and attacked Curtis Layton both physically and verbally by pushing Curtis off of his bicycle, throwing him against a pillar and shopping cart and yelling at him.

9. After already attacking Plaintiff, Defendant David Ashton then forcibly took Curtis towards the car where Defendant Stasha Ashton was sitting and asked her if Plaintiff was one of the juveniles involved. Defendant Stasha Ashton told her husband that Plaintiff was not.

COUNT ONE
(Assault)

10. Plaintiff hereby realleges the allegations in paragraphs 1-9.

11. Defendant David Ashton intended to cause a harmful or offensive contact with Curtis Layton or place Curtis Layton in imminent apprehension of such contact without cause or justification.

12. Defendant Stasha Ashton intended to cause a harmful or offensive contact with Curtis

Layton or place Curtis Layton in imminent apprehension of such contact without cause or justification when she went with her husband to find Plaintiff and assist him.

13. Defendants actions caused Curtis Layton to fear imminent offensive and harmful contact.

14. Curtis Layton suffered physical injuries, mental anguish, pain and suffering as a direct and proximate result of Defendants' intentional acts.

COUNT TWO
(Battery)

15. Plaintiffs hereby re-allege the allegations in paragraphs 1-14.

16. Defendant David Ashton intended to cause a harmful or offensive contact when he attacked Curtis Layton without cause or justification.

17. Defendant Stasha Ashton intended to cause a harmful or offensive contact with Curtis Layton when she went with her husband to find Plaintiff and assist him.

18. Defendants' actions caused Curtis Layton to suffer harmful and offensive contact.

19. Curtis Layton suffered physical injuries, mental anguish, pain and suffering as a direct and proximate result of Defendant's intentional acts.

COUNT THREE

(Intentional Infliction of Emotional Distress)

20. Plaintiffs hereby re-allege the allegations in paragraphs 1-19.

21. Defendants actions in attacking Curtis Layton without cause or justification was extreme and outrageous conduct.

22. Defendants actions either intended to cause severe emotional distress or recklessly disregarded the near certainty that such distress would result from their actions and conduct.

23. Curtis Layton suffered severe emotional distress as a result of Defendant's conduct.

///

WHEREFORE, Plaintiff prays for judgment against the Defendants as follows:

A. Compensatory damages;

B. Punitive Damages;

C. Costs and expenses incurred herein; and

D. For such other and further relief as the Court deems just and appropriate under the circumstances.

DATED this 19th day of August, 2005.

CURRY, PEARSON & WOOTEN, PLC

Kristen M. Curry
Attorney for Plaintiff

FILED
6-20-07 8:25 am
MICHAEL K. JEANES, Clerk
By W. Bobrowski
W. Bobrowski, Deputy

William D. Holm, Bar #007412
JONES, SKELTON & HOCHULI, P.L.C.
2901 North Central Avenue, Suite 800
Phoenix, Arizona 85012
Telephone: (602) 263-1749
Fax: (602) 200-7804
minuteentries@jshfirm.com

Attorneys for Defendants Ashton

SUPERIOR COURT OF THE STATE OF ARIZONA

COUNTY OF MARICOPA

CURTIS LAYTON, by and through his parents and guardians, BRIAN LAYTON and CYNTHIA LAYTON, Plaintiff, v. DAVID ASHTON and STASHA ASHTON, husband and wife, et al., Defendants.	NO. CV2005-013279 **JUDGMENT** (Assigned to the Hon. Paul A. Katz)

The above-entitled and numbered cause having come on regularly for a jury trial before the Honorable Paul A. Katz on May 29, 2007; the Plaintiff, Curtis Layton, being present in person and with his parents Brian Layton and Cynthia Layton and his attorney, Kristin Curry, Defendants David Ashton and Stasha Ashton, being present in person and with their attorney, William D. Holm, and the parties having announced ready; Plaintiff having introduced evidence in support of his complaint and Defendants having introduced evidence in opposition thereto; and the matter having been submitted to the jury for its determination; and the jury having returned a verdict for Plaintiff:

NOW, THEREFORE, IT IS ORDERED, ADJUDGED AND DECREED that Judgment be entered, in Plaintiff's favor, and against Defendants David Ashton and Stasha Ashton in the amount of $9,625.00.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that, as the prevailing party in this action, Plaintiff is entitled to recover his taxable costs from Defendants in the amount of $ 901.70 .

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that, pursuant to Arizona Rules of Civil Procedure Rule 68(d), since Plaintiff failed to obtain a Judgment greater than Defendants' June 26, 2006 Offer of Judgment in the amount of $10,000, Defendants Ashton are entitled to recover double their taxable costs incurred after the date of the Offer of Judgment in the amount of $901.70.

DATED this 20th day of June, 2007.

Honorable Paul A. Katz

THE STATE OF ARIZONA V. DAVID BRUCE ASHTON

CR2005-110896-001

AGGRAVATED ASSAULT, A CLASS 6 FELONY

MICHAEL K. JEANES, CLERK
BY CMachebki DEP
FILED

2005 APR 13 PM 4:02

4/20

ANDREW P THOMAS
MARICOPA COUNTY ATTORNEY

Scott Wolfram
Deputy County Attorney
Bar Id #: 014100
100 West Washington, Suite 2000
Phoenix, AZ 85003
Telephone: (602) 372-7350
MCAO Firm #: 00032000
Attorney for Plaintiff

DR 200550679472 - Phoenix Police Department
NORTH VALLEY JUSTICE COURT

CA2005012841

IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

COUNTY OF MARICOPA, RCC - GLENDALE

THE STATE OF ARIZONA, Plaintiff, vs. DAVID BRUCE ASHTON (001), Defendant.	CR2005-110896-001 DT DIRECT COMPLAINT **COUNT 1:** AGGRAVATED ASSAULT, A CLASS 6 FELONY **IN CUSTODY**

The complainant herein personally appears and, being duly sworn, complains on information and belief against DAVID BRUCE ASHTON, charging that in Maricopa County, Arizona:

COUNT 1:

DAVID BRUCE ASHTON, on or about the 11th day of April, 2005, being eighteen years of age or more, intentionally, knowingly or recklessly caused physical injury to CURTIS LAYTON, a child of 15 years of age or under, in violation of A.R.S. §§ 13-1203, 13-1204, 13-701, 13-702, 13-702.01, and 13-801.

Scott Wolfram
Scott Wolfram
Deputy County Attorney

IN CUSTODY

Kristina Rae Green
Complainant

Agency: Phoenix Police Department

Subscribed and sworn upon information and belief this 13 day of April, 2005.

SW:es/AO

DCO

COURT INFORMATION SHEET (CIS)

County Attorney Case Number: CA2005012841

Filing ID Number: CA2005012841-1-1

STATE v. DAVID BRUCE ASHTON
Defendant Sequence: 1

Defendant's Address: **IN CUSTODY**
7131 WEST AVENIDA DEL SOL
PEORIA, AZ 85383

Defendant's Employer: UNKNOWN

Defendant's Attorney: PUBLIC DEFENDER

DEFENDANT'S DESCRIPTION:

Race: W Sex: M Hair: BRO Eyes: GRN Hgt: 510
Wgt: 165 DOB: 11/22/1970 Soc Sec #: 281606489

SID #: Unknown FBI #: Unknown Old LEJIS #: Unknown
JMS Booking #: P063574 JMS LEJIS #: Unknown

FILING STATUS:

Direct Complaint CR #: CR2005110896001 Date Filed: _____
Court Designation: RCC - GLENDALE
Justice Court Precinct: NORTH VALLEY JUSTICE

ATTORNEY: SCOTT WOLFRAM **Bar ID:** 014100 **Location:** Downtown

PRELIMINARY HEARING/GRAND JURY CHARGES:

COUNT 1: AGGRAVATED ASSAULT, A CLASS 6 FELONY

Count	ARS	Date of Crime
1	13-1204A4	4/11/2005

DEPARTMENTAL REPORTS:

DR 200550679472 - Phoenix Police Department

EXTRADITE: AO

DWL

IN THE NORTH VALLEY COURT
STATE OF ARIZONA, COUNTY OF MARICOPA

RELEASE QUESTIONNAIRE

Information to be supplied by a prosecutor or law enforcement officer.

STATE OF ARIZONA vs. DAVID ASHTON DOB 11-22-70 CASE / BK. NO.

A. GENERAL INFORMATION

1. Charge and Class: 13-1204 A4

2. Offense Location: 6640 W. HAPPY VALLEY RD
   Date: 4-11-05 Time: 1641

3. Arrest Location: 6640 W. HAPPY VALLEY RD
   Date: 4-11-05 Time: 1700

B. CIRCUMSTANCES OF THE OFFENSE

1. Was a firearm or other weapon used?
   ☐ YES ☑ NO
   Type of weapon:
   Was anyone injured by the defendant?
   ☑ YES ☐ NO
   Was medical attention necessary?
   ☑ YES ☐ NO
   Nature of injuries: HIT HEAD ON STUCCO PILLAR, SCRATCHED ARM, SCRATCHES ON BACK.

2. Was anyone threatened by the defendant?
   ☑ YES ☐ NO
   Nature and extent of threats: ATTACKED 13YR OLD KID

3. If property offense, value of property taken or damaged:
   Was the property recovered?
   ☐ YES ☑ NO

C. CIRCUMSTANCES OF THE ARREST

1. Did the defendant attempt to:
   Avoid arrest? ☐ YES ☑ NO
   Resist arrest? ☐ YES ☑ NO
   Explain:

2. Was the defendant armed when arrested?
   ☐ YES ☑ NO
   Type of weapon:

3. Was evidence of the offense found in the defendant's possession?
   ☐ YES ☑ NO
   Explain:

4. Was the defendant under the influence of alcohol or drugs at the time of the offense?
   ☐ YES ☑ NO ☐ UNK

D. CRIMES OF VIOLENCE

1. Relationship of defendant to victim: NONE
   Do the victim and defendant reside together?
   ☐ YES ☑ NO

2. How was the situation brought to the attention of police?
   ☐ Victim
   ☑ Third party
   ☐ Officer observed

3. Have there been any previous incidents involving these same parties?
   ☐ YES ☑ NO
   Explain:

4. Is defendant currently the subject of:
   ☐ An order of protection
   ☐ Injunction against harassment
   ☐ Any other court order
   Explain:

E. OTHER INFORMATION

1. Is the defendant presently on probation, parole or any other form of release involving other charges or convictions?
   ☐ YES ☑ NO
   Explain:

2. List any prior arrests, convictions, and/or F.T.A.'s:
   SPEEDING, WRTS (10 yrs ago)

3. Is there any indication the defendant is:
   ☐ An alcoholic? ☐ An addict?
   ☐ Mentally disturbed? ☐ Physically ill?

4. Is the defendant currently employed?
   ☑ YES ☐ NO
   With whom REACTIVITY INC
   How long 4 MONTHS
   Nature of employment BUSINESS DEVELOPMENT

5. Where does the defendant currently reside?
   7131 W. Avenida Del Sol
   With whom Wife, Kids
   How long 22 years

6. What facts indicate the defendant will flee if released?
   Explain: NONE

7. What facts does the State have to oppose an unsecured release?
   Explain:

E. DRUG OFFENSES

1. If the defendant is considered a major drug dealer, please state the supporting facts:

2. What quantities and types of illegal drugs are directly involved in this offense?

Approximate monetary value:

3. Was any money seized?
☐ YES ☐ NO
Amount:

4. Were any automatic weapons in the possession of the defendant at the time of the arrest?
☐ YES ☐ NO
Quantity and type:

SECTION III: Probable Cause Statement

1. Please summarize and include the information which establishes probable cause for the arrest:

ON 4-11-05 AT APPROX 1641 HRS AP1 committed AGG ASSAULT AT 6640 W. Happy Valley Rd by mistakenly throwing a VI Curtis Lawton (13yrs) off his bike, throwing him up against a stucco pillar in front of Walgreens. AP1 then picked Curtis up off the ground, dragged him over to his wife, who was waiting in her car & was going to make Curtis apologize to his wife for cursing at her. AP1 asked his wife if Curtis was the correct kid. She said "No, that's not him." AP1 let Curtis go & apologized & then waited for P.D. to arrive.

** If a fugitive arrest, a form IVA must also be completed **

MARICOPA COUNTY JUSTICE COURT PRECINCTS

1. Buckeye
2. Central Phoenix
3. Chandler
4. East Mesa
5. East Phoenix #1
6. East Phoenix #2
7. Gila Bend
8. Glendale
9. Maryvale
10. North Mesa
11. North Valley
12. Northeast Phoenix
13. Northwest Phoenix
14. Peoria
15. Scottsdale
16. South Mesa/Gilbert
17. South Phoenix
18. Tempe East
19. Tempe West
20. Tolleson
21. West Mesa
22. West Phoenix
23. Wickenburg

(PLEASE REFER TO PRECINCT MAP)

Pursuant to AO 2003-046, the oath has been administered pursuant to the law and required procedures.

I certify that the information presented is true to the best of my knowledge.

ARNETT 7762
ARRESTING OFFICER / SERIAL NUMBER

PHX P.D. 602 495 5005
AGENCY / DUTY PHONE NUMBER

4-11-05
DATE

JUDICIAL OFFICER REVIEW OF PROBABLE CAUSE STATEMENT AND COMPLAINT ON OATH OR AFFIRMATION

☐ Complaint review
☐ Witness sworn
☐ Reviewed Form IV
☐ Other sources:

☐ PC determined

Judicial Office

EXHIBIT
SF-30
ADMITTED

CRAIG A. MARKS PLC

CRAIG A. MARKS
Attorney at Law
10645 N. Tatum Blvd., Ste. 200-676
Phoenix, Arizona 85028

(480) 367-1956
Fax: (480) 367-1956
Cell: (480) 518-6857
Craig.Marks@azbar.org

Via E-mail and First Class Mail

April 15, 2009

Jeffrey W. Crockett, Esq.
Snell & Wilmer LLP
One Arizona Center
Phoenix, Arizona 85004

Re: Swing First Golf v. Johnson Utilities, LLC
Docket WS-02987A-08-0049 (Complaint Proceeding)

Dear Jeff:

Please see the attached supplemental response to DR JU 2.15.

Very truly yours,

Craig A. Marks

JOHNSON UTILITIES' SECOND SET OF DATA REQUESTS
RESPONSES OF SWING FIRST GOLF
DOCKET WS-02987A-08-0049
APRIL 15, 2009

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.

Supplemental Response: Please see the attached November 21, 2008, e-mail and attachment from Gary Larsen, which I forwarded to counsel. This e-mail was not included in the e-mails previously provided by Utility in response to Swing First's DR 1.8. (Response provided by Mr. Ashton.)

Craig Marks

From: Dave Ashton [daveashton@gmail.com]
Sent: Wednesday, April 08, 2009 12:54 PM
To: Craig Marks
Subject: Fwd:
Attachments: CCE00000.pdf

---------- Forwarded message ----------
From: **Gary Larsen** <glarsen@johnsonutilities.com>
Date: Wed, Nov 21, 2007 at 1:54 AM
Subject:
To: larsen@johnsonutilities.com, daveashton@gmail.com

This was sent to me from my corporate office

Gary Larsen

Johnson Utilities LLC

(480) 987-9870 x 210

glarsen@johnsonutilities.com

Johnson Utilities LLC
5230 E. Shea Blvd. Suite #200
Scottsdale, AZ 85254
USA

Voice: 480-998-3300
Fax: 480-483-7908

INVOICE

Invoice Number: JU 071120
Invoice Date: Nov 20, 2007
Page: 1
Duplicate

Bill To:	Ship to:
GARY LARSEN 968 E. HUNT HWY QUEEN CREEK, AZ 85242	

Customer ID	Customer PO	Payment Terms	
LARSEN,		Net 30 Days	
Sales Rep ID	**Shipping Method**	**Ship Date**	**Due Date**
	Airborne		12/20/07

Quantity	Item	Description	Unit Price	Amount
504.00		Johnson Ranch Golf Course Effluent @ 504,000 gallons	0.63	317.52
720.00		Johnson Ranch Golf Course CAP @ 720,000 gallons	0.83	597.60

Subtotal	915.12
Sales Tax	
Total Invoice Amount	915.12
Payment/Credit Applied	
TOTAL	**915.12**

Check/Credit Memo No:

EXHIBIT
SF-31
ADMITTED

CRAIG A. MARKS PLC

CRAIG A. MARKS
Attorney at Law
3420 E. Shea Blvd, Ste. 200
Phoenix, Arizona 85028

(602) 953-5260
Fax: (602) 953-5265
Cell: (480) 518-6857
Craig.Marks@azbar.org

April 11, 2008

Richard L. Sallquist
Sallquist, Drummond & O'Connor PC
4500 S. Lakeshore Drive
Suite 39
Tempe, Arizona 85282

Re: Docket No. WS-02987A-08-0049
First Data Requests

Dear Mr. Sallquist:

Attached is the first set of Data Requests from Swing First Golf LLC ("Swing First") to Johnson Utilities LLC ("Johnson Utilities") in the above-captioned case. We expect to receive your responses by Friday, April 25, 2008.

Please indicate for each response the witness to whom questions regarding the response should be directed. These responses are continuing in nature.

As I am certain that you are aware, your client has a continuing obligation to preserve all files, e-mails, documents and other evidence that may be relevant to this matter.

If you have any questions, please contact me by phone or e-mail. Thank you for your cooperation in this matter.

Very truly yours,

Craig A. Marks

cc: Dave Ashton

1. Please provide copies of all bills rendered by Johnson Utilities to Swing First from December 2004 to the present.

2. Please provide copies of any drafts of the agreement between Swing First and Johnson International (or any affiliated party) whereby Swing First Golf agreed to manage the Golf Club at Oasis ("the Oasis"), including the version sent by e-mail to Brian Tompsett in early 2006.

3. Please provide copies of checks associated with payments (and any other evidence of such payments) made to Swing First in late 2007 to buy equipment and to pay for fuel purchased for the benefit of Johnson International while Swing First was managing the Oasis in 2006.

4. Please provide copies of any contracts that obligate Johnson Utilities to deliver effluent to any customer.

5. For each month during the period of 2004 to the present, please provide the amount of effluent generated within the Johnson Utilities Certificate of Convenience and Necessity.

6. For each month during the period of 2004 to the present, please provide, by customer (including the Oasis), the amount of effluent delivered by Johnson Utilities.

7. For the Oasis, please provide copies of all bills and payments for effluent during the period of 2004 to the present.

8. For the period of January 2006, to the present, please provide copies of all e-mails from any Johnson Utilities employee to or from David Ashton, or any other person affiliated with Swing First. This includes, but is not limited to, copies of e-mails from Brian Tompsett's personal account, including recent requests by Swing First Golf for Johnson Utilities to cease flooding the lake at the Golf Club at Johnson Ranch.

SF-31

CRAIG A. MARKS PLC

CRAIG A. MARKS
Attorney at Law
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EXHIBIT
SF-32
admitted

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 WASTEWATER RATES FOR CUSTOMERS WITHIN PINAL COUNTY, ARIZONA.	DOCKET NO. WS-02987A-08-0180

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

February 1, 2008

ARIZONA REPORTING SERVICE, INC.
Court Reporting
Suite 502
2200 North Central Avenue
Phoenix, Arizona 85004-1481

Transcribed by:

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

1 THIS TEXT WAS TRANSCRIBED FROM AN AUDIO RECORDING

[redacted]

6 MR. LARSEN: Well, that's -- that's all
7 (indiscernible). What you need to do is any -- anything I
8 told you is confidential between us, and you don't know
9 about that.
10 And -- and -- and the only thing that worries
11 me, right now, is that invoice right there. If they find
12 out I've given that to you, then I'm fucked.
13 Anything else that I've done through the
14 company, that maybe you -- you need to disclose, that's
15 fine. But everything I've told you, one on one, needs to
16 stay (indiscernible), okay? (Indiscernible) about a loan,
17 or whatever else, is fine, you know? But if he finds out
18 I've been talking to you, I'm fucked.

[redacted]

[redacted]

4 MR. ASHTON: -- and I said, "December, you guys
5 changed my water rates in August of -- of '06 to be
6 three-seventy-five a gallon," essentially.
7 And she was, like, "We didn't do that."
8 And I said, "Yes, you did, December. You guys
9 changed it."
10 And she acknowledged that you got a call from
11 George, to call your third-party provider, to change our
12 rates.
13 MR. LARSEN: Yeah.
14 [redacted]

24 MR. ASHTON: I have -- you guys -- you guys
25 have been delivering effluent to me for 24 months.

1 THIS TEXT WAS TRANSCRIBED FROM AN AUDIO RECORDING

2 MR. LARSEN: I fucked you or George fucked

3 you? I think you're getting it confused.

4 MR. ASHTON: Are you the guy who executed on

5 it?

6 MR. LARSEN: Well, yeah. I do it on corporate

7 deals.

8 MR. ASHTON: Okay. And George -- and George

9 told you to charge me 83 cents for effluent from the very

10 beginning.

11 MR. LARSEN: I don't think it was 83.

12 MR. ASHTON: Because we've been charged that

13 every single month from the beginning.

14 MR. LARSEN: Well, there -- we found a flaw in

15 our system where we were selling it at 62, but behind the

16 scenes it was charging 83.

17 MR. ASHTON: I'm a software guy, Gary. That

18 doesn't happen.

19 MR. LARSEN: It does. It does.

20 There's two screens on our computer. You

21 set -- you set, under the meter size, what type of water

22 you're getting.

23 Behind the scenes, okay, when you set that

24 rate, behind the scenes there's -- there's a field that

25 tells that screen what to charge, okay?

1 THIS TEXT WAS TRANSCRIBED FROM AN AUDIO RECORDING

2 And behind the scenes -- I don't know how it

3 happened, honestly, I don't know how it happened -- but it

4 was set for 83 cents. So even though when the girls set

5 up your account at 62 cents, it was still charging you the

6 83.

7 MR. ASHTON: Then why did I get so much

8 resistance? If that's the case, then why did I get so

9 much resistance to fixing the bills? Why did my water

10 have to get shut off twice, and I had to go to the

11 Corporation Commission, before Johnson Utilities even

12 thought about trying to resolve that problem? Which still

13 isn't resolved.

14 MR. LARSEN: Well, I think -- I think it is

15 now.

16 MR. ASHTON: I got a bill in January for

17 83 cents.

18 MR. LARSEN: Right. And then December went and

19 credited all of it.

20 MR. ASHTON: Yeah. But am I -- what am I going

21 to get (indiscernible) for it?

22 MR. LARSEN: You should get the 62 cents. I

23 mean, they have to fix it.

24 MR. ASHTON: Why do they have to fix it now?

25 MR. LARSEN: Huh?

THIS TEXT WAS TRANSCRIBED FROM AN AUDIO RECORDING

MR. ASHTON: Why do they have to fix it now?

MR. LARSEN: Well, because it was wrong. We -- I'm serious. That problem was not obvious to anybody, not even remotely.

MR. ASHTON: So are they going to be go back and fix it for San Tan Heights? For Johnson Ranch? For --

MR. LARSEN: Why do you (indiscernible)?

[redacted]

[redacted]

25 MR. ASHTON: What would you do if you were in

1 THIS TEXT WAS TRANSCRIBED FROM AN AUDIO RECORDING

2 my position, Gary?

3 MR. LARSEN: I'd get rid of that one piece of

4 paper.

5 MR. ASHTON: That -- that's what you would do

6 for yourself, okay?

7 This -- this isn't a piece of paper, Gary. You

8 e-mailed it to me. Okay? I have it in e-mail.

9 I mean, if I was going to expose you, Gary, if

10 I wanted to expose you, you know I would have sent that.

11 I could -- in two seconds, five seconds -- I could pull

12 out my BlackberryŽ and e-mail it. I don't want to expose

13 you.

14 [redacted]

[redacted]

4 MR. LARSEN: Yeah. You told December you had a
5 copy of it. And you're telling me right now, you sent her
6 an e-mail and you have a copy of it, and it can be
7 dispersed in five seconds.
8 MR. ASHTON: I'm telling you that I have an
9 e-mail. You sent it to me. You know that.
10 [redacted]

[redacted]

3 MR. ASHTON: I understand that. How do you
4 think I --
5 Look, we're -- we're not -- we're not getting
6 anywhere. I -- I need to get somewhere by understanding
7 the depth of the illegality that George was engaged in. I
8 need to understand that stuff.
9 I mean, I already have bills from residents
10 that show them being overcharged on their water meters,
11 okay? On -- on their --
12 MR. LARSEN: You're -- you're going to wrong
13 direction. You can't fight other people's battles. It
14 doesn't matter.
15 MR. ASHTON: It doesn't matter?
16 MR. LARSEN: It doesn't matter, whether Joe
17 Blow was mischarged or anything else.
18 What concerns you is (indiscernible).
19 MR. ASHTON: I know. But I can't get that
20 resolved either.
21 MR. LARSEN: But if you start going into other
22 areas -- getting the HOA involved, the Corporation
23 Commission -- you're fighting other people's battles.
24 Do you think Corporation Commission doesn't see
25 that as -- as -- as desperation?

1 THIS TEXT WAS TRANSCRIBED FROM AN AUDIO RECORDING
2 MR. ASHTON: I -- I don't think that -- I think
3 the Corporation Commission --
4 MR. LARSEN: Yeah. The only thing you're going
5 to get, okay, is you're going to get everything
6 straightened out, okay?
7 If you were charged wrong on the
8 (indiscernible), okay, that will be credited to you,
9 okay? Anything -- everything will be kept straight.
10 The only thing that's going to happen is your
11 account's going to get straightened out.
12 MR. ASHTON: Why isn't it straightened out yet?
13 MR. LARSEN: (Indiscernible.)
14 MR. ASHTON: Why am I still having problems?
15 MR. LARSEN: It -- it --
16 MR. ASHTON: Okay.
17 MR. LARSEN: There -- there's a lot of issues
18 there. There's some of them they will address and some of
19 them may not be. I don't know.
20 MR. ASHTON: Okay. Let -- let me ask you
21 something. If -- in the spirit of honesty, let -- let me
22 ask you a couple of things.
23 Why did they come in? First of all, why -- why
24 did the utility charge me for six months, for -- for --
25 for a 6-inch water meter for two years, when I had a

1 THIS TEXT WAS TRANSCRIBED FROM AN AUDIO RECORDING
2 3-inch water meter? Why'd they do that?
3 MR. LARSEN: (Indiscernible.) That's -- you
4 know, between whoever set the account up, they clicked the
5 wrong screen and sent you -- I mean, they -- they clicked
6 on the thing, and they sold us the meters, and you know,
7 normal construction is (indiscernible) 6-inch meter, you
8 know?
9 MR. ASHTON: So do I have a 6-inch or a 3-inch
10 cap meter?
11 MR. LARSEN: Actually, you've got a 12-inch.
12 But we don't have a (indiscernible) for that, so we
13 charged you a 6-inch.
14 MR. ASHTON: So why did the -- why did Brian
15 and George call you and say, "Change Dave's meter," last
16 month?
17 I mean, I know you didn't do that. I know they
18 did it. So why -- what's -- what's the real reason why
19 they did that?
20 MR. LARSEN: I get that, okay?
21 And I wasn't going to tell anybody.
22 You're the one that -- who fucking messed up on
23 that. I have a line restriction. My line on that
24 highway, as you know, delivered fucking 18 times, okay?
25 It was due to that restriction. It had an 8-inch line

1 THIS TEXT WAS TRANSCRIBED FROM AN AUDIO RECORDING

2 going into a 3-inch meter that was restricted, okay?

3 That's why I changed that neighborhood. I

4 wasn't going to say nothing, and I was going to continue

5 to tell them it was a fucking 3-inch meter.

[redacted]

23 MR. ASHTON: I mean, it was a good thing

24 because I was getting billed for a 6-inch meter, and I

25 only had a 3, and so now we have huge problems.

THIS TEXT WAS TRANSCRIBED FROM AN AUDIO RECORDING

MR. LARSEN: Okay. All right. I think they -- they adjusted that.

MR. ASHTON: No, it hasn't.

MR. LARSEN: Because I'm the one (indiscernible) --

MR. ASHTON: Seriously, they haven't done shit, Gary, really.

MR. LARSEN: Well --

MR. ASHTON: Seriously. The only thing they've done is file a lawsuit against me in Superior Court, okay? You know they're looking to fight.

Tell me what George says.

MR. LARSEN: I don't know what George says. I don't even talk to George, okay?

All I know is I get my ass fucking chewed daily about this shit (indiscernible).

[redacted]

THIS TEXT WAS TRANSCRIBED FROM AN AUDIO RECORDING

MR. ASHTON: Yeah, that's not true. You didn't tell me I had a 3-inch meter. You didn't tell me they were billing the 83 cents for effluent.

MR. LARSEN: (Indiscernible) in there and fucking change the rate without them knowing it. Yeah, it was late, but come on, Dave I mean, what the fuck do you expect me to do?

[redacted]

[redacted]

14 MR. ASHTON: I'll be honest with you -- I'm
15 trying to be honest with you.
16 I had a conversation with December for over an
17 hour (indiscernible).
18 MR. LARSEN: (Indiscernible.) And she wrote
19 every fucking thing down, and she went over everything
20 with a fucking (indiscernible). I know what she's
21 checked.
22 MR. ASHTON: And I know what she -- I'm not
23 trying to change it. Have I tried to change anything that
24 I said?
25 I was just about to tell you that she

1 THIS TEXT WAS TRANSCRIBED FROM AN AUDIO RECORDING
2 acknowledged the things that the utility's been doing.
3 And -- and I mean, the CFO of the company, I mean, the
4 whole time she's sitting there saying, "You know, I
5 don't -- I'm not going to say that it was -- that it was
6 done intentionally, but I acknowledge that the mistakes
7 have been made and we've done all of these things," and
8 you know?
9 I mean, a lot was said during that -- that
10 meeting. So you know that. You know, I --
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.
[redacted]
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?

THIS TEXT WAS TRANSCRIBED FROM AN AUDIO RECORDING

I'll leave it out, okay?

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

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

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

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

If -- if people --

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

MR. ASHTON: I agree.

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

[redacted]

[redacted]

19 MR. ASHTON: So in my complaints --

20 Okay, let me ask you this, When are you going

21 to fix it? Because this situation keeps getting worse

22 because you guys are not fixing it.

23 MR. LARSEN: Right.

24 MR. ASHTON: Do you have the power to fix it?

25 MR. LARSEN: We -- we fixed the last one.

1 THIS TEXT WAS TRANSCRIBED FROM AN AUDIO RECORDING
2 We've already done that. This -- that -- this --
3 MR. ASHTON: Which? The January bill?
4 MR. LARSEN: They've taken everything out of my
5 hands because they don't trust me with you, because they
6 know we talk.
7 MR. ASHTON: But they took it out of your hands
8 before I ever talked to December.
9 MR. LARSEN: No, no.
10 MR. ASHTON: Gary, the only reason I ever
11 talked to December is because you told me to go talk to
12 her.
13 MR. LARSEN: I know. But I didn't tell you to
14 tell her what I told you out of fucking confidential
15 (indiscernible).
16 MR. ASHTON: But she didn't -- that's the only
17 time your name ever came up.
18 MR. LARSEN: Okay.
19 MR. ASHTON: Okay? You know that.
20 MR. LARSEN: But it's -- when Tom turned your
21 water back on to fill that fucking lake, okay, that's when
22 I got accused of being in bed with you.
23 MR. ASHTON: That's fucking ridiculous.
24 MR. LARSEN: I know it's fucking ridiculous,
25 but that's what happened. That's reality.

1 THIS TEXT WAS TRANSCRIBED FROM AN AUDIO RECORDING
2 MR. ASHTON: Gary, he was force -- he was
3 forced by the Corporation Commission to turn it back on.
4 MR. LARSEN: Not at that time, okay? George
5 told me he shut the water (indiscernible) turned back,
6 before the Corporation Commission told us to turn it back
7 on, Bob had accidentally filled your fucking lake, okay?
8 Because I told him, well, we may have resolution by
9 Monday, blah, blah, blah, whatever, Bob went and turned
10 the fucking (indiscernible) okay? Bob said, "Fuck you."
11 MR. ASHTON: Okay.
12 MR. LARSEN: That's when George told you,
13 December, you handle (indiscernible) pressure. The only
14 one allowed to handle (indiscernible).
15 MR. ASHTON: If that's the case, so why didn't
16 she call me for two months? I called her two -- that
17 happened almost three months ago, Gary.
18 MR. LARSEN: I -- I -- I don't know. Since
19 then, I've been out of it. I haven't been out allowed to
20 fucking call you, I haven't been allowed to do nothing.
21 And George tell -- tells me (indiscernible)
22 take tomorrow off, and I go take pictures of the meters
23 and the lakes every day, because he doesn't fucking trust
24 me with you, okay?
25 And now when you got that from December, we'll

THIS TEXT WAS TRANSCRIBED FROM AN AUDIO RECORDING

(indiscernible) situation (indiscernible).

MR. ASHTON: I mean, I -- I --

MR. LARSEN: You need to fight the battles you can win.

MR. ASHTON: The battles I'm trying to fight -- the battle I'm trying to fight is to get them to bill me honestly -- which last month didn't happen, okay?

MR. LARSEN: Right.

MR. ASHTON: Okay?

MR. LARSEN: Right.

MR. ASHTON: Okay.

MR. LARSEN: You brought it to our attention. They made all their -- the adjustments. You're going to see it in this month's (indiscernible) bill, okay? And everything is going to be straight, from here on out.

[redacted]

[redacted]

22 MR. ASHTON: What happens if George tells you

23 to come and turn off my water again?

24 MR. LARSEN: That's a legit thing. You can

25 take him to the commission, okay?

1 THIS TEXT WAS TRANSCRIBED FROM AN AUDIO RECORDING

2 MR. ASHTON: Is he going to tell you to change

3 my rates again?

4 MR. LARSEN: No. He can't.

5 MR. ASHTON: So you don't think there's any

6 more shenanigans that are going to go on?

7 MR. LARSEN: He can't. Not when we're under

8 the eye of the Corporation Commission. He cannot.

[redacted]

[redacted]

3 MR. ASHTON: So there -- what you're saying to
4 me is they're not going to straighten it out on their
5 own. They're just going to wait until -- for the ACC to
6 force them to straighten it out.
7 MR. LARSEN: They're straightening it out now.
8 MR. ASHTON: Because it --
9 MR. LARSEN: (Indiscernible) ACC.
10 What they're going to do is say, Yeah, we
11 overcharged him, and it was a mistake. We credited this
12 amount for all of these years of there -- (indiscernible)
13 rate. We fixed it. Yeah, we fucked it up. We fixed it.
14 Let's move forward.
15 That's going to be their position.
16 [redacted]

[redacted]

20 MR. ASHTON: We -- we know that some of it
21 was.
22 But -- but don't -- isn't that worse?
23 I mean, if the Corporation Commission knows
24 that Johnson Utilities got it worse, couldn't they have
25 gotten it wrong for somebody else, just by accident?

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2 MR. LARSEN: They're not going to look at

3 that. They go -- they inspect this individually.

4 MR. ASHTON: Yeah. But these people --

5 MR. LARSEN: We're going through

6 (indiscernible) cases at the end of this year anyway, so

7 they're going to go through their books. So don't you

8 think that's what (indiscernible)?

9 We've already issued the -- the credits for San

10 Tan Heights.

11 MR. ASHTON: She's pissed, Gary.

12 MR. LARSEN: Who?

13 MR. ASHTON: Those people over there. Those

14 people at San Tan Heights are pissed.

15 MR. LARSEN: No. What we're going to fucking

16 do is we've already made the adjustments, we've already

17 credited their accounts. They think we're going to keep

18 fighting. And I'll tell you what, George is going to do,

19 he's going to find somewhere else for that effluent to go

20 (indiscernible).

21 MR. ASHTON: They can't.

22 MR. LARSEN: Yeah, they can.

[redacted]

[redacted]

MR. ASHTON: My -- yeah. As long as I can get honesty from the utility, we're going to be fine.

MR. LARSEN: Well, yeah. And we're going to get honesty from the utility. We have to be. We have no choice.

MR. ASHTON: Let me ask you, why -- Gary, why wasn't -- why wasn't the utility not that honest with me before? Why?

MR. LARSEN: Well, you know how this worked for George (indiscernible), okay? He has gotten -- everything goes around. People are doing what they're told to do. And we don't ask no questions about that. We don't ask George about it. He tells you certain things.

MR. ASHTON: Why does he do that, Gary? I mean, you've worked exactly what? Ten years? Well, why does he fucking do it?

1 THIS TEXT WAS TRANSCRIBED FROM AN AUDIO RECORDING

2 MR. LARSEN: Because he's gotten away with it

3 for so long. He's not getting away with it any more.

4 Okay? And he's starting to know that. And -- and

5 (indiscernible) people like (indiscernible), that's a good

6 thing, because she is fighting (indiscernible).

[redacted]

19 MR. LARSEN: You know? And -- and so we want

20 everything to be on the straight and narrow. I don't like

21 (indiscernible), okay?

22 MR. ASHTON: I mean, I know you don't like

23 doing illegal things. You and I have had conversations

24 about it. I -- I guess --

25 MR. LARSEN: There's no need for it, okay?

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2 In -- in my view, ordinary utility company, let's run the

3 fucking utility company.

16 MR. ASHTON: They're -- the ACC is afraid of

17 George?

18 MR. LARSEN: Everybody is --

19 MR. ASHTON:

6 But if you have to -- if you feel like you have
7 to lie in front of the Corporation Commission, then, as a
8 separate party with you and Gary and -- and Brian and
9 George, as the other side, I have to do everything I can
10 to say, "Well, the law is this, and this is what they
11 did." You know, so --
12 MR. LARSEN: And a mistake isn't a lie.
13 MR. ASHTON: You mean that's -- that's how
14 it'll be positioned?
15 MR. LARSEN: Yeah. That would be the case.
16

[redacted]

20 MR. ASHTON: Should I call December?

21 I mean, Gary, I just want this resolved, you

22 know, but I -- I -- you understand that I've been left

23 with no choice but to do what I've done.

24 MR. LARSEN: Right.

25 MR. ASHTON: And --

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2 MR. LARSEN: Well, it would be good. I mean,

3 you had to do that to get the accounting straightened

4 out. You did that. You haven't seen it yet, but you did

5 do it.

6 MR. ASHTON: So you can at least understand my

7 skepticism because I haven't seen it?

8 MR. LARSEN: Right.

9 MR. ASHTON: And this is the first I've heard

10 about it.

11 Why can't they just call me and say, "We're

12 working through it" or "we've solved it"? Why can't they

13 just do that, Gary?

14 MR. LARSEN: I thought they had. I don't

15 know. I thought you knew that.

16 [redacted]

[redacted]

21 MR. ASHTON: I will -- if it gets straight,

22 I'll move on.

23 But if they -- nothing that's happened, at any

24 point ever, has suggested to me -- including up to now --

25 that they're at all interested in resolving that kind of

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stuff. That all they want to do is continue to pocket as much as they can.

And the issue I have, Gary, is, you know, I understand why they want to fuck me now. I don't understand why they wanted to fuck me two years ago or three years ago, when it was happening.

MR. LARSEN: George gets high off of this, you know? It happens to me and it happens to you. It happens to everyone.

[redacted]

EXHIBIT
SF-33
ADMITTED

CRAIG A. MARKS PLC

CRAIG A. MARKS
Attorney at Law
3420 E. Shea Blvd, Ste. 200
Phoenix, Arizona 85028

(602) 953-5260
Fax: (602) 953-5265
Cell: (480) 518-6857
Craig.Marks@azbar.org

August 8, 2008

Delivered by e-mail

Jeffrey W. Crockett, Esq.
SNELL & WILMER LLP
One Arizona Center
Phoenix, Arizona 85004
Attorney for Johnson Utilities LLC

Re: Docket No. WS-02987A-08-0180
Swing First's First Data Requests

Dear Jeff:

Attached is the first set of Data Requests from Swing First Golf LLC ("Swing First") to Johnson Utilities LLC ("Utility") in the above-captioned case. We expect to receive your responses by Friday, August 22, 2008.

Please indicate for each response the witness to whom questions regarding the response should be directed. These responses are continuing in nature.

As I am certain that you are aware, your client has a continuing obligation to preserve all files, e-mails, documents and other evidence that may be relevant to this matter.

If you have any questions, please contact me by phone or e-mail. Thank you for your cooperation in this matter.

Very truly yours,

Craig A. Marks

cc: Dave Ashton

Attachment

1.1. For each month during the period of 2005 to the present, please provide by treatment facility the amount of treated effluent generated within Utility's Certificate of Convenience and Necessity ("CC&N).

1.2. For calendar years 2008 through 2010, please provide a monthly forecast by treatment facility of the amount of treated effluent to be generated within the CC&N.

1.3. For each month during the period of 2005 to the present, please provide, by customer the amount of treated effluent delivered and sold by Utility. Please also specify the rate paid by each customer. (Swing First does not require specific identifying information for any customer, such as name or address. Utility may identify the customer by letter, number, or other consistent designation.)

1.4. Based on your answers above, please calculate for the years 2005 through 2007, the percentage of lost-and-unaccounted for treated effluent.

1.5. For calendar years 2008 through 2010, please provide a monthly forecast of treated-effluent sales within the CC&N.

1.6. Please provide a monthly count of effluent customers during the test year, and indicate whether the customer had the ability to take and store effluent.

1.7. For each customer with the ability to take and store effluent, please estimate the customer's storage capacity.

1.8. Has Utility attempted to quantify the benefit it derives from a customer's ability to take and store effluent? If not why not?

1.9. How has Utility calculated the proposed treated-effluent rate of $0.62/1000 gallons? Please provide all available justification for this rate?

1.10. Please provide copies of all reports provided during the period of 2005 to the present by Utility to the Arizona Department of Environmental Quality ("ADEQ") or the Arizona Department of Water Resources ("ADWR") concerning the quality or quantity of treated effluent produced by the utility.

1.11. What class of treated effluent does Utility provide to its customers (ADEQ Class A+, A, B+, B, or C)?

1.12. How does Utility monitor and verify that its treated effluent satisfies the rated class standard?

1.13. At any time during the period of 2005 to the present has Utility delivered treated effluent to a customer that does not satisfy the rated class standard?

1.14. If the answer to question 1.13 is "yes," please provide a detailed description of each such incident, including the date(s) of the incident, the amount of substandard effluent delivered, the cause for the incident, the steps taken by Utility to correct the problem, the notice provided to the customer and the public, and the amount of any credit(s) provided to the customer as a result of delivering substandard effluent.

1.15. During the period of 2005 to the present did Utility deliver treated effluent to any Utility affiliate or other entity controlled by George Johnson?

1.16. If the answer to Question 1.15 is "yes" for any month, what rate did the affiliate pay for the treated effluent during that month? Please substantiate your response with copies of bills, together with cancelled checks or other evidence of payment.

EXHIBIT
SF-34
ADMITTED

Snell & Wilmer
L.L.P.
LAW OFFICES

One Arizona Center
Phoenix, AZ 85004-2202
602.382.6000
602.382.6070 (Fax)
www.swlaw.com

LAS VEGAS
ORANGE COUNTY
PHOENIX
SALT LAKE CITY
TUCSON

September 18, 2008

Jeffrey W. Crockett
602.382.6234
jcrockett@swlaw.com

VIA E-MAIL AND HAND-DELIVERY

Craig A. Marks
Craig A. Marks PLC
10645 North Tatum Blvd.
Suite 200-676
Phoenix, Arizona 85028

Re: Responses to Swing First Golf LLC's First Set of Data Requests to Johnson Utilities, LLC, in Docket No. WS-02987A-08-0180 (Rate Case)

Dear Craig:

Attached are the responses (with attachments) and objections to Swing First Golf LLC's First Set of Data Requests (Nos. 1.1 through 1.16) to Johnson Utilities L.L.C. in the above-referenced docket. I have provided the responses via e-mail and hard copy.

Very truly yours,

SNELL & WILMER

Jeffrey W. Crockett

JWC:gdb
Enclosures
cc (with enclosures): Brian Tompsett
\CROCKEJ\SWDMS\9124241

Docket No. WS-02987A-08-0180
Swing First Golf LLC
First Data Requests to Johnson Utilities LLC

(RATE CASE)

1.1. For each month during the period of 2005 to the present, please provide by treatment facility the amount of treated effluent generated within Utility's Certificate of Convenience and Necessity ("CC&N").

Response: The information requested is reported by Johnson Utilities on "Self Monitoring Reports" filed with ADEQ on a quarterly basis for each water reclamation plant operated by Johnson Utilities. This information is a matter of public record and can be readily obtained from ADEQ.

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

EXHIBIT
SF-35
ADMITTED

Docket No. WS-02987A-08-0180
Swing First Golf LLC
First Data Requests to Johnson Utilities LLC

(RATE CASE)

REVISED RESPONSE TO 1.1 (10-17-2008)

1.1 For each month during the period of 2005 to the present, please provide by treatment facility the amount of treated effluent generated within Utility's Certificate of Convenience and Necessity ("CC&N").

Objection: The information requested in this data request is reported by Johnson Utilities on "Self Monitoring Report Forms" filed with ADEQ on a quarterly basis for each water reclamation plant operated by Johnson Utilities. This information is a matter of public record and can be readily obtained from ADEQ. In addition, information regarding effluent generated at water reclamation plants which do not and cannot supply Swing First Golf are not relevant to Swing First Golf's interests in this rate case proceeding.

Response: Attached to this response are Self Monitoring Report Forms for Johnson Utilities' Santan Water Reclamation Plant for each quarter during the test year 2007. Johnson Utilities is providing these documents without waiving the objection set forth above.

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

EXHIBIT
SF-36
ADMITTED

2.22 Please refer to the bills dated 4/30/07 to 12/31/07 for Account No. 00120362-02 (provided in response to Swing First's first data requests):

a. Please confirm that these bills show no meter readings for this account between 4/20/07 and 11/20/07.

Response: There were no meter reads on Account No. 00120362-02 between the meter read on April 20, 2007, and the meter read on November 20, 2007.

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

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.
5. The Commission shall be notified of interruptions in service affecting the entire system or any major division thereof. The interruption of service and cause shall be reported within four hours after the responsible representative of the utility becomes aware of said interruption by telephone to the Commission and followed by a written report to the Commission.

E. Construction standards. The design, construction and operation of all sewer plants shall conform to the requirements of the Arizona Department of Health Services or its successors and any other governmental agency having jurisdiction thereof. Phase construction is acceptable.

Historical Note

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

R14-2-608. Billing and collection

A. Frequency. Each utility shall bill monthly for services rendered.

B. Minimum bill information. Each bill for residential service will contain the following minimum information:
1. Billed discharge, where applicable
2. Utility telephone number
3. Amount due and due date
4. Customer's name
5. Service account number, if available
6. Past due amount, where appropriate
7. Adjustment factor, where applicable
8. Other approved tariff charges.

C. Billing terms
1. All bills for utility services are due and payable no later than 10 days from the date the bill is rendered. Any payment not received within this time-frame shall be considered past due.
2. For purposes of this rule, the date a bill is rendered may be evidenced by:
   a. The postmark date
   b. The mailing date.
3. All past due bills for utility services are due and payable within 10 days. Any payment not received within this time-frame shall be considered delinquent.
4. All delinquent bills for which payment has not been received within five days shall be subject to the provisions of the utility's termination procedures.
5. All payments shall be made at or mailed to the office of the utility or to the utility's duly authorized representative.

D. Applicable tariffs, prepayment, failure to receive, commencement date, taxes
1. Each customer shall be billed under the applicable tariff indicated in the customer's application for service.
2. Each utility shall make provisions for advance payment for sewer services.
3. Failure to receive bills or notices which have been properly placed in the United States mail shall not prevent such bills from becoming delinquent nor relieve the customer of his obligations therein.
4. Charges for service commence when the service is installed and connection made, whether used or not.
5. In addition to the collection of regular rates, each utility may collect from its customers a proportionate share of any privilege, sales or use tax, or other imposition based on the gross revenues received by the utility.

E. Insufficient funds (NSF) checks
1. A utility shall be allowed to recover a fee, as approved by the Commission for each instance where a customer tenders payment for utility service with an insufficient funds check.
2. When the utility is notified by the customer's bank that there are insufficient funds to cover the check tendered for utility service, the utility may require the customer to make payment in cash, by money order, certified check, or other means which guarantee the customer's payment to the utility.
3. A customer who tenders an insufficient check shall in no way be relieved of the obligation to render payment to the utility under the original terms of the bill nor defer the utility's provision for termination of service for nonpayment of bills.

F. Late payment penalty
1. Each utility may include in its tariffs a late payment penalty tariff which may be applied to delinquent bills.
2. The amount of the late payment penalty shall be indicated upon the customer's bill when rendered by the utility.
3. In the absence of an approved tariff, the amount of the late payment penalty shall not exceed 1-1/2% of the delinquent bill.

Historical Note

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

R14-2-609. Termination of service

A. Nonpermissible reasons to disconnect service. A utility may not disconnect service for any of the reasons stated below:
1. Delinquency in payment for services rendered to a prior customer at the premises where service is being provided, except in the instance where the prior customer continues to reside on the premises.
2. Failure of the customer to pay for services or equipment which are not regulated by the Commission.
3. Nonpayment of a bill related to another class of service.
4. Failure to pay for a bill to correct a previous underbilling due to a billing error if the customer agrees to pay over a reasonable period of time.
5. Disputed bills where the customer has complied with the Commission's rules and regulations.

B. Termination of service without notice
1. Utility service may be disconnected without advance written notice under the following conditions:
   a. The existence of an obvious hazard to the safety or health of the consumer or the general population.
   b. The utility has evidence of fraud.
2. The utility shall not be required to restore service until the conditions which resulted in the termination have been corrected to the satisfaction of the utility.
3. Each utility shall maintain a record of all terminations of service without notice. This record shall be maintained for a minimum of one year and shall be available for inspection by the Commission.

C. Termination of service with notice
1. A utility may disconnect service to any customer for any reason stated below provided the utility has met the notice requirements established by the Commission:
   a. Customer violation of any of the Commission's rules.

b. Failure of the customer to pay a delinquent bill for utility service.
c. Failure to meet or maintain the utility's credit and deposit requirements.
d. Failure of the customer to provide the utility reasonable access to its equipment and property.
e. Customer breach of a written contract for service between the utility and customer.
f. When necessary for the utility to comply with an order of any governmental agency having such jurisdiction.

2. Each utility shall maintain a record of all terminations of service with notice. This record shall be maintained for one year and be available for Commission inspection.

D. Termination notice requirements

1. No utility shall terminate service to any of its customers without providing advance written notice to the customer of the utility's intent to disconnect service, except under those conditions specified where advance written notice is not required.
2. Such advance written notice shall contain, at a minimum, the following information:
   a. The name of the person whose service is to be terminated and the address where service is being rendered.
   b. The Commission rule or regulation that was violated and explanation thereof or the amount of the bill which the customer has failed to pay in accordance with the payment policy of the utility, if applicable.
   c. The date on or after which service may be terminated.
   d. A statement advising the customer that the utility's stated reason for the termination of services may be disputed by contacting the utility at a specific address of phone number, advising the utility of the dispute and making arrangements to discuss the cause for termination with a responsible employee of the utility in advance of the scheduled date of termination. The responsible employee shall be empowered to resolve the dispute and the utility shall retain the option to terminate service after affording this opportunity for a meeting and concluding that the reason for termination is just and advising the customer of his right to file a complaint with the Commission.

E. Timing of terminations with notice

1. Each utility shall be required to give at least five days' advance written notice prior to the termination date.
2. Such notice shall be considered to be given to the customer when a copy thereof is left with the customer or posted first class in the United States mail, addressed to the customer's last known address.
3. If after the period of time allowed by the notice has elapsed and the delinquent account has not been paid nor arrangements made with the utility for the payment thereof or in the case of a violation of the utility's rules the customer has not satisfied the utility that such violation has ceased, the utility may then terminate service on or after the day specified in the notice without giving further notice.

F. Landlord/tenant rule. In situations where service is rendered at an address different from the mailing address of the bill or where the utility knows that a landlord/tenant relationship exists and that the landlord is the customer of the utility, and where the landlord as a customer would otherwise be subject to disconnection of service, the utility may not disconnect service until the following actions have been taken:

1. Where it is feasible to so provide service, the utility, after providing notice as required in these rules, shall offer the occupant the opportunity to subscribe for service in his or her own name. If the occupant then declines to so subscribe, the utility may disconnect service pursuant to the rules.
2. A utility shall not attempt to recover from a tenant or condition service to a tenant with the payment of any outstanding bills or other charges due upon the outstanding account of the landlord.

Historical Note

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

Editor's Note: The following Section was amended under an exemption from the Attorney General approval provisions of the Arizona Administrative Procedure Act (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)), as determined by the Corporation Commission. This exemption means that the rules as amended were not approved by the Attorney General.

R14-2-610. Administrative and Hearing Requirements

A. Customer service complaints

1. Each utility shall make a full and prompt investigation of all service complaints made by its customers, either directly or through the Commission.
2. The utility shall respond to the complainant and/or the Commission representative within five working days as to the status of the utility investigation of the complaint.
3. The utility shall notify the complainant and/or the Commission representative of the final disposition of each complaint. Upon request of the complainant or the Commission representative, the utility shall report the findings of its investigation in writing.
4. The utility shall inform the customer of his right of appeal to the Commission should the results of the utility's investigation prove unsatisfactory to the customer.
5. Each utility shall keep a record of all written service complaints received which shall contain, at a minimum, the following data:
   a. Name and address of the complainant
   b. Date and nature of the complaint
   c. Disposition of the complaint
   d. A copy of any correspondence between the utility, the customer, and/or the Commission.

   This record shall be maintained for a minimum period of one year and shall be available for inspection by the Commission.

B. Notice by utility of responsible officer or agent

1. Each utility shall file with the Commission a written statement containing the name, address (business, residence and post office) and telephone numbers (business and residence) of at least one officer, agent or employee responsible for the general management of its operations as a utility in Arizona.
2. Each utility shall give notice, by filing a written statement with the Commission, of any change in the information required herein within five days from the date of any such change.

C. Time-frames for processing applications for Certificates of Convenience and Necessity

1. This rule prescribes time-frames for the processing of any Application for a Certificate of Convenience and Necessity issued by the Arizona Corporation Commission pur-

EXHIBIT
SF-38
ADMITTED

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

KRISTIN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

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

REVISED DIRECT TESTIMONY
OF
DAVID ASHTON
ON BEHALF OF
SWING FIRST GOLF LLC
MARCH 2, 2009

REVISED DIRECT TESTIMONY
OF
DAVID ASHTON
ON BEHALF OF
SWING FIRST GOLF LLC
MARCH 2, 2009

TABLE OF CONTENTS

I INTRODUCTION AND QUALIFICATIONS 1
II GEORGE JOHNSON HAS CHEATED AND ABUSED SWING FIRST GOLF..... 2
III UTILITY HAS ENGAGED IN ILLEGAL AFFILIATE TRANSACTIONS..... 15

EXECUTIVE SUMMARY

David Ashton testifies as follows:

Mr. Ashton is the managing member of Swing First Golf, LLC, ("Swing First") a customer of Johnson Utilities LLC ("Utility"), including treated effluent for irrigation of Swing First's Johnson Ranch Golf Course.

Utility has refused to deliver effluent on many occasions, even when it was available.

Utility has routinely overcharged for the water it delivered.

Utility has routinely failed to read Swing First's meters, at one point for six consecutive months in 2007.

At the direction of George Johnson, Utility charged Swing First the potable water rate for irrigation water delivered.

Utility initially provided Swing First a water credit for management services Swing First provided to a Utility affiliate, but then reversed the credit.

Utility created a phony past due balance as a pretence to cut off irrigation water service.

Utility failed to follow the Commission's rules before cutting off irrigation water service.

Utility sued Swing First in court to attempt to collect the phony past-due balance.

Utility sued Mr. Ashton and his wife for defamation for discussion Utility's billing and tariff issues with other irrigation customers.

Utility deliberately over-delivered effluent and flooded the Johnson Ranch Golf Course.

Utility has deliberately withheld effluent during times of high irrigation demands.

George Johnson and Utility sent a letter to Swing First's members, which was clearly intended to intimidate them from supporting Swing First's participation in this case and in Docket No. WS-02987A-08-0049 (Swing First's complaint case against Utility).

Utility's letter also attacked Mr. Ashton personally, and attempted to destroy his business relationship with the other Swing First Members.

Utility has engaged in illegal affiliate transactions.

1 **I INTRODUCTION AND QUALIFICATIONS**

2 **Q. PLEASE STATE YOUR NAME AND ADDRESS?**

3 A. My name is David Ashton. My business address is 7131 W Avenida Del Sol, Peoria,
4 Arizona 85383. I currently reside in Europe.

5 **Q. WHAT IS YOUR RECENT PROFESSIONAL EXPERIENCE?**

6 A. In addition to managing Swing First Golf, LLC, I am currently Vice President of
7 Business Development for KDS. KDS is based in Paris, France, and provides an on-line
8 software system to manage and reduce corporate travel and expense reporting costs.

9 From 2005 to 2006, I was employed by Reactivity, Inc of Belmont, California, as its Vice
10 President, Business Development. Reactivity provided XML security and acceleration
11 appliances to large corporations. Reactivity was acquired by Cisco Systems in 2007.

12 From 2000 to 2004 I was employed by Cyclone Commerce, of Scottsdale, Arizona, as its
13 Vice President, Business Development. Cyclone provided B2B transaction management
14 software to the Global 2000. In 2005, Cyclone was acquired by Axway.

15 Before leaving to attend graduate school, I was employed from 1995 to 1998 by
16 Andersen Consulting (now "Accenture") as part of its Strategic Services Group. I was
17 based both in San Francisco and Beijing.

18 Besides English, I also speak Cantonese and French.

19 **Q. WHAT IS YOUR EDUCATIONAL EXPERIENCE?**

20 A. I graduated from Brigham Young University in 1995 with degrees in International
21 Relations and Chinese. In 2000, I was awarded a Masters in Business Administration
22 from Stanford University.

23 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

A. I am testifying on behalf of Swing First Golf, LLC, a customer of Johnson Utilities LLC ("Utility").

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

A. The purpose of my testimony is to bring to the Commission's attention certain activities and practices by George Johnson and his Utility that the Commission should consider as part of this rate case.

II GEORGE JOHNSON HAS CHEATED AND ABUSED SWING FIRST GOLF

Q. WHAT IS SWING FIRST GOLF?

A. Swing First Golf owns and operates the Johnson Ranch Golf Club in Queen Creek, Arizona. This is within Johnson Utility's certificated service territory.

Q. WHAT HAS BEEN SWING FIRST'S EXPERIENCE WITH GEORGE JOHNSON AND HIS UTILITY?

A. It hasn't been positive. Before I bought the golf course I was warned by several people that Mr. Johnson was difficult to do business with because he was very powerful, and unfortunately not very honest. Not knowing him, I assumed these people had been colored by a couple of bad experiences and didn't give it much thought. Unfortunately, in the last four and a half years I have learned that I should have heeded these warnings. Mr. Johnson has used his Utility to try to both overcharge Swing First and to cheat us out of money he owes us. His Utility has failed to provide the effluent to irrigate our golf course. Meter-reading has been erratic and billing has been a mess. Utility attempted to illegally cut off my service. Utility has also experienced mysterious pipe failures that allegedly prevented it from delivering irrigation water when it knew the water was especially needed. During a rainy week in early 2008, Utility over-delivered effluent to the course, causing our lake to overflow and damaging the golf course. Finally, Mr. Johnson recently sent out a letter from Utility, which tried to intimidate Swing First

members from supporting Swing First's participation in this case, attacked me personally, and attempted to destroy my business relationship with the other Swing First Members.

Q. HOW LONG HAVE YOU BEEN A UTILITY CUSTOMER?

A. I bought the course in November of 2004, so Swing First became a customer at that time. We received our first bills in December 200~~7~~. 2006

Q. WHAT DO YOU UNDERSTAND TO BE ARIZONA AND COMMISSION POLICY CONCERNING GOLF COURSE IRRIGATION?

A. My understanding is that Arizona, Pinal County, and the Commission all encourage golf courses to use treated effluent as much as possible to irrigate their golf courses.

Q. HAS SWING FIRST ATTEMPTED TO COMPLY WITH THIS POLICY?

A. Certainly. We wish to use nothing else but effluent for our irrigation needs. There is the added benefit that effluent is less expensive than CAP water.

Q. DOES SWING FIRST HAVE A CONTRACT TO RECEIVE EFFLUENT FROM UTILITY?

A. Yes. Swing First inherited a 1999 contract which provides us the first right to irrigate the Johnson Ranch Golf Courses with any effluent generated by Utility within its service territory. We are directly connected to Utility's treated effluent line. The contract also gives Utility the right to deliver water from other sources (wells or CAP-water) but provides that, if Utility exercises this right, it cannot charge more than the Commission-approved effluent rate.

Q. EVEN IF THE 1999 CONTRACT DID NOT EXIST, WOULD SWING FIRST STILL BE ENTITLED TO RECEIVE TREATED EFFLUENT FROM UTILITY?

A. Certainly. The status of the 1999 contract is not clear. However, the Johnson Ranch Golf Course has been Utility's customer for many years. We should be receiving as

much effluent as Utility can deliver, up to our requirements. This is in accordance with our rights as a tariffed effluent customer, and is wise public policy.

Q. HAS UTILITY GENERALLY DELIVERED EFFLUENT TO SWING FIRST?

A. No. Utility only rarely delivered effluent from the time the service was turned on, until the date I filed a formal complaint with the Commission. Instead, it has delivered CAP-water to Swing First and charged Swing First $0.83 per thousand gallons, up to $3.75 per thousand gallons. Further, on those occasions when Utility did deliver effluent before the formal complaint was filed, Utility almost always billed Swing First at the CAP-water rate of $0.83 per thousand gallons.

Q. DOES SWING FIRST NEED CAP-WATER FOR IRRIGATION?

A. No. We want to use effluent for all of our irrigation and it appears that Utility generates sufficient effluent for all our irrigation needs. We have a lake on the course, which we can use to store effluent. This allows us to take effluent at night to use during the day.

Further, it is not good public policy to irrigate a golf course with CAP water unless it is absolutely necessary. With treatment, CAP water can be delivered to customers as potable-water. Because it is a renewable resource and does not deplete groundwater supplies, it should be the first choice for potable-water service. In contrast, treated effluent can normally be used directly <u>only</u> for irrigation.

Q. WHAT IS UTILITY DOING WITH THE TREATED EFFLUENT IT PRODUCES THAT IT IS NOT DELIVERING TO SWING FIRST?

A. Utility is the only party that can really answer this question. Based on discovery responses and my discussions with other customers, it appears that Utility has been selling some effluent to other irrigation customers (at illegal rates), but has been pumping most of the effluent it produces into the ground.

Q. HOW DO YOU FEEL ABOUT UTILITY KEEPING ITS EFFLUENT, PUMPING IT INTO THE GROUND, AND THEN TRYING TO SELL YOU HIGHER PRICED WATER?

A. I'm disappointed and concerned because I couldn't get Utility to change its behavior toward my business (i.e. giving me effluent) until I filed a formal complaint. And doing that has brought a lot of negative consequences to me, my business and my family that I never asked for or wanted to deal with. As I see it, Utility has been stealing money out of Swing First's pocket. I always thought the cost of water to irrigate the course was pretty high, but accepted it because – like all of its other customers – I assumed Utility was following the law, as regulated by the Commission. When I realized Utility was in fact not following the law, I didn't know where to turn until I found the Commission.

Q. HAS UTILITY REGULARLY READ YOUR METERS?

A. Utility often fails to read our meters. During one six-month stretch in 2007, Utility did not read our effluent meter even once.

Q. HAS UTILITY RENDERED ACCURATE BILLS?

A. No. Utility's bills are regularly inaccurate, and this is a problem experienced by other of its business customers as well. Up until I filed the formal complaint, Utility had always charged me the $0.83/1000 gallon CAP-water rate for effluent instead of the $0.62/1000 gallon effluent water rate. It's hard to believe that this changed for any reason other than the fact that their behavior had fallen under scrutiny. In 2007, Utility refused to deliver treated effluent and then charged me the $3.75/1000 gallon potable water rate for the CAP-water it delivered. This was six times more than it should have charged me. Utility now claims that it has corrected its multiple billing errors, but it's hard to have confidence in its calculations when you've had the experience I've had. But the thing that concerns me most is that Utility's own employees have personally told me that they

don't bill according to the law, but according to what Mr. Johnson tells them to bill. In 2007, when I asked the Utility why it was billing me $3.75 per thousand gallons for CAP water, the response was "Because George told us to change the rate in our computers, and when George tells you to do something you do it."

Q. HOW HAS UTILITY TREATED YOUR BILLING INQUIRIES?

A. Utility has generally treated me with rudeness and defiance. Mr. Tompsett has refused in writing to provide us replacement copies of the original 2005 and 2006 bills, so I don't have them. Instead it has provided us bills that it created at a later date.

As an example, Utility provided in discovery a "copy" of a September 30, 2006, bill which showed a total outstanding balance of $52,031.80. Then, the bill "copy" provided by Utility dated December 31, 2006, showed no previous balance. We asked for an explanation. Utility then explained that this balance reduction reflected credits for payments made in January 2007, a billing credit applied in September 2007, and a billing credit applied in December 2007, almost one year after the December 31, 2006, bill.

The bill supplied by Utility in response to our data request was obviously created long after the original bill was sent to me, and it's very difficult to discern (from the various sets of bills) what is real, what isn't, and how the charges and credits came about. This naturally works to Utility's advantage.

Q. WHY HAVE YOU NOT RETAINED COPIES OF BILLS FROM 2005 AND 2006?

A. Of course we should have. However, I was naïve and believed that Utility was following the law, so we did not keep a file of paid utility bills.

Q. WHAT DEGREE OF CONFIDENCE DO YOU HAVE IN THE BILL "COPIES" THAT UTILITY HAS PROVIDED TO SWING FIRST?

A. I have no confidence in the bills we received prior to my filing of the formal complaint. Now that Mr. Johnson is aware that his actions will be reported to the Commission, I have some confidence in his current bills. However, when the Commission is no longer looking, I will again have little to no confidence. Utility has only sporadically read our meters and has been recreating our bills after the fact.

Q. HOW MUCH DOES UTILITY CLAIM THAT SWING FIRST OWES?

A. Utility claims that Swing First currently has a balance of $102,744.87. This is wildly inflated. The balance is largely the result of two things:

1. Utility has largely refused to deliver treated effluent. Instead it delivered and charged us for CAP-water.
2. At George Johnson's instructions, Utility originally provided Swing First a bill-credit of approximately $50,000 for service provided on behalf of another of George Johnson company. After Swing First discontinued its service relationship with George Johnson, Utility reversed the credit.

Q. WHAT IS THE ACTUAL AMOUNT OWED BY SWING FIRST, IF ANY?

A. Swing First does not owe Utility anything. More than a year ago I calculated that if Utility had satisfied our irrigation needs with treated effluent, as our contract and public policy require, and not reneged on the billing credit, Swing First would have cumulatively overpaid Utility more than $70,000. Of course, this calculation is based on Utility's meter reads, which are infrequent and hardly inspire confidence. I also lack bills from 2004, 2005 and 2006, so I really can't calculate exactly how much they owe me, and that is to their advantage. Utility and I both recognize that. But they owe me at least $70,000.

Q. HAS SWING FIRST CONTINUED TO PAY ITS BILLS FROM UTILITY?

A. For each bill we calculate the amount that should be paid at the effluent rate and pay that amount. We ignore any claimed outstanding balance.

Q. YOU MENTIONED THE BILLING CREDIT THAT GEORGE JOHNSON PROMISED YOU; CAN YOU BRIEFLY DISCUSS THIS?

A. Yes. In April 2006, Swing First agreed to manage the Golf Club at Oasis ("the Oasis"), which was owned by another company controlled by George Johnson. Mr. Johnson said that for business purposes, it would be advantageous for him to not pay us cash. Instead he proposed that we work together using irrigation water credits as currency. We ultimately agreed that Utility would provide Swing First with a water credit of 150 million gallons per year in exchange for us managing his course. As soon as we began providing management services, Mr. Johnson fired his employees that had been managing the Oasis.

On May 1, 2006, Swing First began managing the Oasis. In turn, Utility provided the agreed-upon water credit. Swing First discontinued the Oasis management relationship on Nov 16, 2006, retroactive to October 31, 2006.

Q. WHAT IS THE VALUE OF THE BILL CREDIT THAT MR. JOHNSON REVERSED?

A. For six months, the earned water credit was 75 million gallons. At the commodity rate for effluent ($0.62/1000 gallons) the credit was worth $46,500. At the commodity rate for CAP-water ($0.83/1000 gallons), the credit was worth $62,250. At either rate, the credit was actually worth more, because of monthly minimums, taxes, and other charges for water. To be conservative, I am using a value of $50,000.

Q. HOW DID MR. JOHNSON REACT WHEN SWING FIRST STOPPED MANAGING THE OASIS GOLF COURSE?

I wasn't in his office when he was making decisions, but the following events transpired – in obvious retaliation. First, Utility reversed Swing First's water credit, which was valued at approximately $50,000. Second, directly at Mr. Johnson's request, Swing First's price for irrigation water was manipulated in Utility's computers to be $3.75/thousand gallons, instead of the $0.62 effluent water rate or the $0.83 CAP water rate. Third, Mr. Johnson turned off the effluent tap. For seven months in 2007, Utility delivered no effluent whatsoever, and very little in the remaining five months of the years

The combined effects of George Johnson's retaliation were to create the phony past-due balance I previously discussed. Mr. Johnson's next steps were in November 2007. Twice Utility illegally shut off our irrigation water, allegedly for failure to pay the phony past-due balance.

Q. YOU STATED THAT GEORGE JOHNSON TWICE ILLEGALLY SHUT OFF SWING FIRST'S IRRIGATION WATER; WHAT DO YOU MEAN BY "ILLEGALLY"?

A. I mean two things. First, the past-due balance was phony, so there was no legal basis for the shut-off. Second, Utility's shut-offs violated the Commission's rules. A utility cannot terminate water service except upon five-days written notice. See R14-2-509(D - E). Utility twice shut off Swing First's service without the required notice. This was illegal.

Q. WHAT DID YOU DO NEXT?

A. To get Utility to comply with the Commission's rules, Swing First filed an informal complaint, followed by a formal complaint with the Commission (Docket No. WS-02987A-08-0049).

Q. HOW DID GEORGE JOHNSON REACT TO SWING FIRST'S COMMISSION COMPLAINT?

A. The first thing Mr. Johnson did was to file a lawsuit in Superior Court to try to force Swing First to pay the phony past-due balance. Currently, at our request, the Judge has deferred to the Commission's jurisdiction and is continuing the case to allow the Commission complaint case to be resolved.

Q. DID GEORGE JOHNSON DO ANYTHING TO YOUR PERSONALLY?

A. Yes. He amended the Court complaint to add counts of defamation and tortious interference with a business relationship. This was because I spoke with another irrigation customer to discuss our issues to see if they had also been overcharged by Utility (they certainly felt that they had been, based solely on their own internal analysis of their bills). These new counts are obviously designed to silence me and set an example of what happens to those who stand up to Mr. Johnson.

If I had the money, I could have just paid the money that he claimed I owed him and likely resolved the lawsuit, but how could I accede to such blatant intimidation tactics? I just wanted to buy water for the golf course in accordance with my contracts and the law, and at the tariffed price. It should not be difficult for Utility to just sell us effluent at the tariffed price, read our meters, and bill us accurately.

Q. WAS THERE ANYTHING ELSE ABOUT THE AMENDMENTS THAT WAS ESPECIALLY HURTFUL?

A. Yes. Utility added my wife as a defendant. This has caused her extensive anguish. I really didn't appreciate this. You can pick on a man, but when you pick on his wife, that is really low.

Q. HOW ELSE DID GEORGE JOHNSON AND UTILITY RETALIATE?

A. As I discussed above, Utility barely delivered any effluent to the Johnson Ranch Golf Course in 2007. Swing First then filed its formal complaint on Friday, January 25, 2008. George Johnson should have received a copy of the complaint on or about Monday, January 28.

The week beginning on Sunday January 27 was extremely rainy. As a result, Swing First needed no irrigation water. However, beginning on February 1, 2008, Utility began delivering significant amounts of effluent to Swing First, despite our requests that they not do so. This caused the lake bordering the 18th hole to overflow, which damaged the golf course. My employees asked the Utility several times to stop delivery, but they ignored the requests. My employees then escalated the issue to me and I asked the Utility several times in writing to stop the deliveries. Unfortunately, Mr. Tompsett was no more cooperative. Then, after flooding the course, Utility actually billed us for the water we never wanted.

Q. HAVE THERE BEEN ANY MORE RECENT ISSUES WITH UTILITY?

A. Sadly, yes. Golf courses in the Valley consume the greatest amount of water during over-seeding, which usually occurs each year in October. At that time, we shave the summer Bermuda-grass turf and stop watering so we can dry it out in preparation for over-seeding. Then, when the summer turf is dry, we over-seed with a winter grass like Rye. To ensure the new grass takes root as quickly as possible, we have to water heavily. During over-seeding we use about 800,000 gallons per day, which exceeds the capacity of Utility's closest water treatment plant. Although we can manage at the plant capacity level, it is much easier with Utility's cooperation.

I met with Brian Tompsett on an unrelated matter (an Oasis liquor-license issue, which he was responsible for) and asked if he would please store effluent for us for later delivery. He said he could do that and we later exchanged emails about it. However, when we

asked to draw on the stored effluent, Mr. Tompsett said that they had no stored effluent for us. He then tried to force us into signing a CAP delivery contract.

Q. WHAT HAPPENED AFTER UTILITY REFUSED TO DELIVER STORED EFFLUENT?

A. Utility backed down on its demand that I sign a CAP-delivery contract and began delivering effluent directly from the plant. But then Utility claimed that it had a broken line and could not deliver any effluent for about a day. There have been other times when they've claimed their line has broken, like during last summer, which is of course the other time of year when we most need water. Utility certainly knows when we most need water.

Q. WAS SWING FIRST ABLE TO SUCCESSFULLY OVER-SEED IN OCTOBER 2008?

A. Ultimately, yes. Despite Utility, and thanks to our lake storage and a very competent groundskeeper, we were able to provide enough water for over-seeding.

Q. HAVE THERE BEEN ANY INCIDENTS WITH UTILITY IN 2009?

A. Yes. The most recent incident is perhaps the worst, and should cause the Commission great concern.

Q. IN 2009, WHAT DID UTILITY AND MR. JOHNSON DO?

A. Exhibit DA-1 is a copy of a February 9, 2009, letter from Utility, signed by George Johnson. The letter was sent to multiple members of Swing First Golf. The letter is clearly intended to intimidate Swing First members from supporting Swing First's participation in this case and in Docket No. WS-02987A-08-0049 (Swing First's complaint case against Utility). It also attacks me personally, and attempts to destroy my business relationship with the other Swing First Members.

Q. HOW DOES UTILITY TRY TO INTIMIDATE SWING FIRST'S MEMBERS?

A. Acting on behalf of Utility, George Johnson threatens to sue the members for defamation if they do not proactively oppose Swing First's cases at the Commission. Based on Mr. Johnson's behavioral history, a reasonable person would take this threat seriously. Mr. Johnson and his companies have already filed defamation lawsuits against Attorney General Terry Goddard and his wife, against me and my wife, and against several of Utility's customers.

Q. HOW DID UTILITY ATTACK YOU PERSONALLY?

A. Acting on behalf of Utility, George Johnson attached copies of several legal pleadings concerning an unfortunate incident that I was involved with in 2005. This incident is irrelevant to my business ability, to this case, and in any way to my integrity. Nevertheless, I will briefly discuss the incident, as Mr. Johnson has made an issue of it. I hope this will put the issue to rest as it relates to this case.

Q. WHAT HAPPENED IN 2005?

A. In ~~February~~ April 2005, some teen-age boys verbally assaulted my pregnant wife in our neighborhood, in front of our other children. I did not see the assault. As you can imagine, my wife was very upset. When I learned about the attacks, I was furious.

I drove with my wife to look for the boys, and when she pointed out (from afar) one of the boys that she said had assaulted her, I approached him while my wife waited in the car, and physically forced him to come to where she was and apologize to her. While I never hit the teen-ager, I was rough with him and he was very frightened.

However, when my wife saw the boy, she immediately told me that she had misidentified him and that this boy was in fact not the person that had verbally assaulted her. It's not easy to describe how I felt at that moment, but is sufficient to say I felt horrible and knew

that I had wronged the boy. However, rather than try to run from this terrible mistake, I sat and waited for the police to arrive. My concern at that time was solely for the boy that I had frightened.

I was arrested and ultimately plead guilty to a charge of misdemeanor assault. The boy's parents then sued both my wife and me. The case went to trial in April 2007. Plaintiffs were ultimately provided a small award, but, given the size of the award, the court ordered them to pay double our costs for the trial.

Q. WERE THERE ANY POSITIVE LESSONS FROM THE 2005 INCIDENT?

A. This incident was a test of my character and I failed it. It is the worst mistake I have ever made. Immediately after my mistake, however, I recognized what I had done wrong. I did not lie, try to run, or make excuses for my actions. I took responsibility for what I'd done because it was the right thing to do. And I will not let anger cloud my judgment again. While I will always regret the choice I made in the moment, I learned from this experience that even when one makes a mistake, the right thing to do is to be honest about it, accept the consequences, and try to move on. There is less shame in that, and people tend to be more forgiving.

Q. HOW DID UTILITY ATTEMPT TO DESTROY YOUR BUSINESS RELATIONSHIP WITH THE OTHER SWING FIRST MEMBERS?

A. In Mr. Johnson's letter, Utility suggests without any reason that there is some basis for the Swing First members to require outside management and financial audits. But I already provide audited financials to my investors. Utility also suggests that my personal tax returns should be audited. Again, there is no basis for Utility's "suggestion," except to hurt me.

Q. WHAT ELSE DID UTILITY DO TO THREATEN AND INTIMIDATE SWING FIRST'S MEMBERS?

A. I have been told and I believe that Mr. Johnson is calling customers and/or Swing First members and demanding to take their depositions. He threatens that if they do not give in to his demand, he will get an order forcing them to provide testimony. These individuals have little to no experience with legal matters, are not represented by counsel, do not understand the law related to this issue, and are afraid to respond negatively to Mr. Johnson's demands due to fear of reprisal.

Q. ARE YOU ASKING THE COMMISSION TO PROVIDE YOU SPECIFIC RELIEF IN THIS CASE?

A. No. The Commission will be able to provide me relief in the complaint case that I have pending against Johnson Utilities in Docket No. WS-02987A-08-0049.

III <u>UTILITY HAS ENGAGED IN ILLEGAL AFFILIATE TRANSACTIONS</u>

Q. WHAT IS YOUR UNDERSTANDING CONCERNING TRANSACTIONS BETWEEN A WATER UTILITY AND ITS AFFILIATES?

A. My understanding is that a utility must report all such transactions and that the utility cannot subsidize its affiliates. Further, A.R.S. 40-334(A) provides that:

> A public service corporation shall not, as to rates, charges, service, facilities or in any other respect, make or grant any preference or advantage to any person or subject any person to any prejudice or disadvantage.

Q. HAS UTILITY VIOLATED THESE REQUIREMENTS?

A. Yes. I know of many occasions where Utility has favored other George Johnson companies. First, Utility admits that it has been providing free irrigation water for the Oasis Golf Course, owned by another George Johnson company. Second, Mr. Johnson contracted in 2006 with Swing First to manage the Oasis Golf Course. As mentioned,

Mr. Johnson directed Utility to provide Swing First free irrigation water so that Mr. Johnson would not have to actually pay cash to Swing First. Third, Utility paid for the transfer of the Oasis Golf Course liquor license from Swing First. Fourth, Mr. Tompsett, Utility's Executive Vice President, regularly acts on behalf of the Oasis Golf Course, as does Gary Larsen, the manager of the Utility in Queen Creek.

Q. DID UTILITY REPORT THESE AFFILIATED TRANSACTIONS IN ITS AFFILIATED INTEREST REPORT TO THE COMMISSION?

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

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

Exhibit DA-1

JOHNSON UTILITIES, L.L.C

*5230 East Shea Boulevard * Scottsdale, Arizona 85254*
PH: (480) 998-3300; FAX: (480) 483-7908

February 9, 2009

Mr. Nick Enthoven
227 Monroe Dr.
Mountain View, CA. 94040

Re: Johnson Utilities, L.L.C.
David Ashton as Managing Member of Swing First Golf, L.L.C.

Dear Swing First Golf Member:

As you may or may not know, David Ashton, as the managing member of Swing First Golf, L.L.C., ("SFG") has filed a libelous complaint against Johnson Utilities, L.L.C. with the Arizona Corporation Commission, ("ACC"). Before Mr. Ashton filed his libelous complaint with the ACC, Johnson Utilities filed a lawsuit against SFG and David Ashton in the Superior Court of Arizona. The case number for that complaint is CV2008-000141. The complaint includes claims of Tortious Interference and Defamation among other things.

I am writing to you now for two reasons. First, Mr. Ashton, purportedly acting on behalf of SFG, continues to make libelous remarks and unsubstantiated filings with the ACC in effort to slander me personally and damage Johnson Utilities. I do not know whether you are aware of Mr. Ashton's actions on your behalf or whether you support those actions. However, because Mr. Ashton claims to be acting for SFG, and therefore on your behalf, we are considering adding all members of SFG personally as defendants in the pending Superior Court case. If you do not support Mr. Ashton's actions, please let me know as soon as possible. If I do not hear from you, we will assume that you support Mr. Ashton's actions, and will proceed accordingly.

The second reason for this letter is to make you aware of the nature of the character of Mr. Ashton who is your appointed representative of SFG. Attached you will find copies of complaints filed against Mr. Ashton in the Superior Court of Arizona. These complaints are unrelated to Johnson Utilities but, in my humble opinion, show "the nature of the beast" we are all dealing with in Mr. Ashton.

A cursory review of the financials that we understand have been provided to you would strongly suggest that an outside independent management and financial audit be performed on SFG since Mr. Ashton has been managing member. We would also suggest the independent financial audit should not be limited to SFG, but in light of the other superior court complaints, be extended to Mr. Ashton's personal tax returns.

If we can provide additional information or answer any questions, please do not hesitate to call.

Sincerely,

George H. Johnson

Enclosure: Superior Court Complaint NO. CV2005-013279
Superior Court Judgment NO. CV2005-013279
Superior Court Complaint NO CR2005-110896-001

Curry, Pearson & Wooten, PLC
814 W. Roosevelt Street
Phoenix, Arizona 85007
Tel. (602)258-1000
Fax (602)523-9000
e-mail: kcurry@azlaw.com

Kristen Curry #015017
Attorney for Plaintiffs

MICHAEL K. JEANES
Clerk of the Superior Court

By ALAYNA HUFF, Deputy
Date 08/19/2005 Time 03:36 PM
Description Qty Amount
CASE# CV2005-013279
CIVIL NEW COMPLAINT 001 245.00

TOTAL AMOUNT 245.00
Receipt# 00007263336

IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

IN AND FOR THE COUNTY OF MARICOPA

CURTIS LAYTON, by and through his parents and guardians, BRIAN LAYTON and CYNTHIA LAYTON, Plaintiff, vs. DAVID ASHTON and STASHA ASHTON, husband and wife; JOHN DOES I-V and JANE DOES I-V, Defendants.	NO. CV2005-013279 **COMPLAINT** **(TORT-NON MOTOR VEHICLE)**

Plaintiff, by and through undersigned counsel, hereby alleges as follows:

GENERAL ALLEGATIONS

1. Plaintiff, Curtis Layton, by and through his parents, Brian Layton and Cynthia Layton, were residents of Maricopa County, Arizona, at the time the events alleged herein occurred.

2. On information and belief, Defendants David Ashton and Stasha Ashton are husband and wife and reside in Maricopa County Arizona. All actions against Defendants complained of herein were undertaken jointly or on behalf of and for the benefit of the marital community of David Ashton and Stasha Ashton.

3. The remaining Defendants are fictitiously-named individuals who, along with the

Defendants are liable for the Plaintiff's damages, as alleged herein. The Plaintiff will seek leave to amend this Complaint to add proper names when the identities of the fictitiously-named Defendants are ascertained.

4. The incident and all matters alleged herein occurred in Maricopa County in the State of Arizona.

5. Jurisdiction and venue are appropriate for this Court. The amount in controversy exceeds the minimal jurisdictional limits of this court.

6. On or about April 11, 2005, Defendants David Ashton and Stasha Ashton sought out some unknown juvenile males who had allegedly yelled profanities at Stasha Ashton earlier in the day.

7. Defendants David Ashton and Stasha Ashton were together in their vehicle searching for the juveniles when they saw Plaintiff Curtis Layton riding his bicycle near 67th Avenue and Happy Valley Road in Phoenix, Arizona.

8. Defendant Stasha Ashton identified Plaintiff and then Defendant David Ashton exited his vehicle and attacked Curtis Layton both physically and verbally by pushing Curtis off of his bicycle, throwing him against a pillar and shopping cart and yelling at him.

9. After already attacking Plaintiff, Defendant David Ashton then forcibly took Curtis towards the car where Defendant Stasha Ashton was sitting and asked her if Plaintiff was one of the juveniles involved. Defendant Stasha Ashton told her husband that Plaintiff was not.

COUNT ONE
(Assault)

10. Plaintiff hereby realleges the allegations in paragraphs 1-9.

11. Defendant David Ashton intended to cause a harmful or offensive contact with Curtis Layton or place Curtis Layton in imminent apprehension of such contact without cause or justification.

12. Defendant Stasha Ashton intended to cause a harmful or offensive contact with Curtis

Layton or place Curtis Layton in imminent apprehension of such contact without cause or justification when she went with her husband to find Plaintiff and assist him.

13. Defendants actions caused Curtis Layton to fear imminent offensive and harmful contact.

14. Curtis Layton suffered physical injuries, mental anguish, pain and suffering as a direct and proximate result of Defendants' intentional acts.

COUNT TWO
(Battery)

15. Plaintiffs hereby re-allege the allegations in paragraphs 1-14.

16. Defendant David Ashton intended to cause a harmful or offensive contact when he attacked Curtis Layton without cause or justification.

17. Defendant Stasha Ashton intended to cause a harmful or offensive contact with Curtis Layton when she went with her husband to find Plaintiff and assist him.

18. Defendants' actions caused Curtis Layton to suffer harmful and offensive contact.

19. Curtis Layton suffered physical injuries, mental anguish, pain and suffering as a direct and proximate result of Defendant's intentional acts.

COUNT THREE

(Intentional Infliction of Emotional Distress)

20. Plaintiffs hereby re-allege the allegations in paragraphs 1-19.

21. Defendants actions in attacking Curtis Layton without cause or justification was extreme and outrageous conduct.

22. Defendants actions either intended to cause severe emotional distress or recklessly disregarded the near certainty that such distress would result from their actions and conduct.

23. Curtis Layton suffered severe emotional distress as a result of Defendant's conduct.

///

WHEREFORE, Plaintiff prays for judgment against the Defendants as follows:

A. Compensatory damages;

B. Punitive Damages;

C. Costs and expenses incurred herein; and

D. For such other and further relief as the Court deems just and appropriate under the circumstances.

DATED this 19th day of August, 2005.

CURRY, PEARSON & WOOTEN, PLC

Kristen M. Curry
Attorney for Plaintiff

FILED
6-20-07 8:25 am
MICHAEL K. JEANES, Clerk
By W. Bobrowski
W. Bobrowski, Deputy

William D. Holm, Bar #007412
JONES, SKELTON & HOCHULI, P.L.C.
2901 North Central Avenue, Suite 800
Phoenix, Arizona 85012
Telephone: (602) 263-1749
Fax: (602) 200-7804
minuteentries@jshfirm.com

Attorneys for Defendants Ashton

SUPERIOR COURT OF THE STATE OF ARIZONA

COUNTY OF MARICOPA

CURTIS LAYTON, by and through his parents and guardians, BRIAN LAYTON and CYNTHIA LAYTON, Plaintiff, v. DAVID ASHTON and STASHA ASHTON, husband and wife, et al., Defendants.	NO. CV2005-013279 **JUDGMENT** (Assigned to the Hon. Paul A. Katz)

The above-entitled and numbered cause having come on regularly for a jury trial before the Honorable Paul A. Katz on May 29, 2007; the Plaintiff, Curtis Layton, being present in person and with his parents Brian Layton and Cynthia Layton and his attorney, Kristin Curry, Defendants David Ashton and Stasha Ashton, being present in person and with their attorney, William D. Holm, and the parties having announced ready; Plaintiff having introduced evidence in support of his complaint and Defendants having introduced evidence in opposition thereto; and the matter having been submitted to the jury for its determination; and the jury having returned a verdict for Plaintiff:

NOW, THEREFORE, IT IS ORDERED, ADJUDGED AND DECREED that Judgment be entered, in Plaintiff's favor, and against Defendants David Ashton and Stasha Ashton in the amount of $9,625.00.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that, as the prevailing party in this action, Plaintiff is entitled to recover his taxable costs from Defendants in the amount of $ 901.70 .

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that, pursuant to Arizona Rules of Civil Procedure Rule 68(d), since Plaintiff failed to obtain a Judgment greater than Defendants' June 26, 2006 Offer of Judgment in the amount of $10,000, Defendants Ashton are entitled to recover double their taxable costs incurred after the date of the Offer of Judgment in the amount of $901.70.

DATED this 20th day of June, 2007.

Honorable Paul A. Katz

THE STATE OF ARIZONA V. DAVID BRUCE ASHTON

CR2005-110896-001

AGGRAVATED ASSAULT, A CLASS 6 FELONY

MICHAEL K. JEANES, CLERK
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FILED

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4/20

ANDREW P THOMAS
MARICOPA COUNTY ATTORNEY

Scott Wolfram
Deputy County Attorney
Bar Id #: 014100
100 West Washington, Suite 2000
Phoenix, AZ 85003
Telephone: (602) 372-7350
MCAO Firm #: 00032000
Attorney for Plaintiff

DR 200550679472 - Phoenix Police Department
NORTH VALLEY JUSTICE COURT

CA2005012841

IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

COUNTY OF MARICOPA, RCC - GLENDALE

THE STATE OF ARIZONA, Plaintiff, vs. DAVID BRUCE ASHTON (001), Defendant.	CR2005-110896-001 DT DIRECT COMPLAINT **COUNT 1:** AGGRAVATED ASSAULT, A CLASS 6 FELONY **IN CUSTODY**

The complainant herein personally appears and, being duly sworn, complains on information and belief against DAVID BRUCE ASHTON, charging that in Maricopa County, Arizona:

COUNT 1:

DAVID BRUCE ASHTON, on or about the 11th day of April, 2005, being eighteen years of age or more, intentionally, knowingly or recklessly caused physical injury to CURTIS LAYTON, a child of 15 years of age or under, in violation of A.R.S. §§ 13-1203, 13-1204, 13-701, 13-702, 13-702.01, and 13-801.

Scott Wolfram
Scott Wolfram
Deputy County Attorney

IN CUSTODY

Kristina Rae Green
Complainant

Agency: Phoenix Police Department

Subscribed and sworn upon information and belief this 13 day of April, 2005.

SW:es/AO

DCO

COURT INFORMATION SHEET (CIS)

County Attorney Case Number: CA2005012841

Filing ID Number: CA2005012841-1-1

STATE v. DAVID BRUCE ASHTON
Defendant Sequence: 1

Defendant's Address: **IN CUSTODY**
7131 WEST AVENIDA DEL SOL
PEORIA, AZ 85383

Defendant's Employer: UNKNOWN

Defendant's Attorney: PUBLIC DEFENDER

DEFENDANT'S DESCRIPTION:

Race: W Sex: M Hair: BRO Eyes: GRN Hgt: 510
Wgt: 165 DOB: 11/22/1970 Soc Sec #: 281606489

SID #: Unknown FBI #: Unknown Old LEJIS #: Unknown
JMS Booking #: P063574 JMS LEJIS #: Unknown

FILING STATUS:

Direct Complaint CR #: CR2005110896001 Date Filed: _____
Court Designation: RCC - GLENDALE
Justice Court Precinct: NORTH VALLEY JUSTICE

ATTORNEY: SCOTT WOLFRAM **Bar ID:** 014100 **Location:** Downtown

PRELIMINARY HEARING/GRAND JURY CHARGES:

COUNT 1: AGGRAVATED ASSAULT, A CLASS 6 FELONY

Count	ARS	Date of Crime
1	13-1204A4	4/11/2005

DEPARTMENTAL REPORTS:

DR 200550679472 - Phoenix Police Department

EXTRADITE: AO

DWL

IN THE NORTH VALLEY COURT
STATE OF ARIZONA, COUNTY OF MARICOPA

RELEASE QUESTIONNAIRE

Information to be supplied by a prosecutor or law enforcement officer.

STATE OF ARIZONA vs. DAVID ASHTON DOB 11-22-70 CASE / BK. NO.

A. GENERAL INFORMATION

1. Charge and Class: 13-1204 A4

2. Offense Location: 6640 W. HAPPY VALLEY RD
   Date: 4-11-05 Time: 1641

3. Arrest Location: 6640 W. HAPPY VALLEY RD
   Date: 4-11-05 Time: 1700

B. CIRCUMSTANCES OF THE OFFENSE

1. Was a firearm or other weapon used?
   ☐ YES ☑ NO
   Type of weapon:
   Was anyone injured by the defendant?
   ☑ YES ☐ NO
   Was medical attention necessary?
   ☑ YES ☐ NO
   Nature of injuries: HIT HEAD ON STUCCO PILLAR, SCRATCHED ARM, SCRATCHES ON BACK

2. Was anyone threatened by the defendant?
   ☑ YES ☐ NO
   Nature and extent of threats: ATTACKED 13YR OLD KID

3. If property offense, value of property taken or damaged:
   Was the property recovered?
   ☐ YES ☑ NO

C. CIRCUMSTANCES OF THE ARREST

1. Did the defendant attempt to:
   Avoid arrest? ☐ YES ☑ NO
   Resist arrest? ☐ YES ☑ NO
   Explain:

2. Was the defendant armed when arrested?
   ☐ YES ☑ NO
   Type of weapon:

3. Was evidence of the offense found in the defendant's possession?
   ☐ YES ☑ NO
   Explain:

4. Was the defendant under the influence of alcohol or drugs at the time of the offense?
   ☐ YES ☑ NO ☐ UNK

D. CRIMES OF VIOLENCE

1. Relationship of defendant to victim: NONE
   Do the victim and defendant reside together?
   ☐ YES ☑ NO

2. How was the situation brought to the attention of police?
   ☐ Victim
   ☑ Third party
   ☐ Officer observed

3. Have there been any previous incidents involving these same parties?
   ☐ YES ☑ NO
   Explain:

4. Is defendant currently the subject of:
   ☐ An order of protection
   ☐ Injunction against harassment
   ☐ Any other court order
   Explain:

E. OTHER INFORMATION

1. Is the defendant presently on probation, parole or any other form of release involving other charges or convictions?
   ☐ YES ☑ NO
   Explain:

2. List any prior arrests, convictions, and/or F.T.A.'s:
   SPEEDING, WRTS (10 YRS AGO)

3. Is there any indication the defendant is:
   ☐ An alcoholic? ☐ An addict?
   ☐ Mentally disturbed? ☐ Physically ill?

4. Is the defendant currently employed?
   ☑ YES ☐ NO
   With whom REACTIVITY INC
   How long 4 MONTHS
   Nature of employment BUSINESS DEVELOPMENT

5. Where does the defendant currently reside?
   7131 W. Avenida Del Sol
   With whom WIFE, KIDS
   How long 22 YEARS

6. What facts indicate the defendant will flee if released?
   Explain: NONE

7. What facts does the State have to oppose an unsecured release?
   Explain:

F. DRUG OFFENSES

1. If the defendant is considered a major drug dealer, please state the supporting facts:

2. What quantities and types of illegal drugs are directly involved in this offense?

Approximate monetary value:

3. Was any money seized?
☐ YES ☐ NO
Amount:

4. Were any automatic weapons in the possession of the defendant at the time of the arrest?
☐ YES ☐ NO
Quantity and type:

SECTION III: Probable Cause Statement

1. Please summarize and include the information which establishes probable cause for the arrest:

ON 4-11-05 AT APPROX 1641 HRS APL committed AGG ASSAULT AT 6040 W. Happy Valley Rd by mistakenly throwing a VI Curtis Lawton (13yrs) off his bike, throwing him up against a stucco pillar in front of Walgreens, APL then picked Curtis up off the ground, dragged him over to his wife, who was waiting in her car & was going to make Curtis apologize to his wife for cursing at her. APL asked his wife if Curtis was the correct kid & she said "No, that's not him." APL let Curtis go & apologized & then waited for P.D. to arrive.

** If a fugitive arrest, a form IVA must also be completed **

MARICOPA COUNTY JUSTICE COURT PRECINCTS

1. Buckeye
2. Central Phoenix
3. Chandler
4. East Mesa
5. East Phoenix #1
6. East Phoenix #2
7. Gila Bend
8. Glendale
9. Maryvale
10. ~~North Mesa~~
11. North Valley
12. Northeast Phoenix
13. Northwest Phoenix
14. Peoria
15. Scottsdale
16. South Mesa/Gilbert
17. South Phoenix
18. Tempe East
19. Tempe West
20. Tolleson
21. West Mesa
22. West Phoenix
23. Wickenburg

(PLEASE REFER TO PRECINCT MAP)

pursuant to AO 2003-046, the oath has been administered pursuant to the law and required procedures.

I certify that the information presented is true to the best of my knowledge.

ARNETT 7762
ARRESTING OFFICER / SERIAL NUMBER

PHX P.D. 602 4955005
AGENCY / DUTY PHONE NUMBER

4-11-05
DATE

JUDICIAL OFFICER REVIEW OF PROBABLE CAUSE STATEMENT AND COMPLAINT ON OATH OR AFFIRMATION

☐ Complaint review
☐ Witness sworn
☐ Reviewed Form IV
☐ Other sources:

☐ PC determined

Judicial Office

EXHIBIT
SF-39
ADMITTED

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

KRISTIN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

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

SURREBUTTAL TESTIMONY
OF
DAVID ASHTON
ON BEHALF OF
SWING FIRST GOLF LLC
MARCH 31, 2009

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TABLE OF CONTENTS

	EXECUTIVE SUMMARY	iii
I	INTRODUCTION AND QUALIFICATIONS	1
II	RESPONSE TO MR. TOMPSETT	1

EXECUTIVE SUMMARY

David Ashton testifies as follows:

Utility and Swing First have each treated the 1999 Utility Agreement as applying to both of us. Swing First also maintains all its rights as a tariffed effluent customer.

Since March 2006, Utility has produced far more effluent than it has actually sold. In fact, Utility has sold only about 42% of the effluent that it has produced since March 2006. Swing First could have satisfied essentially all of its irrigation requirements with treated effluent. Instead, Utility has withheld effluent, and delivered and billed more expensive CAP water.

Utility refused to sell effluent to Swing First in 2007. Total sales were 10.044 million gallons for the whole year, even though Utility produced almost 185 million gallons of effluent. Instead, Utility delivered more expensive CAP water and then often charged five times the tariffed rate. At the same time, Utility was charging the San Tan Heights HOA an inflated, illegal rate for effluent, and recently acknowledged doing so. The explanation for this activity was a billing error.

In 2008, after Swing First filed its complaint, Utility substantially cleaned up its actions. Except for the two suspicious "line breaks," Swing First was able to provide for all its irrigation needs with treated effluent. For the entire year, Utility still only sold approximately 73% of the effluent that it produced from the Santan WWTP.

The Commission should investigate, at Utility's expense, what it did with the effluent it produced but withheld from Swing First and perhaps other customers.

Utility has not corrected for illegally withholding effluent and instead selling Swing First CAP water at a higher price. Second, Utility only made these corrections after it got caught. A fair question to ask is: How many other customers have been overcharged or are still being overcharged?

The only way to ensure that Utility has indeed corrected any and all overcharges to past and present customers would be for the Commission to order Utility to fund an audit of its past sales and billing practices.

I INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is David Ashton. I am a managing member of Swing First.

Q. ARE YOU THE SAME DAVID ASHTON WHO PREVIOUSLY SUBMITTED TESTIMONY IN THIS CASE?

A. Yes.

Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

A. In my Surrebuttal Testimony I respond to rebuttal testimony from Brian Tompsett.

II RESPONSE TO MR. TOMPSETT

Q. HAVE YOU REVIEWED MR. TOMPSETT'S REBUTTAL TESTIMONY CONCERNING YOUR REVISED DIRECT TESTIMONY?

A. Yes.

Q. DO YOU WANT TO CHANGE ANY OF YOUR TESTIMONY AS A RESULT OT REVIEWING MR. TOMPSETT'S TESTIMONY?

A. No.

Q. WHAT IS THE STATUS OF THE 1999 UTILITY AGREEMENT?

Utility and Swing First have each treated the 1999 Utility Agreement as applying to both of us. Swing First also maintains all its rights as a tariffed effluent customer.

Q. DID UTILITY DELIBERATELY WITHHOLD EFFLUENT FROM SWING FIRST?

A. It certainly appears that way. Utility has been able to directly deliver effluent to Swing First since at least March 2006. Mr. Tompsett states that there are two customers connected to the Santan WWTP: Swing First and the Santan HOA. Based on data

requests, the following table compares the amount of effluent available from the Santan WWTP to what Utility actually delivered to Swing First and the Santan HOA.

2006	Swing First (MG)	Santan HOA (MG)	Total Sales (MG)	Effluent Produced (MG)	Unsold Effluent (MG)
Mar	11.0886		11.0866	11.0866	0.0000
Apr	5.841		5.8410	10.917	5.0760
May	10.646		10.6460	11.318	0.6720
Jun	11.352		11.3520	11.543	0.1910
Jul	9.744		9.7440	12.497	2.7530
Aug	11.647		11.6470	13.335	1.6880
Sep	3.889		3.8890	13.297	9.4080
Oct	6.052		6.0520	14.127	8.0750
Nov	0		0.0000	14.794	14.7940
Dec	15.407		15.4070	13.3295	-2.0775
Total 2006	**85.6666**		**85.6646**	**126.2441**	**40.5795**
2007					
Jan	2.181	10.9120	13.0930	16.337	3.2440
Feb	1.4040	3.8320	5.2360	14.532	9.2960
Mar	0.0000	0.0000	0.0000	16.027	16.0270
Apr	0.3220	6.4950	6.8170	15.39	8.5730
May	0.0000	4.1850	4.1850	15.159	10.9740
Jun	0.0000	1.7660	1.7660	13.71	11.9440
Jul	0.0000	0.2060	0.2060	13.361	13.1550
Aug	0.0000	3.3400	3.3400	15.624	12.2840
Sep	0.0000	5.1000	5.1000	15.27	10.1700
Oct	0.0000	5.8240	5.8240	15.903	10.0790
Nov	0.0000	7.2810	7.2810	16.41	9.1290
Dec	7.0370	8.3450	15.3820	17.081	1.6990
Total 2007	**10.944**	**57.2860**	**68.2301**	**184.804**	**116.5739**
2008	0	0.0000			
Jan	2.535	6.1350	8.6700	16.814	8.1440
Feb	5.469	3.0730	8.5420	16.652	8.1100
Mar	7.392	3.6500	11.0420	17.341	6.2990
Apr	14.417	5.0880	19.5050	16.658	-2.8470
May	14.309	0.0000	14.3090	16.898	2.5890
Jun	13.613	0.0000	13.6130	16.371	2.7580
Jul	11.877	2.6680	14.5450	17.196	2.6510
Aug	15.955	0.4890	16.4440	17.302	0.8580
Sep	13.276	0.2450	13.5210	16.968	3.4470
Oct	10.834	0.0930	10.9270	17.404	6.4770
Nov	12.065	0.0000	12.0650	17.89	5.8250
Dec	5.447	0.0000	5.4470	18.958	13.5110
Total 2008	**127.189**	**21.4410**	**148.6300**	**206.452**	**57.8220**
Total 2006-08	**223.7996**	**78.7270**	**302.5247**	**517.5001**	**214.9754**

Q. HAS UTILITY SOLD ALL THE EFFLUENT THAT IT HAS PRODUCED?

A. No. The table shows that since March 2006, Utility has produced far more effluent than it has actually sold. In fact, Utility has sold only about 42% of the effluent that it has produced since March 2006. Swing First could have satisfied essentially all of its irrigation requirements with treated effluent. Instead, Utility has withheld effluent, and delivered and billed more expensive CAP water.

Q. PLEASE CONTRAST 2007 AND 2008 EFFLUENT SALES TO SWING FIRST.

A. As I previously testified, Utility refused to sell effluent to Swing First in 2007. Total sales were 10.044 million gallons for the whole year, even though Utility produced almost 185 million gallons of effluent. Instead, Utility delivered more expensive CAP water and then often charged us five times the tariffed rate. At the same time, Utility was charging the San Tan Heights HOA an inflated, illegal rate for effluent, and recently acknowledged doing so. The explanation for this activity was a billing error.

In 2008, after Swing First filed its complaint, Utility substantially cleaned up its actions. Except for the two suspicious "line breaks," Swing First was able to provide for all its irrigation needs with treated effluent. It is interesting to note that, even after its sales to Swing First and to the San Tan HOA, Utility still had effluent to spare. For the entire year, Utility only sold approximately 73% of the effluent that it produced from the Santan WWTP.

Q. WHAT DID UTILITY DO WITH THE EFFLUENT IT PRODUCED AND WITHHELD FROM SWING FIRST?

A. I do not know. It may have pumped the effluent into the ground for some benefit to Utility. It, or another Johnson-controlled entity, may have sold the effluent to a third party and not reported the sales. This is another subject that the Commission should investigate, at Utility's expense.

Q. MR. TOMPSETT CLAIMS THAT UTILITY CORRECTED ITS BILLING ERRORS. HOW DO YOU RESPOND?

A First, Utility did not correct for illegally withholding effluent and instead selling Swing First CAP water at a higher price. Second, Utility only made these corrections after it got caught. Swing First filed its Commission complaint in November 2007. Only after that date, when Utility realized that it was in the Commission's cross hairs, did Utility provide any "credits." Similarly, Utility only provided credits to the Santan HOA after it became aware that I was looking at Utility's irrigation bills to the HOA. A fair question to ask is: How many other customers have been overcharged or are still being overcharged?

The only way to ensure that Utility has indeed corrected any and all overcharges to past and present customers would be for the Commission to order Utility to fund an audit of its past sales and billing practices.

Q. DOES THE FACT THAT YOU DO NOT RESPOND TO A PARTICULAR PORTION OF TESTIMONY MEAN THAT YOU AGREE WITH IT?

A. No.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

EXHIBIT
SF-40
ADMITTED

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

KRISTIN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

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

REVISED DIRECT TESTIMONY
OF
SONN S. ROWELL
ON BEHALF OF
SWING FIRST GOLF LLC
MARCH 2, 2009

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TABLE OF CONTENTS

	EXECUTIVE SUMMARY	**iii**
I	**INTRODUCTION AND QUALIFICATIONS**	**1**
II	**GEORGE JOHNSON AND HIS UTILITY**	**3**
A	Who Is George Johnson?	3
B	George Johnson and His Companies Paid the Largest Civil Environmental Settlement in Arizona History	3
C	George Johnson and His Companies Paid One of the Largest Settlements in Federal History for Bulldozing the San Juan River	5
D	Utility Discharged Raw Sewage into a Neighborhood Wash	5
E	Utility Harassed Customers with Frivolous Defamation Lawsuits	6
F	Utility Illegally Stored Dangerous Sewage Sludge at Its Treatment Plant	6
G	The 2008 Environmental Infractions by Utility Were Nothing New	7
H	Utility Knowingly and Illegally Charges Its Customers for Taxes	7
I	Utility May Have Delayed this Rate Filing So It Could Continue Overcharging Its Water Customers Millions of Dollars Per Year	7
III	**THE COMMISSION SHOULD SEND A STRONG MESSAGE TO UTILITY**	**8**
A	The Commission Needs to Deal Harshly with Utility's Blatant Disregard for its Customers, Public Safety, the Environment, and Its Public Service Obligations	8
B	Utility Should Not Be Allowed to Increase Its Rates until Its Books and Management Practices Have Been Thoroughly Investigated	9
C	Utility Should Be Required to Immediately Reduce Its Water Rates and Make Refunds	11
D	Utility Should Be Required to Refund Its Illegal Superfund Tax Collections	12
E	Utility's Pecan Wastewater Treatment Plant Should Not Be Included in Rate Base	12
F	Utility Should Be Required to Dismiss All Pending Defamation Lawsuits against Its Customers, and Pay All of Their Court Costs and Legal Fees	13
G	Utility Should Be Fined for Its Blatant Disregard of Its Public Service Obligations, Environmental Laws, and Explicit Commission Orders	13
H	Utility Should Be Penalized with a Reduced Rate of Return on Equity	14
I	Following 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	14
J	The Commission Should Bifurcate this Case into Two Phases	14

1

EXECUTIVE SUMMARY

Sonn S. Rowell testifies as follows:

Ms. Rowell first brings a large number of unusual activities to the Commission's attention.

- George H. Johnson is Utility's majority owner and is its ultimate decision maker.
- In 2007, George Johnson and his companies paid the largest civil environmental settlement in Arizona history.
- In 2008, George Johnson and his companies paid one of the largest settlements in federal history for bulldozing the San Juan River
- In 2008, Utility discharged raw sewage into a neighborhood wash. This issue is still not resolved.
- In 2008, Utility harassed customers with frivolous defamation lawsuits.
- In 2008, Utility illegally stored dangerous sewage sludge at a treatment plant.
- Utility's 2008 environmental infractions were nothing new. ADEQ and ADWR have previously imposed significant fines on Utility.
- Utility knowingly and illegally charges its customers for taxes.
- Utility may have delayed this rate filing so it could continue overcharging its water customers millions of dollars per year.

The Commission needs to deal harshly with Utility's blatant disregard for its customers, public safety, the environment, and its public service obligations. Ms. Rowell recommends that the Commission take the following actions:

- Utility should not be allowed to increase its rates until its books and management practices have been thoroughly investigated.
- Utility should be required to immediately reduce its water rates and make refunds.
- Utility should be required to refund its illegal superfund tax collections.
- Utility's pecan wastewater treatment plant should not be included in rate base.
- Utility should be required to dismiss all pending defamation lawsuits against its customers, and pay all of their court costs and legal fees.
- Utility should be fined for its blatant disregard of its public service obligations, environmental laws, and explicit commission orders.
- Utility should be penalized with a reduced rate of return on equity.
- Following 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.
- The Commission should bifurcate this case into two phases.

I INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Sonn S. Rowell. I am a managing member of Desert Mountain Analytical Services, PLLC, P.O. Box 51628, Ahwatukee, Arizona 85076.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK EXPERIENCE.

A. I hold a Bachelor of Science degree with a major in accounting from Arizona State University. I have obtained an accountancy teaching certificate No. 19397 from the State Board of Directors for Community Colleges of Arizona in Phoenix, Arizona. I am also a Certified Public Accountant licensed by the Arizona State Board of Accountancy.

From 1994 through 1996, I was a staff accountant for Family Service Agency in Phoenix, Arizona. Between 1996 and 1998, I held various positions in both the staff and senior accounting levels. My job responsibilities included the preparation of spreadsheets, sales and property tax reports, and CAM reconciliations for numerous industrial business parks. I also was responsible for the preparing Bills of Materials (BOMs) for government contracts. My job responsibilities also included the posting of cash receipts, cash disbursements, as well as to maintain companies.

From 1998 through 2002, I was employed by the Arizona Corporation Commission, first as a Utility Auditor III and thereafter as a Rate Analyst II. As a Utility Auditor III, my job classification included the analysis and determination of rate increase applications for public utilities. I was responsible for conducting onsite inspections of utilities assets, and audited utility revenues, expenses, and plant additions as part of my analysis of rate applications. This analysis required coordination with other departments regarding specialty areas of utility analysis. My duties also included the review and analysis of financial records and other documents of regulated utilities for accuracy, consistency,

completeness and reasonableness. I also prepared work papers and schedules supporting expert testimony and staff reports in connection with utility applications for increases in rates, financings, and other matters.

As a Rate Analyst II, my job classification included an analysis of the necessity and amount of revenue recommended in utility rate case proceedings. I revised standard filing documents, trained new employees, and reviewed peer work product. In addition, I analyzed various tariff filings to determine the impact on the company's financial conditions. I also participated in advisory groups formed to develop recommended policies and procedures to regulate utilities.

During 2002 and 2003, I operated as a sole proprietor, and in 2004, I organized Desert Mountain Analytical Services, PLLC. My primary business in both structures is the same; to assist my small business clients regularly with financial and accounting issues. Additionally, I prepare quarterly and year-end payroll reporting for clients, corporate and individual tax returns, as well as prepare annual reports for the Arizona Corporation Commission Utilities and Corporation Divisions and Property Tax Report for the Arizona Department of Revenue. In addition, I represent small water and wastewater utilities before the Arizona Corporation Commission for rate increase and financing applications, as well as companies that are seeking a new Certificate of Convenience and Necessity ("CC&N" to provide utility service in Arizona.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A. I am testifying on behalf of Swing First Golf, LLC, a customer of Johnson Utilities LLC ("Utility"), the applicant in this case.

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

A. The purpose of my testimony is to bring to the Commission's attention certain activities and practices by George Johnson and his Utility that the Commission should consider as

part of this rate case. I then recommend how the Commission should address these practices.

Q. HOW IS YOUR TESTIMONY ORGANIZED?

A. In Section II of my testimony I will discuss recent activities by George Johnson, the man who controls Utility and who is also its majority owner. I will then discuss activities by Utility that are consistent with those of Mr. Johnson. I have attached several published reports and other documents that I reviewed in preparing my testimony. In Section III of my testimony I make nine recommendations for the Commission to consider in this case. My recommendations are made based upon these published reports and documents, and the incidents discussed by Mr. Ashton in his testimony.

II GEORGE JOHNSON AND HIS UTILITY

A Who Is George Johnson?

Q. WHO IS GEORGE JOHNSON?

A. George H. Johnson is Utility's majority owner and is its ultimate decision maker. Please see Exhibit SSR-1. Mr. Johnson also controls several other companies that have been involved in litigation during recent years, including Johnson International, Inc. ("Johnson International"), and General Hunt Properties, Inc. ("General Hunt").

B George Johnson and His Companies Paid the Largest Civil Environmental Settlement in Arizona History

Q. ARE YOU AWARE OF A RECENT CIVIL ENVIRONMENTAL SETTLEMENT PAID BY GEORGE JOHNSON AND HIS COMPANIES?

A. Yes. Exhibit SSR-2 is a copy of a December 2007 press release from the Arizona Department of Environmental Quality ("ADEQ") concerning its lawsuit against George Johnson, his affiliate companies, and his contractors. ADEQ summarizes the lawsuit and settlement as follows:

In 2005 the Arizona Attorney General brought a lawsuit on behalf of the Arizona Department of Environmental Quality ("ADEQ"), the Arizona State Land Department, the Department of Agriculture, the Arizona State Museum and the Arizona Game and Fish Commission. The suit charged George Johnson, several of his companies, and several Johnson contractors with numerous violations of state law and destruction of natural and archeological resources, including:

- Bulldozing and clearing of nearly 270 acres of State Trust Lands located in and near the Ironwood National Monument and the Los Robles Archeological District.
- Bulldozing and clearing an estimated 2,000 acres of private lands in the Santa Cruz River Valley without obtaining permits required by state law.
- Destroying portions of seven major Hohokam archeological sites, circa A.D. 750-1250.
- Destroying more than 40,000 protected native plants on State Trust Lands, including Saguaro, Ironwood, Mesquite, Palo Verde and other protected species.
- Violating the state's clean water laws by failing to secure required permits and discharging pollutants into the Little Colorado River, the South Fork of the Little Colorado River and tributaries of the Santa Cruz River.
- Negligently causing a disease epidemic that resulted in the death of at least 21 rare Arizona desert bighorn sheep and serious injury to numerous others.

Q. HOW MUCH DID ADEQ FINE GEORGE JOHNSON AND HIS AFFILIATE COMPANIES?

A. Ultimately, George Johnson and the other defendants agreed to pay a fine of 12.1 million dollars—the largest civil environmental settlement in Arizona history—to settle these charges.

Q. CAN YOU PROVIDE THE COMMISSION ANY MORE INFORMATION CONCERNING MR. JOHNSON'S ACTIVITIES?

A. Yes. Exhibit SSR-3 is a copy of a February 2008 article from Phoenix Magazine. The article, written by Jana Bommersbach, provides more insight regarding Mr. Johnson's activities. This article provides another basis for my recommendations to the Commission.

C George Johnson and His Companies Paid One of the Largest Settlements in Federal History for Bulldozing the San Juan River

Q. HAVE FEDERAL REGULATORS ALSO FINED GEORGE JOHNSON AND HIS AFFILIATES?

A. Yes. In a companion case to the ADEQ lawsuit, the United States Environmental Protection Agency ("EPA") sued George Johnson, Johnson International, General Hunt, and contractors for illegally bulldozing, filling, and diverting approximately five miles of the Santa Cruz River. In October 2008, George Johnson and the other defendants agreed to pay a civil penalty of $1.25 million, the largest penalty in the history of EPA's Pacific Southwest Region, and one of the largest in EPA's history under Section 404 of the Clean Water Act. See Exhibit SSR-4.

D Utility Discharged Raw Sewage into a Neighborhood Wash

Q. DID UTILITY DISCHARGE RAW SEWAGE INTO A NEIGHBORHOOD WASH?

A. According to published reports, over several months in the spring of 2008, Utility dumped about 10,000 gallons of raw sewage into the Queen Creek Wash and an adjoining neighborhood, allegedly as a result of inadequate pump sizing at its neighboring sewage-treatment plant. Reportedly, the 2008 discharges were only months after a December 2007 discharge from the same plant. Please see Exhibit SSR-5 for more details.

Q. WHAT IS THE STATUS OF THE WASH CLEANUP?

A. According to additional published reports, Utility entered into a consent decree with ADEQ to clean and disinfect the wash. Fines may still be imposed.

Q. HAVE ANY COMMISSIONERS EXPRESSED CONCERN WITH THE SEWAGE SPILL?

A. Yes. Exhibit SSR-6 to my testimony is a copy of a June 10, 2008, letter from then Commissioner William Mundell to his colleagues. In his letter Commissioner Mundell stated:

> On page 2 of the NOV, the second alleged violation caught my attention. According to the NOV, the lift station at the Pecan WRP was approved based on an engineering design report that described the installation of two 75 horsepower pumps. However, at the time of the SSOs, 35 horsepower pumps were operating at the lift station. I would like to know why that was the case and if the difference in pumps was a contributing factor to the SSOs.
>
> ... It is my understanding that the Pecan WRP is not currently in the Company's rate base. However, the discrepancy between ADEQ records and the actual plant raises a red flag in my mind and may justify a higher level of scrutiny of the Company's plant in the rate case. (Emphasis added.)

E Utility Harassed Customers with Frivolous Defamation Lawsuits

Q. WERE THERE ANY OTHER INCIDENTS CONNECTED WITH UTILITY'S SEWAGE DISCHARGE THAT CONCERN YOU?

A. Yes. According to published reports, neighbors were concerned for their health and safety as a result of Utility dumping raw sewage into their neighborhood. 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. Therefore it's hard to know if Utility has improved the situation or simply succeeded in silencing its customers through intimidation. Please see Exhibit SSR-7 for more details.

F Utility Illegally Stored Dangerous Sewage Sludge at Its Treatment Plant

Q. WERE THE RAW SEWAGE DISCHARGES INTO THE QUEEN CREEK WASH THE ONLY ENVIRONMENTAL VIOLATIONS COMMITTED BY UTILITY IN 2008?

A. It does appear there were more. Based on published reports, a surprise inspection during September 2008 by ADEQ caught Utility storing dangerous sewage sludge in uncovered

trenches. Utility dumped approximately 34,713 gallons of the sludge in trenches mixed with construction debris. ADEQ issued two violation notices with 15 separate infractions. Please see Exhibit SSR-8 for more details.

G The 2008 Environmental Infractions by Utility Were Nothing New

Q. HAS UTILITY PREVIOUSLY VIOLATED STATE ENVIRONMENTAL LAWS?

A. Apparently. In 2003, ADEQ fined Utility $80,000 for building and operating a water system without obtaining the necessary permits. See: http://www.azdeq.gov/function/forms/download/2003/summary.pdf (page 14). This followed a $6,000 fine in 2001 for modifying a water treatment plant without obtaining construction approvals. See http://www.azdeq.gov/function/forms/download/2001/enforce.pdf (page 4).

The Arizona Department of Water Resources has also had its issues with Utility. In 2003, it fined Utility $90,000 for using far more groundwater than it was entitled to. See, Exhibit SSR-3 at 2.

H Utility Knowingly and Illegally Charges Its Customers for Taxes

Q. IS SWING FIRST CHARGED A MONTHLY SUPERFUND TAX?

A. Yes. Utility bills Swing First and all of its water and effluent customers, each month for a Superfund "Tax" at the rate of $0.0065/1000 gallons. This tax is calculated based on customer usage. Yet, in Decision No. 64598, dated March 4, 2002, the Commission told Utility that it could not pass usage-based taxes to its water customers, only revenue based taxes. The Commission should determine whether, by charging another usage-based tax to its water customers, Utility knowingly disregarded this Commission Order.

I Utility May Have Delayed this Rate Filing So It Could Continue Overcharging Its Water Customers Millions of Dollars Per Year

Q. WHEN WAS UTILITY REQUIRED TO FILE THIS RATE CASE?

A. In Decision No. 68235, dated October 25, 2005, the Commission ordered Utility to file a rate case for its water and wastewater divisions by May 1, 2007, using a 2006 test-year.

Q. DID UTILITY COMPLY WITH THE COMMISSION'S ORDER?

A. No. This rate case was filed on March 31, 2008, and was based on a 2007 test year.

Q. DID THE COMMISSION RELIEVE UTILITY FROM ITS OBLIGATION TO FILE ITS RATE CASE BY MAY 1, 2007, USING A 2006 TEST YEAR?

A. Not to my knowledge.

Q. WHAT DOES UTILITY'S APPLICATION SHOW CONCERNING WATER RATES?

A. Schedule A-1 shows that, even by Utility's own calculations, Utility's water business was significantly overearning. In the 2007 test year, water rates would have to have been reduced by over $2,000,000 to eliminate the overearning.

Q. DOES THIS CONCERN YOU?

A. Very much. If Utility was overearning by such a large amount in 2007, it likely was also significantly overearning in 2006. It would be pretty unusual for a utility's earnings to swing radically from year to year. Swing First asked Utility to provide a schedule in the form of Schedule A-1 for 2006, but Utility refused to do so. If Utility was not overearning in 2006, it should have jumped at the chance to demonstrate that fact. Therefore, it seems more likely than not that Utility's unauthorized delay in filing this case cost its water customers millions of dollars.

III THE COMMISSION SHOULD SEND A STRONG MESSAGE TO UTILITY

A The Commission Needs to Deal Harshly with Utility's Blatant Disregard for its Customers, Public Safety, the Environment, and Its Public Service Obligations

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 <u>Utility Should Not Be Allowed to Increase Its Rates until Its Books and Management Practices Have Been Thoroughly Investigated</u>

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?

A. Swing First is only one of Utility's many customers, and is also only one of hundreds or thousands of companies that has dealt with Utility. It is possible that Swing First is not the only entity that has been treated unfairly by Utility.

- If Mr. Ashton is personally aware of four possible illegal affiliate transactions, there potentially could be many more.
- I am aware of George Johnson's intimidation of Swing First and other customers through defamation lawsuits, but how many other similar actions has George Johnson taken to intimidate and silence customers?
- If ADEQ has uncovered two serious environmental violations in just the last year, and four in this decade, how many more threats to public health and safety have gone undiscovered?
- Based on Mr. Johnson's possible use of Utility to fund non-regulated activities, and Utility's intentional delay in filing its rate case, it is evident the Utility's financial records warrant further scrutiny.

Q. WHAT ARE YOU SPECIFICALLY RECOMMENDING?

A. I understand that the Commission's resources are strained, especially given the State's current budget crisis. Therefore, I am asking that the Commission Order Staff to select a firm or firms to perform independent management and financial audits on Utility. These audits should be funded by Utility. The financial audit should not be limited to Utility, but should also investigate any transactions George Johnson's affiliated companies have had with Utility.

The management audit should also be conducted at Utility's expense to determine whether Utility is a fit and proper entity to continue to hold its certificate of convenience and necessity.

As part of the audit process, the management auditors should hold a series of well publicized customer open houses, where customers can discuss their customer-service experiences. Utility would not be allowed to attend these meetings to ensure that customers are not intimidated. Utility should also be required to provide notice of these open houses by direct mail or bill insert. The notice should include a phone number, address, and e-mail address where customers could directly contact the auditors. I also recommend the auditors interview present and former utility employees, as well as Arizona environmental regulators.

The management auditors should at least investigate the following well publicized incidents, and personal experiences of Mr. Ashton:

- Prior activities and fines related to George Johnson and his companies;
- Utility's discharges of raw sewage into the Queen Creek Wash;
- Utility's illegal storage of sewage sludge on site;
- Utility's harassment of customers through defamation lawsuits;
- Other customer service issues;
- Utility's disregard of Commission Orders;
- Utility's provision of free water to its affiliates; and
- Other illegal transactions, if any, between Utility and its affiliates.

Q. WHAT SHOULD THE COMMISSION DO WITH UTILITY'S RATE INCREASE REQUEST WHILE THE INVESTIGATIONS ARE PENDING?

A. The Commission should not allow any rate increase until it has had the opportunity to evaluate the results of the financial and management audits.

C <u>Utility Should Be Required to Immediately Reduce Its Water Rates and Make Refunds</u>

Q. WHY ARE YOU RECOMMENDING THAT UTILITY BE REQUIRED TO IMMEDIATELY REDUCE ITS WATER RATES AND MAKE REFUNDS?

A. As I discussed above, Utility disregarded a Commission Order to file a rate case by May 1, 2007, using a 2006 test-year. When Utility finally filed this rate case with a 2007 test year, the reason became apparent. Utility was substantially over-earning from its water customers during the 2007 test year, even based on Utility's own calculations. This would have been discovered much earlier, if Utility had filed its rate case when ordered to. Utility almost certainly benefited from this unauthorized delay to the detriment of its customers.

To remedy this, the Commission should require Utility to immediately reduce its water rates to at least the levels Staff proposes in direct testimony. If there is evidence, based on other parties' filings, that the rates should be even lower, then the rates should be reduced even further. Finally, to compensate customers for Utility's delayed filing, the Commission should order that Utility refund all charges made in excess of those levels, retroactive to January 1, 2007.

D Utility Should Be Required to Refund Its Illegal Superfund Tax Collections

Q. WHY ARE YOU RECOMMENDING THAT UTILITY SHOULD BE REQUIRED TO REFUND ITS ILLEGAL SUPERFUND TAX COLLECTIONS?

A. As of March 4, 2002, Utility knew that it could not lawfully charge its customers a tax based on usage. Yet, it apparently disregarded this Commission Order. Utility should be ordered to calculate the amounts collected since March 4, 2002, and make refunds to its customers.

E Utility's Pecan Wastewater Treatment Plant Should Not Be Included in Rate Base

Q. WHY ARE YOU RECOMMENDING THAT UTILITY'S PECAN WASTEWATER TREATMENT PLANT NOT BE INCLUDED IN RATE BASE?

A. Commissioner Mundell recommended that the Commission closely scrutinize this plant. The NOVs have still not been resolved, even one year after the test year. It should be

disallowed until Utility's next rate case, where Utility would have the opportunity to demonstrate that the plant is no longer a threat to public safety.

F Utility Should Be Required to Dismiss All Pending Defamation Lawsuits against Its Customers, and Pay All of Their Court Costs and Legal Fees

Q. WHY ARE YOU RECOMMENDING THAT UTILITY BE REQUIRED TO DISMISS ALL PENDING DEFAMATION LAWSUITS AGAINST ITS CUSTOMERS, AND PAY ALL OF THEIR COURT COSTS AND LEGAL FEES?

A. Utility is using the courts to intimidate its customers. I am not aware of any other Arizona utility that has ever filed a defamation lawsuit against a customer. Yet Mr. Johnson has sued at least three customers for defamation, as well as filing a defamation lawsuit against the Arizona Attorney General.

It is a huge expense, both in time and money, to defend against a lawsuit, even one that is frivolous. The Commission needs to stop any practice designed to intimidate customers from speaking out against their monopoly utility provider. The Commission needs to hear from any of Utility's customers who feel they have been wronged, and needs to order Utility to dismiss all pending defamation lawsuits against its customers, and pay all of their court costs and legal fees.

G Utility Should Be Fined for Its Blatant Disregard of Its Public Service Obligations, Environmental Laws, and Explicit Commission Orders

Q. WHY ARE YOU RECOMMENDING THAT UTILITY BE FINED FOR ITS BLATANT DISREGARD OF ITS PUBLIC SERVICE OBLIGATIONS, ENVIRONMENTAL LAWS, AND EXPLICIT COMMISSION ORDERS?

A. Fines are clearly warranted for Utility. The Commission needs to send a clear message to Utility that it cannot continue to incorrectly charge customers, disregard Commission Orders, and endanger the public health and safety. But I caution the Commission to remember that neither Mr. Johnson nor the Utility's behavior appear to be impacted by

fines. However, the fines assessed against the Utility could be used to help fund the independent audits, and/or aid the customers of Utility that have been overcharged. Fines may set an example for other utilities, but if the goal is to change Mr. Johnson's behavior, and ultimately protect the public interest, the action most likely to make a difference is to revoke or suspend his CC&N.

H Utility Should Be Penalized with a Reduced Rate of Return on Equity

Q. WHY ARE YOU RECOMMENDING THAT UTILITY BE PENALIZED WITH A REDUCED RETURN ON EQUITY?

A. In addition to imposing fines, the Commission should penalize Utility by reducing the allowed rate of return on equity when new rates are set. This may be a rare penalty, but the Utility's behavior is unprecedented.

I Following 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

Q. WHY ARE YOU RECOMMENDING THAT, FOLLOWING THE COMPLETION OF THE INDEPENDENT MANAGEMENT AND FINANCIAL AUDITS, THE COMMISSION REQUIRE THAT UTILITY DEMONSTRATE WHY IT SHOULD NOT SURRENDER ITS CERTIFICATE OF CONVENIENCE AND NECESSITY?

A. There seems to be substantial evidence that Utility's management should not be allowed to continue running the Utility as it has been in the recent past. However, before making this determination, the Commission should be able to consider the findings of the financial and management audits and Utility's responses. This could be done during a second phase for this case.

J The Commission Should Bifurcate this Case into Two Phases

Q. HOW SHOULD THE COMMISSION HANDLE THE BALANCE OF THIS CASE?

A. Because of the apparent over-earning, Utility would clearly benefit from, and customers would be harmed by, any delays in the case needed to allow the financial and management audits to proceed. On the other hand, the Commission and Utility's customers will just as clearly benefit if the auditors are provided as much time as necessary to complete their tasks. To protect customers, I recommend a two-phase procedure for the balance of this case.

Q. HOW WOULD THE TWO-PHASE PROCEDURE WORK?

A. In Phase I, the Commission would set water rates and determine the amount of refunds due customers for Utility's overcharges, including the illegal Superfund charges. The Commission would also Order the financial and management audits. Finally, the Commission would Order Utility to dismiss all pending defamation lawsuits against its customers and pay all of their court costs and legal fees.

In Phase II, the Commission would:

- Evaluate the results of the financial and management audits;
- Determine the amount of any fines to be paid by Utility;
- Determine whether to reduce Utility's allowed rate of return on equity;
- Set new wastewater rates (and new water rates if the ROE is reduced); and
- Determine whether Utility should show cause that it is a fit and proper entity to continue holding a CC&N.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

3.3 Please identify the members of Johnson Utilities LLC.

Response: The members of Johnson Utilities are The George H. Johnson Revocable Trust and Connorg, LLC.

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

3.4 Please admit or deny that George Johnson acts as the Chief Executive of Johnson Utilities LLC. If your answer is "deny," please explain your answer.

Response: Mr. Johnson owns the majority interest in Johnson Utilities, LLC, which gives him ultimate decision-making authority for the company.

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

3.5 Please admit or deny that Utility's affiliated entity and/or George Johnson filed a defamation lawsuit or counterclaim against Arizona Attorney General Terry Goddard and/or his office.

Objection: Johnson Utilities objects to this data request on the grounds that legal actions filed by affiliates of Johnson Utilities and/or George Johnson are not relevant to the rate case and are outside the scope of discovery. Johnson Utilities further asserts that legal pleadings filed in courts of law are public documents which speak for themselves.

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

ADEQ Arizona Department of Environmental Quality **News Release**

1110 West Washington Street • Phoenix, Arizona 85007 • http://azdeq.gov

DATE: Dec. 20, 2007
CONTACT: Mark Shaffer, Director of Communications, (602) 771-2215

ADEQ Director Owens, Attorney General Goddard Announce Record $12.1 Million Civil Environmental Settlement

PHOENIX (Dec. 20, 2007) – Arizona Department of Environmental Quality Director Steve Owens and Attorney General Terry Goddard today announced a $12.1 million civil environmental settlement, the largest in state history.

The settlement resolves a 2005 lawsuit brought against land developer George H. Johnson, several of his companies, excavation contractor Jack McCall, 3F Contracting, Inc. and Preston Well Drilling. The defendants agreed that the State would be paid $12,111,500 to resolve all claims in the case.

"This record-setting settlement reflects the importance of this case," Director Owens said. "We felt strongly that serious violations of the law had occurred."

Johnson and his companies have agreed that the state will be paid $7 million; 3F Contracting, Inc. has agreed the state will be paid $5.05 million; and Preston Well Drilling has agreed the State will be paid $61,500.

The 2005 lawsuit -- which the Attorney General brought on behalf of ADEQ, the Arizona State Land Department, the Department of Agriculture, the Arizona State Museum and the Arizona Game and Fish Commission -- charged the defendants with numerous violations of state law and destruction of natural and archeological resources, including:

- Bulldozing and clearing of nearly 270 acres of State Trust Lands located in and near the Ironwood National Monument and the Los Robles Archeological District.
- Bulldozing and clearing an estimated 2,000 acres of private lands in the Santa Cruz River Valley without obtaining permits required by state law.
- Destroying portions of seven major Hohokam archeological sites, circa A.D. 750-1250.
- Destroying more than 40,000 protected native plants on State Trust Lands, including Saguaro, Ironwood, Mesquite, Palo Verde and other protected species.
- Violating the state's clean water laws by failing to secure required permits and discharging pollutants into the Little Colorado River, the South Fork of the Little Colorado River and tributaries of the Santa Cruz River.
- Negligently causing a disease epidemic that resulted in the death of at least 21 rare Arizona desert bighorn sheep and serious injury to numerous others.

"We are committed to enforcing our environmental and heritage protection laws to preserve the priceless resources that make this state unique," Attorney General Goddard said. "This resolution sends a strong message to anyone who would despoil our heritage."

Exhibit SSR-3

PHOENIX
MAGAZINE

PRINT

DISSECTING ARIZONA

Author: Jana Bommersbach
Issue: February, 2008, Page 130

THOUSANDS OF SAGUAROS UPROOTED. DOZENS OF BIGHORN SHEEP KILLED. RIVERS RAVAGED. GEORGE H. JOHNSON HOLDS THREE STATE RECORDS *THAT BEG THE SAME QUESTION:* IS HE THE WORST DEVELOPER IN ARIZONA?

Illustrations by Gilbert ford

If it's three strikes, you're out, then Scottsdale developer George H. Johnson has struck out, leading the league with the dubious distinction of one of Arizona's most rogue developers.

It's a pretty outrageous title in a state known for bad developers, but both state and federal officials say he stands above them all.

In December, the State of Arizona – where an unprecedented five state agencies were suing him – settled with Johnson for a record repayment for despoiling state land, damaging a southern Arizona river and creating havoc in one of America's newest national monuments.

Although the settlement includes the caveat that Johnson makes no admission of liability, it also provides that he repay the state agencies $7 million. Earlier, the bulldozer company he hired, 3F Contracting Inc., agreed to settle for $5.05 million, making this $12.05 million settlement the largest civil environmental recovery by state agencies in the history of Arizona, officials say.

But this wasn't the first time, or even the second, but the third time Johnson has made state history by paying the largest fines ever assessed against a developer. And his troubles aren't over yet. The Environmental Protection Agency has a massive lawsuit against him that stands out for the enormity of what it charges he did to the Santa Cruz River.

Just what in the world did this developer do to bring such heavy weights down on his head?

In a blog he's been writing for two years called The Johnson Report, Johnson asserts his innocence and contends officials have targeted him unfairly. He says Arizona media have portrayed him in a bad light, making him out to be a monster that he's not. It's "as if Atilla (sic) the Hun were let loose upon Arizona," he writes.

Officials say developer George Johnson has done the most dastardly things to Arizona. They say he trespassed on state and federal land – including land in one of America's newest national monuments – and bulldozed some 270 acres without permission. They call it "moonscaping," saying his work "resembles the *aftermath of a nuclear blast*" or "*looks like an unpaved parking* lot."

They say that without any of the required permits, he did the same thing to another 2,000 acres, which he first claimed to be "ranching" then said he was using it to build the state's eighth largest city with some 67,000 homes for 175,000 people.

They say he caused "irreparable damage" to seven archeological sites on state trust lands owned by the people of Arizona, including more than one-third of a 110-acre Hohokam Village that was active from 750 to 1250 A.D.

They say he polluted and diverted the Santa Cruz River, wiping out a wetland area for the endangered pigmy owl and causing flooding on Indian land downstream.

They say he caused the injuries and deaths of at least 21 protected Arizona desert bighorn sheep in a bizarre attempt at farming that proved he didn't know the difference between cattle pens and pens for much smaller goats (the sick animals escaped and invaded a national preserve, causing havoc in Arizona's largest bighorn herd).

All of this happened in southern Arizona near the small town of Marana. But no matter how small the town, it happened in a state where few people – especially a developer who's been in business more than 30 years – can claim ignorance of Arizona's efforts to protect the desert.

The state says Johnson may have bulldozed thousands of saguaro cactuses without acquiring a single permit to move the plants (each saguaro carries a $10,000 fine per plant for being uprooted).

Even a popular children's book, Deserts, by Nancy Castaldo, notes spells out that this is a no-no: "Efforts to protect saguaro cacti and other native plants from collecting and damage have led to laws in Arizona that require individuals to obtain a permit from the state to remove or relocate any native plant on their property. This even holds true for property owners who want to move a cactus from one end of their property to the other."

The land, called La Osa Ranch, is part of a national plan to preserve habitat while accommodating development called the Sonoran Desert Conservation Plan.

Officials for several Arizona oversight agencies were so disgusted with what they say Johnson did, that in February 2005, Attorney General Terry Goddard filed an unprecedented suit against him on behalf of five state agencies: the Department of Environmental *Quality, the Land Department,* the Game and Fish Commission, the Agriculture Department and the Board of Regents on behalf of the Arizona State Museum.

"I don't think we've ever had a case [against a developer] involving multiple agencies," Goddard says.
But Arizona isn't alone in accusing Johnson of breathtakingly bad acts. The Environmental Protection Agency is also suing him in a case that could mean tens of millions of dollars in fines and the demand that he restore the Santa Cruz River to its original state.
"This is a big clean water case for us," says Jessica Kao, an attorney for the EPA's regional office in San Francisco, which monitors activity in Arizona. "This type of lawsuit is not unusual, but the scope and seriousness of the case makes this stand out."
What else stands out is that this isn't the first time Arizona officials have been enraged about Johnson's approach to development. Before he ever touched La Osa Ranch, Johnson had already made Arizona history for unsavory development with his "Johnson Ranch" project in the southeast Valley.
For that project, Johnson received the largest fines ever imposed by two different state agencies. In 2003, the Department of Environmental Quality fined him $80,000 after finding that he had drilled three illegal wells and pumped water without any groundwater rights – an activity that is strictly governed and requires permits from the State of Arizona.
At the same time, the Department of Water Resources fined him $90,000 for what they've called a "massive discrepancy" on the groundwater used for Johnson Ranch. Johnson is supposed to replace all the groundwater he uses at the ranch, but the reports don't add up, and it appears he's using far more than he's replacing, according to the department. Company officials say the problems were simply oversights or paperwork errors and promised to fix everything.

Left: May 2002
Right: June 2004

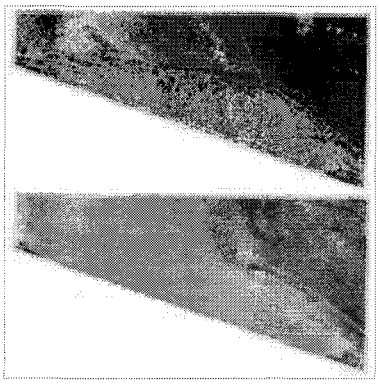
May 2002

George Johnson turned down an interview request from *PHOENIX magazine, but his side of the* story is available on The Johnson Report, the blog he's been keeping since 2006 (thejohnsonreport.com).
In thousands of words, he rails against Arizona's "fabricated case" against him and claims he is being singled out.
He also believes his Johnson Report is a potent force and that it is scaring state officials into realizing "they made a grave mistake in starting this fight."
Johnson maintains he did nothing wrong. For instance, when accused of destroying native plants, he writes, "The state is under the impression that every rancher and entity in Arizona asks permission to trim trees and clear brush on private land."
When accused of blading over thousands of acres, he writes, "The state is still having trouble accepting the fact that clearing pastures is standard ranching practice."
And when told that Arizona has 250 witnesses ready to testify against him, he chides that the state is looking for more "dirt" on him and wonders why they'd need more if they already had so much.
"Sounds like desperation to me," he writes.
Johnson originally responded to the state lawsuits by countersuing Arizona. He demanded it drop the suits and sought $33 million in damages, claiming the charges were nothing but a "get George Johnson campaign." His complaint stated: "The individual defendants have intentionally denied Mr. Johnson equal protection under the law by treating him as a class of one and subjecting him and his business entities to a punitive enforcement scheme not endured by other persons or entities in Arizona."
The countersuit was ultimately dismissed in December as part of the settlement. So was a suit Johnson filed against Attorney General Terry Goddard and his wife Monica, claiming Goddard "defamed" him when he announced the lawsuit as "wanton destruction of Arizona's heritage resources."
Goddard claimed he had "absolute immunity" from such suits in carrying out the duties of his office. The Arizona Republic's editorial page weighed in on Johnson's counterattack, arguing the state's top lawyer has "an absolute need to speak freely" about suits he files.
Johnson said in his blog that he has been mostly misunderstood. "I have lived in Arizona all my life," he said in his first blog entry on July 1, 2006. "I love this state as my father before me loved this great state. I have been in business here all my life and have made many contributions to this state, some of which I am proud to say bear our family name."
But he bemoans that the Arizona lawsuit has left nothing but a negative impression of him. "My business activities have come under scrutiny for a number of reasons, and the papers write about these events as if Atilla (sic) the Hun were let loose upon Arizona."
Mention the La Osa Ranch story to anyone and you'll find they're speechless about the enormity of the destruction there. Some say they still can't believe this could have happened – not in this day and age, not in broad daylight, not even in a state that has a sordid history of development.
For a long time, it seems Arizona developers didn't much care how the state grew, just that it grew – that they could overcome an unforgiving desert and turn millions of acres of real estate into something of value.

The development boom came after air-conditioning was developed around World War II. Soldiers who had trained at air bases that once book-ended the Valley made good on their vows to return if war didn't claim them. Construction became Arizona's sixth "C" – joining the legendary five staples of Arizona's economy (copper, cattle, cotton, climate and citrus) – and entire towns were built.

Phoenix went from a small town of 48,000 in the 1930s to the nation's fifth-largest city today. Communities throughout the state grew and grew.

By the 1970s, Arizona scandalized the nation with sweeping incidents of land fraud. Thousands of "investors" found they hadn't bought a piece of paradise but a chunk of raw desert without water, roads, power or the possibility of habitation. It was painfully obvious that this kind of rip-off reputation wasn't good for business, and there was a growing outcry – both from outside the state and from within – that careless development was going to soil the sandbox for everyone.



Above: May 2002
Below: June 2004

So Arizona began the serious task of passing laws and regulations – grading, drainage, land-use planning, hillside ordinances, water assurances, master plans – to overcome the negative image.

Development – a major economic engine in the state – can be found in all forms today. Some developers build look-alike houses mile upon mile while some attempt to create more unique "neighborhoods" that attempt to stand out among the crowd. One or two are even building sterling reputations as sensitive, environmentally friendly developers.

By any measure, Johnson's La Osa Ranch ranked at the bottom of Arizona development. His land sat near the small town of Marana, just north of Tucson in southern Arizona, close to the Pinal and Pima county lines. It also was near the Ironwood Forest National Monument and the Los Robles Archaeological District – both protected, restricted areas meant to be kept in pristine condition.

In addition, it was within striking distance of military flight patterns and helicopter training facilities of the Western Army National Guard Aviation Training Site.

This open desert north of Tucson is one of the ripest spots in the state for development. A dozen massive subdivisions have been approved, promising to bring nearly 200,000 housing units with a half-million new residents to an area that's currently considered rural.

The Town of Marana pays incredible attention to all this development, watching through satellite imagery just how its land is changing. The town even employs a satellite analyst, Chris Mack, and it was he who first noticed what was going on at La Osa Ranch.

As he told *Government Technology magazine* in 2005: "We started hearing in December 2003 through various environmental groups of this proposed La Osa Ranch development and some of the allegations of illegal land clearing. I looked to see if our imagery covered the area and, at that time, we had two dates of imagery – May 2002 and May 2003. I spotted the site in question fairly readily because there was a start of land clearing activities, and you could see bulldozer tracks in the area of interest."

By 2004, the extent of the damage could clearly be seen from space, Mack adds, and as the magazine described, the images resembled "a lunar landscape or the aftermath of a nuclear blast."

In the pictures he gets from space, Mack knows that vegetation shows up as red while dirt shows up as gray. In the first pictures he had, La Osa Ranch was awash in red. By 2004, there wasn't a bit of red to be seen on the entire 2,270 acres. The land had been "scraped clean" of some 40,000 native plants, including thousands of state-protected saguaros, the state's lawsuit says.

The state trust lands – held in trust for the benefit of the state's public school system – along the western border of Johnson's property are within the boundaries of the Ironwood Forest National Monument, established in 2000. The suit notes President Bill Clinton's observations about this land when he gave it federal status:

"The landscape of the Ironwood Forest National Monument is swathed with the rich, drought-adapted vegetation of the Sonoran Desert. The monument contains objects of scientific interest throughout its desert environment. Stands of ironwood, palo verde and saguaro blanket the mountain floor beneath the rugged mountain ranges, including the Silver Bell Mountains.... The desert bighorn sheep in the monument may be the last viable population indigenous to the Tucson basin."

In addition, the state notes that portions of the land "are so rich archaeologically that they have been designated on the *National Register of Historic Places* as within the 'Los Robles Archaeological District.'"

In all, this district includes 119 sites that once represented "a large and successful hub of trade, manufacture, agriculture and ritual/political life" of the Hohokams. While most Hohokam sites around Arizona have disappeared, this area "has survived almost intact, and thus offers a unique opportunity to study all the levels and components of Hohokam community life," the state notes.

When Johnson bought the land for his company, it was designated in Pinal County's comprehensive plan as "development sensitive" and "rural." He soon asked that its zoning be changed to "transitional," and on October 15, 2003, he submitted a detailed plan for a Planned Area Development (PAD), which included 67,000 homes, a resort, golf courses and businesses. Basically, it was supposed to be a city twice the size of Flagstaff.

Some saw it not as a planned community but as a "sprawl city" that would damage the area and eventually force the closure of the military installations nearby. When Johnson was confronted with this opposition, he argued that Pinal County would be "illegally" taking his property without compensation if it denied him the zoned he wanted.

Not so fast, the state's largest newspaper said, with an editorial titled, "Sorry, George, That One Won't Fly." The Arizona Republic reminded him that he didn't have a right to new zoning. "That's

why the whole procedure is called a zoning 'request,' not a zoning 'guarantee,'" the editorial chided.
None of the opposition seemed to stop Johnson, according to the state.
"Johnson International's requests to Pinal County generated considerable public concern and/or opposition," the suit contends, "including concerns about the impact that the proposed development may have on the adjacent Ironwood Forest National Monument, the archeological sites within the Los Robles Archeological District, the Santa Cruz River, the area's riparian habitat, the bighorn sheep in the Silver Bell Mountains, areas of religious and cultural significance to native Americans, and endangered species such as the Pygmy Owl.
"Nevertheless... even as Johnson International's requests were being considered, Defendants already had bulldozers and other earth moving equipment clearing and leveling substantial portions... of the proposed development, trespassing on State Trust Lands, destroying protected native plants, filing in water courses, discharging pollutants, irreparably damaging ancient and historic archeological sites, and otherwise ignoring numerous laws applicable to developers in their position."

Photo courtesy of Arizona Desert Bighorn Sheep Society, Dave Pence

"I haven't seen a lot of George Johnson types," says attorney Mike Smith of the National Trust for Historic Preservation. "He is one of the more prolific bad actors."
Smith, speaking from his office in Washington, D.C., says his national group got involved in the controversy because Johnson's land was so close to a national monument.
"There's something more universal about George Johnson and what he represents, especially in an area like Arizona where there are a tremendous number of unidentified cultural resources," Smith says. "It seems his approach as a developer is, he just does it and deals with the repercussions later. That usually means fines. That approach is unacceptable."
It's not uncommon for development and protected sites to clash, he notes, but there's a way to deal with that, and that's by acquiring permits needed to make major changes on land.
"Usually a developer is going through the permit process, and that's how we discover problems," Smith says. The permits spell out the intended changes on the land, and that's when officials can debate with developers about what's acceptable.
This case was so different because, although Smith says the law is clear that Johnson needed permits, he not only didn't have them, he didn't even apply for them.
Johnson first contends in his reply to the state lawsuits that he didn't need permits to do his "ranching and farming" activities – noting this property has been ranchland for hundreds of years – but he also maintains the grading was a "mistake" by a subcontractor and not his fault.
Carolyn Campbell is one of the environmental leaders of southern Arizona that sounded an alarm about George Johnson. She heads the Coalition for Sonoran Desert Protection and has worked for years to hammer out a compromise with developers in southern Arizona to respect the land. The landmark Sonoran Desert Conservation Plan, adopted in 1998, has been recognized nationally as a smart and effective way to preserve both habitat and threatened species while accommodating new development.
Campbell also was instrumental in getting the federal government to create the Ironwood National Monument. "It was a big deal to us getting 129,000 acres as a national monument," she notes.
So she took particular interest in what Johnson was doing.
"It wasn't much fun working with him," she says in a telephone interview. "After seeing some of the things George Johnson did on the land, it is hard for me to see any of them as accidental. Who bulldozes a river by accident? Without a permit? Who puts in a concrete culvert by accident? How can you not know? I watched him in public meetings and how he treated everyone – my mouth was wide open that anybody could be that insensitive. He wouldn't meet with us. We tried, but he dismissed any environmental concern."
Campbell adds, "I've worked with a lot of developers in Pima County. From small to big, the whole gambit. And I haven't worked with someone like him. Maybe that's how they grow them in Phoenix. Hopefully, I'll not have to deal with someone like him again."

Then there's what George Johnson did to Arizona's largest herd of bighorn sheep – owned by the citizens of Arizona – and the horrible suspicion that it wasn't an "oops" mistake.
The state's lawsuit lays it out in dry, legal terms: "Upon information and belief, during August–December 2003, Defendants caused between four and five thousand domestic goats to be located on the La Osa Project.... At all times relevant hereto, Defendants knew or should have known that there was a herd of desert bighorn sheep that ranged in or around the Silver Bell Mountains, southwest of the La Osa range. Defendants further knew or should have known that domestic goats can directly transfer certain diseases to desert bighorn sheep."
Johnson knew all of this, the suit contends, because the grazing lease he had with the state of Arizona specifically states: "To protect desert bighorn sheep: No domestic sheep or goat grazing will be authorized on public lands within nine miles surrounding desert bighorn sheep habitat."
The La Osa range is within nine miles of the Silver Bell Herd, the suit notes.
Brian Dolan, the president of the Arizona Desert Bighorn Sheep Society, remembers a more horrifying version of what happened when George Johnson decided to "raise goats" on the "ranch"

he was trying to develop into thousands of houses.
"He brought in several hundred diseased domestic goats from Texas and put them in a private pasture near Ironwood," Dolan recalls. He says Johnson had barbed-wire fence that was inadequate – it was meant for cattle, not goats. Several hundred diseased goats escaped and trespassed into lands managed by the state and federal Bureau of Land Management.
"They infected the bighorn with two diseases," he says. "One caused temporary or permanent blindness. The other was a viral disease that creates open sores. A number of bighorns died, probably one-fourth or one-third of the herd [an estimate of 75 to 100 animals overall]. I saw some pretty disturbing video of blinded sheep running head-on into saguaro cactus. It was like watching sheep commit hari-kari."
Dolan says it took two months of complaining about the goats getting out of the flimsy pens before anything was done. Johnson told him he was sending out "cowboys" to round up the goats, but they weren't getting rounded up. Dolan says he regularly called the BLM, Game and Fish, and Johnson with his concerns.
"It was so frustrating to me," Dolan says. "The whole time everybody thought it would go away. Finally, even Johnson himself realized the problem and said, 'go out and shoot them.' It took six to eight weeks to kill all the goats."
By then, the infections had set in and sheep were dying. "It was just unbelievable," Dolan says. Game and Fish officials arrived in helicopters, trying to land on the rugged mountains to get vaccines to the sick bighorns. "It was at great expense and a great difficulty," Dolan adds. "One guy broke his hand. They had to jump out of the helicopters to get to the sheep. It was pretty difficult."
In all, the state charges, despite their efforts to provide medical care, at least 49 sheep suffered "serious symptoms" including blindness, scabbing and bleeding of the mouth. At least 21 died "from malnutrition, falling from the steep terrain or the inability to evade predators."
Environmentalist Carolyn Campbell says she got very suspicious about those goats when Johnson was warned that the bighorn sheep herd near his land was "an issue" in considering his proposed development. She remembers this: "Mr. Johnson said, 'Don't worry about the bighorn sheep, they will not be an issue.' What does that mean? I have to think this wasn't a whole series of accidental 'oops.'"

Dolan verbally recoils at the thought: "God, I hope it wasn't on purpose – that would be too diabolical. But it wouldn't surprise me that the reason the goats were out there was not for legitimate reasons. Maybe for a tax scheme. Johnson isn't a livestock owner, he's a developer."
Dolan says he has never seen anything like this and hopes he never will again.
"This is the first time we've had problems with such carelessness," he says. "The goats were put there in such a careless fashion, and when they escaped there was a reckless response. If it occurred again, I'd be more tenacious in demanding a more expedient response."
Dolan had already been deposed and was ready to testify had the state's lawsuits gone to trial. He says he'll always remember this as "a real mess."
Also ready to take the stand – in fact, the first witnesses the attorney general's office intended to call – was Bruce Babbitt, the former governor of Arizona and a former secretary of the interior. He counts getting the National Monument status for Ironwood as one of his proudest achievements.
Meanwhile, Johnson was denied his rezoning request on La Osa Ranch and has since sold the land.
The civil suit didn't seek a specific amount of damages but asked the court to impose fines as required by law – sometimes seeking triple damages and punitive damages. For the water-quality issues alone, the state was asking for $25,000 per day for violations that spanned a couple of years.
The suit had gotten strong editorial support from The Republic. "We hope the state prevails and that the final tab is hefty," it said in a February 20, 2005 editorial. "Not just to penalize Johnson and his associates, although the actions described in the lawsuit richly deserve punishment. But in a state where growth is king, this legal action sends an important message that developers can't flout the rules without consequence.
"They can't write off environmental damage as a cost of doing business. And they can't violate our heritage."
Now, in an entirely separate situation, the Environmental Protection Agency (EPA) wants tens of millions of dollars from Johnson.
In November 2005, it filed a massive suit charging that Johnson and two of his companies violated the federal Clean Water Act by filling more than 100 acres of the Santa Cruz River and its tributaries with dirt and debris during 2003 and 2004.
The EPA says he stripped stretches of the riverfront, including one of the river's last mesquite bosquets in one of the Sonoran Desert's wettest riparian forests.
It was devastating destruction, the agency says, so it sued to force Johnson not only to "restore" the area – a job that would cost millions – but also fined him up to $32,500 for every day the law was broken and the damage lasted.
If the courts find a single violation that lasted a year, the fine would top $10 million. But the EPA is not charging there was just one violation. Its officials tallied violations for each time a bulldozer dumped dirt in the river. They say the damage could have spanned nearly two years.
Johnson has called the suit "baseless" and denies the claims, saying whatever grading was done was in an isolated wash, not in the river or a tributary. He also contends the wash fails to meet federal standards as a navigable stream that would bring it under the reaches of the Clean Water Act.
A prepared statement in response to the suit reads: "It is preposterous to say that a small wash in the middle of the Sonoran Desert is a navigable water."
Kao, the EPA attorney in San Francisco, says the suit is in the discovery stage and no court date has been set as of press time. It could be years before the case ever gets to court.
These days, the land called La Osa Ranch lies silent, looking like a swath of dirt from outer space. Native grasses and plants are attempting to grow back along the Santa Cruz River, as desert plants have done for centuries in a climate where weaker varieties wouldn't even try.
Will the record $12.05 million settlement against Johnson alert other developers that the State of Arizona is serious about reining in outrageous behavior and protecting its land?
Terry Goddard would tell you he certainly hopes so.

Exhibit SSR-4

Department of Justice

FOR IMMEDIATE RELEASE
Tuesday, October 7, 2008
WWW.USDOJ.GOV

ENRD
(202) 514-2007
TDD (202) 514-1888

Arizona Developer Agrees to Settle Clean Water Act Violations Along the Santa Cruz River

WASHINGTON — An Arizona land developer and a contractor have agreed to settle alleged violations of the Clean Water Act for bulldozing, filling, and diverting approximately five miles of the Santa Cruz River, a major waterway in Arizona, the Justice Department and U.S. Environmental Protection Agency announced today.

According to the settlement, Scottsdale, Ariz.-based developer George H. Johnson, his companies Johnson International, Inc.; and General Hunt Properties, Inc.; and land-clearing contractor, 3-F Contracting, Inc. will pay a combined $1.25 million civil penalty. The penalty is the largest obtained in the history of EPA's Pacific Southwest Region, and one of the largest in EPA's history, under Section 404 of the Clean Water Act, which protects against the unauthorized filling of federally protected waterways through a permit program administered jointly by EPA and the U.S. Army Corps of Engineers.

The settlement resolves a Clean Water Act complaint filed in 2005 by the Justice Department and EPA against Johnson and his companies for clearing and filling an extensive stretch of the lower Santa Cruz River and a major tributary, the Los Robles Wash, without a permit from the Corps of Engineers.

"A seven-figure penalty in this type of enforcement case is virtually unprecedented," said Ronald J. Tenpas, Assistant Attorney General for the Justice Department's Environment and Natural Resources Division. "It underscores the Justice Department's commitment to enforce the nation's laws that protect valuable water resources in Arizona and other arid western states, and to hold violators of those laws accountable."

"The Santa Cruz River is a gem in Arizona's crown, as it flows from Arizona to Mexico back into Arizona, sustaining life, habitat for animals and plants, and providing so many benefits for residents of southern Arizona," said Alexis Strauss, director of EPA's Water Division for the Pacific Southwest Region. "This settlement reflects both the strong emphasis EPA places on protecting this important watershed and the seriousness of the alleged violations."

"Today's action contributes to EPA's record-shattering enforcement results," said Granta Nakayama, assistant administrator for EPA's Office of Enforcement and Compliance Assurance. "To date, EPA has concluded enforcement actions requiring polluters to spend an estimated $11 billion on pollution controls, clean-up and environmental projects, an all time record for EPA. After these activities are completed, EPA expects annual pollution reductions of more than three billion pounds."

The alleged violations occurred in 2003 and early 2004, when defendants bulldozed 2000 acres of the historic King Ranch and La Osa Ranch in Pinal County, Ariz. The bulldozed areas lie within the largest active floodplain of the lower Santa Cruz River, which meanders through the two ranches in natural braids, a rarity for this heavily channelized waterway. Prior to defendants' land-clearing activities, this stretch of the Santa Cruz River supported a rich variety of vegetation, including one of the few extensive mesquite forests remaining in Arizona's Sonoran Desert region. These areas form a critical corridor for wildlife to move along the Santa Cruz River and from Picacho Peak State Park to the Ironwood Forest National Monument.

The case was referred to EPA by the Corps of Engineers after concerned citizens, tribes, and local, state and federal agencies complained about the serious flooding dangers and ecological impacts in connection with defendants' land-clearing activities. The Johnson defendants sold the ranches in 2004.

The proposed consent decree, lodged in the U.S. District Court in Phoenix, is subject to a 30-day comment period and final court approval. A copy of the proposed consent decree is available on the Justice Department Web site at www.usdoj.gov/enrd/Consent_Decrees.html.

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08-902

Exhibit SSR-5

Tribune
EAST VALLEY · SCOTTSDALE

June 11, 2008

ACC members pursue probe into Q.C. sewage spills

By Sarah Boggan
Tribune

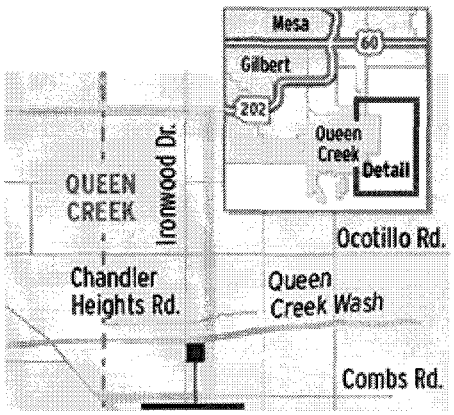
A sign posted on a fence blocking access to the Queen Creek Wash warns of the presence of E. coli in the water in the wash in Pinal County near Queen Creek.

Tribune

Some Arizona Corporation commissioners are calling for a prompt and thorough investigation of Johnson Utilities after state environmental officials said the company is operating a water reclamation plant at half the capacity it should be.

Probe cites Johnson Utilities in sewage spill [http://www.eastvalleytribune.com/story/117978]
Johnson Utilities must post warnings near spill [http://www.eastvalleytribune.com/story/117230]
Raw sewage spill irks Pinal residents [http://www.eastvalleytribune.com/story/116767]

Commissioner William Mundell said in a letter to other commissioners Tuesday that he is "deeply troubled" by actions at the plant that led to two sewage spills, sending more than 10,000 gallons of raw sewage into Queen Creek Wash and an adjacent neighborhood. He is worried the spills could lead to health and safety issues for residents.



"The company has a lot of explaining to do," he said.

Calls to Johnson Utilities went unreturned Wednesday. Employees said Vice President Brian Tompsett was on vacation and unavailable.

Mundell, who wants to schedule a special open meeting on the matter, said the capacity issue cited last week in an Arizona Department of Environmental Quality violation notice for the two May spills, "raised red flags."

Last week's DEQ notice said several state laws were violated, but one stood out to Mundell. The violation showed Johnson Utilities did

not abide by the 2004 state-approved engineering design that requires two 75 horsepower pumps to be used at the company's Pecan Water Reclamation Plant. At the time of the spills, the company only had two 35 horsepower pumps operating at the station. Just two years prior to that, the company only had two 20 or 25 horsepower pumps in place.

"There's a big difference between 75 horsepower pumps and 35 horsepower pumps," Mundell said. "That could have been the major cause of the overflows. I'm deeply concerned about the discrepancy between the (existing) pump size and the pump size listed in the engineering report."

The DEQ notice centered on the company's Pecan Water Reclamation Plant. But the DEQ's file on Johnson Utilities also reveals a long history of environmental violations and systemwide sewage spills, including one in December at the same plant where more than 5,000 gallons of raw sewage was discharged into the wash and Pecan Creek neighborhood. The Scottsdale company, owned by developer George Johnson, serves thousands of customers in the Johnson Ranch area, unincorporated areas of Pinal County to the south and east of Queen Creek and a portion of Florence.

DEQ and county health officials have warned people to stay away from standing water in the wash because E. coli levels found there could be harmful to people. DEQ also requires the company to monitor the E. coli levels.

Commissioner Jeff Hatch-Miller said he was concerned when he initially learned about the sewage spills and continues to worry about the health and safety of nearby residents. He also questions the company's practices.

"I'm asking that an engineer of our own be sent out to verify every aspect of the plant," he said.

Hatch-Miller said once the report is done, commissioners will decide whether a special meeting on the case is necessary.

DEQ officials have also said they plan a thorough look at the plant's operations, saying "the pumps were the most apparent thing."

The notice gives Johnson Utilities until July 5 to install and provide written and photographic evidence of the installation of two 75 horsepower pumps.

Mundell said the company will soon be before the commission for a rate case. He said rate cases can take months and the information the company provided in March was "deemed insufficient" because Johnson Utilities officials did not provide enough details in required reports.

In light of recent events, Mundell said he wants Johnson Utilities to face more scrutiny and has asked for a special open meeting if a rate case cannot be completed quickly.

"A rate case can take months because it's like a trial," he said. "I didn't want the company to control the pace of our investigation. I didn't want to tie the public health and safety issue to the rate case - I want to deal with it immediately so it doesn't happen again.

Mundell said a special meeting would allow the public to speak before the commission, express concerns and ask questions of the company so the commission can get to the bottom of the sewer issues.

Adam Stafford with Mundell's office said the company was ordered to file the rate case because it had never filed one. Records show Johnson Utilities began operations in Pinal County in 1997.

"The commission and the staff want to see what they're up to," Stafford said.

Mundell said the commission would also decide on what, if any, sanctions would be imposed on Johnson Utilities, including restricting the company from being a sewer provider in the future.

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MIKE GLEASON - Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

Exhibit SSR-6

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ARIZONA CORPORATION COMMISSION

Direct Line: (602)542-3935
Fax: (602)542-0752
E-Mail wmundell@azcc.gov

2008 JUN 11 A 11: 05

AZ CORP COMMISSION
DOCKET CONTROL

June 10, 2008

Arizona Corporation Commission
DOCKETED
JUN 10 2008

DOCKETED BY nr

Chairman Gleason
Commissioner Hatch-Miller
Commissioner Mayes
Commissioner Pierce

Re: Application of Johnson Utilities, LLC for an increase in its water and wastewater rates for customers within Pinal County; Docket No. WS-02987A-08-0180

ADEQ Notice of Violation to Johnson Utilities, LLC

Dear Colleagues:

As you know, the Arizona Department of Environmental Quality ("ADEQ") issued a Notice of Violation ("NOV") to Johnson Utilities, LLC on Friday, June 5, 2008. The NOV was issued for the sanitary sewer overflows ("SSOs") from the Pecan Water Reclamation Plant ("WRP") during the weekend of May 17-18.

On page 2 of the NOV, the second alleged violation caught my attention. According to the NOV, the lift station at the Pecan WRP was approved based on an engineering design report that described the installation of two 75 horsepower pumps. However, at the time of the SSOs, 35 horsepower pumps were operating at the lift station. I would like to know why that was the case and if the difference in pumps was a contributing factor to the SSOs.

Johnson Utilities has filed a rate case as ordered by this Commission. While the filing has not yet been found sufficient by Staff, I think that ADEQ's NOV and the Company's response should both be filed in that docket[1], as well as any subsequent documentation regarding the NOV. It is my understanding that the Pecan WRP is not currently in the Company's rate base. However, the discrepancy between ADEQ records and the actual plant raises a red flag in my mind and may justify a higher level of scrutiny of the Company's plant in the rate case.

[1] Docket No. WS-02987A-08-0180.

Depending upon the pace at which the rate case progresses, it may become necessary for the Company to provide answers to this Commission at a Special Open Meeting.

Thank you for your attention to this matter.

Sincerely,

William A. Mundell

William A. Mundell, Commissioner
Arizona Corporation Commission

cc: Brian McNeil
Rebecca Wilder
Ernest Johnson
Lyn Farmer
Janice Alward
Johnson Utilities, LLC
Steve Owens, ADEQ

Exhibit SSR-7

Tribune
EAST VALLEY • SCOTTSDALE

June 27, 2008

Johnson sues 2 San Tan women for defamation

By Sarah Boggan
Tribune

UNSAFE WATER: Water sits at the bottom of Queen Creek Wash outside the Johnson Utilities water reclamation plant on June 17. A sign posted on a fence blocking access to the wash warns of the presence of E. coli in the water in the wash in Pinal County near Queen Creek.

Santan-area residents who have challenged developer George Johnson on the safety of their water and sewer are being sued by his company for defamation.

Residents to protest Johnson Utilities event [http://www.eastvalleytribune.com/story/118801]
Raw sewage spill irks Pinal residents [http://www.eastvalleytribune.com/story/116767]

Pinal County residents Bambi Sandquist and Kristi Fisher were named in a lawsuit filed by Johnson Utilities this week in Pinal County Superior Court. They are accused in the lawsuit of posting defamatory statements about Johnson Utilities on www.newszap.com [http://www.newszap.com]. The Web forum is run by Independent Newspapers of Arizona, which publishes the Queen Creek Independent newspaper.

Their postings were in regard to recent sewage spills from a Johnson Utilities facility that health officials say pose a public health hazard. State environmental and regulatory agencies are investigating the spills.

Sandquist posted that Johnson should pay restitution to people in the spill area, lower his water rates, which are some of the highest in the state, and require his utility to be regularly audited.

The lawsuit alleges Sandquist and Fisher posted pointed comments on the community Web site forum and helped organize a protest of a company "customer appreciation" event by carrying water bottles containing mock contaminated water, hoisting protest signs and distributing fliers to attendees.

The lawsuit says that the women used the Web site to "publicize that they intended to protest (Johnson Utilities) at the event, to disseminate water bottles bearing false and misleading labels, to wear gas masks and to carry baby dolls dyed blue."

Sandquist is also accused in the lawsuit of slandering the company during a recent local news broadcast about the spills that spewed more than 10,000 gallons of raw sewage into Queen Creek Wash and the nearby Pecan Creek development. To illustrate her concern for potential harm to the company's more than

20,000 customers, Sandquist placed a gas mask on a baby doll for the cameras.

"Is this so bad that we have to put gas masks on our children?" Sandquist asked in an interview Friday.

Sandquist said she was surprised by the lawsuit. She didn't think company owner Johnson would "go after the little guy."

Fisher could not be reached for comment Friday.

Arizona State University journalism professor Stephen Doig said the lawsuit treads on new territory.

"What can be said on blogs and boards hasn't been litigated heavily," Doig said. "There's a world of trouble for people who don't understand that when they make potentially libelous utterances on the Internet they can be held liable."

As a public figure, Scottsdale developer Johnson would have a high burden of proof that his reputation has been stained by an effort to deliberately spread untruths on the Internet, he said.

The lawsuit could affect the willingness of residents to publicly talk about the issue, Doig said.

"All it takes is a hundred dollars to file a lawsuit," he said. "All of a sudden that can be a chilling effect when a process server hits a (citizen) with a lawsuit."

Sandquist said her comments on the Internet forum and the television news segment are protected under the First Amendment, and after recent problems with the utilties, residents have rallied to get answers.

Sandquist is encouraging her neighbors to attend an Arizona Corporation Commission meeting next week where commissioners are reviewing an application to expand the area where Johnson Utilities provides water and wastewater service.

Johnson has come under fire from ACC members who have expressed concern that the utility has spilled sewage and that it failed to build certain parts of its infrastructure to state environmental specifications.

Commissioner Bill Mundell said they will take public comments on the issue.

Johnson Utilities Vice President Brian Tompsett could not be reached for comment Friday.

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Exhibit SSR-8

Tribune
EAST VALLEY · SCOTTSDALE

October 28, 2008

State: Utility violating rules on sewage sludge

By Jason Massad
Tribune

Johnson Utilities has been burying potentially dangerous sewage sludge near one of its wastewater treatment plants in violation of state rules, according to environmental regulators.

Johnson Utilities works on disinfecting wash [http://www.eastvalleytribune.com/story/125918]
Johnson Utilities loses in land dispute ruling [http://www.eastvalleytribune.com/story/124789]
Johnson Utilities ordered to clean up wash [http://www.eastvalleytribune.com/story/120975]

Officials with the Arizona Department of Environmental Quality showed up at a Johnson Utilities sewage plant nine miles southeast of Queen Creek in late September on an unannounced inspection that was launched after an anonymous complaint, according to DEQ records.

They found sewage sludge that would fill half a backyard swimming pool. About 34,713 gallons of the sludge was dumped in various trenches that also held construction debris.

Pictures taken at the scene show houses near uncovered trenches that contain sludge at Johnson Utilities Site 11 sewage plant.

The Department of Environmental Quality last week issued two violation notices and listed 15 separate infractions.

The infractions included failure to ensure that the sludge did not contaminate underground water supplies and failure to test the sludge - also called biosolids - for contaminates.

It's not the only time Johnson has run afoul of DEQ this year. The utility spilled raw sewage in May in a portion of Queen Creek Wash, polluting it for several months before it was disinfected.

"Biosolids are a potential human health hazard when not properly managed," wrote Mark Shaffer, spokesman for DEQ in an e-mail. "They are also very high in nutrients that might pollute drinking water supplies."

Sewage sludge is the byproduct of treating sewage and can contain infectious germs, toxins, heavy metals and nitrogen, according to the federal Environmental Protection Agency.

Johnson Utilities has been disposing of the sludge in landfills under a permit issued by DEQ and is not allowed to dispose or bury sludge at the site it was found.

However, in this instance, Johnson Utilities was simply storing sludge from some of the utility's other wastewater treatment plants at the Section 11 facility, said Lee Stein, an attorney with Perkins, Coie, Brown and Bain, which is representing Johnson.

Johnson Utilities was considering an agreement with another company to transport the sludge to be used as fertilizer on low-value crops - a growing, yet controversial trend in the waste management industry, Stein said.

The business venture didn't end up happening, however. Stein said that since the sludge came from other sewage plants and not the Site 11 facility, it didn't violate any state permitting rules.

Federal guidelines define "temporary storage" of sludge as less than two years, Stein's firm wrote in response to DEQ. "The biosolids in question were stored only for a few months earlier this year," says the response.

"I think ADEQ misunderstands ... they were not biosolids that were produced at the facility," Stein said. "There's a distinction between storing solids from this facility and storing solids from other facilities."

The Department of Environmental Quality's first visit to the sewage plant, however, indicated something different.

Gary Larsen, a representative of the utility, showed ADEQ officials where the sewage sludge had been temporarily stored on the site. However, there were no indications that sludge had been stored there, according to ADEQ documents.

ADEQ inspectors asked to be shown an area where sludge seemed to be scattered on the 640-acre property. They found a large trench where concrete and plastic debris as well as sewage sludge had been dumped, the report says.

Inspectors also found a 6-foot-deep pit where they were standing on biosolids that had already been buried with 2 inches to 3 inches of soil.

After Larsen told the inspectors that a utility backhoe was not in service, the inspectors dug six soil samples and could smell the strong odor of sewage.

The samples will be tested for a host of contaminants, although the department's report says they already know the material is sludge.

Inspectors returned to the sewage plant in early October. Larsen told inspectors that Johnson Utilities had retained an attorney and that he couldn't answer any questions.

Stein said that all of the sludge was moved from the facility after the surprise inspection. He said there was no health risk associated with storing the sludge at the site.

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EXHIBIT
SF-41
ADMITTED

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

KRISTIN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

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

SURREBUTTAL TESTIMONY
OF
SONN S. ROWELL
ON BEHALF OF
SWING FIRST GOLF LLC
MARCH 31, 2009

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TABLE OF CONTENTS

	EXECUTIVE SUMMARY	iii
I	INTRODUCTION AND QUALIFICATIONS	1
II	RESPONSE TO MR. BOURASSA	1
III	RESPONSE TO MR. TOMPSETT	4
IV	RECENT EVENTS	6

EXECUTIVE SUMMARY

Sonn S. Rowell testifies as follows:

The prior activities of Mr. Johnson and Utility are unprecedented, and clearly relevant to this rate case. Therefore, I testify the Commission should deal harshly with Utility by approving the nine recommendations I made in my revised direct testimony.

It is a legal issue whether Utility was authorized to delay its rate filing. Swing First can find no evidence that the Commission ever granted Utility's requested delay.

The water division and wastewater division are separate for ratemaking purposes. The Commission will set appropriate rates for each division on a stand-alone basis.

Mr. Bourassa's discussion concerning the Central Arizona Ground Water Replenishment District is misleading. Even so, the water district is still overearning.

Swing First is not advocating retroactive ratemaking. Swing First's recommendations for an immediate rate decrease and refunds are based upon Utility's failure to file its rate case as required by the Commission in Decision No. 68235. Further, based on its annual reports, the Utility should have been aware it was over-earning in 2006.

Swing First asked for information concerning Utility's 2006 earnings. It is Utility's responsibility to establish it was not over-earning and that it should not be required to make refunds for 2006, which was the test year ordered by Decision No. 68235. It seems likely that if Utility could have demonstrated it was not over-earning in 2006, it would have willingly provided that information.

There is no difference between the CAGRD replenishment assessment, and the municipal water delivery system tax, regarding how they should be treated for ratemaking purposes.

Environmental infractions concerning Mr. Johnson and his other companies are relevant because Mr. Johnson was directly involved with these infractions, and he is the same individual who makes Utility's decisions.

On October 20, 2008, ADEQ issued two Notice of Violations, No. 102722 and Notice of Violation No. 103357 concerning Utility's illegal storage of sewer sludge on the site of its Section 11 Treatment Plant.

Ms. Rowell's testimony in this case is based on the unprecedented activities by Mr. Johnson and his Utility. She is not aware of behavior remotely like this by a regulated water or wastewater utility prior to this, so she has never before needed to recommend remedies like the ones she recommends in this case.

Ms. Rowell does not base her recommended disallowance of the Pecan Plant on a site visit or accounting audit. Rather, disallowance is appropriate because this plant has repeatedly malfunctioned, and, according to the Commission, these malfunctions "raise serious concerns regarding public safety." The Pecan Plant may be <u>used</u>, but it is <u>not useful</u> due to repeated malfunctions that endangered public safety.

At the Commission's March 3, 2009, Open Meeting, Utility assured the Commissioners that it had taken a number of steps to ensure that the Pecan Plant sewage discharges had been isolated

incidents that would not recur. However, during the Open Meeting, Utility chose not to tell the Commissioners about February 22, 2009, sewage spills, which were very similar to the contamination incidents in 2008. Utility appears to have intentionally withheld relevant information from the Commissioners about the recent sewage spills in order to gain an extension of territory.

I INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Sonn S. Rowell. I am a managing member of Desert Mountain Analytical Services, PLLC, P.O. Box 51628, Ahwatukee, Arizona 85076.

Q. ARE YOU THE SAME SONN S. ROWELL WHO PREVIOUSLY SUBMITTED TESTIMONY IN THIS CASE?

A. Yes.

Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

A. In my Surrebuttal Testimony, I respond to rebuttal testimony from Thomas Bourassa and Brian Tompsett.

II RESPONSE TO MR. BOURASSA

Q. DID YOU REVIEW MR. BOURASSA'S SUPPLEMENTAL REBUTTAL TESTIMONY CONCERNING YOUR REVISED DIRECT TESTIMONY?

A. Yes.

Q. DO YOU WANT TO CHANGE ANY OF YOUR TESTIMONY AS A RESULT OT REVIEWING MR. BOURASSA'S TESTIMONY?

A. No. Generally, we have an obvious difference of opinion as to the significance of previous activities by George Johnson, the man who controls Utility, and by the Utility itself. We also don't agree as to what the Commission's response should be to these activities. Mr. Bourassa appears to argue that these previous activities are not relevant, and even if they were relevant, the Commission would be powerless to address them as I have recommended. I believe the prior activities of Mr. Johnson and Utility are unprecedented, and clearly relevant to this rate case. Therefore, I testify the Commission should deal harshly with Utility by approving the nine recommendations I made in my revised direct testimony.

Q. MR. BOURASSA DISAGREES WITH YOUR RECOMMENDATION THAT THE COMMISSION ORDER UTILITY TO IMMEDIATELY REDUCE RATES AND PROVIDE REFUNDS TO CUSTOMERS. HAS HE CONVINCED YOU THAT YOU ARE INCORRECT?

A. No. First, I understand it is a legal issue whether Utility was authorized to delay its rate filing. Accordingly, the parties will be allowed to brief this issue. I will only add what I have learned after reviewing the file in Docket No. WS-02987A-04-0889. On March 30, 2007, Utility asked the Commission to delay the May 1, 2007, filing deadline set forth in Decision No. 68235. Again, on October 1, 2007, five months after the rate filing was due, Utility asked the Commission to delay the May 1, 2007, filing deadline. I can find no evidence that the Commission ever granted either request.

Q. MR. BOURASSA CLAIMS THAT UTILITY IS NOT OVEREARNING, TAKEN AS A WHOLE. IS THIS RELEVANT?

A. No. The water division and wastewater division are separate for ratemaking purposes. The Commission will set appropriate rates for each division on a stand-alone basis.

Q. DOES MR. BOURASSA'S DISCUSSION CONCERNING THE CENTRAL ARIZONA GROUND WATER REPLENISHMENT DISTRICT ("CAGRD") TAX PERSUADE YOU?

A. Not at all. The decrease in water revenue is misleading as Mr. Bourassa himself states the CAGRD replenishment assessment (tax) would "pass-through" to customer bills, and also admits "the customer bill would have remained the same for this particular cost". The Commission will ultimately decide if sales tax should remain the sole pass-through tax on customer bills, or if they want to go the direction of line item ratemaking, and allow several kinds of tax to be passed through on monthly customer bills outside of the tariff rates for service. Even if I were to grant his argument, Utility's water operations were still over-earning.

Q. ARE YOU RECOMMENDING RETROACTIVE RATE MAKING?

A. Of course not. My testimony was very clear that I based my argument on Utility's failure to file its rate case as required by the Commission in Decision No. 68235. Further, based on its annual reports, the Utility should have been aware it was over-earning in 2006.

Q. DID SWING FIRST ASK FOR ADDITIONAL INFORMATION CONCERNING UTILITY'S 2006 EARNINGS?

A. Yes. Swing First's data request 3.15 asked: "For the year 2006, please provide a pro-forma income statement for Utility's water and wastewater divisions, in the form of Rate Case Schedule C-1." Utility objected to providing the information:

> Objection: Johnson Utilities objects to this data request on the grounds that it requests information which is not relevant to the rate case. The rate case uses a 2007 test year. For additional information, see the response to data request 3.11 above.

Utility chose to defy a Commission imposed filing deadline. It appears that Utility was over-earning in the year the Commission ordered for Utility's test year – 2006. It is the responsibility of Utility to establish it was not over-earning, and it should not be required to make refunds to customers for that period. It seems likely that if Utility could have demonstrated it was not over-earning in 2006, it would have willingly provided that information.

Q. DO YOU HAVE ANYTHING ELSE TO SAY CONCERNING UTILITY'S APPARENT OVERCHARGING FOR THE SUPERFUND TAX?

A. No. I do not see a difference between the CAGRD replenishment assessment, and the municipal water delivery system tax, regarding how they should be treated for ratemaking purposes.

Q. DO YOU STILL BELIEVE THAT THE PECAN WASTEWATER TREATMENT PLANT SHOULD BE EXCLUDED FROM RATE BASE?

A. Yes. I discuss this further in my response to Mr. Tompsett, below.

Q. MR. BOURASSA STATES THERE IS NO BASIS OR PRECEDENT TO REDUCE UTILITY'S AUTHORIZED RETURN ON EQUITY. DO YOU AGREE?

A. No. This is largely a legal issue, so I will leave any further discussion for Swing First's brief.

III <u>RESPONSE TO MR. TOMPSETT</u>

Q. HAVE YOU REVIEWED MR. TOMPSETT'S SUPPLEMENTAL REBUTTAL TESTIMONY CONCERNING YOUR REVISED DIRECT TESTIMONY?

A. Yes.

Q. DO YOU WANT TO CHANGE ANY OF YOUR TESTIMONY AS A RESULT OT REVIEWING MR. TOMPSETT' S TESTIMONY?

A. No. Mr. Tompsett argues that certain of the environmental infractions I discussed were not relevant because Utility was not a party to them, and they did not directly affect ratepayers. However, I did not claim that Utility was a party to these incidents. Rather, they are relevant because Mr. Johnson was directly involved with these infractions, and he is the same individual who makes Utility's decisions.

Q. DOES IT MATTER IF UTILITY'S ENVIRONMENTAL INFRACTIONS DID NOT AFFECT SWING FIRST?

No. Mr. Tompsett argues that other incidents did not directly affect Swing First, even though they did affect other customers of Utility. The impact on Swing First is not relevant.

Q. MR. TOMPSETT CLAIMS THAT IT DID NOT ILLEGALLY STORE SEWAGE SLUDGE AT ITS SECTION 11 WASTEWATER TREATMENT PLANT. IS HE CORRECT?

A. ADEQ does not agree. Exhibit SSR-R1 is a copy of ADEQ's October 15, 2008, Inspection Report concerning Utility's Section 11 Wastewater Treatment Plant. After a fair reading of the Inspection Report, one could only conclude that press reports concerning Utility's burial of sewage sludge were understated. As a result of its surprise inspection, on October 20, 2008, ADEQ issued Notice of Violation ("NOV") No. 102722 and NOV No. 103357. I have attached copies of ADEQ's NOVs as Exhibits SSR-2 and SSR-3.

Q. MR. TOMPSETT ALLEGES THAT YOU HAVE NEVER MADE ANY OF YOUR NINE RECOMMENDATIONS IN A PREVIOUS COMMISSION CASE. DOES THIS MATTER?

A. I don't see how. I have never participated in a case involving Johnson Utilities. My testimony in this case is based on the unprecedented activities by Mr. Johnson and his Utility. I am not aware of behavior remotely like this by a regulated water or wastewater utility prior to this, so I have never before needed to recommend remedies like the ones recommended in this case.

Q. DOES IT MATTER WHETHER YOU VISITED THE PECAN PLANT OR AUDITED ITS ACCOUNTS?

No. Mr. Tompsett argues that I did not audit the plant accounts of visit the Pecan Plant. This is not relevant either. My argument is that this plant has repeatedly malfunctioned, and, according to the Commission, these malfunctions "raise serious concerns regarding public safety." (See Decision No. 70849, dated March 17, 2009, at page 10, line 11.) According to Decision No. 70849, the plant malfunctions began during the 2007 test year and continued well into 2008. The Pecan Plant may be <u>used</u>, but it is <u>not useful</u> due to repeated malfunctions that endanger public safety. Therefore, its disallowance is justified until such time that Utility demonstrates in a future test year that the Pecan Plant has been safely operating during and after that case's test year.

IV RECENT EVENTS

Q. HAVE YOU BECOME AWARE OF ANY INCIDENTS THAT HAVE HAPPENED SINCE THE DATE OF YOUR REVISED DIRECT TESTIMONY THAT SUPPORT YOUR RECOMMENDATIONS IN THIS CASE?

A. Yes. Exhibit SSR-R4 is a copy of a March 14, 2009, on-line article from the East Valley Tribune. The Tribune reports that, on the morning of February 22, 2009, about 9,000 gallons of wastewater backed up in Utility's system, leaked out of two manholes, and spilled over into two retention basins at the Cambria subdivision near Ironwood and Ocotillo roads in Pinal County. Just as with the Pecan Creek incident, Utility blamed the spill on the lines becoming clogged with mop heads and grease. According to the article, ADEQ is still investigating the spill. The fact of yet another sewage spill provides further support for why the Commission should approve my recommendations. However, the date of the spill is even more significant.

Q. WHY IS THE DATE OF UTILITY'S SEWAGE SPILL SIGNIFICANT?

A. At the Commission's March 3, 2009, Open Meeting the Commission approved Utility's application in this docket on a 3-2 vote. Commissioners were greatly concerned about a number of issues involving Utility, particularly about 2008 incidents where raw sewage from Utility's Pecan Water Reclamation Plant overflowed manholes, contaminated the Queen Creek Wash with E. coli and coliform, and endangered the safety of nearby residents of the Pecan Creek North subdivision. Commissioners sought assurance that these types of incidents would not happen again. Utility assured the Commissioners that it had taken a number of steps to ensure that these had been isolated incidents that would not recur. However, during the Open Meeting, Utility chose not to tell the Commissioners about the February 22, 2009, spills, which were very similar to the contamination incidents in 2008.

Q. WHY DO THE FEBRUARY 22, 2009, SPILLS PARTICULARLY CONCERN YOU?

A. First, these spills demonstrate that Utility has serious public safety problems. I don't know if these spills are the result of shoddy construction or poor operational and management practices, but there have been a large number of serious recent incidents involving Utility's sewer plants. However, what causes me even greater concern is that Utility appears to have intentionally withheld relevant information from the Commissioners about the February 22, 2009, sewage spills in order to gain an extension of territory. It was a falsehood for Utility to assure Commissioners that it had taken steps to ensure spills similar to those in 2008 would not occur, when one had occurred just nine days prior.

Q. DOES THE FACT THAT YOU DO NOT RESPOND TO A PARTICULAR PORTION OF TESTIMONY MEAN THAT YOU AGREE WITH IT?

A. No.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
WATER QUALITY COMPLIANCE SECTION
Compliance Assurance/Field Services Units

INSPECTION REPORT - WASTEWATER

Facility: Section 11 WWTP

Place ID No: 142

Aquifer Protection Permit: P103081

AZPDES Permit No: N/A

Reuse Permit No: Type 3 General Permit, R105412

Inventory No: 103081

Inspected by: John Gibbons, Manager
Daniel Czecholinski, EPS
William J. Hare, EPS

Inspection Dates: Sept. 25, 2008
Oct. 7, 2008

Accompanied by: Gary Larsen

Report Date: October 15, 2008

	YES	NO	N/A	UNKNOWN
1. WWTF quality meets the following permit requirements:				
A. Aquifer Protection Permit		X*		
B. Reuse Permit				X
C. AZPDES Permit			X	
2. A certified operator is employed by the owner per ADEQ regulations.	X			
3. This system meets APP requirements for operation and maintenance.		X*		

* The inspection found that the facility had buried biosolids on the facility property.

Inspection Purpose and Scope:

This was an unannounced complaint inspection regarding allegations that Johnson Utilities had unlawfully disposed of sewage sludge, or biosolids, (buried) at the Section 11 WWTP.

Facility Description:

The Johnson Utilities Section 11 wastewater treatment plant (WWTP) is located adjacent to Hunt Highway, approximately nine miles southeast of Queen Creek. The WWTP has the capacity to collect and treat up to a maximum monthly average flow of 1.6 million gallons per day (MGD) of wastewater received from residences and small businesses located in the central and southern portions of the Johnson Utilities service area. The treatment process consists of a headworks with

a bar screen, a flow splitter box, four aerated lagoons, 16 wetland cells, liquid chlorine disinfection and an effluent pump station. All of the aerated lagoons and 16 wetland cells of the WWTP have a permeability of less then 550 gallons per day per acre. The WWTP process employs nitrification-denitrification to achieve an effluent Total Nitrogen level of 10 mg/L and chlorine disinfection.

Current Permit Status, LTF No. 35634:

On April 10, 2006, Johnson Utilities Company (JU) was issued an amended APP, LTF No.35634 that authorized the replacement of the existing wetland treatment facility of 1.6 MGD capacity with a new extended aeration WWTP of 2.0 MGD capacity. The new WWTP will be located within the existing WWTP site. This permit does not authorize the disposal or burial of biosolids at the WWTP site.

Once the new WWTP is constructed, the permittee will be authorized to operate a 2.0 MGD WWTP. The WWTP process will consist of head works with screens, an equalization basin, anoxic and aeration basins for nitrification- denitrification, secondary clarifiers, filters, ultraviolet (UV) disinfection system, aerobic sludge digesters, sludge belt press thickeners, and an effluent pump station. The equalization basin will also be used to store wastewater during emergencies. The WWTP will also have a provision of chemical addition in conjunction with filtration. The effluent will be disposed by recharge or reuse under a valid reuse permit. All of the sludge including screenings, grit, and scum, will be hauled off-site.

Pending Permit, LTF No. 44231:

The facility has applied for an amended APP to replace the current APP permit, LTF No.35634. The amended APP would increase the flow rate from 1.6 MGD to 4.5 MGD. This will entail the construction of two mechanical treatment, activated sludge trains, each with a capacity of 2.25 MGD. This permit amendment is in the substantive review phase with ADEQ's Groundwater Section. This permit amendment will also establish aquifer quality limit (AQL) limits for groundwater monitoring. There are no provisions in this permit amendment for the onsite disposal (burial) of sludge.

Inspection Details:

Pre-inspection discussions at the site:
The inspection began with the execution of an inspection rights form by Johnson Utilities General Manager Gary Larsen. Mr. Larsen was questioned about allegations regarding the burial of biosolids at the Section 11 plant in the spring of 2008. Prior to ADEQ's discovery of buried biosolids the following information was furnished by Mr. Larsen:

- During the timeframe of April – May 2008 Johnson Utilities (JU) was transitioning from the services of Chemical Transport Company (CT) to JU for sludge hauling.
- JU officials were in the process of purchasing truck(s) to haul the sludge generated by the various WWTPs operated by the company.

- During this timeframe, sewage sludge (biosolids) from the Pecan WRP and the San Tan WRP was temporarily stored at the Section 11 WWTP.
- Mr. Larsen was not aware of the burial of any sewage sludge onsite at the Section 11 WWTP.
- Mr. Larsen advised that, according to his recollection, the sewage sludge in question had been removed from the Section 11 WWTP and transported to the Ironwood landfill. This occurred after JU officials had purchased new sludge hauling equipment in the summer of 2008.
- The amount of sewage sludge stored at the Section 11 site was estimated at near 200 cubic yards including 20 cubic yards per week from the Pecan WRP and about 10 yards every other week from the San Tan WRP over an eight week period of time.
- There was no mention that any biosolids were presently being stored at the site.

Site Review:

Mr. Larsen showed the ADEQ inspectors an area where he stated the sewage sludge had been temporarily stored at the site. The referenced area was located near one of the lagoons and did not appear to have any disturbed soils or other indications that sewage sludge had been stored in this area.

The site tour subsequently was directed by ADEQ inspectors to the east side of the WWTP where a significant amount of biosolids was observed to be scattered on a surface area, 750 x 50 feet ("disposal area"). The disposal area is near the JU fence line on the east side of the 640 acre property.

The disposal area contained a large open depression (pit) where concrete and plastic debris, along with biosolids had been deposited. The pit was 335 x 37 feet in dimension and included a ramp on the south end and a second ramp on the west end. This pit is identified by ADEQ as pit #1; see site diagram and photographs DC-3 through DC-9, 7, 8, 9 and 10. This pit is at least 6 feet deep. When ADEQ staff walked into this pit they were below grade and were standing on top of biosolids that were covered with 2-3 inches of soil.

ADEQ staff also identified two additional pits in the disposal area where biosolids had been buried. ADEQ has identified these pits as pit #2 and #3 (see site diagram and photographs # DC-1, DC-2, 2 and 11). Pit #2 is 97 x 37 feet and pit #3 is 93 x 37 feet.

There were numerous areas where biosolids were visible on the surface area (see photographs DC-1 – DC-9, 1, 3-11 and 19). The biosolids were dry on the surface area. However, the biosolids beneath the ground surface were moist and very odorous.

ADEQ staff observed a buried blue plastic pipe on the west side of pit #1, see site diagram. The contents of the pipe are unknown, as is its origin and outfall location.

ADEQ staff inquired of Mr. Larsen as to whether a back hoe might be available for digging in the disposal area. After making a telephone call, Mr. Larsen reported that the facility's back hoe was inoperable. Mr. Larsen then was informed that ADEQ wanted to excavate some selected

areas with a boring device provided by ADEQ to examine the subsurface strata for possible burial of biosolids. ADEQ employed an an auger device that drilled about 3-5 feet deep and eight inches in diameter.

Excavation of Burial Site:

The inspectors dug six soil borings with the auger device. Three of the six borings contained biosolids 2-5 feet below the ground surface (see site diagram and photographs # 12, 13, 15 -18). The biosolids had a strong sewage odor and were black in color. Mr. Larsen stated that he could smell the biosolids after the auger was used.

Subsequent to ADEQ use of its auger, JU employees appeared and utilized a back hoe to excavate several trenches where biosolids were identified based on odor and color (see site diagram and photographs # 18, 20 and 21). As noted above, the buried biosolids were still moist and very odorous. The surface areas inspected appeared very unstable and on several occasions the ground surface collapsed and the inspectors 'sank' below the ground surface 1-2 feet (see photograph # 14).

Sampling Event:

Four split samples of biosolids and one of background soil were obtained. A background sample of native soils was taken approximately 30 feet west of pit #2. The background soil was the first sample taken. The biosolids samples were taken at the various auger borings, trenches dug during the inspection and by digging with a shovel. The sampling event included one sample from the interior surface of pit #1, one from the west side of pit #1, one from the auger boring in pit #2, one from the trench dug in pit #3 (see site diagram). A shovel was utilized for sampling. The biosolids were placed in a bucket with the shovel where the spilt sample was pulled using a smaller sampling scoop. A chain-of-custody was completed and the samples were placed in a cooler with ice. The samples were submitted to Aquatic Consulting and Testing, Inc for analysis. The analysis requested was: fecal coliform, dry weight, nitrate nitrogen, ammonia nitrogen and TKN. ADEQ is waiting for complete sample results, although sample results are not necessary for ADEQ to identify the buried material as sewage sludge, or biosolids.

October 7, 2008 Follow-up Inspection:

ADEQ conducted a follow-up inspection on Tuesday October 7, 2008. Ms. LeeAnna Martinez, Solid Waste Specialist from ADEQ's Solid Waste Division was present to conduct a solid waste inspection at the same time. ADEQ staff arrived at the Johnson Utilities Section 11 Plant at approximately 9:15 am and parked outside the facility. WQCAU staff called Mr. Gary Larsen of Johnson Utilities to inform him that ADEQ was conducting an unannounced follow-up inspection and left a voice message. Mr. Larsen returned the call at approximately 9:20 am and informed WQCAU staff that they could not enter the facility without him. WQCAU staff informed Mr. Larsen that they were outside the facility and would not enter without him. ADEQ staff observed dust from the far east side of the property, but could not see the source of the dust. WQCAU staff also observed a white pick-up inside the facility. The truck headed east toward the area where the dust was coming from. A black pick-up truck left the Johnson Utilities

Section 11 Plant at approximately 9:30 am. There were two or three occupants in the vehicle. At approximately 9:40 am, Mr. Larsen arrived on site. An inspection rights form for the solid waste inspection was signed by Mr. Larsen. Mr. Larsen informed ADEQ that Johnson Utilities had retained counsel and that he was not allowed to answer any questions.

During the September 25, 2008 inspection, Mr. Larsen identified a portion of the Section 11 facility where he claimed biosolids had been stored prior to being shipped to the Ironwood landfill. On October 7, 2008, WQCAU staff requested to see that location and followed Mr. Larsen's vehicle to the area he identified on September 25, 2008. WQCAU staff did not see any visible signs of biosolids at this location (see photographs DC-10, DC-11, and DC-12). The ground has not been disturbed and there has been no visible damage to the vegetation in this area.

WQCAU staff then asked to view the disposal area where ADEQ observed buried biosolids on September 25, 2008. The entire disposal area where ADEQ observed biosolids on the surface and where biosolids had been buried had been excavated (see photographs DC-13 thru DC-21, and DC-24). The excavation was 3 to 4 feet to approximately 8 to 10 feet deep (see photographs DC-13 thru DC-16, and DC-18 thru DC-21). The excavation included the entire disposal area measured by ADEQ on September 25, 2008 as 750 x 50 feet. WQCAU staff asked Mr. Larsen where the material (biosolids and soil) went. Mr. Larsen responded by saying "what material?" WQCAU staff then asked if Johnson Utilities had any shipping documents relating to the materials excavated. Mr. Larsen responded: "You will have to talk to the lawyer." WQCAU staff observed water and mud with fresh equipment tracks inside the excavation (see photographs DC-17, DC-18 and DC-19). WQCAU staff observed a black hose entering the property under a gate on the south side of the property (photograph DC-22); this hose was connected to a sprinkler/hose. Mr. Larsen referred to the sprinkler as "the big gun." Photograph DC-23 is of a blue box in the approximate area where ADEQ observed a blue plastic pipe on September 25, 2008. ADEQ inquired about this box and Mr. Larsen confirmed that it is the location where the blue pipe was observed. Mr. Larsen also stated that the pipe was abandoned. Mr. Larsen stated that he informed WQCAU staff that the pipe was abandoned on September 25, 2008. Northwest of the excavation there was a large dirt and concrete pile (photographs DC-16 and DC-25) that was not present on September 25, 2008. A John Deere Ejector Scrapper (see photographs DC-26 and DC-27) was located at the north end of the property, just west of the berm. WQCAU staff observed freshly laid soft soil and debris adjacent to the berm (photographs DC-28 thru DC-35). The plastic debris in the soft soil is consistent with the debris that ADEQ identified during the September 25, 2008 inspection (see photographs DC-4 thru DC-9, 7 and 9).

Findings:

The inspection found evidence that JU officials had buried an unknown quantity of biosolids on the east site of the property. This is believed to have occurred during the spring and summer of 2008.

Compliance Summary:

(1) Monitoring and Reporting Requirements.

(a) The APP No. P103081- the monitoring and reporting under the APP was not inspected, but the burial of biosolids at the WWTF is a violation of the APP. **Rating: Non Compliance**

(b) Type 3 Reclaimed Water General Permit- Not Inspected

2 .**Operator Certification Requirements.** The WWTF is classified as a Class 3 WWTF and the collection system is classified as a Class 2 Collection System. The operator, Rod Spencer, holds a Grade 4 WWT license issued by ADEQ. **Rating: Compliance**

3. **Operation & Maintenance (O&M) Requirements.** The facility had violated the APP with the alleged burial of biosolids at the Section 11 WWTF. **Rating: Non Compliance**

END OF REPORT

Exhibit SSR-R2

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

Janet Napolitano
Governor

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

Stephen A. Owens
Director

CERTIFIED MAIL
Return Receipt Requested

Case ID #: 102722

October 20, 2008

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

Subject: Johnson Utilities Section 11- WWTP, Place ID 142
LAT: 33d, 6', 6" N LNG: 111d, 30', 16" W

NOTICE OF VIOLATION

The Arizona Department of Environmental Quality (ADEQ) has reason to believe that Johnson Utilities, LLC as the owner/operator of Johnson Utilities Section 11- WWTP has violated a requirement of the Arizona Revised Statutes (A.R.S.), a rule within the Arizona Administrative Code (A.A.C.), or an applicable permit/license, administrative order or civil judgment. ADEQ discovered the violations alleged below during an inspection completed on September 25, 2008.

I. LEGAL AUTHORITY and NATURE OF ALLEGED VIOLATION(S)

1. **A.R.S. § 49-241(A)**

   Discharge without an Aquifer Protection Permit.

   On September 25, 2008, ADEQ field staff discovered one open and two buried disposal pits containing biosolids and other debris on the Section 11 facility. These pits are discharging facilities and not covered under an existing Aquifer Protection Permit ("APP").

2. **Permit 35634 (103081) - APP Permit # P-103081, Section 2.1**

   Disposal of sludge in a manner not prescribed in the Aquifer Protection Permit.

   On-site disposal of biosolids (sludge) is not permitted at the Section 11 facility pursuant to the APP issued for the facility.

II. DOCUMENTING COMPLIANCE

1. Within 10 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or a closure plan that achieves clean closure and meets the requirements of A.R.S. § 49-252 and A.A.C. R18-9-A209.
2. Within 30 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or documentation that the closure plan as approved by ADEQ has been implemented and all closure and post-closure requirements have been completed within the timeframes provided in the approved closure plan.

III. SUBMITTING COMPLIANCE DOCUMENTATION

Please send all compliance documentation and any other written correspondence regarding this Notice to ADEQ at the following address:

Arizona Department of Environmental Quality, Attention: William J. (Bill) Hare, Water Quality Field Service Compliance Unit, 1110 W Washington St, Phoenix, AZ 85007 MC: 5415B-1

IV. STATEMENT OF CONSEQUENCES

1. The time frames within this Notice for achieving and documenting compliance are firm limits. Failure to achieve or document compliance within the time frames established in this Notice will result in an administrative compliance order or civil action requiring compliance within a reasonable time frame, substantial civil penalties, and/or the suspension or revocation of an applicable permit/license. ADEQ will agree to extend the time frames only in a compliance schedule negotiated in the context of an administrative consent order or civil consent judgment.
2. Achieving compliance does not preclude ADEQ from seeking civil penalties, and/or suspending or revoking an applicable permit/license for the violation(s) alleged in this Notice as allowed by law.

V. OFFER TO MEET

ADEQ is willing to meet regarding this Notice. To obtain additional information about this Notice or to schedule a meeting to discuss this Notice, please contact William J. (Bill) Hare at (602) 771-4838.

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

John T. Gibbons For
William J. (Bill) Hare
Water Quality Field Service Compliance Unit

Exhibit SSR-R3 103081

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

Janet Napolitano
Governor

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

Stephen A. Owens
Director

CERTIFIED MAIL
Return Receipt Requested

Case ID #: 103357

October 20, 2008

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

Subject: Johnson Utilities Section 11- WWTP, Place ID 142
LAT: 33d, 6', 6" N LNG: 111d, 30', 16" W

NOTICE OF VIOLATION

The Arizona Department of Environmental Quality (ADEQ) has reason to believe that Johnson Utilities, LLC as the owner/operator of Johnson Utilities Section 11- WWTP has violated a requirement of the Arizona Revised Statutes (A.R.S.), a rule within the Arizona Administrative Code (A.A.C.), or an applicable permit/license, administrative order or civil judgment. ADEQ discovered the violations alleged below during an inspection completed on September 25, 2008.

I. LEGAL AUTHORITY and NATURE OF ALLEGED VIOLATION(S)

1. **A.A.C. R18-9-1003(A)**

   Use of biosolids, application of biosolids, or placement of biosolids on a surface disposal site in a manner that is not consistent with the applicable biosolids rules.

   On September 25, 2008, ADEQ field staff discovered one open, and two buried, disposal pits containing biosolids and other debris at the Section 11 facility. The pits constitute surface disposal sites under the biosolids rules and are not constructed or operated in accordance with the biosolids rules.

2. **A.A.C. R18-9-1011(D)(1)**

   Failure to immediately pick up biosolids spilled while being transported, including any visibly discolored soil.

   On September 25, 2008, ADEQ field staff observed loose biosolids scattered on the ground surface near the disposal pits.

3. **A.A.C. R18-9-1011(D)(2)**

   Failure to notify ADEQ within 24 hours after a spill of bulk biosolids while being transported.

   ADEQ has no record of notification from Johnson Utilities of a spill of bulk biosolids.

4. **A.A.C. R18-9-1011(D)(2)**

   Failure to submit written notification to ADEQ within seven days after a spill of bulk biosolids while being transported.

   ADEQ has no record of written notification of a spill of bulk biosolids by Johnson Utilities.

5. **A.A.C. R18-9-1002(E)(1) / 40 CFR § 503.24(g)(1)**

   Failure to collect and dispose of run-off from an active sewage sludge unit in accordance with National Pollutant Discharge Elimination System permit requirements or any other applicable requirements.

   Johnson Utilities constructed sewage sludge units, land on which only sewage sludge is placed for final disposal, at the Section 11 facility without a stormwater run-off collection system.

6. **A.A.C. R18-9-1002(E)(1) / 40 CFR § 503.24(h)**

   Failure to operate and maintain the leachate collection system for an active sewage sludge unit that has a liner and leachate collection system during the period the sewage sludge unit is active and for three years after the sewage sludge unit closes.

   Johnson Utilities constructed sewage sludge units without liners or leachate collection systems.

7. **A.A.C. R18-9-1002(E)(1) / 40 CFR § 503.24(n)(1)**

   Failure to ensure that sewage sludge placed on an active sewage sludge unit does not contaminate an aquifer.

   Johnson Utilities constructed sewage sludge units without liners, leachate collection systems, or any other means of preventing contamination of the aquifer, placing hundreds of cubic yards of sludge directly into pits dug at least 6 feet below ground surface.

8. **A.A.C. R18-9-1002(E)(1) / 40 CFR § 503.24(n)(2)**

   Failure to use results of a ground-water monitoring program developed by a qualified ground-water scientist or a certification by a qualified ground-water scientist to demonstrate that sewage sludge placed on an active sewage sludge unit does not contaminate an aquifer.

   Johnson Utilities has not developed a ground-water monitoring program for the sewage sludge units constructed at the Section 11 facility.

9. **A.A.C. R18-9-1002(E)(1) / 40 CFR § 503.25(a)**

   Failure ensure that either Class A or Class B pathogen requirements are met when sewage sludge (other than domestic septage) is placed on an active sewage sludge unit.

   At the time the sludge was dumped in the three pits dug at the Section 11 facility, Johnson Utilities failed to conduct any analytical sampling to ensure that Class A or Class B pathogen requirements were met.

10. **A.A.C. R18-9-1002(E)(1) / 40 CFR § 503.26(c)**

    Failure to continuously monitor air for methane gas in structures within a surface disposal site and at the property line of the surface disposal site during the period that the surface disposal site contains an active sewage sludge unit on which the sewage sludge is covered and for three years after a sewage sludge unit closes when a final cover is placed on the sewage sludge.

Johnson Utilities failed to monitor air for methane gas at the property line of the surface disposal site or anywhere at the Section 11 facility where sludge was dumped in three pits.

11. **A.A.C. R18-9-1002(E)(1) / 40 CFR 503.27(a)(2)(iii)**

    Failure the owner/operator of a surface disposal site to develop and retain for five years, a description of how the best management practices have been met for sewage sludge (other than domestic septage) placed on a surface disposal site.

    ADEQ has reason to believe Johnson Utilities does not have any records or descriptions of how best management practices have been met for disposal of sewage sludge in the three pits dug at the Section 11 facility.

12. **A.A.C. R18-9-1002(E)(1) / 40 CFR 503.27(a)(1)(ii)**

    Failure of the person who prepares the sewage sludge to develop and retain for five years, the required certification statement for sewage sludge (other than domestic septage) placed on an active sewage sludge unit.

    Based on the statements made by a Johnson Utilities representative on September 25, 2008, ADEQ has reason to believe the sludge dumped in the three pits at the Section 11 facility originated from wastewater treatment facilities owned and operated by Johnson Utilities. As preparer of the sludge dumped in three pits on the Section 11 facility, Johnson Utilities did not develop or retain the required certification statement regarding the sewage sludge.

13. **A.A.C. R18-9-1002(E)(1) / 40 CFR 503.27(a)(2)(ii)**

    Failure the owner/operator of a surface disposal site to develop and retain for five years, the required certification statement for sewage sludge (other than domestic septage) placed on a surface disposal site.

    ADEQ has reason to believe Johnson Utilities failed to develop or retain the required certification for the sewage sludge placed in the pits at the Section 11 facility.

II. DOCUMENTING COMPLIANCE

1. Within 10 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or manifests, bills of lading or any other documentation of shipments for all biosolids deposited at the Section 11 facility, including, but not limited to, biosolids originating from Section 11.
2. Within 10 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or the date(s) when biosolids were deposited at Section 11 facility, the originating facility of each shipment of biosolids, the quantity or volume of each shipment, the method of transportation for each shipment, and any analytical sample results taken from each biosolids shipment, including any laboratory data sheets.
3. Within 10 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or the name and ADEQ certification number for every operator in

the employment of Johnson Utilities, L.L.C. at any wastewater or drinking water facility with knowledge of the shipment of biosolids to the Section 11 facility.

4. Within 10 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or the identification of every individual and company (other than Johnson Utilities, L.L.C.) that engaged in the transportation of biosolids to the Section 11 facility.

5. Within 10 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or the name of every Johnson Utilities, L.L.C. employee that engaged in the transportation to or placement of biosolids at the Section 11 facility.

6. Within 5 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or a detailed description of biosolids or biosolids contaminated materials removed from the Section 11 facility on or after September 25, 2008. The report shall include a complete description of the excavation procedures, and, for all material excavated and removed from the Section 11 facility:
   1. The date(s) of excavation and removal;
   2. Any analytical samples taken of the materials or the surrounding soil or groundwater, including laboratory documentation of the sample results;
   3. The quantity or volume removed and the method for estimating quantity or volume;
   4. The method of transportation from the Section 11 facility to any other location, including any shipping records, manifests or bills of lading;
   5. The location(s) where materials removed were deposited, including receipts from the disposal sites;
   6. Any correspondence between any individuals or entities, including electronic mail messages, in the possession of Johnson Utilities L.L.C relating to or referencing the removal;
   7. The identification of every individual and company (other than Johnson Utilities, L.L.C.) that engaged in the excavation or transportation of materials removed; and
   8. The name of every Johnson Utilities, L.L.C. employee that engaged in the excavation or transportation of materials removed, including the supervision of those activities.

7. Within 10 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or any correspondence between any individuals or entities, including electronic messages, in the possession of Johnson Utilities L.L.C. relating to or referencing the storage or dumping of biosolids at the Section 11 facility at any time, including the deposition of biosolids from the Section 11 facility.

8. Within 30 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or documentation that all biosolids and biosolid contaminated materials have been removed from the excavation on the Section 11 facility, along with an explanation for the basis of the conclusion that all biosolids and biosolids contaminated materials have been removed. The documentation shall include, but is not limited to, laboratory analysis, chain-of-custody forms, a detailed site plan and shipping documents for biosolids transported to the Section 11 facility and shipping documents for biosolids and biosolid contaminated materials transported from the Section 11 facility.

III. SUBMITTING COMPLIANCE DOCUMENTATION

Please send all compliance documentation and any other written correspondence regarding this Notice to ADEQ at the following address:

Arizona Department of Environmental Quality, Attention: Daniel L. Czecholinski, Water Quality Compliance Assurance Unit, 1110 W Washington St, Phoenix, AZ 85007 MC: 5415B-1

IV. STATEMENT OF CONSEQUENCES

1. The time frames within this Notice for achieving and documenting compliance are firm limits. Failure to achieve or document compliance within the time frames established in this Notice will result in an administrative compliance order or civil action requiring compliance within a reasonable time frame, substantial civil penalties, and/or the suspension or revocation of an applicable permit/license. ADEQ will agree to extend the time frames only in a compliance schedule negotiated in the context of an administrative consent order or civil consent judgment.
2. Achieving compliance does not preclude ADEQ from seeking civil penalties, and/or suspending or revoking an applicable permit/license for the violation(s) alleged in this Notice as allowed by law.

V. OFFER TO MEET

ADEQ is willing to meet regarding this Notice. To obtain additional information about this Notice or to schedule a meeting to discuss this Notice, please contact Daniel L. Czecholinski at (602) 771-4612.

Marcia R. Colquitt, Manager
Water Quality Compliance Assurance Unit

Marcia R. Colquitt for
Daniel L. Czecholinski
Water Quality Compliance Assurance Unit

Exhibit SSR-R4

Tribune
EAST VALLEY · SCOTTSDALE

March 20, 2009

State agency questions utility over spill

By Amanda Keim
Tribune

Water sits in the bottom of the Queen Creek wash outside the Johnson Utilities water reclamation plant.

Tribune

Some Arizona Corporation Commissioners are questioning why Johnson Utilities didn't notify the agency about a spill in Pinal County's Cambria Ocotillo neighborhood before they approved letting the utility expand its service area to two other neighborhoods.

New sewage spill blamed on Johnson Utilities [http://www.eastvalleytribune.com/story/136697]

The utility went before the Corporation Commission March 3 to request to add 1.2 square miles to its service area in Pinal County.

That area is comprised of three planned developments: Skyline Estates, Quail Run Estates and the J.O. Combs Educational Village, according to Corporation Commission documents related to the case.

The commission approved extending the company's Certificate of Convenience and Necessity, which defines the company's service area, to expand as long as the company met certain conditions. Some of those conditions included coming into compliance with the Arizona Department of Environmental Quality by Dec. 31 on issues involving problems at the Pecan Water Reclamation Plant last year.

ADEQ records show the company is now in compliance with an order to disinfect a wash near that plant.

However, Commissioner Sandra Kennedy asked that the decision on the Skyline Estates area be reconsidered by the Corporation Commission after news about an unrelated spill came out: a 9,000-gallon backup that occurred Feb. 22 in Pinal County's Cambria Ocotillo subdivision.

"I'm really hoping to find out why, at the time they were before us on March 3, the issue did not come up," Kennedy said.

The new spill involved two lines clogged with grease and other materials that backed up into two retention basins.

The wastewater was cleaned up, the area was disinfected and the pipes were flushed out, according to a report the company submitted to ADEQ.

The utility notified ADEQ about the spill the same day it happened and followed up with a report three days later, according to ADEQ records.

But notification didn't go to the Corporation Commission until March 13 - two days before a story on the spill was published in the Tribune.

The utility isn't required to notify the Corporation Commission about spills, said Rebecca Wilder, Corporation Commission spokeswoman.

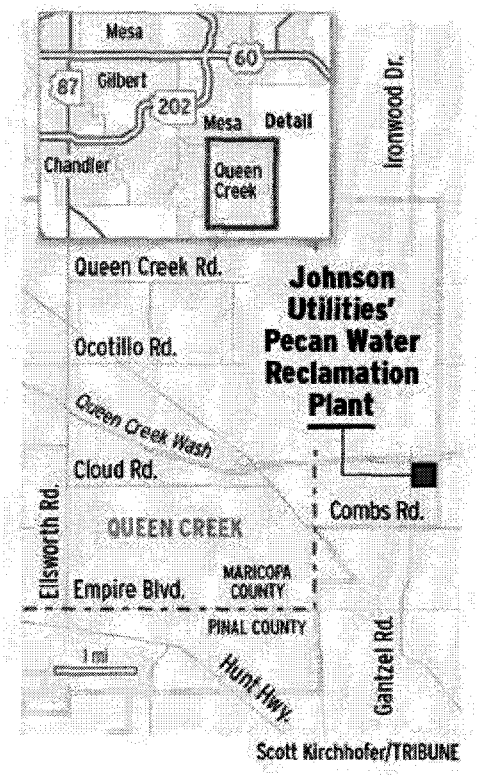
However, since spills had been occurring, the company had been notifying the commission, Wilder said.

Kennedy and commission chair Kris Mayes both wanted the full commission to revisit the matter as a result, Wilder said.

"Because they had an application before the commission for a (service area expansion), the commissioners believed that the company should have notified the commission of the spill, and it is relevant to the case," Wilder said.

An item was placed on the commission's March 19 agenda to discuss possibly amending, rehearing or delaying the case, but it was pulled from the agenda because the lawyer handling the case for Johnson Utilities wasn't in town.

The item is expected to be placed on a future agenda, likely on March 31 or April 1, Wilder said.



Scott Kirchhofer/TRIBUNE

Brian Tompsett, executive vice president for Johnson Utilities, said he was notified the commission wanted to discuss the situation the day before the meeting. The company's law firm sent the commission a letter explaining the lawyer handling the case was out of town.

"I understand the item will be placed back on a future agenda and the company will answer all the questions of the commissioners have at that time," Tompsett said in an e-mail.

ADEQ spokesman Mark Shaffer said Johnson Utilities notified ADEQ about the spill within the allotted time frame, but he said he couldn't confirm whether that incident was still being investigated.

"We can't comment about ongoing investigations," Shaffer wrote in an e-mail. "But we have encouraged Johnson Utilities to pursue a formal management and maintenance program for sewer operation and maintenance to minimize the risk of sewer overflows in their system."

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EXHIBIT
SF-42
ADMITTED

Exhibit SF

	2006	Swing First (Millon Gallons)	Santan HOA (Millon Gallons)	Total Sales (Millon Gallons)	Effluent Produced (Millon Gallons)	Unsold Effluent (Millon Gallons)
Mar		11.0886		11.0866	11.0866	0.0000
Apr		5.841		5.8410	10.917	5.0760
May		10.646		10.6460	11.318	0.6720
Jun		11.352		11.3520	11.543	0.1910
Jul		9.744		9.7440	12.497	2.7530
Aug		11.647		11.6470	13.335	1.6880
Sep		3.889		3.8890	13.297	9.4080
Oct		6.052		6.0520	14.127	8.0750
Nov		0		0.0000	14.794	14.7940
Dec		15.407		15.4070	13.3295	-2.0775
Total 2006		85.6666		85.6646	126.2441	40.5795
	2007					
Jan		2.181	10.9120	13.0930	16.337	3.2440
Feb		1.4040	3.8320	5.2360	14.532	9.2960
Mar		0.0000	0.0000	0.0000	16.027	16.0270
Apr		0.3220	6.4950	6.8170	15.39	8.5730
May		0.0000	4.1850	4.1850	15.159	10.9740
Jun		0.0000	1.7660	1.7660	13.71	11.9440
Jul		0.0000	0.2060	0.2060	13.361	13.1550
Aug		0.0000	3.3400	3.3400	15.624	12.2840
Sep		0.0000	5.1000	5.1000	15.27	10.1700
Oct		0.0000	5.8240	5.8240	15.903	10.0790
Nov		0.0000	7.2810	7.2810	16.41	9.1290
Dec		7.0370	8.3450	15.3820	17.081	1.6990
Total 2007		10.944	57.2860	68.2301	184.804	116.5739
	2008	0	0.0000			
Jan		2.535	6.1350	8.6700	16.814	8.1440
Feb		5.469	3.0730	8.5420	16.652	8.1100
Mar		7.392	3.6500	11.0420	17.341	6.2990
Apr		14.417	5.0880	19.5050	16.658	-2.8470
May		14.309	0.0000	14.3090	16.898	2.5890
Jun		13.613	0.0000	13.6130	16.371	2.7580
Jul		11.877	2.6680	14.5450	17.196	2.6510
Aug		15.955	0.4890	16.4440	17.302	0.8580
Sep		13.276	0.2450	13.5210	16.968	3.4470
Oct		10.834	0.0930	10.9270	17.404	6.4770
Nov		12.065	0.0000	12.0650	17.89	5.8250
Dec		5.447	0.0000	5.4470	18.958	13.5110
Total 2008		127.189	21.4410	148.6300	206.452	57.8220
	2009					
Jan		2.950		2.950	19.320	16.370
Feb		4.600		4.600	18.050	13.450
Mar		5.850	1.230	7.080	19.180	12.100
Apr		12.131	2.469	14.600	15.391	0.791
May		17.005		17.005	16.967	-0.038
Jun		14.273		14.273	15.836	1.563
Jul		16.846		16.846	16.618	-0.228
Aug		15.159		15.159	15.482	0.323
Sep		0.000		0.000		0.000
Oct		0.000		0.000		0.000
Nov		0.000		0.000		0.000
Dec		0.000		0.000		0.000
Total 2009 (8 mo.)		88.814	3.699	92.513	136.844	44.331
Total 2006-09		312.6136	82.4260	395.0377	654.3441	259.3064

Data Sources: Production from March 2006 through December 2008 - Exhibits SF-15 and SF-16
Sales from March 2006 through December 2008 - Exhibit SF-17
Production and Sales from January through March 2009 - Exhibit SF-19
Production and Sales from April through August 2009 - DR 8.1

JOHNSON UTILITIES, L.L.C.
dba Johnson Utilities Company

DOCKET U-2987

EXHIBIT
SF-44
ADMITTED

Sheet No.
ORIGINAL

TARIFF

Issued May 30, 1997

Effective June 30, 1997

ISSUED BY:

George H. Johnson, Managing Member
Johnson Utilities Company
5320 E. Shea Blvd.
Scottsdale, AZ 85254

APPROVED FOR FILING
DECISION #: 60223

51030-00000.33

Applies to all **WATER** service areas

PART ONE

STATEMENT OF CHARGES
WATER SERVICE

C. Irrigation Service

5/8" x 3/4" Meter	-0-	$ 18.00
3/4" Meter	-0-	27.00
1" Meter	-0-	45.00
1 ½" Meter	-0-	90.00
2" Meter	-0-	144.00
3" Meter	-0-	270.00
4" Meter	-0-	450.00
6" Meter	-0-	900.00

THE RATE FOR USE IN ADDITION TO THE MINIMUM STATED ABOVE SHALL BE THE SAME FOR ALL SIZES OF METERS. CONSUMPTION FOR GALLONAGE BETWEEN 0 AND 7,000 GALLONS SHALL BE AT THE RATE OF $2.25 PER 1,000 GALLONS. ALL ADDITIONAL USAGE IN EXCESS OF 7,000 GALLONS SHALL BE AT THE RATE OF $2.50 PER 1,000 GALLONS.

ISSUED BY:

George H. Johnson, Managing Member
Johnson Utilities Company
5320 E. Shea Blvd.
Scottsdale, AZ 85254

APPROVED FOR FILING
DECISION #: 60223

EXHIBIT
SF-45
ADMITTED

A Message from the Director...

Fiscal year 2003 was a year of transition and continued improvement for the Arizona Department of Environmental Quality. The department started the fiscal year by celebrating its 15th anniversary as a separate state agency charged with protecting public health and the environment in Arizona. In September, the department reported to the Legislature that it met or exceeded all 13 of the program performance objectives set forth in its 2000 sunset legislation.

Since January, the department has continued to build upon the progress it has achieved in recent years by launching several new initiatives intended to improve the delivery of services and position the department to better perform its mission. Key among them were a process improvement that eliminated the large backlog of claims that had accumulated during the previous Administration in the State Assurance Fund, which covers the cost of removal and cleanup of leaking underground storage tanks; the launch of the Children's Environmental Health Project, which will address environmental factors that affect the health of Arizona's children; and the completion of the Arsenic Master Plan, which will greatly assist the state's small water systems in economically lowering the content of arsenic in drinking water before the federal government's January 2006 compliance deadline. The department also started the process of revising its strategic plan and performance measures to better align resources to priorities and to establish new standards of excellence for the department and its staff.

The department's program divisions also enjoyed a number of noteworthy accomplishments. The Air Quality Division received the American Lung Association's Clean Air Award in recognition of the department's efforts to improve statewide air quality in 2002. The Waste Programs Division commenced groundwater remediation efforts at two new sites in Phoenix and Tucson. The Water Quality Division received one of three federal innovation grants awarded nationwide, which it used to develop an online system to make the application process for construction water discharge permits "user friendly," and available on the Internet.

Like many state agencies, ADEQ continued to feel the effects of the state's revenue shortfall during Fiscal Year 2003. In the past two fiscal years, the department experienced a 39 percent reduction in its General Fund allocations, forcing the department to eliminate 63 positions during the previous two fiscal years, including 51 positions in December 2002.

This year's annual report reflects a significant reduction in the department's reporting requirements, as directed by HB2049. More detailed information about many of our programs may be found in the appendices to this report and on the department's Web site at www.adeq.state.az.us.

Fiscal year 2003 was a productive year for ADEQ, and this report provides an indication of the significant contribution the department's employees make to public health and the environment in Arizona. I am proud to be associated with men and women so dedicated to public service and professionalism.

Stephen A. Owens
Director

the 18-day removal action and ensured that all wastes were disposed of in a properly permitted waste management facility. As a result of ADEQ's actions, approximately 630,000 pounds of waste were removed. The action was funded by the Water Quality Assurance Revolving Fund.

Reynolds Metals Company Pays Nearly $2 Million for Environmental Cleanup

In July 2002, Reynolds Metals Company paid nearly $2 million for cleaning up groundwater contamination that resulted from operations at its Phoenix Aluminum Extrusion Plant from 1950 to 1983. The facility, located between 35th and 43rd Avenues south of Van Buren Street, released the metal degreasing solvent trichloroethane (TCA) that mixed with contamination from other sources to create a large plume of contaminated groundwater in that area. The $1,954,747 settlement was based upon Reynolds proportionate share of the projected cleanup cost.

ADEQ and Pima County Reach Settlement on Broadway North Landfill

In September 2002, Pima County agreed to pay $1.2 million to resolve its liability for releases of hazardous substances at the Broadway North Landfill. The former municipal landfill, located directly north of Broadway Boulevard and Prudence Road in Tucson, was operated by the Pima County Sanitary District Number 1, and the city of Tucson at various times from 1961-1971. As part of the settlement, Pima County was credited $410,000 for investigation and cleanup work already performed at the site.

Superior Special Services Fined $143,000 for Hazardous Waste Violations

In October 2002, ADEQ and the U.S. Environmental Protection Agency fined Phoenix-based recycling company Superior Special Services $143,000 for multiple violations of state and federal laws governing the storage of hazardous waste. The company recycles fluorescent lighting and ballasts, lamps, transformers, batteries, mercury waste, and PCBs. Superior paid $125,000 to the state's General Fund for state law violations and $18,000 to the U.S. Treasury for federal violations. As part of a supplemental environmental project under the state's consent order, Superior will spend $125,000 to collect and dispose of unwanted hazardous chemicals from Phoenix schools. The money will go toward helping schools properly dispose of waste from chemistry labs such as outdated chemicals and deteriorated chemical containers.

Johnson Utilities Company Fined $80,000 for Water Quality Violations

In April 2003, ADEQ fined Scottsdale-based Johnson Utilities Company $80,000 to settle violations of Arizona's drinking water laws at its facility near Queen Creek in Pinal County. The company violated three Arizona laws in October 2001, when it failed to obtain approvals to build and operate a newly constructed water system to serve the Sun Valley Farms housing development. The requirement to obtain approval prior to construction and operation of a water system is a critical element of the multi-barrier process that protects public health and the environment from waterborne bacteria and disease.

EXHIBIT
SF-46
ADMITTED

Water Quality Enforcement Report

A.R.S. §49-105

Page 47 Drinking Water Compliance and Enforcement Activities

Page 50 Water Quality Compliance and Enforcement Activities

Water Quality Enforcement Report
A.R.S. §49-105

The Water Quality Compliance Section is responsible for ensuring facility compliance with drinking water and water pollution statutes, rules and permit conditions. We meet this responsibility by conducting facility inspections, compliance assistance and compliance investigation with field staff located in Phoenix and regional office staff located in Flagstaff and Tucson, and by conducting water compliance data analysis and enforcement case development in Phoenix. All program activities are conducted in a professional manner to ensure that a facility is determined to be in compliance, or if staff discover evidence that indicates environmental noncompliance, a solution is developed to return a facility to compliance with all due speed.

This solution may be compliance assistance conducted during the course of a facility inspection or telephone conversation, the issuance of a notice of opportunity to correct or notice of violation, the issuance of an administrative order or an environmental case referral made to the Attorney General's Office. In the latter case, the attorney general will assist ADEQ in crafting the appropriate return to compliance solution.

Pursuant to A.R.S.§ 49-105, the Water Quality Division's Compliance Section reports the following information for FY 2001.

Drinking Water Compliance and Enforcement Activities

Fiesta Canning Company Inc. (PWS ID 02-399)
The water supplier entered into an administrative consent order with ADEQ on Aug. 4, 2000 to resolve significant monitoring and reporting violations that occurred from 1993 to August 2000. The water supplier agreed to pay a civil administrative penalty of $2,600 to settle the case.

THIM Utilities Company (PWS ID 10-046)
The water supplier entered into an administrative consent order with ADEQ on May 23, 2001, to resolve a nitrate maximum contaminant level (MCL) exceedance, missed monitoring and reporting and for implementing an unapproved blending plan from 1997 to May 2001. The water supplier agreed to get an approved blending plan and pay an civil administrative penalty of $3,750 to settle the case.

Fuel Express (PWS ID 09-309)
The water supplier entered into an administrative consent order with ADEQ on July 25, 2000 to resolve monitoring and reporting violations that occurred from 1997 to 2000. The water supplier agreed to pay a civil administrative penalty of $850 to settle violations.

Montlure Camp (PWS ID 01-319)
The water supplier entered into an administrative consent order with ADEQ on Sept. 5, 2000 to resolve significant monitoring and reporting violations that occurred from 1993 to 2000. The water supplier agreed to pay a civil administrative penalty of $1,750 to settle this case.

Coolidge-Florence Elks Lodge #2350 (PWS ID 11-351)
The water supplier entered in an administrative consent order with ADEQ on June 25, 2001, to resolve a nitrate MCL, total coliform MCL and other monitoring and reporting violations from 1996 to 2001. The water supplier is installing best available technology (BAT) and agreed to pay an civil administrative penalty of $1,000 to settle the case.

Boulder Inn (PWS ID 08-307)
The water supplier entered into an administrative consent order with ADEQ on Feb. 28, 2001, to resolve monitoring and reporting violations that occurred from 1995 to Feb. 28, 2001. The water supplier agreed to pay a civil administrative penalty of $2,500 to settle the case.

Rillito Water Users Association (PWS ID 10-098)
The water supplier entered into an administrative consent order with ADEQ on April 4, 2001, to resolve significant monitoring and reporting violations from 1997 to April 4, 2001. The water supplier agreed to pay a civil administrative penalty of $2,800 to settle the case.

Pinal County Fairgrounds (PWS ID 11-120)
The water supplier entered into an administrative consent order with ADEQ on May 24, 2001, to resolve significant monitoring and reporting violations. The water supplier agreed to pay a civil administrative penalty of $3,000 and has connected to another regulated water system to settle the case.

Coronado Estates Water Company (PWS 02-013)
The water supplier entered into an administrative consent order with ADEQ on April 16, 2001, to resolve significant monitoring and reporting violations that occurred from 1995 to August 2000. The water supplier agreed to pay a civil administrative penalty of $5,000 to settle the case.

C Bar Diamond RV Park (PWS 04-069)
The water supplier entered into an administrative consent order with ADEQ on Sept. 5, 2000 to resolve significant monitoring and reporting and operations and maintenance violations that occurred from 1993 to September 2000. The water supplier agreed to pay a civil administrative penalty of $1,800 to settle the case.

Federwisch # 1 Water System (PWS 13-163)
The water supplier entered into an administrative consent order with ADEQ on Jan. 11, 2001, to resolve monthly total coliform, nitrite and annual nitrate monitoring and reporting violations that occurred from 1993 to January 2001. The water supplier agreed to pay a civil administrative penalty of $500 to settle the case.

Q Mountain Estates Mobile Home Park (PWS 15-509)
The water supplier entered into an administrative consent order with ADEQ on April 16, 2001, to resolve significant monitoring and reporting violations that occurred from 1993 to April 2001. The water supplier agreed to pay a $2,000 civil administrative penalty to settle the case.

City of Phoenix Municipal Water System (PWS 07-025)
The water supplier entered into a civil consent decree with ADEQ and EPA on Oct. 31, 2000 to resolve significant monitoring and reporting violations that occurred from 1993 to November 1996. The water supplier agreed to pay a civil penalty of $350,000 and perform several supplemental environmental projects (SEPs) totaling $1,262,361 to settle the case.

Holbrook Seventh-Day Adventist Indian School (PWS ID 09-046)
The water supplier entered into an administrative consent order on Feb. 28, 2001 to resolve significant monitoring and reporting and operation and maintenance violations that occurred from 1994 to February 2001. The water supplier agreed to pay an administrative penalty of $1,000 to settle this case.

Oatman Water Company (PWS ID 08-001)
The water supplier entered into an administrative consent order on Sept. 15, 2000 to resolve significant monitoring and reporting violations that occurred from 1993 to August 1999. The water supplier agreed to pay an administrative penalty of $500 to settle this case.

Johnson Utilities Sun Valley Farms Unit V Water System (PWS ID 11-116)
The water supplier was issued a compliance order on Aug. 1, 2000 as a result of a failure to obtain required construction approvals for modifications made to the water system. The water supplier was fined $6,000 for the associated violations. The fine was paid and the order was closed on Aug. 8, 2000.

EXHIBIT
SF-48
ADMITTED

AGREEMENT REGARDING UTILITY SERVICE

THIS AGREEMENT REGARDING UTILITY SERVICE ("the Agreement") is made this 17 day of September, 1999, by and between JOHNSON RANCH HOLDINGS, L.L.C., an Arizona limited liability company ("Holdings"), GEORGE H. JOHNSON, in his capacity as Manager in Utility ("Johnson"), and GEORGE H. JOHNSON and JANA S. JOHNSON, as Co-Trustees of The George H. Johnson Revocable Trust dated July 9, 1987, in its capacity as sole Member in Utility (the "Trust"), and JOHNSON UTILITIES, L.L.C., an Arizona limited liability company ("Utility"), for the purposes and consideration set forth hereinafter.

RECITALS:

A. Concurrently with the execution of this Agreement, Holdings has acquired (or will acquire) from 1580 Santan Mountain, L.L.C., an Arizona limited liability company ("Santan"), and the Trust, all real property, tangible personal property, and intangible personal property associated with or relating to the approximately 2,014 acre master planned community known as Johnson Ranch, located in Pinal County, Arizona, between West Locklin Road (approximate northern boundary), Arizona Farms Road (approximate southern boundary), Gary Road/North Edwards Road (approximate western boundary), and Hunt Highway (approximate eastern boundary), as more particularly described in **Exhibit A** attached hereto and incorporated herein ("Johnson Ranch").

B. Utility has been organized by Johnson and the Trust for the purpose of providing water and wastewater utility services within Johnson Ranch and other real property in the vicinity of Johnson Ranch that may be developed in the future. Utility has applied for and obtained a decision from the Arizona Corporation Commission ("Commission") granting Utility a Certificate of Convenience and Necessity ("Certificate") to provide water and wastewater utility services to a geographic area that includes Johnson Ranch.

C. In connection with Holdings' acquisition of an interest in Johnson Ranch, Johnson and Utility have agreed to provide certain commitments and assurances to Holdings regarding the availability of water and wastewater services within Johnson Ranch.

D. The purpose of this Agreement is to set forth the respective commitments, representations and warranties made by Johnson and Utility to Holdings and Holdings' successors and assigns with respect to the provision of water and wastewater services to and within Johnson Ranch.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

COVENANTS AND AGREEMENTS:

1. Definitions.

(a) "Johnson" means George H. Johnson, in his capacity as Manager in Utility, and his successors and assigns.

(b) "Johnson Ranch Golf Courses" means the Championship Golf Course and the Precision Golf Course located in Johnson Ranch.

(c) "Existing Main Extension Agreement" means a written agreement between Johnson International, Inc. or Atlas Southwest Recreation Company and Utility for the extension of water and wastewater service and Central Arizona Project ("CAP") for water delivery to a particular portion of Johnson Ranch under which Johnson International, Inc. or Atlas Southwest Recreation Company installed On-Site Facilities to serve new service connections or, alternatively, agrees to install On-Site Facilities necessary to serve new service connections and CAP delivery facilities.

(d) "Main Extension Agreement" means a written agreement between an applicant for the extension of water and wastewater service and Utility under which the applicant for service agrees to advance to Utility the cost of installing On-Site Facilities to serve new service connections or, alternatively, agrees to install On-Site Facilities necessary to serve new service connections. Water Main Extension Agreements shall be submitted to and approved by the Utilities Division of the Commission and shall conform with the requirements of A.A.C. R14-2-406 (unless otherwise approved by the commission).

(e) "Off-Site Facilities" mean, with respect to water utility service, water production facilities (including wells and pumps), storage tanks and reservoirs, and treatment facilities, and shall also mean booster pumps, pressure tanks, transmission mains, and other improvements required to provide service if these facilities are not for the exclusive use of the applicant for water service. "Off-Site Facilities" mean, with respect to wastewater utility service, wastewater treatment plants and facilities, sludge collection and disposal facilities, effluent transportation and disposal facilities (including, but not limited to, pipelines and distribution systems within Johnson Ranch necessary to deliver effluent at the points of delivery at the Johnson Ranch Golf Courses), improvements and facilities necessary to comply with or required to be built under the Consent Order described in Paragraph 12(c), and any related plant and improvements, and shall also mean lift stations, force mains, trunk collection mains and related plant and improvements if these facilities are not for the exclusive use of the applicant for wastewater service.

(f) "On-Site Facilities" mean, with respect to water utility service, distribution mains, service lines, meters, hydrants, and any related valves, fittings and other appurtenances, and shall also mean booster pumps, pressure tanks, transmission mains and other improvements required to provide service provided that such facilities will be used exclusively by the applicant for service. "On-Site Facilities" mean, with respect to wastewater utility service, all collection

mains, service lines, manholes and other related appurtenances, and shall also mean lift stations, force mains, trunk collection mains and related plan and improvements provided that such facilities will be used exclusively by the applicant for service.

(g) "Holdings" means Johnson Ranch Holdings, L.L.C., an Arizona limited liability company, and its successors and assigns, and its members to the extent of their rights as third party beneficiaries, as provided in Paragraph 22, below.

2. Obligation to Furnish Utility Service. Utility, Johnson, and the Trust, and each of them, hereby covenant and agree that Utility will provide water and wastewater utility services to and within Johnson Ranch, and in connection therewith, further covenant and agree as follows:

(a) Timely Construction of Facilities. Water production, storage and transmission facilities will be constructed and placed in service as necessary to satisfy customer demand within Johnson Ranch, and wastewater collection, transmission, treatment and disposal facilities will be constructed and placed in service as necessary to properly treat and dispose of all wastewater generated within Johnson Ranch.

(b) Compliance. Utility will comply with all applicable laws, regulations, orders and other requirements relating to the design, installation, operation and maintenance of public water systems and wastewater collection and treatment systems, including (without limitation) the requirements of the Commission, the Arizona Department of Water Resources, the United States Environmental Protection Agency, the Arizona Department of Environmental Quality, and Pinal County.

3. Master Plan for Water and Wastewater Infrastructure.

(a) Contents of Master Plan. Utility shall prepare, revise and complete, at Utility's expense, a Master Plan concerning the water and wastewater infrastructure necessary to provide water and wastewater services within Johnson Ranch. The Master Plan will follow generally acceptable requirements for such Master Plan and include the following unless otherwise approved by Holdings: (i) the locations, sizing and intended design of all Off-Site Facilities and all major water transmission mains (diameter greater than 8 inches) and wastewater trunk collection mains, booster stations, lift stations and force mains; (ii) an analysis of water supply and demand; and (iii) an estimate of the timing of construction and dates on which the facilities will be placed in service, based on projected customer growth and the associated demand for utility services. All construction of utility plant and facilities within Johnson Ranch will be built to provide service within Johnson Ranch as and when set forth in the Master Plan.

(b) Timing of Initial Master Plan and Subsequent Amendment. The initial Master Plan for Johnson Ranch shall be prepared by Utility on or before ninety (90) days after the receipt of the absorption data referred to in this paragraph. Within ten (10) days after the close of the escrow that is established in connection with Holdings' acquisition of its interest in Johnson Ranch, Holdings shall provide Utility with a schedule indicating, to the best of Holdings' knowledge, the projected development schedule for Johnson Ranch, including the

numbers and types of residential units expected to be constructed, any commercial and industrial development, the phasing of development within Johnson Ranch, and the estimated number of units constructed annually until build-out is reached. Holdings shall thereafter provide Utility updated projections on or before September 1 of each succeeding calendar year through build-out, commencing September 1, 2000. Utility shall prepare a revised Master Plan on or before December 1 of each succeeding calendar year, beginning December 1, 2000, based on the schedule provided annually by Holdings. The foregoing notwithstanding, Utility shall immediately prepare a revised Master Plan in the event that Utility extends service to any residential subdivision project or commercial or industrial customer situated outside of Johnson Ranch that may require Utility to utilize any of the Off-Site Facilities intended to be utilized for utility service within Johnson Ranch.

(c) Review and Comment on Master Plan. The initial Master Plan and all subsequent revisions to the Master Plan shall be provided to Holdings for review.

4. Obligation to Construct Facilities. Utility shall be responsible for the construction of all Off-Site Facilities necessary to provide water and wastewater services within Johnson Ranch, including all engineering and design services and all construction management and oversight services. Funding for the construction of Off-Site Facilities shall be provided by Utility, and shall be obtained by means of capital contributions, debt financing, internally generated funds or hook-up fees (which are more particularly described below); under no circumstances shall real estate developers and builders within Johnson Ranch be required to advance or contribute funds in aid of the construction of any Off-Site Facilities, except as provided in Paragraph 6 below. All On-Site Facilities within Johnson Ranch shall be constructed pursuant to Main Extension Agreements made with the utility and real estate developers, builders and other persons requesting the extension of utility service

5. Existing Main Extension Agreements.

(a) Parcels 2, 3A, 3B and 4A. Johnson and Utility represent and warrant that the On-Site Facilities for Parcels 2, 3A, 3B and 4A at Johnson Ranch necessary to provide water and wastewater services to these Parcels, and CAP water delivery facilities for the Johnson Ranch Golf Courses, have been installed and the Utility has accepted them for maintenance. The Existing Main Extension Agreements for Parcels 2, 3A, 3B and 4A and the Johnson Ranch Golf Courses and the provisions of those Existing Main Extension Agreements with regard to refunds or reimbursements shall not be affected by this Agreement.

(b) Future Parcels. Main Extension Agreements for all Parcels at Johnson Ranch not referenced in Paragraph 5(a) above shall be entered into between the developer of each such parcel and the Utility.

6. Hook-Up Fees. Holdings has been advised that Utility has obtained authorization to collect certain fees, known as hook-up fees, from applicants for water and wastewater service. Utility's current hook-up fees are set forth in Utility's tariff schedule, issued May 30, 1997, and effective June 30, 1997, on file with the Commission. Notwithstanding the terms and conditions

set forth in Utility's tariff schedules, with respect to all subdivisions containing more than fifty (50) developable lots, hook-up fees shall be due and payable in two or more installments. Each installment payment shall be based on the hook-up fees for water and wastewater services set forth in Utility's then current tariff schedule multiplied by fifty (50), except that the final installment payment shall be based on the remaining number of lots in the subdivision for which hook-up fees have not yet been paid. Installments of hook-up fees so paid shall be applied as a credit against the hook-up fees payable for individual lots in the subdivision as hereinafter provided. The initial installment payment shall be due on or before ten (10) days from the date on which the Main Extension Agreement providing for the construction of the subdivision's On-Site Facilities has been executed. Execution of the Main Extension Agreement shall not be a condition to approval of the final plat by the Utility; provided, however, that if a Main Extension Agreement has not been entered into at the time of approval of such final plat by the Utility, such final plat will contain a disclosure that execution of a Main Extension Agreement is required as a condition to service by the Utility. Subsequent installments for each additional increment of lots shall be due and payable when the credits for forty (40) lots of the current fifty (50) lot installment (and the credits for all fifty (50) lots in all prior installments) have been used. A credit must be used for a lot immediately upon the occurrence of the first of any of the following with respect to the lot: 1) issuance of a building permit or breaking ground for construction on the lot, 2) use of water on the lot, or 3) request to install a meter on the lot. Otherwise, credits shall be used on lots as designated by the developer. The third installment of fifty fifty (50) lots would not be due until credits for all fifty (50) lots in the first installment and forty (40) lots in the second installment were used as provided above. With respect to lots or parcels other than subdivisions subject to the above provisions of this paragraph, no vertical construction shall be commenced prior to payment of the applicable hook-up fees for that lot or parcel. Utility represents that the payment of hook-up fees in the manner provided herein for new water and wastewater services in subdivision projects containing greater than fifty (50) lots is permitted under Utility's current tariff schedules. In the event the Commission repeals or disallows Utility's authority to assess the hook-up fees under the tariff, it is agreed that developers and builders within Johnson Ranch will enter into agreements with Utility for Off-Site Facilities required to serve their parcel. Under such agreements, the developer or builder will provide funds not to exceed an amount equal to the existing hook-up fees in effect at the time of such repeal or disallowance by the Commission.

7. Annual Reports on Financial Condition; Loans.

Books?

(a) Annual Report. On or before May 1 of each calendar year during which this Agreement is in effect, commencing May 1, 2000, Utility shall provide Holdings with complete copies of its annual reports filed with the Utilities Division of the Commission.

(b) Anticipated Shortfall. Utility shall promptly advise Holdings, in writing, of any anticipated shortfall in revenues, the unavailability of funding for the construction of planned Off-Site Facilities, or any other financial or regulatory difficulty that may prevent Utility from completing any Off-Site Facilities in accordance with the Johnson Ranch Master Plan prepared and revised in accordance with Paragraph 3, above, or may otherwise affect Utility's ability to provide any utility service as required hereunder. Such notice shall be in writing,

contain a description of the circumstances that have caused, or may cause, the difficulty, and describe the actions Utility intends to take to remedy the difficulty.

(c) Right to Loan Funds. Holdings may furnish funds to the Trust (in its capacity as Member in Utility) or to George H. Johnson (in his capacity as Manager in Utility), at such times and in such amounts as may be deemed appropriate by Holdings, for the sole purpose of providing financing to Utility to fund the construction of water and wastewater facilities, to provide working capital to Utility or as may be otherwise required in order for Utility to provide water and wastewater services to and within Johnson Ranch. All funds provided by Holdings to the Trust and/or George H. Johnson hereunder shall constitute a loan by Holdings to Johnson and the Trust that Johnson and the Trust (jointly and severally) shall be obligated to repay. All amounts loaned by Holdings to the Trust and/or George H. Johnson as provided herein shall bear interest at the rate of twelve percent (12%) per annum (compound interest) until such time as the entire principal balance of the loan has been repaid. Loans made by Holdings hereunder shall (i) be evidenced by a promissory note or similar debt instrument, the terms of which are consistent with this Agreement, but in any case will require monthly payments of not less than $50,000, (ii) be subject to set-off in accordance with Paragraph 7(f), and (iii) be secured by the membership interest of Santan in Holdings as provided in Section 3.7 of the Operating Agreement of Johnson Ranch Holdings, L.L.C. The foregoing notwithstanding, the failure of the Trust and/or Johnson to execute a promissory note or other instruments relating to any loan made by Holdings shall not terminate or otherwise modify the obligations of the Trust and Johnson hereunder.

(d) Use of Loan Proceeds. All funds provided to the Trust and/or George H. Johnson pursuant to this Paragraph 7 shall be immediately transferred by the Trust (or Johnson, as applicable) to Utility. The terms under which the Trust and/or Johnson provides the funds to Utility shall be determined by Johnson, in Johnson's sole discretion, provided, however, that the Trust, Johnson and Utility shall obtain all required approvals and authorizations. Utility covenants and agrees to use the proceeds of all loans made by Holdings pursuant to this Paragraph 7 solely for the construction of Off-Site Facilities or as may be otherwise necessary to pay operating expenses and ensure the continuation of utilities services to and within Johnson Ranch. Johnson and the Trust shall promptly provide Holdings with appropriate documentation evidencing the transfer of the loan proceeds to Utility, demonstrating that any required approvals and authorizations have been obtained, and demonstrating the manner in which the loan proceeds have been utilized by Utility.

(e) No Obligation. The intent of this Paragraph 7 is to provide a means by which Holdings may provide financing for the construction of water and wastewater facilities by Utility and to ensure that Utility has sufficient funds to fulfill its obligations hereunder. Nothing contained in this Agreement shall require Holdings to loan or otherwise provide funds to the Trust or Johnson in order to provide financing for the construction of any Off-Site Facilities or other activities by the Utility.

(f) Holdings' Right of Set-Off. In addition to any and all rights granted to Holdings under the Operating Agreement of Johnson Ranch Holdings, L.L.C., and/or otherwise existing at law or in equity, Holdings is granted the right to set-off all amounts loaned to the

Trust and/or Johnson hereunder (including any accrued and unpaid interest relating to any such loan) in accordance with the provisions of Section 3.2 of the Operating Agreement of Johnson Ranch Holdings, L.L.C., provided that (i) the amount that Holdings is entitled to set-off in any month shall not exceed the monthly payment due in that month under the promissory note described in Paragraph 7(c), and (ii) amounts so set-off shall be applied to reduce the outstanding balance of such promissory note. The exercise of Holdings' right of set-off will not prevent Holdings from exercising any other rights or remedies that may be available to Holdings under the Operating Agreement of Johnson Ranch Holdings, L.L.C. or otherwise in the event of a breach or default by Johnson or any other party to this Agreement.

8. Reports and Notices. Commencing at closing of the Contribution Agreement through December 31, ~~2006~~ 2005, upon written request by Holdings, Utility will promptly provide Holdings with copies of all reports, filings and submittals pertinent to the provision of water or waste water service within Johnson Ranch made by or on behalf of Utility with regulatory agencies having jurisdiction over Utility's operations. Utility shall also provide notice to Holdings of any filings by Utility with the Commission involving a change in any rate, fee or charge, or any other term or condition relating to water or wastewater services provided by Utility within Johnson Ranch. Holdings may, upon approval of the appropriate regulatory authority, participate in any proceeding relating to Utility before the Commission or any other regulatory body that may have affect on, or otherwise relate to, the provision of water or wastewater services within Johnson Ranch. In addition, Johnson and Utility will notify Holdings within five (5) business days upon learning of any situation that could, in their best professional judgment, impair the ability of the Utility to provide adequate water and wastewater services as provided in this Agreement.

9. Delivery of Effluent.

(a) Right to Purchase Effluent. 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. The quantity of effluent that may be purchased annually with respect to the Johnson Ranch Golf Courses shall not exceed the annual allotments for turf-irrigation established for each golf course by the Arizona Department of Water Resources.

(b) Purchase Price for Effluent. The purchase price for effluent sold to Holdings hereunder shall be as determined by the Commission.

(c) Exchange Water Deliveries. Utility reserves the right to deliver the quantities of water that Holdings elects to purchase pursuant to Paragraph 9(a) from any of the following sources: (i) effluent from any wastewater treatment plant of Utility, (ii) any surface water available to Utility, or (iii) groundwater (the foregoing items (i), (ii) and (iii) being hereinafter referred to as "Exchange Water"). Election of such sources shall be at the sole discretion of Utility.

(d) Construction of Facilities. Utility shall construct, at no cost to Holdings, sufficient Off-Site Facilities to allow the transportation and delivery of effluent from Utility's wastewater treatment plants or Exchange Water to the Johnson Ranch Golf Courses.

(e) Minimum Monthly Purchases. Holdings shall be obligated to purchase and accept, on a monthly basis, no less than one-third of the effluent generated from the geographic area of Johnson Ranch, or an equivalent amount of Exchange Water, provided, however, (i) 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 permit, and (ii) that Holdings may reduce or eliminate such obligation by providing Utility notice of such reduction no less than 18 months prior to the first month in which Holdings no longer elects to take such deliveries.

(f) Re-Use Permits. Utility shall be solely responsible for obtaining, maintaining and renewing all permits and other regulatory approvals required for the use of effluent for turf irrigation and other non-potable uses. Holdings hereby agrees to cooperate with Utility in obtaining, maintaining and renewing said permits and approvals. Holdings covenants and agrees to comply with the terms of such permits and to otherwise accept and use effluent delivered by Utility in accordance with all applicable laws, regulations, orders, standards and requirements.

10. CAP Water.

(a) Existing Agreements. Santan and Central Arizona Water Conservation District ("CAWCD") have entered into that certain agreement dated March 21, 1997 entitled "Agreement between the Central Arizona Water Conservation District and 1580 Santan Mountain, L.L.C., providing for the Delivery of Excess Central Arizona Project Water," (the "CAP Agreement"), wherein CAWCD has agreed to provide CAP water to the Johnson Ranch Golf Courses. Santan also has entered into a water delivery agreement with New Magma Irrigation and Drainage District ("New Magma") dated April 17, 1997 to deliver water from the CAP canal through New Magma's canal system to a point of delivery identified in the water delivery agreement. From this point of delivery, CAP water is transported to Johnson Ranch Golf Courses by way of pipelines owned and operated by Utility (the "Existing CAP Transportation Lines"). Utility has been issued a tariff by the Commission authorizing it to charge a fee for transporting the CAP water from the point of delivery to the location of use.

(b) Right to Purchase and Delivery of CAP Water. Until terminated pursuant to subparagraph (c) below, Santan and Utility, respectively, hereby grant to Holdings and its successors and assigns the right to purchase CAP water under the CAP Agreement and delivery of such CAP water by Utility in accordance with Utility's tariff therefor, in such quantity as determined by Holdings for irrigation of the Johnson Ranch Golf Courses (but in no event more than the amount of CAP water made available from time to time by CAWCD under the CAP Agreement). Santan shall take such actions as are necessary to secure CAWCD approval for the resale of CAP water to Holdings. Such actions shall be taken in an expeditious manner, so as to avoid the disruption of water delivery to the Johnson Ranch Golf Courses.

(c) Separate Agreements. Utility shall have the right, upon at least 60 days' prior written notice to Holdings, to require Holdings to enter into (a) a separate contract with CAWCD for delivery of excess CAP water, and (b) a separate contract with New Magma to deliver CAP water from the CAP canal through New Magma's canal system. Utility hereby agrees to cooperate with Holdings in obtaining such separate contracts. Upon the execution of such separate contracts, (i) the obligation of Utility to sell CAP water pursuant to subparagraph (b) above shall terminate, and (ii) Utility shall allow Holdings to use the Existing CAP Transportation Lines for the delivery of CAP water to the Johnson Ranch Golf Courses for a charge consistent with Utility's tariff; provided, however, that such charge shall only include amounts relating to the use of the Existing CAP Transportation Lines (and not any amounts relating to the cost of or charges for CAP water and/or the transportation of CAP water through New Magma's canal system or other delivery systems). If separate contracts are entered into as provided above, then Holdings shall supply to Utility on a monthly basis copies of the CAWCD and New Magma billings for Utility's preparation of its tariff charges to Holdings.

11. Authorizations. Utility, at its own expense and on a timely basis, shall take all steps necessary to obtain, maintain and renew any authorizations and approvals that may be necessary to allow Utility to provide water and wastewater utility services to and within Johnson Ranch and to otherwise fulfill its obligations under this Agreement. Holdings shall cooperate with and assist Utility, upon Utility's written request and as may be reasonably required, in obtaining and renewing any such approvals or authorizations.

12. Representations and Warranties of Johnson and Utility. In addition to any other express covenants and agreements made by Johnson or Utility herein, Johnson and Utility, and each of them, hereby represents, warrants and covenants (with the understanding that Holdings is relying on such representations, warranties and covenants) as to each of the matters set forth below:

(a) No Actions. Except as provided on **Exhibit B**, there are no (i) claims, actions, suits, condemnation actions or other proceedings pending or, to the actual knowledge of Johnson or Utility, threatened by any entity arising out of or relating to the provision of water or wastewater services by Utility, (ii) authorizations, approvals, permits, licenses, franchises or rights that have been denied, or to the actual knowledge of Johnson or Utility, may be denied, by any governmental body, department or agency that would affect Utility's ability to provide water or wastewater services, (iii) violations of any law, statute, regulation, order or requirement that will affect the provision of water or wastewater services by Utility or otherwise interfere with the performance of any duty or obligation hereunder; and (iv) existing defaults under any agreement or contract made by Johnson or Utility that relate to the subject matter of this Agreement or would interfere with the performance of this Agreement.

(b) Authority to Bind. Johnson, the Trust, Santan, and Utility, and each of them, represent and warrant that they have full power and authority to enter into and perform this Agreement in accordance with its terms. The individuals signing this Agreement on behalf of Utility, Santan and the Trust are duly authorized to do so. Upon signing this Agreement, this Agreement shall be binding and enforceable upon Utility, the Trust, Santan and Johnson in

accordance with its terms, and will not violate any other agreement, contract or undertaking to which either Johnson, the Trust, Santan or Utility are subject.

(c) Consent Order. Utility is currently in compliance with and will continue to comply with and timely perform the terms, conditions and requirements set forth in the Consent Order, issued May 12, 1999, by the Arizona Department of Environmental Quality in Docket No. E-105-99.

(d) Assured Water Supply Designation. Johnson and Utility shall use their best efforts to obtain the Assured Water Supply Designation from the ADWR for the Utility's Service Area.

13. Notices. Except as otherwise required by law, any notice required or permitted under this Agreement must be in writing and must be given by either: (i) personal delivery; (ii) United States certified mail., return-receipt requested, with all postage prepaid and properly addressed; (iii) any reputable, private overnight delivery service with delivery charges prepaid and proof of receipt; or (iv) by facsimile machine or telecopier. Notice sent by any of the following methods must be addressed or sent to the party to whom notice is to be given, as the case may be, at the addresses or telecopy numbers set forth below:

Holdings:

SUNBELT HOLDINGS MANAGEMENT INC.
6720 North Scottsdale Road, Suite 160
Scottsdale, Arizona 85253
Attention: John Graham or Curt Smith
Facsimile: (480) 905-1419

Johnson:

JOHNSON INTERNATIONAL INC.
5230 East Shea Boulevard
Scottsdale, Arizona 85254
Attention: George H. Johnson
Facsimile: (480) 473-7908

Utility:

JOHNSON UTILITIES
5230 East Shea Boulevard
Scottsdale, Arizona 85254
Attention: George H. Johnson
Facsimile: (480) 473-7908

Any party may change its address or telecopy number for the purposes of delivery and receipt of notices by advising the other parties in writing of the change. Notice provided by the methods described above will be deemed to be received: (i) on the day of delivery, if personally delivered; (ii) on the date which is three (3) days after deposit in the United States mail, if given

by certified mail; (iii) on the next regular business day after deposit with an express delivery service for overnight, "same day", or "next day" delivery service; or (iv) on the date of transmittal, if given on a regular business day and during regular business hours by facsimile machine or telecopy. No notice will be effective unless provided by one of the methods described above.

14. Severability. In the event that any provision of this Agreement or portion thereof is held by an arbitrator(s) to be unenforceable or invalid, the validity and enforceability of the enforceable portion of any such provision and of the remaining provisions shall not be adversely affected.

15. Force Majeure. If Johnson or Utility shall be unable, in whole or in part, by reason of "force majeure" to carry out any obligation under this Agreement, the performance of such obligation, to the extent and during the time that it is so affected, shall be suspended. As used in this provision, the term "force majeure" shall mean any act of God, breakdown or destruction of any well, treatment plant, or other equipment that is part of the Off-Site Facilities, shortage of or inability to secure power, materials or labor, delay in transportation, strike, lock-out or other labor dispute, war, flood, earthquake, blockade, riot, accident, lightning, fire, explosion, epidemic, quarantine restriction, or any other cause which is beyond the control of Utility. Utility shall immediately give written notice to Holdings of any suspension of performance hereunder, stating therein the nature of the suspension and the reason therefor, shall resume performance hereunder as soon as possible and shall immediately provide written notice to Holdings of such resumption of performance.

16. Joint and Several Obligations. The duties, obligations and undertakings of Johnson, the Trust, Santan and Utility pursuant to this Agreement shall be joint and several obligations of each of them. In the event of the insolvency, bankruptcy or other disability of either Johnson, the Trust, Santan or Utility, the remaining party (or parties) shall remain responsible for the performance of the duties and obligations of Johnson, Santan, the Trust and Utility hereunder.

17. Attorneys' Fees. In the event any party hereto finds it necessary to employ legal counsel or to bring an action at law, or other proceeding against the other party to enforce any of the terms, covenants or conditions hereof, the prevailing party in such action or proceeding shall be paid its reasonable attorneys' fees and costs, and in the event any judgment is secured by such prevailing party, all such attorneys' fees and costs shall be included in such judgment. Any arbitration or other dispute resolution proceeding shall be considered a proceeding for the purposes of this paragraph.

18. Waiver of Conditions; Amendment. No waiver by any party of any breach of this Agreement by another party shall be construed as a waiver of any preceding or succeeding breach. This Agreement may be amended or modified only in writing and may not be amended or modified by any part performance, reliance or course of dealing.

19. Additional Acts. The parties agree to execute promptly any other documents and to perform promptly any other acts as may be reasonably required to effectuate the purposes and intent of this Agreement.

20. Default; Remedies.

(a) Service Related. Holdings' remedies for default by Utility of any service related duty or obligation shall be obtained from the Commission and other applicable government agencies pursuant to the applicable agencies rules and regulations. If Holdings is not satisfied in its sole discretion, with the remedies provided by the Commission or applicable government agencies, Holdings shall have the right at its sole option to pursue the matter further through the appropriate court of law.

(b) Non-Service Related. If either party fails to perform any non service related duty or obligation required hereunder, then the party not performing shall be in default. If commencement to cure such default is not started within three (3) days and such default is not cured within ten (10) days after the other party has given written notice of the existence of such default, then the non defaulting may initiate an arbitration proceeding in accordance with the terms and procedures set forth in Section 3.5 of the Operating Agreement of Johnson Ranch Holdings, L.L.C. which provisions are incorporated herein by this reference, and/or pursue any other rights or remedies that may be available to Holdings in connection with such default.

21. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto. Neither Johnson, nor the Trust, nor Utility can assign its interests hereunder without the written consent of Holdings. If either the Trust, Santan, Johnson or Utility assigns its interests hereunder, such assignment shall be set forth in a written document executed by the assignor and assignee, which document shall contain an express assumption by the assignee of all obligations of the assignor under this Agreement. No assignment shall relieve Santan, the Trust, Johnson or Utility from any liability hereunder unless such relief is specifically consented to Holdings. Further, neither the Trust nor Johnson shall assign, transfer or encumber their rights and interest as sole Member or Manager, respectively, of Utility without the prior written consent of Holdings and, in addition, only if the assignee agrees to be bound by and fully perform all obligations of Johnson, the Trust, Santan and Utility hereunder. Neither Utility, the Trust nor Johnson shall assign, encumber or transfer all or substantially all of the assets of Utility unless such assignment, encumbrance or transfer is specifically made subject to this Agreement. The foregoing notwithstanding, no assignment or transfer shall terminate or otherwise limit Holdings' right of set-off, as more particularly provided in subparagraph 7(f), above, or operate to relieve any party from any liability hereunder.

22. Third Party Beneficiaries. The current members of Holdings and their successors and assigns, except Santan, are intended to be third beneficiaries of this Agreement. Without limiting the foregoing, each member shall have the right to take any action deemed necessary or appropriate to ensure the performance of any duty or obligation of Johnson or Utility hereunder in the event that Holdings, for whatever reason, fails or refuses to act, and to recover an award of

damages in the event of any breach of this Agreement by Johnson or Utility with respect to which Holdings is not fully compensated.

23. Governing Law. This Agreement is governed by and construed and enforced in accordance with the laws of the State of Arizona.

24. Construction. The terms and provisions of this Agreement represent the results of negotiations between the parties, none of which have acted under any duress or compulsion, whether legal, economic or otherwise. Each party has had the full opportunity to review and understand the legal consequences of this Agreement. Consequently, the terms and provisions of this Agreement shall be interpreted and construed in accordance with their usual and customary meaning, and each party waives the application of any rule of law which states that ambiguous or conflicting terms or provisions are to be interpreted or construed against the party whose attorney prepared this Agreement.

25. Interpretation. The terms of this Agreement supersede all prior and contemporaneous oral or written agreements and understandings with respect to its subject matter, all of which are deemed to be merged into this Agreement. This Agreement is a final and complete integration of the understandings of the parties with respect to the subject matter hereof. If there is any specific and direct conflict between, or any ambiguity resulting from, the terms and provisions of this Agreement and the terms and provisions of any document, instrument, letter or other agreement executed in connection with or furtherance of this Agreement, the term, provision, document, instrument, letter or other agreement will be interpreted in a manner consistent with the general purpose and intent of this Agreement.

26. Headings and Captions. The headings and captions of this Agreement are for reference only and are not intended to limit or define the meaning of any provision of this Agreement. The headings and captions may not give full notice of all of the terms, agreements, covenants and conditions contained in any portion of this Agreement.

27. Counterparts. This Agreement may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed an original, but all of which when taken together would constitute one binding contract and instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement Regarding Utility Service to be executed as of the day and year first above written.

JOHNSON RANCH HOLDINGS, L.L.C., an Arizona limited liability company

By: JOHNSON RANCH ASSOCIATES, LLC., a Delaware limited liability company, its Manager

By: SUNBELT J/R MANAGEMENT L.L.C., an Arizona limited liability company, its Managing Member

By: SUNBELT HOLDINGS IV L.L.C., an Arizona limited liability company, its Manager

By: SUNBELT HOLDINGS MANAGEMENT, INC., an Arizona corporation, its Manager

By: _____
Curtis E. Smith
Executive Vice President

_____
GEORGE H. JOHNSON

The undersigned spouse of George H. Johnson hereby consents to this Agreement and agrees to be bound hereby:

_____
JANA S. JOHNSON

IN WITNESS WHEREOF, the parties have caused this Agreement Regarding Utility Service to be executed as of the day and year first above written.

JOHNSON RANCH HOLDINGS, L.L.C., an Arizona limited liability company

By: JOHNSON RANCH ASSOCIATES, LLC., a Delaware limited liability company, its Manager

By: SUNBELT J/R MANAGEMENT L.L.C., an Arizona limited liability company, its Managing Member

By: SUNBELT HOLDINGS IV L.L.C., an Arizona limited liability company, its Manager

By: SUNBELT HOLDINGS MANAGEMENT, INC., an Arizona corporation, its Manager

By: _____
Curtis E. Smith
Executive Vice President

_____
GEORGE H. JOHNSON

The undersigned spouse of George H. Johnson hereby consents to this Agreement and agrees to be bound hereby:

_____
JANA S. JOHNSON

THE GEORGE H. JOHNSON REVOCABLE TRUST DATED JULY 9, 1987

By: _____
George H. Johnson, its Co-Trustee

By: _____
Jana S. Johnson, its Co-Trustee

JOHNSON UTILITIES, L.L.C., an Arizona limited liability company

By: The George H. Johnson Revocable Trust Dated July 9, 1987, its Member

By: _____
George H. Johnson, its Co-Trustee

By: _____
Jana S. Johnson, its Co-Trustee

PHX/NJAMES/974758 3/88139.114

CONSENT AND AGREEMENT:

The undersigned hereby (a) consents and agrees to be bound by the provisions of Paragraphs 7(c), 7(f), 10(b), and 12(b) of this Agreement, and (b) agrees that this Agreement will directly or indirectly benefit the undersigned, and that Holdings would not consummate the transactions described in the Recital A of this Agreement without the execution of this Agreement by the undersigned.

1580 SANTAN MOUNTAIN, L.L.C., an Arizona limited liability company

By: THE GEORGE H. JOHNSON REVOCABLE TRUST DATED JULY 9, 1987, its Managing Member

By: _____
George H. Johnson, its Co-Trustee

By: _____
Jana S. Johnson, its Co-Trustee