

**ORIGINAL
EXCEPTION**

OPEN MEETING AGENDA ITEM



0000111797

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

2 COMMISSIONERS

3 KRISTIN K. MAYES, Chairman
4 GARY PIERCE
5 PAUL NEWMAN
6 SANDRA D. KENNEDY
7 BOB STUMP

2010 MAY 19 P 2:39

AZ CORP COMMISSION
DOCKET CONTROL

6 IN THE MATTER OF THE APPLICATION OF
7 JOHNSON UTILITIES, LLC, DBA JOHNSON
8 UTILITIES COMPANY FOR AN INCREASE IN
9 ITS WATER AND WASTEWATER RATES FOR
CUSTOMERS WITHIN PINAL COUNTY,
ARIZONA.

DOCKET NO. WS-02987A-08-0180

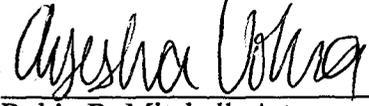
**STAFF'S EXCEPTIONS TO
RECOMMENDED OPINION AND
ORDER**

10 Pursuant to A.A.C. R14-3-110 (B), on May 17, 2010 the Utilities Division ("Staff") of the
11 Arizona Corporation Commission ("Commission") filed exceptions to the Recommended Opinion
12 and Order ("ROO") in the above captioned matter in which Staff recommended that the Commission
13 allow Johnson Utilities, LLC "to recover from its customers the Central Arizona Groundwater
14 Replenishment District ("CAGR") fees through the implementation of an adjustor mechanism,
15 subject to specific enumerated conditions." In Staff's May 17, 2010 exceptions, Staff also stated, that
16 "[i]f the Commission decides to normalize the Company's CAGR fees, Staff would recommend
17 using the Company's actual fee assessment" normalized for the years 2007, 2008, and 2009. Staff
18 submits in Exhibit 1 attached hereto a Summary Table showing Johnson Utilities, LLC's normalized
19 CAGR assessment for 2007, 2008, and 2009. Also attached in Exhibit 1 are CAGR invoices
20 billed to Johnson Utilities, LLC for 2007, 2008, and 2009.

21 RESPECTFULLY SUBMITTED this 19th day of May, 2010.

22
23
24 Arizona Corporation Commission
DOCKETED
25
26 MAY 19 2010

27 DOCKETED BY 
28



Robin R. Mitchell, Attorney
Ayesha K. Vohra, Attorney
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007
(602) 542-3402

1 Original and thirteen (13) copies
2 of the foregoing were filed this
19th day of May, 2010 with:

3 Docket Control
4 Arizona Corporation Commission
1200 West Washington Street
5 Phoenix, Arizona 85008

6 Copy of the foregoing mailed and/or
7 emailed this 19th day of May, 2010 to:

8 Jeffrey W. Crockett
9 Bradley S. Carroll
10 Kristoffer P. Kiefer
11 SNELL & WILMER LLP
One Arizona Center
400 East Van Buren Street
Phoenix, Arizona 85004
Attorneys for Johnson Utilities, LLC

12
13 Craig A. Marks
14 CRAIG A. MARKS, PLC
10645 North Tatum Blvd., Suite 200-676
15 Phoenix, Arizona 85028
Attorney for Swing First Golf, LLC

16 Daniel Pozefsky, Chief Counsel
17 RESIDENTIAL UTILITY
CONSUMER OFFICE
1110 West Washington Street, Suite 220
18 Phoenix, Arizona 85007-2958

19 James E. Mannato, Town Attorney
20 TOWN OF FLORENCE
P.O. Box 2670
775 North Main Street
21 Florence, Arizona 85232-2670

22
23 
24

Exhibit 1

Johnson Utilities
Phoenix & Pinal Active Management Areas ("AMA")
Central Arizona Groundwater Replenishment District Invoices
For
2007, 2008 and 2009
Summary Table

2007:

Phoenix AMA = \$858,000

Pinal AMA = \$ 25,842

2008:

Phoenix AMA = \$1,466,240

Pinal AMA = \$ 84,328

2009:

Phoenix AMA = \$1,454,532

Pinal AMA = \$ 4,743

Total for all 3 years = \$3,893,685

Normalization over 3 years = $\$3,893,685/3 = \$1,297,895$ per year



P.O. Box 43020 • Phoenix, AZ 85080-3020
23636 North Seventh Street • Phoenix, AZ 85024

623-869-2333 • www.cap-az.com

August 10, 2007

Johnson Utilities, LLC
Brian Tompsett
5230 East Shea Boulevard
Scottsdale, AZ 85254

Subject: Annual Replenishment Tax for 2006

Dear Mr. Tompsett:

In accordance with Arizona Revised Statute (ARS) §48-3781(B) and Article 3 of the Member Service Area Agreement between Central Arizona Water Conservation District (CAWCD) and Johnson Utilities LLC, the enclosed invoices explain the Central Arizona Groundwater Replenishment District (CAGR) replenishment tax for 2006. Payments should be made to CAGR by October 15, 2007.

If you have any questions regarding the enclosed invoice, or CAGR in general, please call Jeni Martin at (623) 869-2243.

Sincerely,

A handwritten signature in black ink, appearing to read "Clifford A. Neal", with a circular flourish at the end.

Clifford A. Neal, Manager
Central Arizona Groundwater Replenishment District

jk/m/mae
G:\BDR\grd-bdr\grd-finance\msa 2006\cvlet-replenishtax.johnson06.doc
082.02

Enclosure



P.O. Box 43020 • Phoenix, AZ 85080-3020
23636 N. 7th Street • Phoenix, AZ 85024

623-869-2333 • www.cap-az.com

INVOICE

BILLED TO: Johnson Utilities LLC
Mr. Brian Tompsett
5230 East Shea Boulevard
Scottsdale, AZ 85254

INVOICE NO: 46238
BILL DATE: 08/15/2007
DUE DATE: 10/15/2007

REMIT TO: Central AZ Water Conservation District
Attention: CAGR
P.O. Box 42447
Phoenix, AZ 85080-2447

FOR INTERNAL USE ONLY

PEID: 1286
Reference: CAGR - Replent Assmnt - Phx AMA
Fund-Org: 05000
Object Code: 4631, 4632, 4633, 4634
Division:

ITEM	Description	Total Excess Groundwater (A/F)	Phoenix AMA Assessment Rate	TOTAL
------	-------------	--------------------------------------	-----------------------------------	-------

1	CAGR Member Service Area Annual Replenishment Tax Statement.	3,575.00	240.00	\$858,000.00
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Designation #: 26-400665

Total excess groundwater (as reported on 2005 CAGR annual report).

Please make checks payable to CAGR.

Annual replenishment tax levied by CAWCD in accordance with Arizona Revised Statutes 48-3781.

Interest, cost and penalties: If the replenishment tax is not paid when due, CAWCD will be entitled to interest, costs, and penalties as provided by Arizona Revised Statutes 48-3782.

TOTAL BALANCE DUE:

\$858,000.00



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REMIT TO: Central AZ Water Conservation District
Attention: CAGR
P.O. Box 42447
Phoenix, AZ 85080-2447

FOR INTERNAL USE ONLY

PEID: 1286
Reference: CAGR - Replent Assmnt - Pinal AMA
Fund-Org: 05000
Object Code: 4631, 4632, 4633, 4634
Division:

ITEM	Description	Total Excess Groundwater (A/F)	Pinal AMA Assessment Rate	TOTAL
------	-------------	--------------------------------------	---------------------------------	-------

1	CAGR Member Service Area Annual Replenishment Tax Statement.	118.00	219.00	\$25,842.00
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Designation #: 26-401382.0000
Total excess groundwater (as reported on 2005 CAGR annual report).

Please make checks payable to CAGR.

Annual replenishment tax levied by CAWCD in accordance with Arizona Revised Statutes 48-3781.

Interest, cost and penalties: If the replenishment tax is not paid when due, CAWCD will be entitled to interest, costs, and penalties as provided by Arizona Revised Statutes 48-3782.

TOTAL BALANCE DUE: \$25,842.00



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August 15, 2008

Johnson Utilities, LLC
Brian Tompsett
5230 East Shea Boulevard
Scottsdale, AZ 85254

Subject: Annual Replenishment Tax for 2007

Dear Mr. Tompsett:

In accordance with Arizona Revised Statute (ARS) §48-3781(B) and Article 3 of the Member Service Area Agreement between Central Arizona Water Conservation District (CAWCD) and Johnson Utilities LLC, (Pinal AMA and Phoenix AMA) the enclosed invoices explain the Central Arizona Groundwater Replenishment District (CAGR) replenishment tax for 2007. Payments should be made to CAGR by October 15, 2008.

If you have any questions regarding the enclosed invoice, or CAGR in general, please call Jeni Martin at (623) 869-2243.

Sincerely,

A handwritten signature in black ink, appearing to read "Clifford A. Neal", with a circular flourish at the end.

Clifford A. Neal, Manager
Central Arizona Groundwater Replenishment District

jkm/mae
G:\BDR\grd-bdr\grd-finance\msa 2007\cvlet-replenishtax.johnson07.doc
082.02
Enclosure



CENTRAL ARIZONA PROJECT
 P.O. Box 42447
 Phoenix, AZ 85080-2447

Invoice

BILL TO: BRIAN TOMPSETT
 JOHNSON UTILITIES LLC
 5230 E SHEA BLVD
 SCOTTSDALE AZ 85254

NUMBER 49998

BILL DATE 15-AUG-08

DUE DATE 15-OCT-08

CUSTOMER NUMBER 1286

DESCRIPTION	QTY	UOM	UNIT COST	TOTAL
WATER REPLENISHMENT	5,056	A/F	134.00	677,504.0
ADMIN COMPONENT	5,056	A/F	33.00	166,848.0
INFRASTRUCTURE	5,056	A/F	90.00	455,040.0
REPLENISHMENT RESERVE	5,056	A/F	33.00	166,848.0

TOTAL DUE \$1,466,240.0

SPECIAL INSTRUCTIONS

2007 CAGRD MEMBER SERVICE AREA ANNUAL REPLENISHMENT TAX STATEMENT

Refer questions to: Financial Services: 623-869-2149 • inquiries@cap-az.com

REMIT TO:
 CENTRAL ARIZONA PROJECT
 FINANCIAL SERVICES
 P.O. BOX 42447
 PHOENIX, AZ 85080-2447

NUMBER 49998

BILL DATE 15-AUG-08

DUE DATE 15-OCT-08

CUSTOMER NUMBER 1286

JOHNSON UTILITIES LLC

AMOUNT DUE: \$1,466,240.00

PAYMENT:

If you have any changes on the back of this stub please check this box.



CENTRAL ARIZONA PROJECT
 P.O. Box 42447
 Phoenix, AZ 85080-2447

Invoice

BILL TO: BRIAN TOMPSETT
 JOHNSON UTILITIES LLC
 5230 E SHEA BLVD
 SCOTTSDALE AZ 85254

NUMBER 49999

BILL DATE 15-AUG-08

DUE DATE 15-OCT-08

CUSTOMER NUMBER 1286

DESCRIPTION	QTY	UOM	UNIT COST	TOTAL
WATER REPLENISHMENT	332	A/F	100.00	33,200.00
ADMIN COMPONENT	332	A/F	33.00	10,956.00
INFRASTRUCTURE	332	A/F	90.00	29,880.00
REPLENISHMENT RESERVE	332	A/F	31.00	10,292.00
TOTAL DUE				\$84,328.00

SPECIAL INSTRUCTIONS

2007 CAGR MEMBER SERVICE AREA ANNUAL REPLENISHMENT TAX STATEMENT

Refer questions to: Financial Services: 623-869-2149 • inquiries@cap-az.com

REMIT TO:
 CENTRAL ARIZONA PROJECT
 FINANCIAL SERVICES
 P.O. BOX 42447
 PHOENIX, AZ 85080-2447

NUMBER 49999

BILL DATE 15-AUG-08

DUE DATE 15-OCT-08

CUSTOMER NUMBER 1286

AMOUNT DUE: \$84,328.00

JOHNSON UTILITIES LLC

PAYMENT:

If you have any changes on the back of this stub please check this box.

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August 17, 2009

Johnson Utilities, L.L.C.
Attn: Brian Tompsett
5230 East Shea Boulevard
Scottsdale, AZ 85254

Subject: Annual Replenishment Tax for 2008

In accordance with Arizona Revised Statute (ARS) §48-3781B and article 3 of the Member Service Area Agreement between Central Arizona Water Conservation District (CAWCD) and the Johnson Utilities, L.L.C. (Phoenix AMA), please find the enclosed invoice that explains the Central Arizona Groundwater Replenishment District (CAGRDR) replenishment tax for 2008. Payment should be made to CAGRDR by October 15, 2009.

If you have any questions regarding the enclosed invoice, or CAGRDR in general, please call Jeni Martin at (623) 869-2243.

Sincerely,

A handwritten signature in black ink, appearing to read "Clifford A. Neal".

Clifford A. Neal, Manager
Planning and Replenishment

Jkm
082.02
Enclosure



CENTRAL ARIZONA PROJECT

P.O. Box 42447
Phoenix, AZ 85080-2447

Invoice

BILL TO: BRIAN TOMPSETT
JOHNSON UTILITIES LLC
5230 E SHEA BLVD
SCOTTSDALE AZ 85254

NUMBER 52999

BILL DATE 17-AUG-09

DUE DATE 15-OCT-09

CUSTOMER NUMBER 1286

DESCRIPTION	QTY	UOM	UNIT COST	TOTAL
WATER REPLENISHMENT	4,574	A/F	143.00	654,082.00
ADMIN COMPONENT	4,574	A/F	33.00	150,942.00
INFRASTRUCTURE	4,574	A/F	101.00	461,974.00
REPLENISHMENT RESERVE	4,574	A/F	41.00	187,534.00
			TOTAL DUE	\$1,454,532.00

SPECIAL INSTRUCTIONS

2008 CAGR D MEMBER SERVICE AREA ANNUAL REPLENISHMENT TAX STATEMENT
(26-400665)

Refer questions to: Financial Services: 623-869-2149 • inquiries@cap-az.com

REMIT TO:

CENTRAL ARIZONA PROJECT
FINANCIAL SERVICES
P.O. BOX 42447
PHOENIX, AZ 85080-2447

NUMBER 52999

BILL DATE 17-AUG-09

DUE DATE 15-OCT-09

CUSTOMER NUMBER 1286

JOHNSON UTILITIES LLC

AMOUNT DUE: \$1,454,532.00

PAYMENT:

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August 17, 2009

Johnson Utilities, L.L.C.
Attn: Brian Tompsett
5230 East Shea Boulevard
Scottsdale, AZ 85254

Subject: Annual Replenishment Tax for 2008

In accordance with Arizona Revised Statute (ARS) §48-3781B and article 3 of the Member Service Area Agreement between Central Arizona Water Conservation District (CAWCD) and the Johnson Utilities, L.L.C. (Pinal AMA), please find the enclosed invoice that explains the Central Arizona Groundwater Replenishment District (CAGRDR) replenishment tax for 2008. Payment should be made to CAGRDR by October 15, 2009.

If you have any questions regarding the enclosed invoice, or CAGRDR in general, please call Jeni Martin at (623) 869-2243.

Sincerely,

Clifford A. Neal, Manager
Planning and Replenishment

Jkm
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Invoice

BILL TO: BRIAN TOMPSETT
JOHNSON UTILITIES LLC
5230 E SHEA BLVD
SCOTTSDALE AZ 85254

NUMBER 53000
BILL DATE 17-AUG-09
DUE DATE 15-OCT-09

CUSTOMER NUMBER 1286

DESCRIPTION	QTY	UOM	UNIT COST	TOTAL
WATER REPLENISHMENT	17	A/F	107.00	1,819.00
ADMIN COMPONENT	17	A/F	33.00	561.00
INFRASTRUCTURE	17	A/F	101.00	1,717.00
REPLENISHMENT RESERVE	17	A/F	38.00	646.00

TOTAL DUE \$4,743.00

SPECIAL INSTRUCTIONS
2008 CAGR D MEMBER SERVICE AREA ANNUAL REPLENISHMENT TAX STATEMENT
(26-401382.0000)

Refer questions to: Financial Services: 623-869-2149 • inquiries@cap-az.com

REMIT TO:
CENTRAL ARIZONA PROJECT
FINANCIAL SERVICES
P.O. BOX 42447
PHOENIX, AZ 85080-2447

NUMBER 53000
BILL DATE 17-AUG-09
DUE DATE 15-OCT-09

CUSTOMER NUMBER 1286

AMOUNT DUE: \$4,743.00

JOHNSON UTILITIES LLC

PAYMENT:

If you have any changes on the back of this stub please check this box.

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