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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

GARY PIERCE - Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

RECEIVED Arizona Corporation Commission
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ARIZONA CORPORATION COMMISSION
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IN THE MATTER OF THE APPLICATION OF
JOHNSON UTILITIES L.L.C. FOR AN
EXTENSION OF ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY.

DOCKET NO. WS-02987A-06-0667

**SUPPLEMENTAL COMPLIANCE
FILING AND REQUEST FOR STAFF
CONFIRMATION**

BROWNSTEIN HYATT FARBER SCHRECK LLP
One East Washington Street, Suite 2400
Phoenix, Arizona 85004

In Decision 70411 (July 3, 2008), the Arizona Corporation Commission ("Commission") conditionally approved the application of Johnson Utilities, L.L.C. ("Johnson Utilities" or the "Company") to extend its certificate of convenience and necessity ("CC&N") to provide water and wastewater services for developments known as Monterra, Montessa, Florence Plaza and portions of Walker Butte located in Pinal County, Arizona. Decision 70411 contained the following ordering paragraph regarding the effective date of the decision:

IT IS FURTHER ORDERED that this Decision shall not become effective until the first day of the month after Johnson Utilities, L.L.C., files in Docket Control documentation from the Arizona Department of Environmental Quality that the Pecan Wastewater System is in full compliance with Arizona Department of Environmental Quality and Staff files confirmation of such compliance with Docket Control, and the current rate case filing is found to be sufficient.

In Docket No. WS-02987A-07-0487, Johnson Utilities made a filing dated May 6, 2011, which demonstrated that the Company's Pecan Water Reclamation Plant ("Pecan WRP") was in full compliance with Arizona Department of Environmental Quality ("ADEQ") requirements.¹ Attachment 6 to the May 6, 2011, filing was a letter from ADEQ to Johnson Utilities dated March 9, 2011, confirming the Company's full compliance with ADEQ requirements at the Pecan WRP based upon an ADEQ site inspection conducted February 16, 2011. A copy of ADEQ's March 9,

¹ Johnson Utilities' May 6, 2011, compliance filing in Docket WS-02987-07-0487 is incorporated herein by this reference.

1 2011, compliance letter and accompanying inspection report was attached as Attachment 1 to the
2 Company's Compliance Filing, Request for Staff Confirmation and Notice of Substitution of
3 Counsel filed in this docket on July 28, 2011.

4 Upon review of the Company's May 6, 2011, filing, Staff docketed a Staff Report and
5 Proposed Order dated June 28, 2011, concluding that Johnson Utilities "has taken actions to bring
6 the [Pecan WRP] into full compliance with ADEQ."² The proposed order was adopted by the
7 Commission as Decision 72502 on July 25, 2011. In its decision, the Commission ordered as
8 follows:

9 IT IS THEREFORE ORDERED that Johnson Utilities, L.L.C. dba Johnson
10 Utilities Company is hereby deemed to have complied with the following ordering
paragraphs of Decision No. 70849:

11 *IT IS FURTHER ORDERED that Johnson Utilities L.L.C. shall file*
12 *by December 31, 2009, with Docket Control, as a compliance item*
13 *in this docket, documentation from the Arizona Department of*
14 *Environmental Quality demonstrating that Johnson Utilities*
15 *L.L.C.'s Pecan Water Reclamation Plant (ADEQ Inventory*
#105324) is in full compliance and that the Notice of Violations
issued on March 4, 2008, and June 5, 2008, have been closed.

16 *IT IS FURTHER ORDERED that if Johnson Utilities L.L.C. fails to*
17 *meet the above timeframe, the Utilities Division Staff shall file a*
18 *pleading requesting the Commission to order Johnson Utilities*
19 *L.L.C. to appear and show cause why the conditional extension of*
its wastewater Certificate of Convenience and Necessity granted
herein, should not be considered null and void.

20 *IT IS FURTHER ORDERED that if Johnson Utilities L.L.C.*
21 *achieves full compliance with the Arizona Department of*
22 *Environmental Quality for its Pecan Water Reclamation Plant*
23 *(ADEQ Inventory #105324) on or before December 31, 2009, the*
24 *extension of Johnson Utilities L.L.C.'s wastewater Certificate of*
25 *Convenience [and Necessity] shall become effective on the first*
day of the month following Johnson Utilities L.L.C.'s filing with
Docket Control proof of its compliance and the Utilities Division
Staff's confirmation of such compliance with Docket Control.
(Underscoring added).

26 More recently, in Docket No. WS-02987A-09-0083, Staff filed a Staff Report dated April
27 4, 2012, which evaluated ADEQ compliance status reports for Johnson Utilities dated February 3,

28 ² Staff Report dated June 28, 2011, in Docket WS-02987A-07-0487.

1 2012, and March 28, 2012. In its report, Staff concluded as follows:

2 Based upon these updated ADEQ Compliance Status Reports, it is Staff's
3 interpretation that all of the Company's water and wastewater systems are
4 currently in compliance with ADEQ. It appears that ADEQ is investigating how
5 to determine the Company's liabilities with regard to past violations, but there are
6 no current on-going violations. Therefore, Staff withdraws its recommendation
7 regarding the conditional approval of the Certificate of Convenience and
8 Necessity extension pending updated ADEQ Compliance Status Reports.

9 The Commission accepted Staff's recommendation in Decision 73236 issued June 26,
10 2012, approving an extension of the Company's CC&N. Based upon the documentation
11 presented to the Commission as described herein, it is clear "that the Pecan Wastewater System is
12 in full compliance with Arizona Department of Environmental Quality." Thus, Johnson Utilities
13 has fully satisfied the condition of Decision 70411 requiring the Company to file documentation
14 that its Pecan WRP is in full compliance with the requirements of ADEQ.

15 With regard to the condition that Decision 70411 is not effective until the Johnson
16 Utilities rate case filing in Docket WS-02987A-08-0180 is deemed sufficient, the Company
17 achieved sufficiency on August 1, 2008, and the rate case was concluded some time ago. Thus,
18 both conditions required to make Decision 70411 effective have been satisfied.

19 **REQUEST FOR STAFF CONFIRMATION**

20 Decision 70411 states that after a filing by Johnson Utilities documenting that the
21 Company's Pecan WRP is in full compliance with the requirements of ADEQ, Staff shall confirm
22 compliance in a filing with Docket Control. Based upon the documentation submitted in this
23 filing and in Johnson Utilities' filing on July 28, 2011, as well as documentation filed in other
24 dockets as described herein, the Company requests that Staff docket confirmation of compliance.

25 RESPECTFULLY submitted this 30th day of July, 2012.

26 BROWNSTEIN HYATT FARBER SCHRECK,
27 LLP

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Jeffrey W. Crockett, Esq.
One East Washington Street, Suite 2400
Phoenix, Arizona 85004
Attorneys for Johnson Utilities, L.L.C.

1 ORIGINAL and thirteen (13) copies filed
this 30th day of July, 2012, with:

2
3 Docket Control
4 ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

5 Copy of the foregoing hand-delivered
this 30th day of July, 2012, to:

6
7 Lyn A. Farmer, Chief Administrative Law Judge
Hearing Division
8 ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

9
10 Janice Alward, Chief Counsel
Legal Division
11 ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

12
13 Steve Olea, Director
Utilities Division
14 ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

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