

ORIGINAL



MEMORANDUM

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Arizona Corporation Commission

DOCKETED

MAR 29 2013

FROM: Steven M. Olea
Director
Utilities Division

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

DOCKETED BY

DATE: March 29, 2013

RE: RESPONSE TO COMMISSIONER PIERCE'S LETTER REGARDING JOHNSON UTILITIES, L.L.C. DBA JOHNSON UTILITIES COMPANY REQUEST TO AMEND DECISION NO. 71854 PURSUANT TO A.R.S. § 40-252 DOCKET NO. WS-02987A-08-0180

On March 8, 2013, Johnson Utilities Company ("JUC") filed a request to modify Decision No. 71854 pursuant to Arizona Revised Statute ("A.R.S.") § 40-252. In that request, JUC asked the Commission to re-open Decision No. 71854 to:

1. Increase JUC's test year (2007) revenue requirement by including income tax,
2. Adjust JUC's water and wastewater rates accordingly, and
3. Approve JUC's request without a hearing.

JUC's filing also seemed to request that the Commission order JUC not to increase its rates until after July 1, 2019.

On March 27, 2013, Commissioner Gary Pierce docketed a letter requesting that Staff review JUC's A.R.S. § 40-252 request and, in addition, provide Staff's recommendation on JUC's proposal for a "six year stay-out".

Since this filing by JUC was an A.R.S. § 40-252 request, Staff has not begun its analysis. However, based on Commissioner Pierce's March 27th letter, Staff will begin its analysis as soon as possible. The results of this analysis will be docketed in the form of a Staff Report. Therefore, if the Commission decides to grant JUC's request to re-open Decision No. 71854 pursuant to A.R.S. § 40-252, this Staff Report can be used in that proceeding.

If the Commission does grant JUC's re-opening request, Staff would recommend that this matter be assigned to the Hearing Division for preparation of a Recommended Opinion and Order. Staff would also recommend that notice be provided to JUC customers in a form that is agreeable to Staff and JUC.

With regard to JUC stating that it will not seek a rate increase until 2019, Staff would oppose such a provision. In its Staff Report, Staff will recommend that the Commission order JUC to file its next rate case using a test year ending no later than December 31, 2014, and that filing should be made no later than six months after the end of the test year.

cc: Docket Control
Jodi Jerich
Lyn Farmer
Janice Alward
Eli Abinah
John LeSueur
James Armstrong