

# NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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DEC 31 2013

ARIZONA CORPORATION COMMISSION  
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IN THE MATTER OF THE APPLICATION OF JOHNSON UTILITIES, LLC, DOING BUSINESS AS JOHNSON UTILITIES COMPANY, FOR APPROVAL OF SALE AND TRANSFER OF ASSETS AND CONDITIONAL CANCELLATION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY.

DOCKET NO. WS-02987A-13-0477

**APPLICATION FOR APPROVAL OF THE SALE AND TRANSFER OF ASSETS AND CONDITIONAL CANCELLATION OF CERTIFICATE OF CONVENIENCE AND NECESSITY**

BROWNSTEIN HYATT FABER SCHRECK, LLP  
One East Washington Street, Suite 2400  
Phoenix, AZ 85004

Applicant Johnson Utilities, LLC, ("Johnson Utilities" or the "Company") hereby applies, pursuant to A.R.S. § 40-285(A), Arizona Administrative Code ("A.A.C.") R14-2-402(D) and R14-2-602(D), for an order of the Arizona Corporation Commission ("Commission") approving the sale and transfer of all of its utility assets and operations in Pinal County, Arizona, to the Town of Florence ("Florence" or the "Town"), an Arizona municipality, and the cancellation and extinguishment of its Certificates of Convenience and Necessity (collectively, the "CC&N") to provide water and wastewater services, conditioned upon consummation of a sale to the Town.

**I. THE PARTIES.**

**A. Johnson Utilities, LLC.**

Johnson Utilities is a public service corporation regulated by the Commission which holds a CC&N first granted in Decision 60223 (May 27, 1997) and various extensions thereof authorizing the Company to provide water and wastewater utility services within the defined geographic area depicted on the maps attached hereto as Attachment 1. The Company's existing water CC&N covers approximately 72 square miles and its wastewater CC&N covers approximately 87 square miles. Johnson Utilities generally serves from the boundary of the Town of Queen Creek southeast to the Town of Florence.

1 Johnson Utilities operates two water systems: Johnson Ranch Public Water System No.  
2 11-128 and Anthem at Merrill Ranch Public Water System No. 11-136. The Johnson Ranch  
3 water system consists of 17 wells, 12 storage tanks totaling 6.25 million gallons, and a  
4 distribution system serving approximately 20,170 service connections as of December 2012. The  
5 Anthem at Merrill Ranch water system consists of four wells, two storage tanks totaling to 1.5  
6 million gallons, and a distribution system serving approximately 2,000 service connections as of  
7 December 2012.

8 Johnson Utilities operates four wastewater systems: Pecan, San Tan, Section 11 and  
9 Anthem. The San Tan system has a 2.0 million gallon per day (“MGD”) extended aeration  
10 wastewater reclamation plant (“WRP”) that served approximately 7,275 service laterals as of  
11 December 2012. The Section 11 system has a 1.6 MGD anaerobic lagoon wetland WRP that  
12 served approximately 6,750 service laterals as of December 2012. The Pecan system has a 2.0  
13 MGD extended aeration WRP that served approximately 10,515 service laterals as of December  
14 2012. The Anthem system has a 1.5 MGD extended aeration WRP that served approximately  
15 4,700 service laterals as of December 2012. In total, Johnson Utilities provided wastewater  
16 service to approximately 29,240 service laterals as of December 2012.

17 Currently, Johnson Utilities has applications pending to extend its water and wastewater  
18 CC&N in Dockets WS-02987A-12-0136, WS-02987A-13-0284 and WS-02987A-13-0310.

19 **B. Town of Florence.**

20 The Town of Florence was founded in 1866 and has a current population of approximately  
21 27,000. The Town provides police, fire, library, senior center, parks, water, sewer, sanitation and  
22 other services to the community. Currently, the Town provides water and sewer service to a  
23 population of approximately 21,000.

24 **C. Florence Municipal Property Corporation.**

25 Florence Municipal Property Corporation, an Arizona non-profit corporation, is being  
26 formed on behalf of the Town of Florence to hold the assets acquired from Johnson Utilities.  
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1     **II.     THE TRANSACTION.**

2             Over the years leading up to the filing of this Application, the Town has expressed an  
3 interest in acquiring the assets of Johnson Utilities and providing water and wastewater service to  
4 the customers currently served by the Company. The Town currently provides water and  
5 wastewater services to many of its residents, and the Johnson Utilities service area integrates well  
6 with the Town's planning area. This is the Town's second effort at purchasing the assets of  
7 Johnson Utilities. The Town originally considered purchasing the Company's assets in 2007.

8             Johnson Utilities and the Town are working toward finalizing the terms and conditions  
9 under which the Florence Municipal Property Corporation would acquire the assets of the  
10 Company, including its right to provide water and wastewater utility services to customers  
11 residing within the Company's CC&N, resulting in the extinguishment of that CC&N. Johnson  
12 Utilities and the Town anticipate that an Asset Purchase Agreement will be presented to the  
13 Florence Town Council for approval within the next 30 days.

14             For a period of 18 months following the acquisition, the Town has no plans to change the  
15 rates charged to existing customers of Johnson Utilities. The Town will complete a full rate study  
16 to make a determination on future rates. The Town will assume Johnson Utilities' obligations  
17 with respect to outstanding main extension agreements and customer security deposits.

18             Johnson Utilities will provide notice of this application to its customers by a separate  
19 mailing in January as well as through publication in the local newspapers of general circulation in  
20 the service area. Johnson Utilities and the Town will work to ensure that the transaction is  
21 seamless to customers.

22             The closing of the transaction is conditioned upon receipt of a conditional order from the  
23 Commission cancelling Johnson Utilities' CC&N upon notice to the Commission of the  
24 successful consummation of the transaction. Johnson Utilities will file a notice with the  
25 Commission that the condition precedent to the cancellation of its CC&N has been satisfied. At  
26 that juncture, the cancellation would become permanent and unconditional.

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1           Once the Commission's Utilities Division determines that this application is sufficient,  
2 Johnson Utilities will withdraw the applications pending in Dockets WS-02987A-12-0136, WS-  
3 02987A-13-0284 and WS-02987A-13-0310 to extend its water and sewer CC&N.

4       **III.   THE PUBLIC INTEREST.**

5           In order to provide consistent service and rates to its citizens, and to consolidate the  
6 Johnson Utilities' water and wastewater systems with the municipal systems already operated by  
7 the Town, the Town desires to become the sole water and wastewater utility service provider  
8 within its municipal boundaries. Johnson Utilities agrees with the Town that such a course of  
9 action is in the public interest. In addition, the acquisition will provide the Town with access to  
10 additional water production facilities and wastewater treatment facilities, and allow for the  
11 interconnection of the water and wastewater systems, resulting in greater reliability, capacity and  
12 regionalization.

13       **IV.   CONTACT INFORMATION.**

14       **A.   Johnson Utilities**

15           Johnson Utilities, LLC  
16           Attn: George H. Johnson  
17           5230 East Shea Boulevard, Suite 200  
18           Phoenix, Arizona 85254  
19           Phone: 480-998-3300

20       **B.   Attorneys for Johnson Utilities**

21           Jeffrey W. Crockett, Esq.  
22           Brownstein Hyatt Farber Schreck, LLP  
23           One East Washington Street, Suite 2400  
24           Phoenix, Arizona 85004  
25           Phone: 602-382-4062

26       **C.   Town of Florence**

27           Town of Florence  
28           775 North Main Street  
            P.O. Box 2670  
            Florence, Arizona 85132  
            Phone: 520-868-7500

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**D. Attorneys for Town of Florence**

Jim Mannato, Town Attorney  
Town of Florence  
PO Box 2670  
Florence, Arizona 85132  
Phone: 520-868-7557

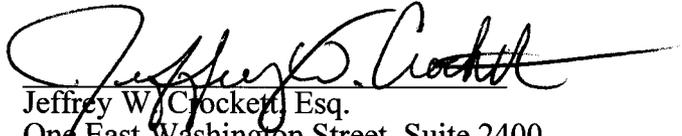
**V. RELIEF REQUESTED.**

Johnson Utilities respectfully requests that the Commission:

1. Approve the sale and transfer of all of the assets of Johnson Utilities pursuant to A.R.S. § 40-285(A) and A.A.C. R14-2-402(D) and R14-2-602(D); and
2. Approve the cancellation and extinguishment of the Certificates of Convenience and Necessity for Johnson Utilities as depicted on Attachment 1, conditioned upon close of the transaction between the Town and the Company and issue its final order to that effect; and
3. Grant such further relief as may be appropriate in the circumstances.

RESPECTFULLY submitted this 31<sup>st</sup> day of December, 2013.

BROWNSTEIN HYATT FARBER SCHRECK,  
LLP



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

ORIGINAL and thirteen (13) copies of the foregoing filed this 31<sup>st</sup> day of December, 2013, with:

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

COPIES of the foregoing hand-delivered this 31<sup>st</sup> day of December, 2013, to:

Bob Stump, Chairman  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, Arizona 85007

1 Gary Pierce, Commissioner  
ARIZONA CORPORATION COMMISSION  
2 1200 West Washington Street  
Phoenix, Arizona 85007

3  
4 Brenda Burns, Commissioner  
ARIZONA CORPORATION COMMISSION  
5 1200 West Washington Street  
Phoenix, Arizona 85007

6 Bob Burns, Commissioner  
ARIZONA CORPORATION COMMISSION  
7 1200 West Washington Street  
Phoenix, Arizona 85007

8  
9 Susan Bitter Smith  
ARIZONA CORPORATION COMMISSION  
10 1200 West Washington Street  
Phoenix, Arizona 85007

11 Lyn Farmer, Chief Administrative Law Judge  
Hearing Division  
12 ARIZONA CORPORATION COMMISSION  
13 1200 West Washington Street  
Phoenix, Arizona 85007

14 Janice Alward, Chief Counsel  
Legal Division  
15 ARIZONA CORPORATION COMMISSION  
16 1200 West Washington Street  
Phoenix, Arizona 85007

17 Steve Olea, Director  
Utilities Division  
18 ARIZONA CORPORATION COMMISSION  
19 1200 West Washington Street  
Phoenix, Arizona 85007

20 COPY of the foregoing sent by regular  
mail this 18<sup>th</sup> day of December, 2013, to:

21  
22 Jim Mannato, Town Attorney  
TOWN OF FLORENCE  
23 PO Box 2670  
Florence, Arizona 85132

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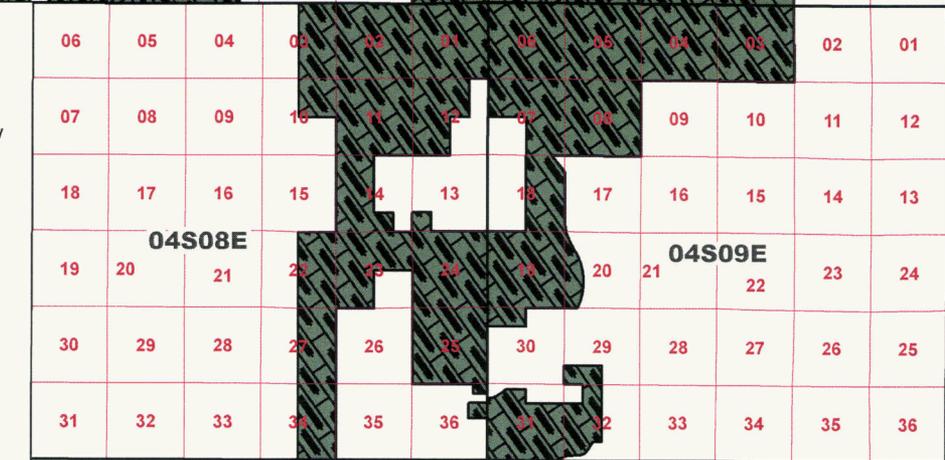
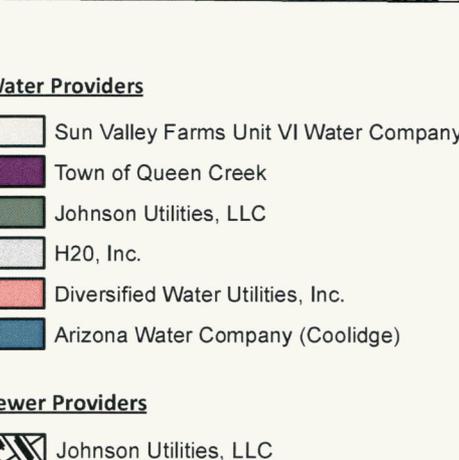
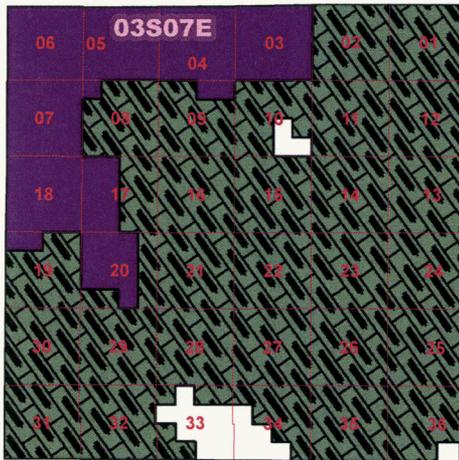
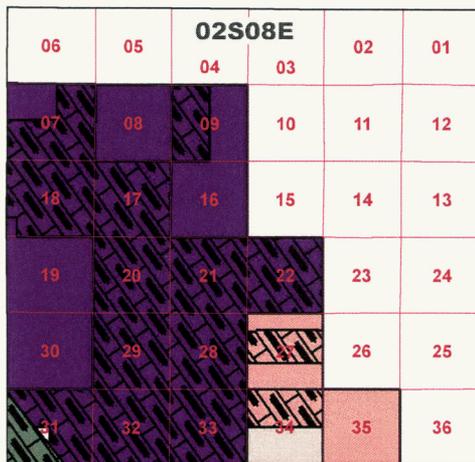
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# **ATTACHMENT 1**

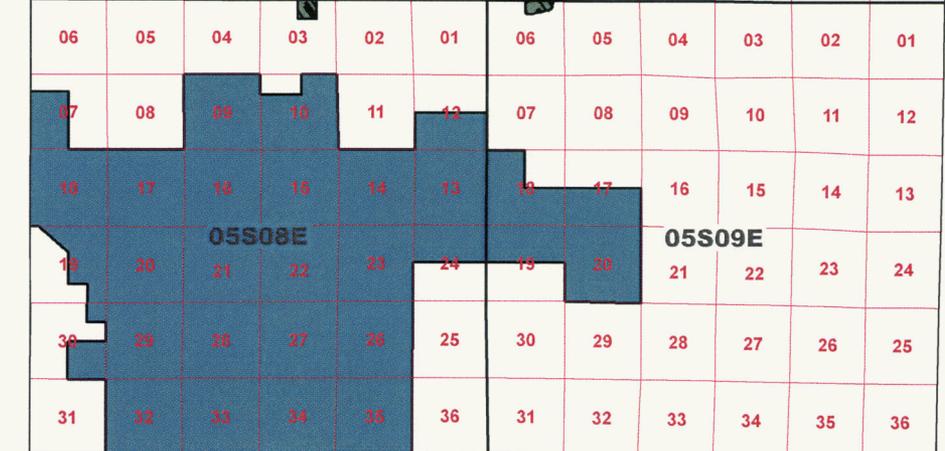


**Water Providers**

-  Sun Valley Farms Unit VI Water Company
-  Town of Queen Creek
-  Johnson Utilities, LLC
-  H2O, Inc.
-  Diversified Water Utilities, Inc.
-  Arizona Water Company (Coolidge)

**Sewer Providers**

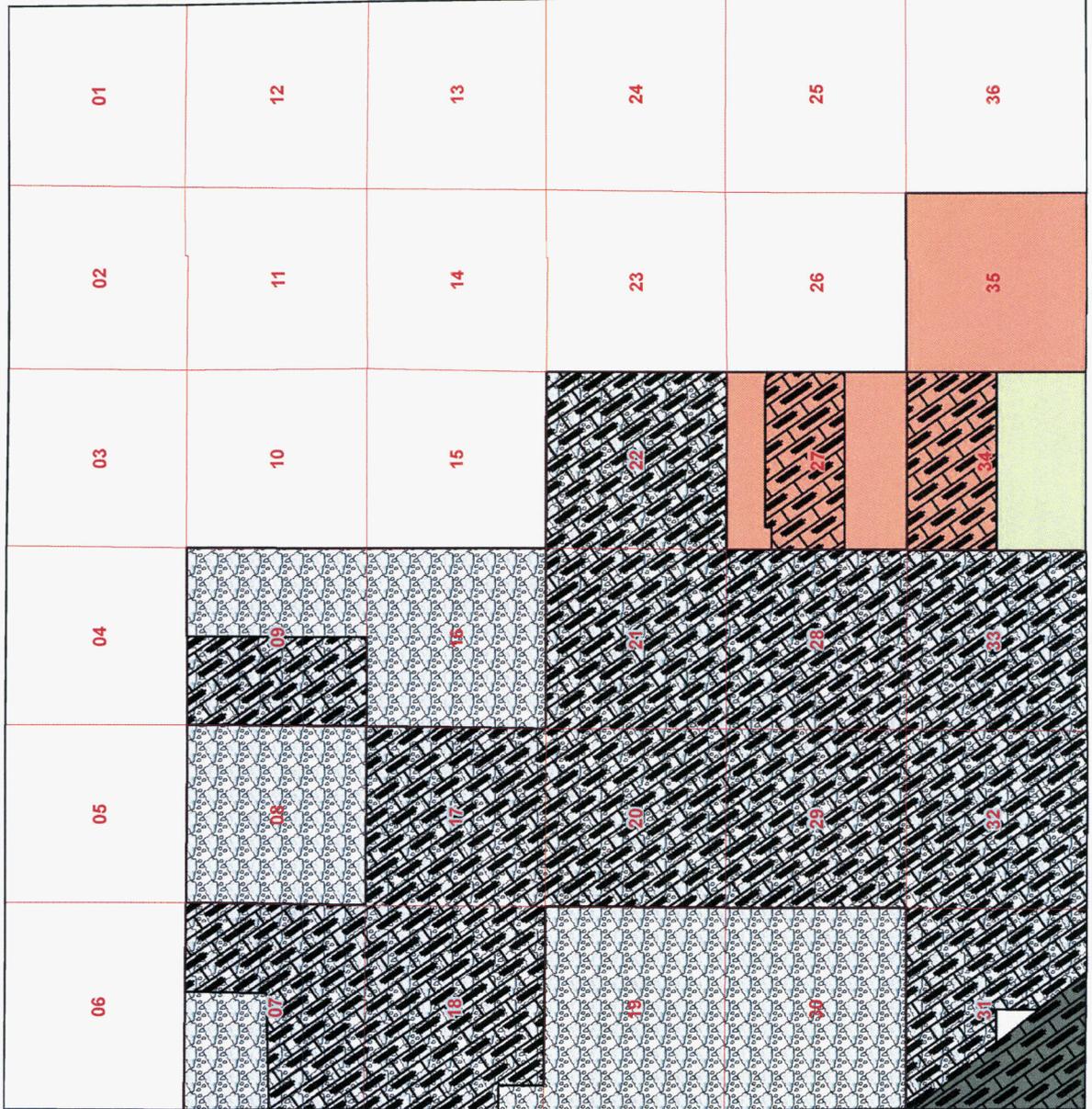
-  Johnson Utilities, LLC



RANGE 8 East

TOWNSHIP 2 South

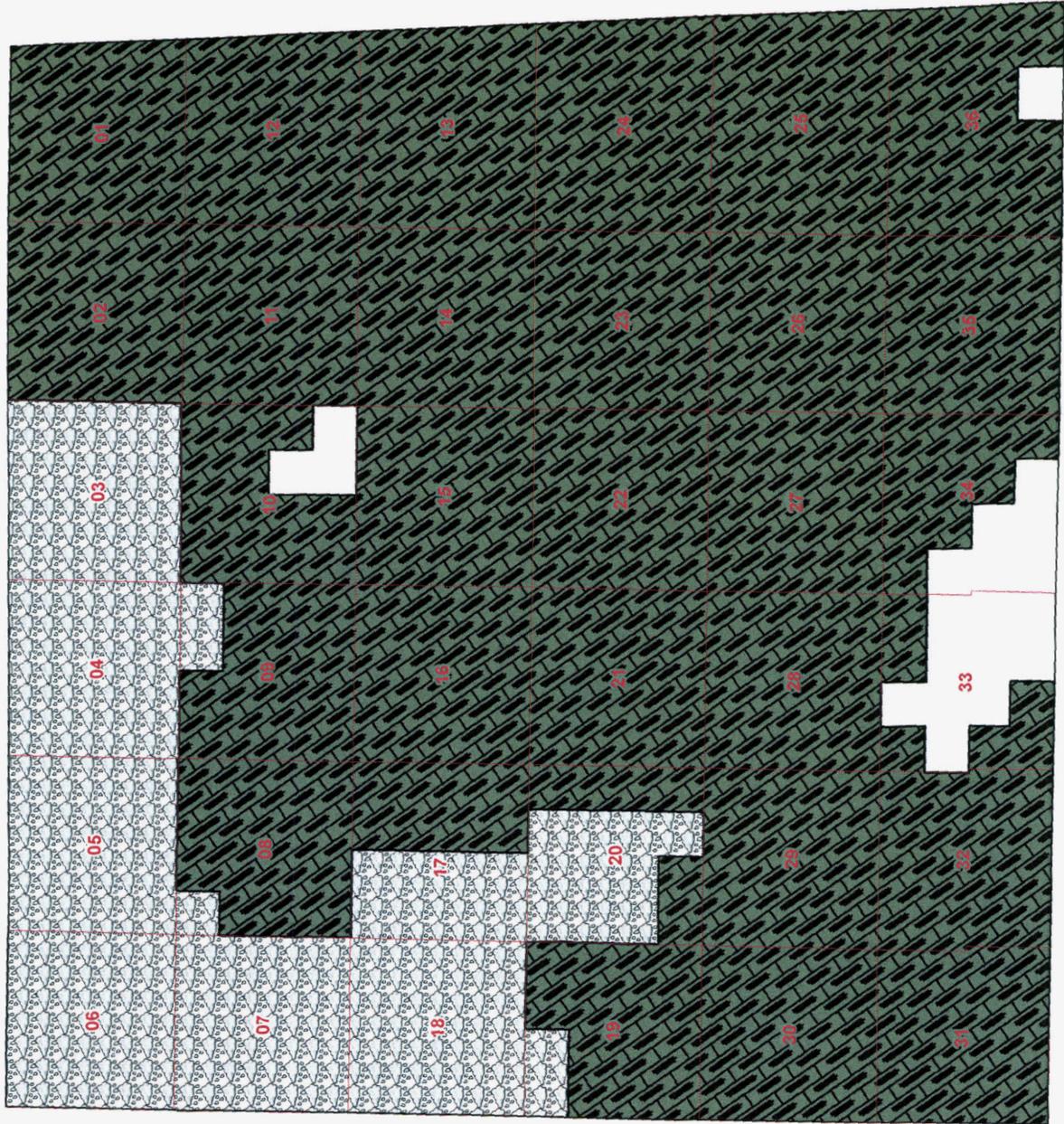
 W-02859A (2)  
 Diversified Water Utilities, Inc.  
 WS-02987A (8)  
 Johnson Utilities, LLC  
 W-02425A (2)  
 Sun Valley Farms Unit VI Water Company  
 (2)  
 Town of Queen Creek (Nonjurisdictional)



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 Arizona Corporation Commission  
 Utilities Division  
 Engineering Section/GIS Mapping  
 602-542-4251

PINAL COUNTY

RANGE 7 East



WS-02987A (8)

Johnson Utilities, LLC

(2)

Town of Queen Creek (Nonjurisdictional)

sewer

TOWNSHIP 3 South

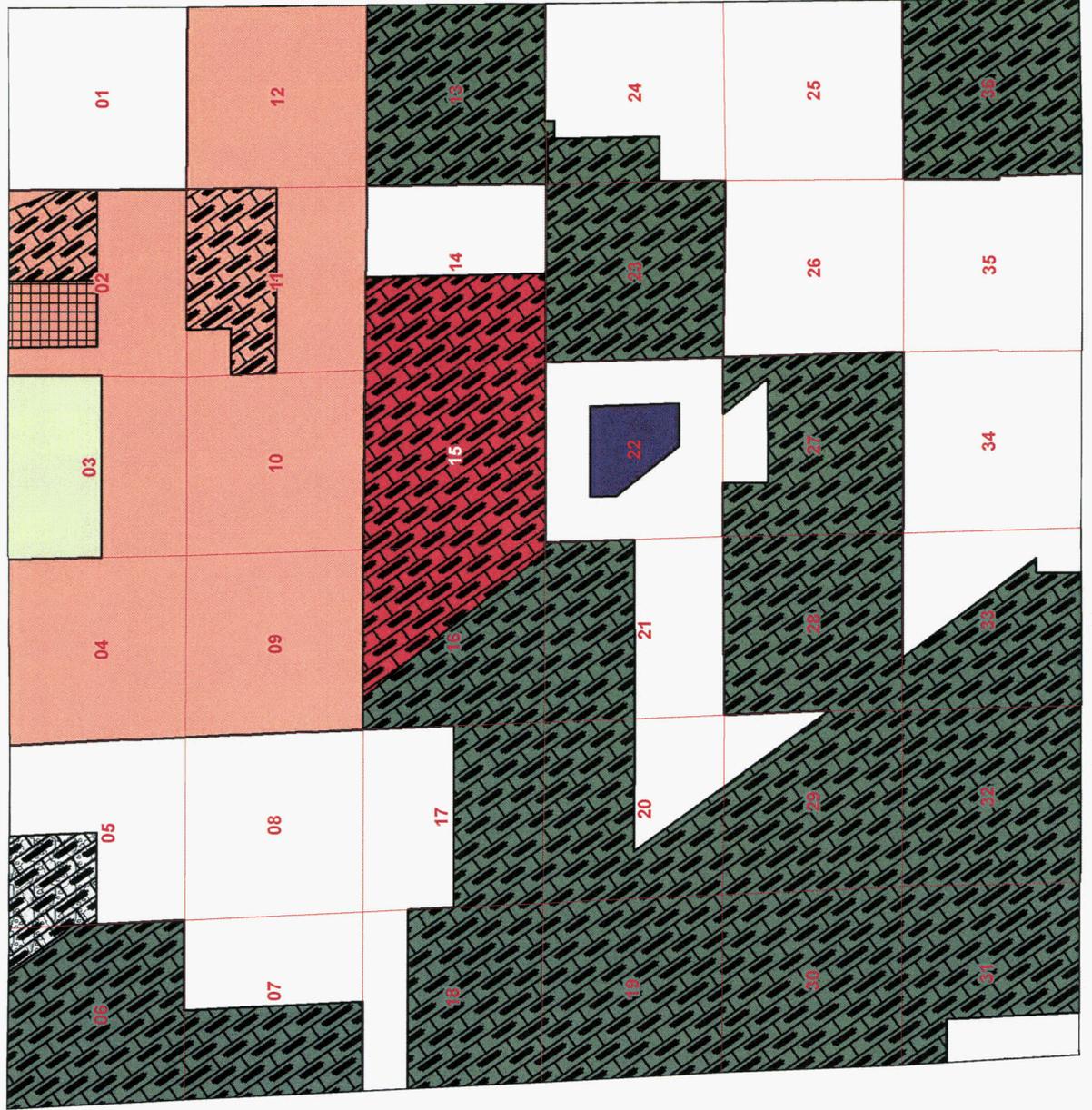


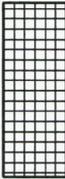
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 Utilities Division  
 Engineering Section (GIS Mapping)  
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**RANGE 8 East**

**TOWNSHIP 3 South**



-  **W-02859A (3)**  
Diversified Water Utilities, Inc.
-  **WS-02987A (8)**  
Johnson Utilities, LLC
-  **W-02425A (2)**  
Sun Valley Farms Unit VI Water Company
-  **(2)**  
Town of Queen Creek (Nonjurisdictional)
-  **(2)**  
Johnson Utilities, LLC  
Docket No. WS-02987A-12-0136  
2nd Amended Application for Extension for Water Only
-  **(1)**  
Johnson Utilities, LLC  
Docket No. WS-02987A-13-0284  
Amended Application for Extension for Water and Sewer
-  **(1)**  
Johnson Utilities, LLC  
Docket No. WS-02987A-13-0310  
Application for Extension for Sewer Only



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Engineering Section/GIS Mapping  
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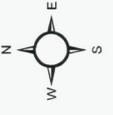
RANGE 9 East

TOWNSHIP 4 South

WS-02987A (8)  
Johnson Utilities, LLC

(4)  
City of Florence (Nonjurisdictional)

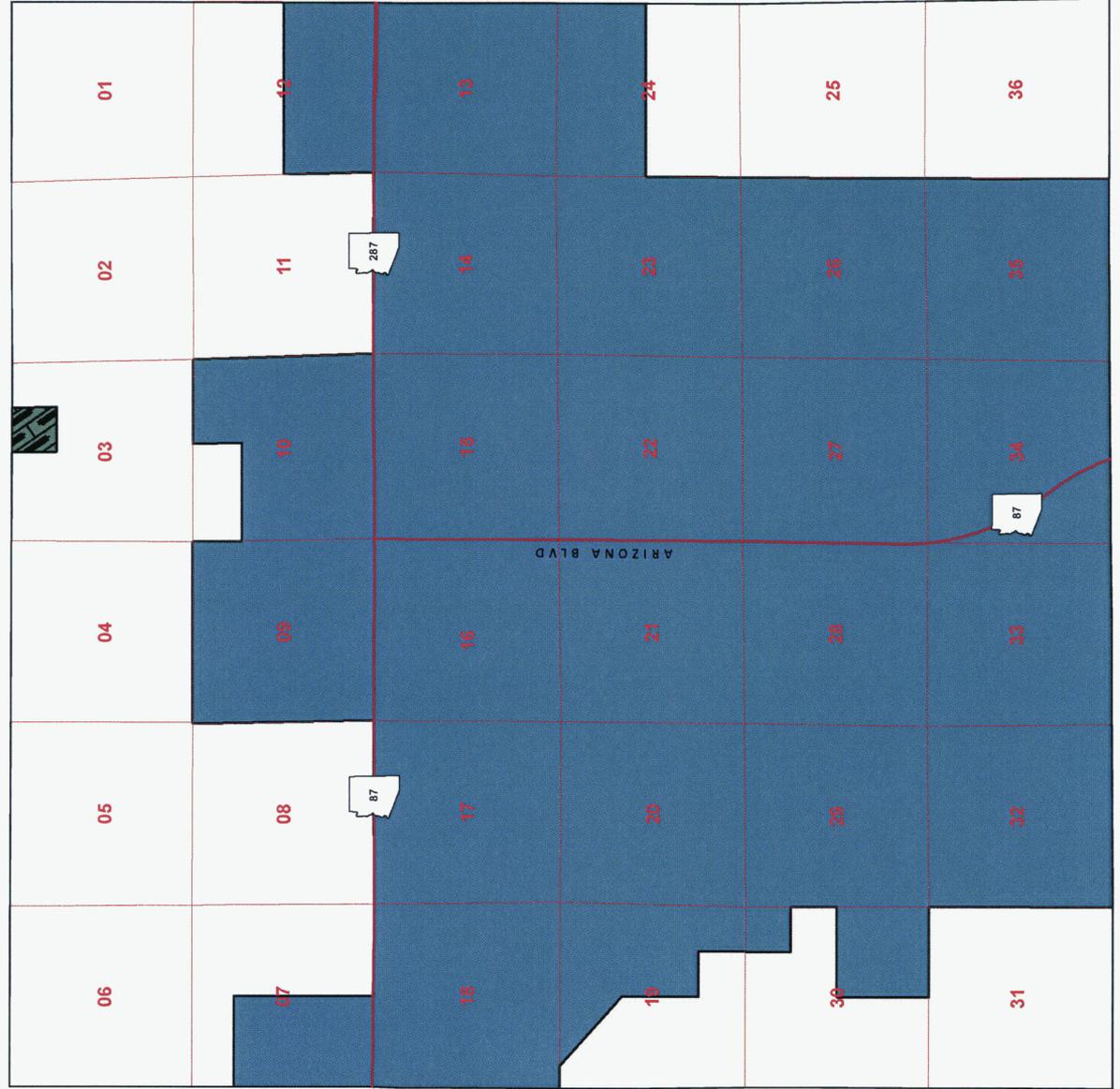
(2)  
Johnson Utilities, LLC  
Docket No. WS-02987A-12-0136  
2nd Amended Application for  
Extension for Water & Sewer



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Arizona Corporation Commission  
Utilities Division  
Engineering Section/GIS Mapping  
602-542-4251

RANGE 8 East

TOWNSHIP 5 South



 W-01445A (40)(4)  
 Arizona Water Company (Coolidge)  
 WS-02987A (8)  
 Johnson Utilities, LLC  
 Sewer



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 Arizona Corporation Commission  
 Utilities Division  
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 602-542-4251

TR558E 03 JUL 2008

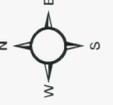
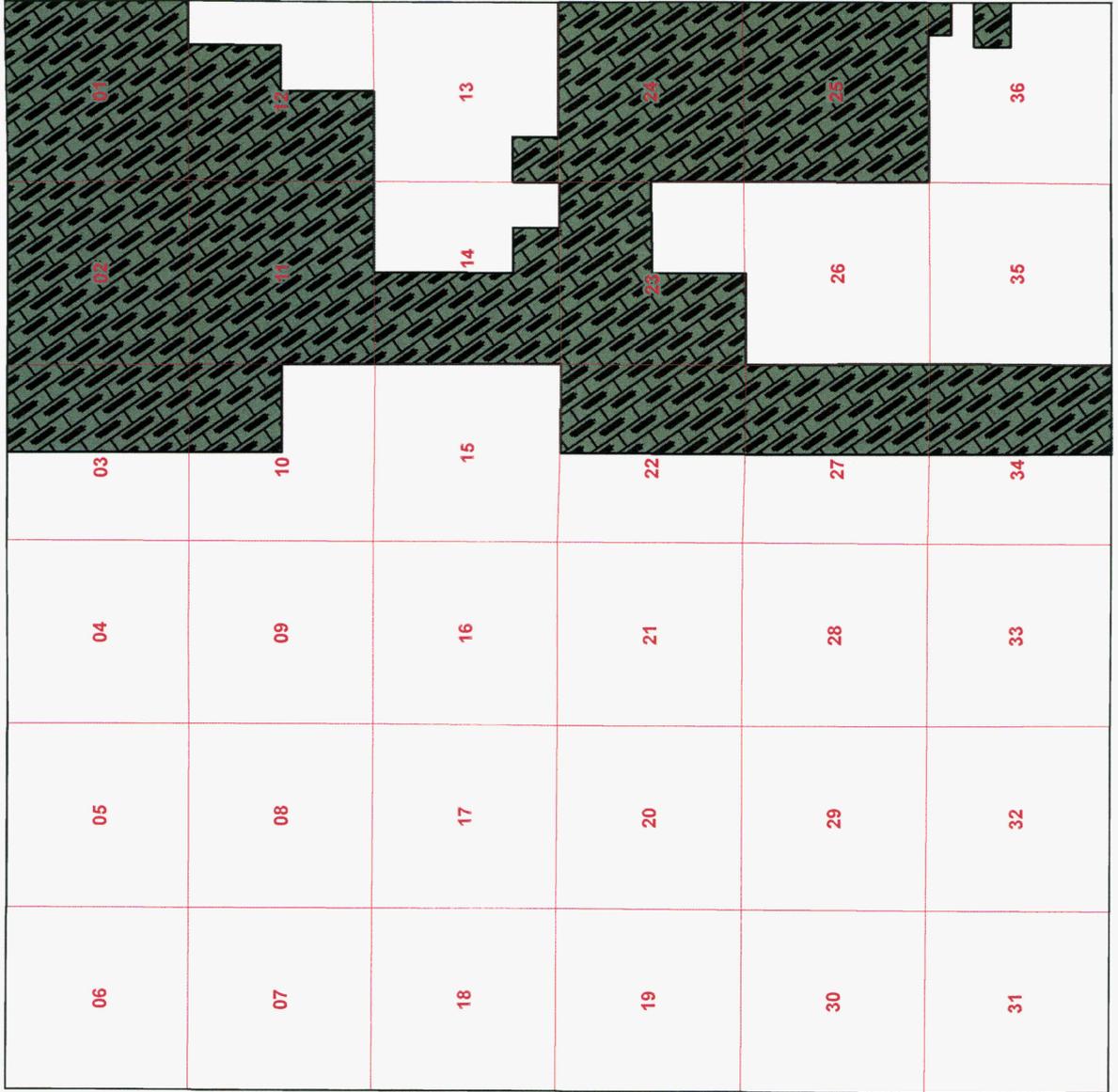


RANGE 8 East

TOWNSHIP 4 South



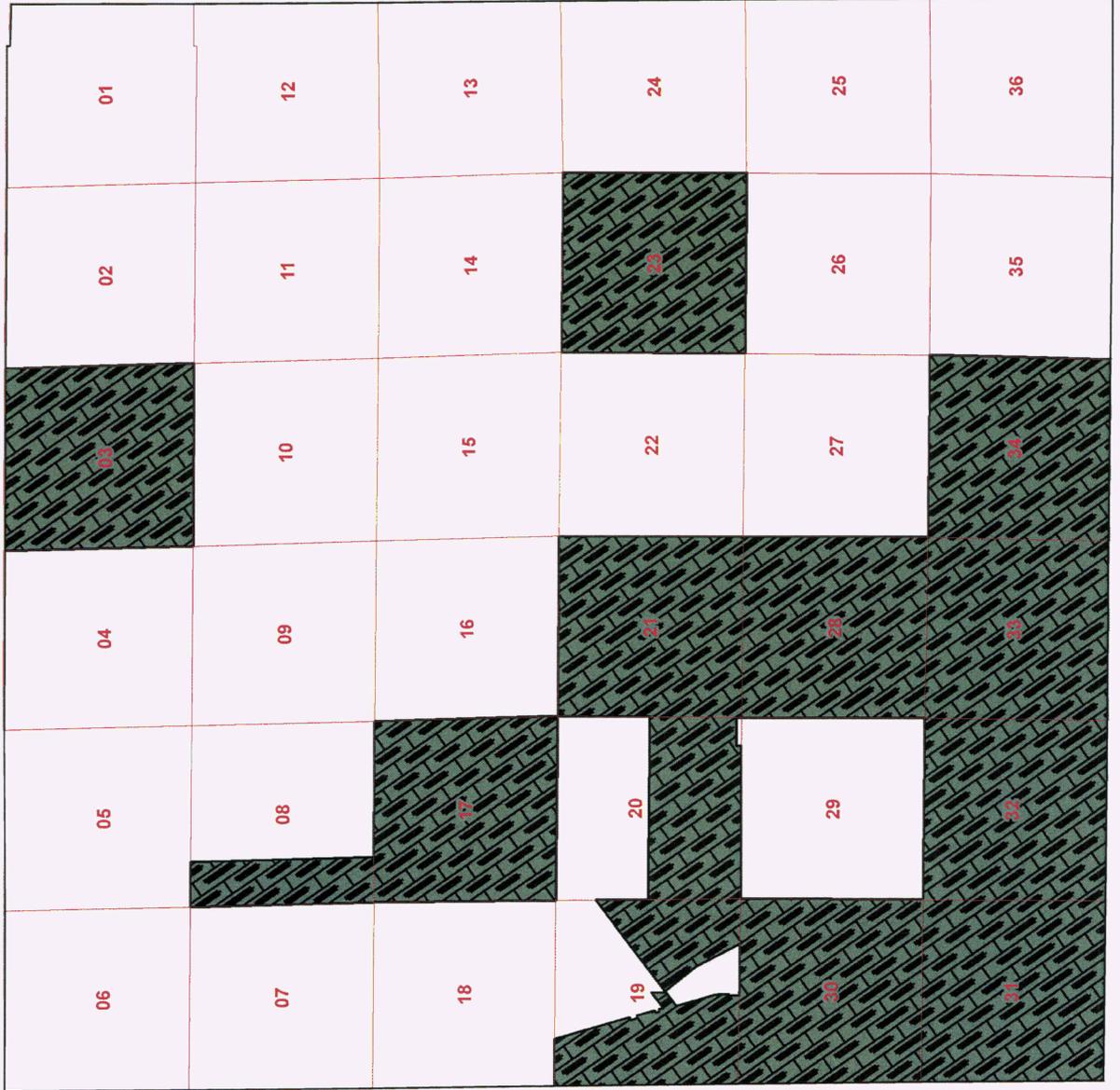
WS-02987A (8)  
Johnson Utilities, LLC



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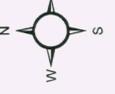
RANGE 9 East

TOWNSHIP 3 South



WS-02987A (8)

Johnson Utilities, LLC



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TR3S9E 26 JUN 2012