



0000152919

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

ORIGINAL

2014 APR 21 P 12:56

Arizona Corporation Commission

DOCKETED

APR 21 2014

DOCKETED BY

- 1
- 2 BOB STUMP
CHAIRMAN
- 3 GARY PIERCE
COMMISSIONER
- 4 BRENDA BURNS
COMMISSIONER
- 5 BOB BURNS
COMMISSIONER
- 6 SUSAN BITTER SMITH
COMMISSIONER

AZ CORP COMMISSION
DOCKET CONTROL

7 IN THE MATTER OF THE APPLICATION OF
8 JOHNSON UTILITIES, LLC, DOING
9 BUSINESS AS JOHNSON UTILITIES
10 COMPANY, FOR APPROVAL OF SALE AND
11 TRANSFER OF ASSETS AND
CONDITIONAL CANCELLATION OF ITS
CERTIFICATE OF CONVENIENCE AND
NECESSITY.

Docket No. WS-02987A-13-0477

12

13

14 **RUCO'S MOTION TO COMPEL AND MODIFICATION OF THE PROCEDURAL**
SCHEDULE
 15 **(Expedited Ruling Requested)**

16 The Residential Utility Consumer Office ("RUCO") hereby files this Motion to Compel the
 17 Company to respond to RUCO's Data Requests. The specific data requests are listed in the
 18 attached Exhibit A. RUCO has included RUCO's data requests and the Company's responses
 19 in the attached Exhibit B.

20 The Company relies almost exclusively on Attorney General Opinion No. 62-7 to deny
 21 responding to RUCO's data requests. The Company believes that the Opinion makes just
 22 about everything irrelevant for the purposes of this matter. RUCO agrees that the Opinion is
 23 limiting in scope and to some degree agrees with the Company that the hearing should be
 24 limited in scope. However, the Opinion does not render RUCO's inquiries irrelevant.

1 But for the sake of argument, if the hearing is nothing more than a nod and a wink on the
2 Commission's part, it should not be the Company that makes that call. RUCO believes that it is
3 well within the Commission's providence to ascertain whether or not the transaction in question
4 is an arms-length transaction. Surely, no law requires the Commission to approve a transaction
5 that is not at arms-length. While RUCO does not have reason to believe that the subject
6 transaction is not at arm-length, RUCO has questions on the issue. The following excerpts are
7 from an article titled "*Tragic Consequences Follow Mayor Tom Rankin's Control of Politics and*
8 *Police in Florence*" published in the Phoenix New Times dated December 5, 2013. The full
9 article is attached as Exhibit C.

10 "However, Rankin's motives regarding town policy have been known to benefit him, his friends,
11 or his family, either directly or indirectly.

12 Take the case of multimillionaire water baron and developer George Johnson, owner of Johnson
13 Utilities, which provides water and sewer services for the San Tan Valley and parts of Florence.

14 Johnson is a longtime supporter of Rankin's. According to Rankin's campaign-finance reports,
15 Johnson and members of his family gave more than \$6,000 to Rankin's 2012 campaign for
16 mayor.

17 Also during the election, Johnson Utilities' newsletter to its customers featured Rankin among
18 its choices for "Best Florence Council Candidates," using a smiling photo of him in his cowboy
19 hat.

20 Rankin's eldest son, Robert, works for the Johnson-owned Oasis Golf Club as superintendent.
21 His photo can be seen on the company's website.

22 Tom Tom Rankin once worked for Johnson Utilities, but his employment ended badly in 2012,
23 when a protective order was issued by a Superior Court judge for what were described only as
24 his "multiple acts of workplace harassment."

The order later was lifted, but former employees tell *New Times* that Rankin Jr. did not return
to work there.

Court records also show that in 2003, Johnson loaned \$5,000 to Rankin Sr.

New Times contacted Johnson to ask about his relationship with Rankin.

"The only thing I know about Mayor Rankin is that he puts Florence at the top," Johnson said.
"He looks out for what's best for Florence."

Johnson would not answer specific questions, though.

1 In turn, Rankin is a vocal supporter of Johnson Utilities and George Johnson, specifically. In
2 February, he and four other council members voted to grant Johnson the right to provide water
to customers in the southern part of Florence.

3 Johnson said he needed the rights so that he could build a 6,000-home development, a dude
4 ranch, and a spa. The town's attorney and assistant manager warned that Florence should make
sure it gets something in return for the deal. But Rankin championed handing over the rights to
Johnson.

5 Rankin's stances on other town policy issues — from his opposition to a planned copper mine in
6 town to his vehement objection to the incorporation of the San Tan Valley — mirror Johnson's
views.

7 "He's not done anything to hurt me, Florence," Rankin says, when asked about Johnson. "When
8 I say 'me,' I'm talking [about] the town. If he had done something to hurt the town, I might not
feel the same way."

9 A source familiar with power brokers in Florence says there is a "constant environment of
10 intimidation" from Rankin at Town Hall. The source says the new town manager is "just a
puppet for the mayor."

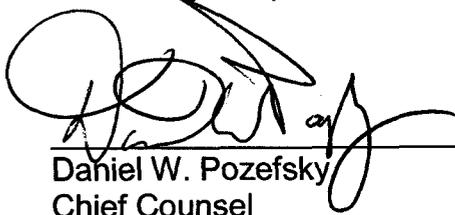
11
12 This article may be baseless, but RUCO believes that the Commission must at the very least be
13 assured that the transaction is at arms-length before the Commission approves it. RUCO, as
14 part of its due diligence, has directed several of its data requests towards this question. (Data
15 Request Nos. 3.05, 3.06, 3.07, 3.08, 3.09, 3.10, 3.11, 3.14, 2.06). RUCO further intends to ask
16 the Town the same and/or similar questions.

17 The other data requests, for the most part arose in response to the testimony of Daniel
18 Hodges (filed March 28, 2014). The Company, not RUCO put the issues that are the basis of
19 those data requests in question by filing its testimony in support of the Application.

20 If the Company truly thought the scope of this proceeding is as narrow as its responses
21 indicate, then the Company's testimony should be dismissed. RUCO would have no objection
22 to the Company refiling testimony only on the narrow scope of what it believes are the issues in
23 this case. The Company should not be able, however, to file testimony that is broad on the
24 issues and then claim all the other parties are limited in their scope.

1 WHEREFORE, RUCO requests that the Commission grant its Motion to Compel.

2
3 RESPECTFULLY SUBMITTED this 21st day of April, 2014.

4
5 
6 Daniel W. Pozefsky
7 Chief Counsel

8
9 AN ORIGINAL AND THIRTEEN COPIES
10 of the foregoing filed this 21st day
11 of April, 2014 with:

12 Docket Control
13 Arizona Corporation Commission
14 1200 West Washington
15 Phoenix, Arizona 85007

16 COPIES of the foregoing hand delivered/
17 mailed this 21st day of April, 2014 to:

18 Teena Jibilian
19 Administrative Law Judge
20 Hearing Division
21 Arizona Corporation Commission
22 1200 West Washington
23 Phoenix, Arizona 85007

24 Janice Alward, Chief Counsel
Legal Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Steve Olea, Director
Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Jeffrey Crockett
Brownstein Hyatt Farber Schreck, LLP
One E Washington St., Suite 2400
Phoenix, Arizona 85004
Attorneys for Johnson Utilities, LLC

Craig A. Marks
Craig A. Marks, PLC
10645 N. Tatum Blvd, Suite 200-676
Phoenix, Arizona 85028
Attorney for Swing First Golf, LLC

James Mannato
Florence Town Attorney
775 N. Main Street
P.O. Box 2670
Florence, Arizona 85253

1 Michele Van Quathem
Ryley Carlock & Applewhite
2 One N. Central Ave., Suite 1200
Phoenix, Arizona 85004-4417

3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

By Cheryl Fraulob
Cheryl Fraulob

EXHIBIT 1

EXHIBIT 1

RUCO DATA REQUEST NUMBERS:

2.01

2.02

2.05

2.06

3.01

3.02

3.04

3.05

3.06

3.07

3.08

3.09

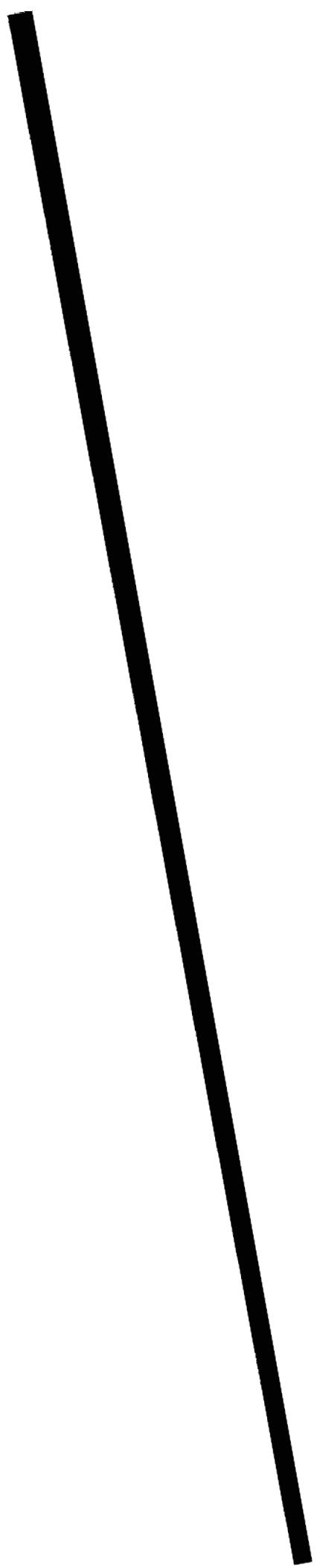
3.10

3.11

3.14

3.16

EXHIBIT 2



Johnson Utilities, LLC
Docket No. WS-02987A-13-0477
Approval of the Sale and Transfer of Assets and
Conditional Cancellation of its Certificate of Convenience and Necessity
RUCO's Second Set Of Data Requests

2.01 Per Section 2.06 of the "DRAFT" Asset Purchase and Lease Agreement it states that Seller, or its affiliate, will enter into a "Management Agreement" with Buyer, which Seller, or its affiliate will operate the Business for a period of (5) years.

- 1) Is it the intent that Mr. George Johnson will **play a direct role** in the operation and/or management of the water and wastewater systems that are being purchased from Johnson Utilities?
- 2) Has the "Management Agreement" been prepared? If so, please provide a copy of the agreement even if in DRAFT form.
- 3) If Mr. Johnson has a direct role please identify in what capacity?
- 4) How will Mr. Johnson be paid and what amount?
- 5) What will be Mr. Johnson's recourse if there are insufficient funds to pay their fee/salary.
- 6) What other affiliate of seller would be involved in this transaction?
- 7) How was the proposed Management Fee of \$500,000 arrived at?
- 8) Is the Management Fee all inclusive of the payments that the Town expects to make to Seller, or its affiliates, for services rendered?

Objection: Johnson Utilities objects to this data request on the grounds that it is not relevant to any issue properly before the Arizona Corporation Commission in this docket, nor will it lead to the discovery of admissible evidence. The limited scope of the Commission's review with regard to the sale and transfer of assets from a public utility to a municipality such as the Town of Florence is discussed in Arizona Attorney General Opinion No. 62-7, which is incorporated herein by this reference. Opinion No. 62-7 states, in relevant part, as follows:

"The Corporation Commission has no jurisdiction to regulate the relationships between a municipality and its consumers, even though such consumers lie beyond the boundaries of the city. The relations between the municipality and its consumers can only be regulated through the Legislature.

We consider it now settled law that the Arizona Corporation Commission has no jurisdiction over the municipalities in either the regulation, purchase, acquisition or operation of their public utility activities within or without municipal boundaries."¹ (emphasis added)

¹ Arizona Attorney General Opinion No. 62-7 at 4-5.

Johnson Utilities, LLC
Docket No. WS-02987A-13-0477
Approval of the Sale and Transfer of Assets and
Conditional Cancellation of its Certificate of Convenience and Necessity
RUCO's Second Set Of Data Requests

Additionally, Opinion No. 62-7 states that:

"The Corporation Commission has not been given any jurisdiction over a municipality in the municipality's determination of what fields of business, including public utilities, it will enter, nor over the feasibility, desirability or consideration to be paid by the municipality in the acquisition or purchase of the public utilities.

* * *

The Corporation Commission may only concern itself with questions relating to whether or not the proposed transfer will be injurious to the rights of the public. The Commission has nothing to do with the rights of the intended purchaser and has no power to determine the validity of the contract, fairness of the purchase price, or feasibility of the project.

* * *

In the situation when the entire assets of the private utility are acquired by a municipality and all the customers are to be served by it, the utilities' public service function is ended. The Corporation Commission cannot prohibit the sale of its assets. The hearing and order must be directed only to a determination that there are no other customers or persons who have been served by the private utility and that it will, in fact, have been relieved of all its duties to serve such customers. The Commission's determination is to be made relating only to these matters. They may not enter an order denying the public utility the right to dispose of its assets, except upon the grounds that the utility is not in fact terminating its function in the service of its customers. This is the effect of A.R.S. §40-285(C)."² (emphasis added)

The Management Agreement pertains solely to the operation of the Town's "public utility activities within or without municipal boundaries" following acquisition of the utility assets from Johnson Utilities, and as such, is expressly outside the scope of the Commission's jurisdiction as described in Opinion No. 62-7.

² *Id.* at 12-14

Johnson Utilities, LLC
Docket No. WS-02987A-13-0477
Approval of the Sale and Transfer of Assets and
Conditional Cancellation of its Certificate of Convenience and Necessity
RUCO's Second Set Of Data Requests

2.02 Can you please provide a detailed explanation, including assumptions and calculations, the Town of Florence used in order to determine the purchase price being paid for the water and wastewater systems of \$121,000,000 as identified in Section 2.01 of the "DRAFT" Asset Purchase and Lease Agreement?

- 1) Has the purchase price been finalized?
- 2) Did Johnson receive any other offers? If yes, by whom and how much? Did Johnson negotiate with any other entity to acquire the assets? Please explain? Was Johnson Utilities approached by any other entity to sell its water and wastewater systems? Please explain?
- 3) Please explain how the Town intends to pay for the acquisition.
- 4) Please identify all potential purchasers.

Objection: Johnson Utilities objects to this data request on the grounds that it is not relevant to any issue properly before the Arizona Corporation Commission in this docket, nor will it lead to the discovery of admissible evidence. The limited scope of the Commission's review with regard to the sale and transfer of assets from a public utility to a municipality such as the Town of Florence is discussed in Arizona Attorney General Opinion No. 62-7, which states in relevant part as follows:

"The Corporation Commission has no jurisdiction to regulate the relationships between a municipality and its consumers, even though such consumers lie beyond the boundaries of the city. The relations between the municipality and its consumers can only be regulated through the Legislature.

We consider it now settled law that the Arizona Corporation Commission has no jurisdiction over the municipalities in either the regulation, purchase, acquisition or operation of their public utility activities within or without municipal boundaries."³ (emphasis added)

Additionally, Opinion No. 62-7 states that:

"The Corporation Commission has not been given any jurisdiction over a municipality in the municipality's determination of what fields

³ *Id.* at 4-5.

Johnson Utilities, LLC
Docket No. WS-02987A-13-0477
Approval of the Sale and Transfer of Assets and
Conditional Cancellation of its Certificate of Convenience and Necessity
RUCO's Second Set Of Data Requests

of business, including public utilities, it will enter, nor over the feasibility, desirability or consideration to be paid by the municipality in the acquisition or purchase of the public utilities.

* * *

The Corporation Commission may only concern itself with questions relating to whether or not the proposed transfer will be injurious to the rights of the public. The Commission has nothing to do with the rights of the intended purchaser and has no power to determine the validity of the contract, fairness of the purchase price, or feasibility of the project.

* * *

In the situation when the entire assets of the private utility are acquired by a municipality and all the customers are to be served by it, the utilities' public service function is ended. The Corporation Commission cannot prohibit the sale of its assets. The hearing and order must be directed only to a determination that there are no other customers or persons who have been served by the private utility and that it will, in fact, have been relieved of all its duties to serve such customers. The Commission's determination is to be made relating only to these matters. They may not enter an order denying the public utility the right to dispose of its assets, except upon the grounds that the utility is not in fact terminating its function in the service of its customers. This is the effect of A.R.S. §40-285(C)."⁴ (emphasis added)

Because this data request seeks information regarding the determination and/or fairness of the purchase price, it is expressly outside the scope of the Commission's jurisdiction as described in Opinion No. 62-7.

Without limiting the generality of the foregoing, Johnson Utilities further objects to this data request on the grounds that the Company is not privy to the assumptions and calculations used by intervenor Town of Florence to determine the purchase price to be paid.

⁴ *Id.* at 12-14

Johnson Utilities, LLC
Docket No. WS-02987A-13-0477
Approval of the Sale and Transfer of Assets and
Conditional Cancellation of its Certificate of Convenience and Necessity
RUCO's Second Set Of Data Requests

2.05 Did the Town of Florence or Johnson have an independent appraisal of the value of the water and wastewater systems being acquired from Johnson Utilities? If so, please identify the following:

- 1) Who did the appraisal?
- 2) How much did the appraisal cost?
- 3) Please provide RUCO a copy of the appraisal?
- 4) Has the appraiser done previous appraisals for Johnson and / or the Town? If so please provide a list of all past appraisal.

Objection: Johnson Utilities objects to this data request on the grounds that it is not relevant to any issue properly before the Arizona Corporation Commission in this docket, nor will it lead to the discovery of admissible evidence. The limited scope of the Commission's review with regard to the sale and transfer of assets from a public utility to a municipality such as the Town of Florence is discussed in Arizona Attorney General Opinion No. 62-7, which states in relevant part as follows:

"The Corporation Commission has no jurisdiction to regulate the relationships between a municipality and its consumers, even though such consumers lie beyond the boundaries of the city. The relations between the municipality and its consumers can only be regulated through the Legislature.

We consider it now settled law that the Arizona Corporation Commission has no jurisdiction over the municipalities in either the regulation, purchase, acquisition or operation of their public utility activities within or without municipal boundaries."⁵

Additionally, Opinion No. 62-7 states that:

"The Corporation Commission has not been given any jurisdiction over a municipality in the municipality's determination of what fields of business, including public utilities, it will enter, nor over the feasibility, desirability or consideration to be paid by the municipality in the acquisition or purchase of the public utilities.

* * *

⁵ *Id.* at 4-5.

Johnson Utilities, LLC
Docket No. WS-02987A-13-0477
Approval of the Sale and Transfer of Assets and
Conditional Cancellation of its Certificate of Convenience and Necessity
RUCO's Second Set Of Data Requests

The Corporation Commission may only concern itself with questions relating to whether or not the proposed transfer will be injurious to the rights of the public. The Commission has nothing to do with the rights of the intended purchaser and has no power to determine the validity of the contract, fairness of the purchase price, or feasibility of the project.

* * *

In the situation when the entire assets of the private utility are acquired by a municipality and all the customers are to be served by it, the utilities' public service function is ended. The Corporation Commission cannot prohibit the sale of its assets. The hearing and order must be directed only to a determination that there are no other customers or persons who have been served by the private utility and that it will, in fact, have been relieved of all its duties to serve such customers. The Commission's determination is to be made relating only to these matters. They may not enter an order denying the public utility the right to dispose of its assets, except upon the grounds that the utility is not in fact terminating its function in the service of its customers. This is the effect of A.R.S. §40-285(C).⁶ (emphasis added)

Whether or not an appraisal was performed regarding the utility assets to be transferred to the Town of Florence (and questions regarding any such appraisal) is expressly outside the scope of the Commission's jurisdiction as described in Opinion No. 62-7.

⁶ *Id.* at 12-14.

Johnson Utilities, LLC
Docket No. WS-02987A-13-0477
Approval of the Sale and Transfer of Assets and
Conditional Cancellation of its Certificate of Convenience and Necessity
RUCO's Second Set Of Data Requests

2.06 Did the Town of Florence have an audit of the books and records of Johnson Utilities by an independent Certified Public Accounting Firm ("CPA")? If so has the audit been completed? If yes, please provide a copy of the report as prepared by the CPA Firm.

Objection: Johnson Utilities objects to this data request on the grounds that it is not relevant to any issue properly before the Arizona Corporation Commission in this docket, nor will it lead to the discovery of admissible evidence. The limited scope of the Commission's review with regard to the sale and transfer of assets from a public utility to a municipality such as the Town of Florence is discussed in Arizona Attorney General Opinion No. 62-7, which states in relevant part as follows:

"The Corporation Commission has no jurisdiction to regulate the relationships between a municipality and its consumers, even though such consumers lie beyond the boundaries of the city. The relations between the municipality and its consumers can only be regulated through the Legislature.

We consider it now settled law that the Arizona Corporation Commission has no jurisdiction over the municipalities in either the regulation, purchase, acquisition or operation of their public utility activities within or without municipal boundaries."⁷

Additionally, Opinion No. 62-7 states that:

"The Corporation Commission has not been given any jurisdiction over a municipality in the municipality's determination of what fields of business, including public utilities, it will enter, nor over the feasibility, desirability or consideration to be paid by the municipality in the acquisition or purchase of the public utilities.

* * *

The Corporation Commission may only concern itself with questions relating to whether or not the proposed transfer will be injurious to the rights of the public. The Commission has nothing to do with the rights of the intended purchaser and has no power to determine the validity of the contract, fairness of the purchase price, or feasibility of the project.

⁷ *Id.* at 4-5.

Johnson Utilities, LLC
Docket No. WS-02987A-13-0477
Approval of the Sale and Transfer of Assets and
Conditional Cancellation of its Certificate of Convenience and Necessity
RUCO's Second Set Of Data Requests

* * *

In the situation when the entire assets of the private utility are acquired by a municipality and all the customers are to be served by it, the utilities' public service function is ended. The Corporation Commission cannot prohibit the sale of its assets. The hearing and order must be directed only to a determination that there are no other customers or persons who have been served by the private utility and that it will, in fact, have been relieved of all its duties to serve such customers. The Commission's determination is to be made relating only to these matters. They may not enter an order denying the public utility the right to dispose of its assets, except upon the grounds that the utility is not in fact terminating its function in the service of its customers. This is the effect of A.R.S. §40-285(C).⁸ (emphasis added)

Whether or not an audit was performed regarding the utility assets to be transferred to the Town of Florence (and questions regarding any such audit) is expressly outside the scope of the Commission's jurisdiction as described in Opinion No. 62-7.

⁸ *Id.* at 12-14.

Johnson Utilities, LLC
Docket No. WS-02987A-13-0477
Approval of the Sale and Transfer of Assets and
Conditional Cancellation of its Certificate of Convenience and Necessity
RUCO's Third Set Of Data Requests

3.01 The Johnson Utilities presentation to the Town Council, as shown on the Town of Florence website, on March 26, 2014, forecasts 500 additional water connections per year and 1,000 additional wastewater connections per year. The presentation made by Mr. Dan Jackson of Economists.com, to the Town Council, projects growth at 1,000 additional connections per year for the water division and 1,300 per year for the wastewater division. Can you please provide an explanation for the difference in the number of projected connections as shown in the two presentations?

Objection

Johnson Utilities objects to this data request on the grounds that it seeks information which is not relevant to any issue properly before the Arizona Corporation Commission in this docket, nor will it lead to the discovery of admissible evidence. The limited scope of the Commission's review with regard to the sale and transfer of assets from a public utility to a municipality such as the Town of Florence is discussed in Arizona Attorney General Opinion No. 62-7, which is incorporated herein by this reference. Opinion 62-7 states, in part, as follows:

The Corporation Commission has no jurisdiction to regulate the relationships between a municipality and its consumers, even though such consumers lie beyond the boundaries of the city. The relations between the municipality and its consumers can only be regulated through the Legislature.

We consider it now settled law that the Arizona Corporation Commission has no jurisdiction over the municipalities in either the regulation, purchase, acquisition or operation of their public utility activities within or without municipal boundaries.

Additionally, Opinion No. 62-7 states:

"The Corporation Commission has not been given any jurisdiction over a municipality in the municipality's determination of what fields of business, including public utilities, it will enter, nor over the feasibility, desirability or consideration to be paid by the municipality in the acquisition or purchase of the public utilities.

* * *

Johnson Utilities, LLC
Docket No. WS-02987A-13-0477
Approval of the Sale and Transfer of Assets and
Conditional Cancellation of its Certificate of Convenience and Necessity
RUCO's Third Set Of Data Requests

The Corporation Commission may only concern itself with questions relating to whether or not the proposed transfer will be injurious to the rights of the public. The Commission has nothing to do with the rights of the intended purchaser and has no power to determine the validity of the contract, fairness of the purchase price, or feasibility of the project.

* * *

In the situation when the entire assets of the private utility are acquired by a municipality and all the customers are to be served by it, the utilities' public service function is ended. The Corporation Commission cannot prohibit the sale of its assets. The hearing and order must be directed only to a determination that there are no other customers or persons who have been served by the private utility and that it will, in fact, have been relieved of all its duties to serve such customers. The Commission's determination is to be made relating only to these matters. They may not enter an order denying the public utility the right to dispose of its assets, except upon the grounds that the utility is not in fact terminating its function in the service of its customers. This is the effect of A.R.S. §40-285(C).

- 3.02 On page 6 of Mr. Jackson's presentation he states that the industry average annual rate increase for water customers is 5-6 percent. Can you please provide the source of this industry wide average rate increase calculation?

Objection: Johnson Utilities incorporates herein its objection to RUCO data request 3.01 above. Additionally, Johnson Utilities objects to this data request to the extent that it seeks information from the Company that is in the possession of a third party.

Johnson Utilities, LLC
Docket No. WS-02987A-13-0477
Approval of the Sale and Transfer of Assets and
Conditional Cancellation of its Certificate of Convenience and Necessity
RUCO's Third Set Of Data Requests

- 3.04 Please provide the complete analysis performed by Henry & Horne, for the year 2013 as referenced by Johnson Utilities in its Town Council presentation on March 26, 2014. Further please provide all other analysis or audits performed by Henry & Horne or any other external audit/consulting firm(s); during the past five years, whether commissioned by Johnson Utilities, LLC or not.

Objection: Johnson Utilities incorporates herein its objection to RUCO data request 3.01 above. Additionally, Johnson Utilities objects to this data request to the extent that it seeks information from the Company that is not in the Company's possession. The Company also objects to this data request on the grounds that it is overly broad, vague and ambiguous.

- 3.05 Are there any related party relationships or transactions between employees of the Company and outside vendors or contractors? If so please identify and state the nature of the relationship and/or transactions.

Objection: Johnson Utilities incorporates herein its objection to RUCO data request 3.01 above. Additionally, the Company objects to this data request on the grounds that it is vague and ambiguous. The Company does not understand the terminology "related party relationships or transactions."

- 3.06 Are there any related party relationships or transactions between employees of Johnson Utilities and the City of Florence employees or Town Council members? If so, please identify and state the nature of the relationship and/or transactions.

Objection: Johnson Utilities incorporates herein its objection to RUCO data request 3.01 above. Additionally, Johnson Utilities objects to this data request on the grounds that it is vague and ambiguous. The Company does not understand the terminology "related party relationships or transactions."

- 3.07 For the water and wastewater divisions of Johnson Utilities, LLC, please describe completely all relationships between the Johnson Utilities and affiliated companies, and furnish an organizational chart which reflects these relationship(s).

Objection: Johnson Utilities incorporates herein its objection to RUCO data request 3.01 above. Additionally, Johnson Utilities objects to this data request on the grounds that it is overly broad, vague and ambiguous. The Company does not understand the term "affiliated companies."

Johnson Utilities, LLC
Docket No. WS-02987A-13-0477
Approval of the Sale and Transfer of Assets and
Conditional Cancellation of its Certificate of Convenience and Necessity
RUCO's Third Set Of Data Requests

3.08 For the water and wastewater divisions of Johnson Utilities, LLC, please describe in detail any operating or administrative facilities which the Company shares with other entities, affiliated or not, and the basis for quantification and allocation of the related capital and operating costs.

Objection: Johnson Utilities incorporates herein its objection to RUCO data request 3.01 above. Additionally, Johnson Utilities objects to this data request on the grounds that it is vague and ambiguous.

Response: Subject to the foregoing objection, Johnson Utilities provides the following response. All assets which are used and useful in providing water and wastewater service to the customers of Johnson Utilities will be transferred to the Town of Florence.

Witness:

Daniel Hodges
Johnson Utilities, LLC
5230 E. Shea Boulevard
Scottsdale, Arizona 85254

3.09 Please provide information regarding any fines, penalties, or settlements paid or incurred by Johnson Utilities, LLC, or any affiliate or related party in the last five years. In your response please include the following:

- a. A brief history of the Complaint or lawsuit.
- b. The name of the individual or state agency involved.
- c. The current status of the Complaint or lawsuit.
- d. The monetary amount of the fine, penalty or relief sought in the lawsuit.
- e. The status of any Complaint or lawsuit (e.g. open or closed), and any final verdict and monetary amounts paid out by Johnson Utilities, LLC.

Objection: Johnson Utilities objects to this data request and incorporates herein its objection to RUCO data request 3.01 above.

3.10 In data request 3.09 (e) is it Johnson Utilities, LLC., intention at this point to continue to litigate these cases, settle them or drop them?

Objection: Johnson Utilities objects to this data request and incorporates herein its objection to RUCO data request 3.01 above.

Johnson Utilities, LLC
Docket No. WS-02987A-13-0477
Approval of the Sale and Transfer of Assets and
Conditional Cancellation of its Certificate of Convenience and Necessity
RUCO's Third Set Of Data Requests

3.11 Will outstanding lawsuits transfer to the City of Florence when it takes ownership?

Objection: Johnson Utilities objects to this data request and incorporates herein its objection to RUCO data request 3.01 above.

Response: Subject to the foregoing objection, Johnson Utilities provides the following response. Outstanding lawsuits to which Johnson Utilities is a party will not transfer to the Town of Florence. The transaction with the Town is structured as an asset sale and transfer. In other words, the Town is not acquiring Johnson Utilities. Thus, the liabilities of Johnson Utilities will remain with the Company.

Witness:

Daniel Hodges
Johnson Utilities, LLC
5230 E. Shea Boulevard
Scottsdale, Arizona 85254

Johnson Utilities, LLC
Docket No. WS-02987A-13-0477
Approval of the Sale and Transfer of Assets and
Conditional Cancellation of its Certificate of Convenience and Necessity
RUCO's Third Set Of Data Requests

3.14 Will the Johnson Management team use the competitive bid process in the future? If not, please explain?

Objection: Johnson Utilities objects to this data request and incorporates herein its objection to RUCO data request 3.01 above.

3.16 Please provide a reconciliation of the hook-up fees account since the last rate case to the present. In your response please include the following:

- a. Bank Statements
- b. An explanation on which projects the hook-up fees were used on.
- c. A reconciliation of the hook-up fees to plant-in-service accounts.

Objection: Johnson Utilities objects to this data request and incorporates herein its objection to RUCO data request 3.01 above.

0146760010\11158094.1

EXHIBIT 3




WE HAVE FUN ALL WEEK LONG
Tempe Marketplace • 480.281.8456

NEWS ▾ Search Sub

PHOENIX NEWS | LOCAL NEWS BLOG | FEATHERED BASTARD | SPECIAL REPORTS | ASK A MEXICAN | ARCHIVES SEARCH | WEEKLY NEWSLETTER | GET MOBILE

NO PAYMENTS FOR 60 DAYS - OVER 600 CREDIT CARDS

TOP NEWS STORIES



Big Brain Awards 2014
By New Times



Gulf War Veteran with ALS Is in the Fight of His Life
By Connor Radnovich



Bucket List: 100 Things to Do in Phoenix Before You Die
By Robt L. Pella and Amy Silverman

Tragic Consequences Follow Mayor Tom Rankin's Control of Politics and Police in Florence

By Stephen Lemons and Monica Alonzo Thursday, Dec 5 2013

Comments (54) **A A A**

Tweet 11

+1 0

SPECIAL REPORT: FLORENCE EXPOSED | *Third of three parts*

Seated in a conference room near his Florence Town Hall office and dressed in his standard collared shirt, silver belt buckle, cowboy hat, jeans, and roughed-up cowboy boots, Mayor Tom Rankin looks as if he has stepped out of Florence's frontier past.



Erin Scauffer



Rankin says Pinal County Attorney Lando Voyles (pictured) cost him \$40,000 a year by shutting down the system of child-support enforcement that gave work to Rankin's process-service company, transferring that system to the state.

And minus the sidearm and badge he wore when he was the town's chief of police from 1980 to 1994, this is pretty much how he appeared during his 14-year reign over the Florence Police Department.

Rankin still prefers the title he says he used to go by, before Florence began to give lip service to the tenets of modern law enforcement: town marshal.

"I guess I fit more of that [title] than police chief," Rankin, 67, explains during an interview with *New Times*. "As far as the Western town marshal goes."

In Arizona statutes, the words "marshal" and "chief of police" are used interchangeably to mean a law enforcement officer who is either appointed or elected by a city or town. For some time in Florence, the town manager (hired by the Town Council) has appointed the police chief.

Yet the more antique term of "marshal" suggests a time when one man represented the law in a town.

Now Trending



10 Most Stereotypical Ways to Die in Arizona



Donovan McNabb the Latest Athlete to Be Arrested for DUI in the Phoenix Area



Oral Sex a Hopi Medicine-Man Tradition? Not.

Reduced Price GA Tickets to Chandler Craft Spirits Festival

VOICE DAILY DEALS
VoiceDailyDeals.com
View Deal

CHANDLER CRAFT SPIRITS FESTIVAL
30% OFF

FAMILY STORE

GRAND OPENING MAY 12TH!

Around The Web



Anwar Zayden: Miami Wildman and Internet Hero
Miami New Times



Think That Autograph Is Real? Think Again.
Riverfront Times



What is TerRio's Dance Doing to Him?



Rankin appeared as an extra in the 1986 movie *Murphy's Romance*, filmed in Florence.



Florence Mayor Tom Rankin outside Town Hall after his interview with *New Times*.



Tom Mix, silent film's "King of the Cowboys," died in an auto accident just outside Florence. He's part of the cowboy culture in Florence that defines Rankin.

Rankin has not overseen Florence's small police force directly in almost a decade, but he still likes to remind people of who is in charge. Particularly when he is having one of his infamous public fits of temper.

The most recent of these incidents occurred in May, when an inspector with the Pinal County Department of Health was checking the food booths at a fundraiser for the American Cancer Society, held on the Florence High School football field.

Rankin got in the woman's face, pointing his finger at her and yelling, according to a police report.

"Yeah, I raised a little hell with that," Rankin admits. "I never threatened her . . . Nothing came of it. They looked at filing charges against me. There wasn't nothing to file."

The Coolidge City Attorney investigated the woman's complaint and decided not to bring charges. Rankin says he was riled because the inspector made a fuss over one booth handing out cold pizza and the lack of sinks for food handlers to wash their hands.

He admits he probably said something about the inspector not coming to "his town" to do health inspection.

"Everybody says I call it 'my town,' okay?" grumbles Rankin. "And I do . . . That's just an expression for me. I'm not trying to say that I run the town."

And yet, there are those who say Rankin runs Florence like a personal fiefdom.

"People try to turn it around like I'm trying to say I'm King Rankin or some goddamn thing like that," Rankin says.

On paper, Rankin has no more than one vote out of seven on the Florence Town Council.

But through a combination of bully politics, persuasion, and force of will, he maintains his influence over the 62-square-mile municipality, founded in 1866, that has twice as many incarcerated residents in its 10 corrections and detention facilities than it does non-incarcerated citizens.

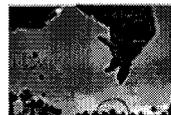


New Times Broward-Palm Beach

Slideshows



Chowing Down at Coachella



Coachella at Sunset 2014



Dancing it Out at Coachella 2014

[More Slideshows >>](#)

VALLEY FEVER



SB 1070 Harboring Provision Won't Be Restored by U.S. Supreme Court



10 Most Stereotypical Ways to Die in Arizona



Top Five Most-Read Phoenix News Stories of the Week

[More News Stories >](#)

Best of Phoenix

2013 - People & Places



Best Place to Find a Vintage Treasure
Burton Barr Central Library



Best Vintage Film Series
Orpheum Theatre

[More People & Places Awards >](#)



As a teenager, Rankin already had decided he wanted to be a "cowboy cop."



Manisa Altantzis

The Florence Police Department is now run by Rankin-backed Chief Dan Hughes.



Lieutenant Terry Tryon was hired by Rankin when he ran the force.



Town of Florence

Water baron George Johnson and members of Johnson's family donated more than \$6,000 to Rankin's 2012 mayoral campaign. Mayor Rankin supports town policies that dovetail with Johnson's business interests.

The town's 30-officer police force reflects Rankin's prejudices — racial and otherwise — and his adherence to a system of provincial favoritism. Florence's back-slapping style of governance is extolled by the mayor as the best way of doing business.

Florence is Rankin's town. Its leadership, citizenry, and police force bend to his will, even when doing so arguably is not to the town's advantage. Even when following in Rankin's footsteps reaps injustice.

"In eighth grade, I knew I wanted to be a cop," Rankin says. "A cowboy cop."

Asked why he wanted to be a "cowboy cop," Rankin shrugs his shoulders.

But if you visit the Pinal County Historical Society and Museum on Main Street in Florence or leaf through the picture book the society produced in 2007 with the help of Arcadia Publishing, it is apparent why becoming a "cowboy cop" might have appealed to an impressionable eighth-grader growing up in the town.

Displays at the museum feature a collection of memorabilia from cowboy film legend Tom Mix, who died in a car crash just outside Florence, as well as nooses from which notorious outlaws were hanged at the Arizona State Prison, which moved to Florence from its territorial home in Yuma in the early 1900s.

There are displays of guns, saddles, bullets, and badges. Museum guides regale visitors with tales of the 1888 shootout between Sheriff Peter Gabriel and deputy Josephus Phy at the Tunnel Saloon. Or recount legends associated with such Old West outlaws as the murderous Apache Kid or stagecoach-robber Pearl Hart, the "Lady Bandit."

In the *Images of America: Florence* picture book, there are plenty of photos of cowboys and cowboy cops: mounted cowboy guards from the state prison and wardens in cowboy attire and on horseback.

Also atop a horse in an undated photo from the book is Pete Van Haren, identified as Florence's town marshal from 1946 to 1977. A stern figure in dark glasses, he watches over the parade

Special Reports

Florence Exposed

Yarnell Hill Fire: Investigating the Deaths of 19 Granite Mountain Hotshots

Amy's Baking Company - A History of Kitchen Nightmares - The Original Story by Phoenix New Times

Jodi Arias's Kinky Murder Trial in Arizona

Arpaio Racial Profiling

Sheriff Joe Archive

Babeu Revealed

Arizona's Centennial

Amongst U.S.

Vintage McCain

Target Practice

Wrecking Phoenix

Shadow Dwellers

Scandal at the Housing Authority

Prescription for Disaster

Polygamy in Arizona

Murder City

Major Articles on Joe Arpaio

Green Fatigue

Exploding Downtown

Drive At Your Own Risk

Deconstructing Janet

Crossing the Line

Cracked Houses



Pinal County Supervisor Pete Rios is no fan of Rankin's.

Related Stories

Injustice for All: The Florence PD Compromised Public Safety
November 14, 2013



How Florence Police Sabotaged Investigations of a Child's Slaying and of a Teen's Rape
November 21, 2013



Half-Baked ABC 15 Report Misses the Complete Story on Florence Cops
March 19, 2014



Attorney Demands ABC 15 Retract Story Accusing Police Officers of Botching Cases
April 1, 2014



Half-Baked ABC 15 Report Misses the Complete Story on Florence Cops
March 20, 2014



More About

Tom Rankin Terry Tryon
Jarris Varnrobinson Politics
Local Politics

Like this Story?

Sign up for the Weekly Newsletter: Our weekly feature stories, movie reviews, calendar picks and more - minus the newsprint and sent directly to your inbox.

enter email

unprecedented step of allowing Rankin time off to seek higher office. But Reyes handily beat Rankin, and Rankin returned to his job. Little did he know that he would not be town marshal much longer.

In 1988 and 1989, there already were inklings of discontent. During those years, Pinal County's newspaper of record, the *Casa Grande Dispatch*, detailed a trio of controversies involving the Florence Police Department.

associated with the town's annual Junior Parada, a rodeo for contestants ages 5 to 18.

The caption states that Haren "refused to wear a police uniform, dressing in his cowboy shirt, freshly pressed Levis, and cowboy hat instead."

Rankin's father was not a cop. He was a farmer from Arkansas who also oversaw the farms at the state prison. Rankin proudly tells *New Times* that his mother was born in Florence and that her family settled there in 1905 from Oklahoma.

Tom Rankin graduated from Florence High School in 1964 and quickly began his career in law enforcement. His "home department," as he calls it, was the Pinal County Sheriff's Office, where he was a deputy from 1971 to 1980.

He became Florence's town marshal in 1980.

The most famous bust of his career was that of inmate Robert Moorman, who while on a 72-hour furlough from the Arizona State Prison in 1984, hacked to death his adoptive 74-year-old mother in Florence's Blue Mist Motel, then scattered her remains around town. When Moorman was put to death in 2012, Rankin attended the execution.

Another brush with notoriety came when director Martin Ritt filmed the 1986 movie *Murphy's Romance* in Florence. Starring Sally Field and James Garner, the film offers a friendly, Reagan-era portrait of small-town life.

Rankin appears as an extra in three scenes. One of the movie's main characters briefly refers to him as "sheriff."

A portent, perhaps. In 1992, Rankin, ran against fellow Democrat and incumbent Sheriff Frank Reyes. However, a challenge to Rankin's petition signatures kept him off the primary ballot. So Rankin ran against Reyes as an Independent in the general election.

The Florence Town Council took the unprecedented step of allowing Rankin time off to seek higher office. But Reyes handily beat Rankin, and Rankin returned to his job. Little did he know that he would not be town marshal much longer.

In 1988 and 1989, there already were inklings of discontent. During those years, Pinal County's newspaper of record, the *Casa Grande Dispatch*, detailed a trio of controversies involving the Florence Police Department.

Chronic Truth

[More Special Reports >>](#)

In 1988, the paper reported that an FPD officer pleaded guilty to attempted hit-and-run in a deal with prosecutors that allowed the cop to avoid charges of what was then called DWI (driving while impaired).

Rankin is quoted as saying that the officer would not be fired and would be returning to active patrol duty once the matter was finalized.

In 1989, the *Dispatch* reported that a notice-of-claim letter accused the FPD of wrongly arresting two men who had attempted to repossess a vehicle "belonging to a friend of the police chief."

The council rejected the claim. There is no record that the men followed up with a lawsuit.

Also in 1989, a Florence police sergeant was accused by two citizens of "belligerent" and "unprofessional" behavior.

According to the *Dispatch*, Rankin backed his man, angrily confronting one accuser during a Town Council meeting.

But in 1993 and 1994, complaints against Rankin and the Florence department reached a crescendo, ultimately leading to Rankin's firing on October 21, 1994.

The complaints involved favoritism, racism, and not following the orders of the council and city manager — which were "lies," Rankin tells *New Times*.

The drama played out in the pages of the local paper.

Barbara Whitworth led the charge against Rankin, saying he "abused his power as chief" by "selectively" enforcing the town's sign code to favor his wife, Donna, who was then getting recalled from her position on the Florence Unified School District board.

Rankin denied the allegation, the paper reported. Whitworth later got a court order to prevent Rankin from harassing her, monitoring her movements, or even calling her. Rankin challenged the order, claiming it had no merit, and Whitworth eventually withdrew her complaint.

The *Dispatch's* archives also tell how a neighbor of Rankin's, a justice of the peace, called Florence police and Arizona Child Protective Services in 1994 to report that Rankin yelled at and kicked his 15-year-old daughter in their yard.

Rankin said he was "merely disciplining" his daughter and that the accusations were part of a "conspiracy" against him.

The investigation, farmed out to the Maricopa County Attorney's Office, concluded that there was insufficient evidence to proceed. Child Protective Services declared that Rankin was within his rights as a parent, according to the *Dispatch*.

Whitworth was disgusted, telling the *Arizona Republic*, which also reported on the incident: "Everyone in town knows what kind of temper Tommy has, and yet they're sticking their heads in the sand. I've seen him in action. It's not a pretty sight."

A month after this controversy, another arose, with FPD reserve officer Michael Coomes alleging that he had been discriminated against by Rankin because of his African-American wife.

The officer told the *Dispatch* that Rankin had called him into his office to ask if it was true that he was married to a black woman.

When the man said yes, the meeting ended, Coomes said. Rankin told the paper that he did not recall the conversation.

The tabloid TV news show *Inside Edition* caught wind of allegations against Rankin and headed to Florence to film an episode.

About 40 minority residents of Florence told the news show, according to the paper, that "Rankin was a prejudiced bigot who harasses their children and spews racial slurs while acting as police chief."

This included, according to the residents, "referring to young African-American men as 'boys'" and worse.

In an interview with the *Dispatch*, Rankin denied using racial slurs while on duty as Florence police chief, though he admitted to using a racial slur "once while working for the Pinal County Sheriff's Office," for which he claimed to have written a letter of apology.

The paper also reported that Rankin said he had used the word "nigger" in "discussions with African-Americans during police confrontations."

"That is a word [blacks] use to antagonize and get things started whenever they have a confrontation with law enforcement," he told the *Dispatch*.

The *Dispatch* reported that *Inside Edition* confronted Rankin with a host of other allegations, including that he was on a power trip, gave preferential treatment to Anglo friends, and gambled, drank, and swore excessively.

"I guess I can be blamed for anything that happens in Florence," Rankin told *Inside Edition*, adding, "If I was doing half [what] I am accused of, the Florence Town Council would have stopped me."

Later that year, acting on the suggestion of new Town Manager Bill Galletly, the town council did just that. They fired Rankin, with him and his wife, Donna, in attendance. The *Dispatch* said she was "in tears."

The actual reasons for the dismissal were leaked to the paper the following year.

Allegations against Rankin included insubordinate behavior, refusal to comply with performance standards, having officers engage in harassing conduct, allowing the department to fall below state standards, keeping an officer with an alcohol problem on active duty, and improper use of town vehicles and work time for his personal process-serving business.

Rankin appealed, asking for reinstatement and \$1.5 million in damages. He refused to surrender his gun and his badge to interim Police Chief Jerry Williams, telling the council, the *Dispatch* reported: "Officer Williams works for me. I do not work for him."

He handed over the gun to the mayor but kept the badge, saying the town manager would have to take it "over my dead body."

Despite the theatrics, Rankin was not reinstated. And though he sued, he did not get \$1.5 million. Ultimately, he settled for \$50,000, according to the *Dispatch*.

Nine years later, Rankin still sounds bitter about the incident.

"I was wronged," he says. "Because of all the lies, I was terminated."

He refuses to discuss the amount he settled for, complaining of the financial hit he took.

"I lost my retirement," he says. "I had to use that money to sue."

Rankin would have his revenge, though.

His supporters forced a recall election, replacing the four council members who voted against him. Less than a year after Rankin was axed, the newly seated council fired Town Manager Galletly.

Rankin was living up to what he told *New Times* was the one reason he went into politics: "To get rid of the people who fired me."

In 1996, Rankin's political life moved out of the shadows when he won his first election to the town council. He served as councilman until he ran for mayor in 2004 and won. He remained mayor until 2008, when he was beaten by 10-year councilwoman Vicki Kilvinger by just 23 votes. He moved back behind the scenes until 2012, when he was re-elected mayor.

Through it all, Rankin has remained connected to law enforcement. For instance, he admits that he and his wife keep a police scanner in their bedroom, though he claims it is his wife who listens to it and relays some information to him.

Asked why they keep the scanner, he jokes, "I guess she's snoopy," then adds, "No, we've got kids. And we know people here in town. And she likes to be informed."

Rankin is notorious for showing up at traffic stops and other police calls, particularly if a family member is involved. Though, Rankin claims he does not do this as much as he used to.

"I don't jump up and run to all calls," he says. "There are some of them I will go to, yes. Something major, or [if] some citizen calls me, I'll go."

This has led to several confrontations with town cops over the years.

In his book, *Police Chief Managing Success*, Patrick Cote, FPD chief from 1995 to 1997, describes such run-ins with Rankin, whom Cote describes as having been "a thorn in my side."

Cote writes: "In [Rankin's] mind, it was still his police department, and I was an obstacle in his way."

Knowing Rankin was not going away, Cote ordered his officers to treat Rankin as they would any other citizen. As a result, Rankin was cited in May 1995 for interfering with a government function and for disorderly conduct following a bizarre confrontation with FPD officers Steve MacGregor and Edward Bylina after MacGregor issued Rankin's son, Robert, a speeding ticket.

According to a front-page item in the *Dispatch*, the officers testified during the trial in Florence Municipal Court that Tom Rankin had gotten out of his truck to yell and curse at them.

Rankin testified that he began yelling because MacGregor was ignoring him and looked as though he was getting ready to leave.

Though he was no longer chief, the paper reported, Rankin threatened to fire MacGregor and accused the officer of performing homosexual acts with a councilman and former town manager Galletly.

"Rankin would only say that he 'may have' made such statements," the *Dispatch* wrote.

Officer Bylina testified that Rankin opened the passenger's-side door of MacGregor's vehicle to yell at him.

Afterward, Rankin went to the Florence police station, where a dispatcher addressed him as "Mr. Rankin."

To which he was said to have shot back, "I am the chief!"

Judge Dale Collier found Rankin guilty as charged and sentenced him to two years' probation.

But before his probation was up, Rankin engaged in a more grotesque example of disorderly conduct, for which he was tried and convicted again before Judge Collier in municipal court.

On July 12, 1996, Rankin's other son, 15-year-old Tom Rankin Jr. (whom the Rankin family and town residents refer to as "Tom Tom"), was arrested with another youth for violation of Florence's 11 p.m. curfew.

Tom Tom Rankin already was well known to cops for bad behavior, a reputation he would enhance over the years with arrests for a variety of offenses, according to Pinal County Superior Court records.

Court records also show that in 2003 Rankin Jr. was sentenced to 3 1/2 years in prison and four years' probation for "theft of a means of transportation" and aggravated assault involving a former girlfriend.

But in 1996, he was just a mouthy juvenile delinquent, according to a county Superior Court trial transcript in which FPD Sergeant Kathy Thorne is quoted as testifying that Rankin Jr. taunted officers when he was brought in.

"He was saying that, 'You guys are going to be in trouble now,'" Thorne told the judge. "He said, 'You know better than to mess with me . . . It doesn't matter; my dad will get me out of whatever happens, anyway.'"

Police dispatcher Christy Reed was on duty that evening. Because she could not find a babysitter, she was allowed to bring her 4-year-old to work. The child was half-black.

The state alleged that when Rankin and his wife showed up to collect Tom Tom, they passed by the dispatcher and her child. Rankin then went on a 45-minute tirade liberally laced with the epithet "nigger," Thorne and others testified.

"He was just saying, 'Why are you always picking on the white boys,'" remembered Thorne. "You guys must be scared of the niggers. You let them go out and do what they want . . . You are harassing us white people."

Chief Cote came to the station because of the disturbance. Cote told the court that in his 27 years of policing, he never had witnessed a person berate officers in that manner.

"It was an ongoing escalation of abusive language, racial slurs," Cote testified. "And [Rankin] would not calm down . . ."

Court records show that Reed's child had been in a good mood before Rankin arrived. But after listening to Rankin's slur-filled rant, "the child became upset and sick to his stomach," court documents state.

When Rankin took the stand, the prosecutor pressed him on his use of the slur "nigger."

At first, Rankin denied using it. Then, reluctantly, he acknowledged that he had used the epithet that night.

"You admit that you were there and that you were yelling in a loud tone of voice and you were using the word?" asked the prosecutor.

"As far as I know," replied Rankin, "the word . . . is not unlawful."

Collier found Rankin guilty. Though the former police chief already was on probation, Collier did not order him to jail. Rather, he gave him an additional 12 months' probation, this time supervised.

And he ordered Rankin to attend anger-management counseling.

New Times could not locate a record of whether Rankin received such counseling. If he did, it did not work. Stories of his public fits since that time abound.

Former FPD Detective Jarris Varnrobinson tells *New Times* about an incident in 2012 in which Rankin showed up at a crime scene that the detective was securing.

When Rankin, who recently had been re-elected mayor, politely was asked not to interfere, he put the black detective in his place.

"I'm the mayor, and I can do whatever the fuck I want," Rankin said, according to Varnrobinson.

Asked by *New Times* whether he has a temper, Rankin answers with a stare: "Yeah. Have I learned to control it? Somewhat. Don't piss me off."

It's ironic that one of Rankin's 13 grandchildren is a biracial 2-year-old, the daughter of his youngest son, Tom Tom, and an African-American woman.

"She's half-black. So?" Rankin says. "She's my granddaughter. I don't give a shit what color she is."

On Rankin Jr.'s Facebook page, a photo shows the girl sitting on a horse with her grandfather.

"I think everybody's got prejudice," Rankin says. "Against people, not races. You like some people, you don't like some people. That's being prejudiced."

He insists that his views on race have not changed over the years.

About the 1994 allegations by minority community members concerning his use of racial slurs, he says, "It wasn't true at the time, and it's not true today."

After uncovering the transcript of Rankin's admission under oath that he used the word "nigger," *New Times* attempted to question Rankin again. He refused subsequent interview requests.

For the most part, Rankin never got along with the men who took over his former job as police chief. Bob Ingulli, a former New York Police Department lieutenant who served as Florence chief from 2000 to 2012, was no exception.

"He has a hot temper and a history of threatening people," Ingulli, now police chief in Kearny, says. "He did it to me twice."

In fact, before he was elected mayor in 2012, Rankin promised Ingulli he would have him fired once he was mayor again.

Rankin beat his opponent, Lina Austin, in March of that year. By July, Ingulli was gone, fired by then-Town Manager Himanshu Patel, who did not respond to interview requests from *New Times*.

But Patel went along with the July hiring of disgraced former Surprise Police Chief Dan Hughes as Florence chief and with the firing later of two competent FPD detectives: Walt Hunter and Jarris Varnrobinson.

Their dismissals, their appeals, the reinstatement of Hunter with a demotion, and the upholding of the termination of Varnrobinson — the town's only black detective — were subjects explored in part one of *New Times*' "Florence Exposed" series ("Injustice for All," November 14).

Rankin claims he does not involve himself in police department personnel matters. But as mayor, he has influence over who becomes town manager, the official who controls the hiring and firing of cops.

"I would never have hired those two," Rankin says of Hunter and Varnrobinson.

Asked why, considering that the two men solved hundreds of crimes together and received awards and commendations for their actions, Rankin cannot offer specifics.

He is not shy about saying he despised Ingulli, though the former chief's leadership arguably led to Florence's twice winning a coveted spot on Neighborhoodscout.com's list of the 100 safest cities in the United States.

In 2012, the website named Florence the 29th-safest city in the country, and in 2013, it won its current ranking of 17th. The awards were based on FBI crime statistics for 2010 and 2011, respectively, years when Ingulli was in charge of the FPD.

"I saw too much of his political moves when he was chief of police here," Rankin says, continuing that he did not like Ingulli's "attitude toward me."

This may be because Ingulli would not kowtow to Rankin.

"Rankin's never changed," Ingulli says. "There were times when we would have discussions, and I would tell him, 'That's an old way of doing things; I'm not doing that anymore.' He didn't appreciate that."

To replace Ingulli, Patel and Rankin arrived at Dan Hughes, who had resigned as Surprise's police chief in 2010 after 78 percent of that agency's officers cast votes of no confidence against him.

In Surprise, Hughes was accused of making improper comments about Hispanics, trying to fix a traffic citation for a city councilman, and abusing the department's disciplinary process.

He also has a blemish on his résumé from his time as an assistant chief at the Springfield Police Department in Illinois.

Before Hughes left that post in 2002 for the position in Surprise, two Illinois newspapers reported that Hughes was accused of filing a misleading internal-affairs complaint against African-American policewoman Renatta Frazier, suggesting that she failed to prevent the rape of a colleague's daughter by two black men.

The SPD's treatment of Frazier became a racially charged scandal in Springfield. Frazier sued Springfield, and the city settled the case for \$829,000.

Rankin says he met with Hughes before he was hired and "liked what I saw." Hughes' past was not a concern.

"I'm not worried about his history," Rankin says. "I have a history."

Asked why he thought Hughes, with his checkered past, was brought in to replace him, Ingulli says, "It appears that Hughes either thinks like [Rankin] does or listens to what he has to say."

Hughes quickly found an ally in Lieutenant Terry Tryon, an FPD veteran hired by Rankin when he was chief.

Personnel records released by the town and entered into evidence during Hunter and Varnrobinson's appeal hearings show that Tryon helped Hughes build a case for firing the pair.

In memos, Hughes ordered the partners not to work cases together and not to ride together on duty without supervisory approval.

At the appeals hearings in September, Hunter testified that Hughes avoided interactions with Varnrobinson and even avoided looking at him.

"I told Varn I thought Hughes was a racist," Hunter said under oath.

The town's rationales for firing the detectives were nearly identical. Yet Varnrobinson's termination was upheld and Hunter's was not. The white officer was demoted and suffered a 5 percent pay cut instead.

Both are appealing their cases to county Superior Court.

Varnrobinson's dismissal has drawn criticism from the Reverend Oscar Tillman, president of the Maricopa County NAACP, which Tillman says will provide Varnrobinson with legal assistance.

Tillman blamed the treatment of the men on "the caliber of the people" in power in Florence.

He also noted that the ex-detectives acted as whistleblowers.

Indeed, both men complained to the town about the behavior of Lieutenant Tryon, whom they accused of incompetence and favoritism and of returning evidence to witnesses and a suspect in two serious criminal cases, one involving a 2008 home invasion that Varnrobinson investigated and the other a 2007 sexual assault.

In the home-invasion case, Tryon returned an AR-15 semiautomatic rifle, which had been confiscated by Varnrobinson from the suspect so it could undergo ballistics testing.

The owner of the rifle was white and an acquaintance of the lieutenant's.

When Hunter, on behalf of his partner, objected to Tryon's action, the now-former detective tells *New Times* that Tryon said, "Varn can't go around taking guns from every white boy in town."

Hunter's complaint resulted in Tryon's reprimand by the town manager.

Varnrobinson's complaint was handed over to the Arizona Department of Public Safety for investigation.

During the DPS investigation, Tryon admitted to returning the weapon to its owner, saying he had the right to do so.

The sexual-assault case involved a 16-year-old girl allegedly raped by at least one Florence High School football player at a 2007 party in the desert.

Hunter was lead detective on the case, but Tryon butted in despite his having a conflict of interest because his son was on the football team and knew others at the party, including the prime suspect.

Tryon's son also had taken the highly inebriated victim to the police station on the night of the incident.

In addition, Tony Jimenez, principal of Florence High School at the time and currently an assistant superintendent of the Florence Unified School District, is the brother of Tryon's wife, Sylvia.

Nevertheless, Tryon caused cell phones containing photos and video of the alleged sexual assault to be returned to the students who owned them.

This happened *before* Hunter could obtain warrants so that the evidence on the cell phones legally could be downloaded for use in court.

No one ever was charged in the case.

In the end, the Pinal County Attorney's Office declined to bring charges against Tryon for tampering with evidence, concluding that there was no reasonable likelihood of convicting him.

Part two of *New Times'* "Florence Exposed" series ("Suffer the Children," November 21) focused on two cases mishandled by the FPD: the alleged rape and the 2009 shooting death of 9-year-old Dustin Kemp.

In the killing of the boy, lead Detective Renee Klix, an ally of Tryon's, based her investigation on the premise that Dustin's 2 1/2-year-old brother removed a loaded .45-caliber semiautomatic Kimber 1911 handgun from a "hidden" table drawer and shot his brother through the head from five feet away.

During the appeals hearings for the fired detectives, it was revealed that Varnrobinson, Hunter, ex-FPD chief Ingulli, and then-Deputy County Attorney Greg Hazard all believed that Dustin's out-of-work dad, James Kemp, was responsible for the shooting.

In fact, during a taped 2012 discussion of the case, Hazard told Varnrobinson, "I think the father did it, I really do."

Varnrobinson and Hunter had been ordered to re-investigate the case by Chief Ingulli because Klix had done a poor job handling the crime scene and had failed to conduct a formal interview with James Kemp to confront him about his suspicious behavior and statements.

After Ingulli was fired and replaced with Hughes, the new chief accused Hunter and Varnrobinson of attempting to discredit Klix and Tryon (who also was at the Kemp crime scene) by re-investigating the Kemp case.

But based on Ingulli's appeals-hearing testimony that he had asked Varnrobinson and Hunter to look into the Kemp case, hearing officer Richard McAnally ruled against the police department.

However, McAnally did use a tangential allegation — that Varnrobinson had surreptitiously recorded then-Deputy County Attorney Hazard — to justify the black detective's firing. This, even though it was standard procedure for Varnrobinson to record the statements of those involved in investigations.

As part of a deal with prosecutors, James Kemp pleaded guilty on October 18 to a single charge of domestic-violence endangerment and was sentenced to a year of supervised probation.

Pinal County Attorney Lando Voyles, like many top prosecutors, claims to be a tough-on-crime zealot.

In a statement to the *Florence Reminder and Blade-Tribune*, the Republican county attorney blamed his predecessor, Democrat Jim Walsh, for allowing the Kemp case to "languish."

He called Dustin Kemp's killing "a tragic accident" and claimed that Klix's investigation had been "lengthy and comprehensive."

Voyles told the *Reminder*, "In this case, there was no evidence that James Kemp did anything more than endanger his children by storing his guns unsafely."

Noteworthy is that Hazard, who worked at the County Attorney's Office until recently, was the prosecutor who pulled the case from a grand jury because he found it riddled with unanswered questions, and that Klix's "lengthy and comprehensive" investigation involved *not* doing a formal interview of the main suspect.

As was discussed in parts one and two of this series, nothing happened with the Kemp case until June, when *New Times* requested all relevant documents from the County Attorney's Office and Florence, both of which denied the requests initially.

In August, Voyles' office began to re-evaluate the case. And, in October, James Kemp was quietly charged and pleaded out. Voyles made his comment a week after part one of this series was published and one day after part two was published online.

Interestingly, Rankin and Voyles are not political allies. The mayor says he backed incumbent and fellow Democrat Walsh in the 2012 election.

"If you ask me, Lando Voyles needs to go back to Maricopa County and learn how to be a prosecutor," Rankin tells *New Times*.

Rankin's distaste has more to do with money than party politics.

When he is not maneuvering politically, Rankin works as a process server. On almost any weekday morning, he can be found at the Pinal County Clerk of Court's Office, researching individuals he plans to serve that day.

According to his financial-disclosure statement with Florence, Rankin is vice president of the Pinal County Messenger Service, which has had a contract with the county for at least 18 years.

Records show that the county has paid Rankin's company \$821,637 since 1995.

In fiscal year 2013, the company was paid more than \$65,000 by the county. Though on average, Pinal County pays the service from \$40,000 to \$50,000 a year.

A large part of what Rankin traditionally did for the county involved child-support enforcement. But this year, Voyles pushed to return this responsibility to the Arizona Department of Economic Security — and the DES took it over on July 1

"That guy Voyles cost me \$40,000 a goddamn year when he shut down the child-support system here in Pinal County," Rankin says. "We had a good system here."

Rankin has what some might call an anachronistic concept of what constitutes a good system.

This was on prominent display during a Town Council meeting on September 4, 2012.

Scott Bowles, then Florence's economic development coordinator, shared with the council the results of a survey of Florence businesses. In all, 82 businesses were queried about such issues as the town's strengths, weaknesses, and business climate.

The businesses' names were kept confidential. One portion of the survey asked businesses to identify barriers to growth in the town.

The results rocked the council: The plurality of respondents, 25 percent, cited a "good ol' boy system of politics"; 21 percent said the greatest barrier was "a resistance to growth and change"; and 6 percent described a split between the "old blood" and "new blood" in the town.

Most council members disagreed with these perceptions, but one took them as a point of pride: the mayor.

"I'm part of the good ol' boy [network]," an obviously annoyed Rankin said at the council meeting during which the results were discussed. "I was born and raised here in Florence, Arizona. And if the people don't realize what happened in the '50s and '60s, a little history probably gonna do you some good."

Rankin continued his tirade, discussing how business in Florence once flourished, with "two of everything" on its historic Main Street, which, would resemble the set of a Hollywood Western if not for its paved road.

"We've run off more businesses in this town than you guys have created," Rankin told Bowles and businesspeople in attendance. "Back in those days, there were certain businesses that . . . weren't allowed to come to town. The competition kept 'em out because they had control of the town council."

He argued that he always championed annexation of other areas and growing the town, closing his rant with one of his mantras: "Housing is what's going to develop business in this community."

However, Rankin's motives regarding town policy have been known to benefit him, his friends, or his family, either directly or indirectly.

Take the case of multimillionaire water baron and developer George Johnson, owner of Johnson Utilities, which provides water and sewer services for the San Tan Valley and parts of Florence:

Johnson is a longtime supporter of Rankin's. According to Rankin's campaign-finance reports, Johnson and members of his family gave more than \$6,000 to Rankin's 2012 campaign for mayor.

Also during the election, Johnson Utilities' newsletter to its customers featured Rankin among its choices for "Best Florence Council Candidates," using a smiling photo of him in his cowboy hat.

Rankin's eldest son, Robert, works for the Johnson-owned Oasis Golf Club as superintendent. His photo can be seen on the company's website.

Tom Tom Rankin once worked for Johnson Utilities, but his employment ended badly in 2012, when a protective order was issued by a Superior Court judge for what were described only as his "multiple acts of workplace harassment."

The order later was lifted, but former employees tell *New Times* that Rankin Jr. did not return to work there.

Court records also show that in 2003, Johnson loaned \$5,000 to Rankin Sr.

New Times contacted Johnson to ask about his relationship with Rankin.

"The only thing I know about Mayor Rankin is that he puts Florence at the top," Johnson said. "He looks out for what's best for Florence."

Johnson would not answer specific questions, though.

In turn, Rankin is a vocal supporter of Johnson Utilities and George Johnson, specifically. In February, he and four other council members voted to grant Johnson the right to provide water to customers in the southern part of Florence.

Johnson said he needed the rights so that he could build a 6,000-home development, a dude ranch, and a spa. The town's attorney and assistant manager warned that Florence should make sure it gets something in return for the deal. But Rankin championed handing over the rights to Johnson.

Rankin's stances on other town policy issues — from his opposition to a planned copper mine in town to his vehement objection to the incorporation of the San Tan Valley — mirror Johnson's views.

"He's not done anything to hurt me, Florence," Rankin says, when asked about Johnson. "When I say 'me,' I'm talking [about] the town. If he had done something to hurt the town, I might not feel the same way."

A source familiar with power brokers in Florence says there is a "constant environment of intimidation" from Rankin at Town Hall. The source says the new town manager is "just a puppet for the mayor."

One of the few businesspeople willing to discuss Rankin's rule on the record is Cindy Sills, owner of Belva's Real Estate on Main Street, opened by her mother in 1999.

She tells *New Times* that she loves living in a "small town" but that she is worried about the loss of certain town employees, whom she feels were good for the community.

"The former police chief, Bob Ingulli, he was such a great guy," she says. "He always went around talking to business owners. He was so involved. And the economic development coordinator, Scott Bowles, had such a good vision for the town. His heart and soul was in it."

Sills says she has never met Hughes. But how long Hughes will last in the chief's chair is up for debate. Sources close to the police department say Terry Tryon recently attended command school and covets the position of police chief.

"Remember, Tryon came up under Rankin," Ingulli says. "He's one of those who's wedded to the old way of doing things."

That is, Tryon fits the Rankin model of law enforcement, unlike Ingulli, who resisted Rankin's interference.

At one point, Ingulli sought to eliminate Tryon's position as lieutenant. According to Tryon's personnel file, he was offered a position as sergeant instead. But for unknown reasons, the deal was scotched and Tryon remained lieutenant.

(Note: Florence denied repeated requests by *New Times* to make Tryon, Klix, Hughes, and other members of the FPD available for interviews.)

Asked about his relationship to Tryon, Rankin calls him a "friend," but not the kind of friend with whom he socializes.

Asked whether he protects Tryon, Rankin says, "If Terry's right, I'll back him 100 percent. If he's wrong, I'll back him 100 percent to make sure he's treated right."

Rankin says he would do that for anyone, to ensure fair treatment.

But Rankin's critics say his interest in fair play pertains only to his friends.

One source puts it this way: "If you want to survive in that environment, you've got to do what Rankin and his people say."

Pinal County Supervisor Pete Rios has known Rankin for about 20 years.

"Tom Rankin would have been a great sheriff in the 1800s," he says. "I think he was born a little bit too late."

As for Rankin's tight hold on the town, Rios says, that's democracy: "People still voted for him. That's the type of leadership they want, [so] that's the type of leadership they have."

[Show Pages](#)

Related Content

