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BEFORE THE ARIZONA CORPORATION COMMISSION

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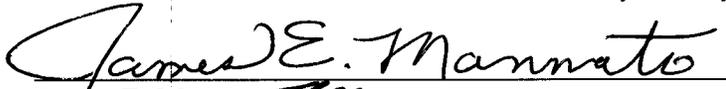
IN THE MATTER OF THE APPLICATION )  
 OF JOHNSON UTILITIES, LLC )  
 DBA JOHNSON UTILITIES COMPANY FOR )  
 APPROVAL OF SALE AND TRANSFER )  
 OF ASSETS AND CONDITIONAL )  
 CANCELLATION OF ITS CERTIFICATE OF )  
 CONVENIENCE AND NECESSITY. )

Docket No.: WS-02987A-13-0477

NOTICE OF FILING  
REBUTTAL TESTIMONY OF  
CHARLES A. MONTOYA

The Town of Florence, an Arizona municipal corporation, files herewith the Rebuttal Testimony of Charles A. Montoya in the above-captioned docket. The Town respectfully requests that the time to file be enlarged by one day in conformity with the extension of time provided to the applicant Johnson Utilities, LLC.

RESPECTFULLY SUBMITTED this 13th day of May, 2014.

  
 James E. Mannato  
 Florence Town Attorney

Arizona Corporation Commission

DOCKETED

MAY 13 2014

DOCKETED BY 

1 Original and thirteen (13) copies filed this 13th day of April, 2014, with:

2 Arizona Corporation Commission  
3 Docket Control  
4 1200 W. Washington Street  
5 Phoenix, AZ 85007

6 A copy of the foregoing document was mailed this  
7 13th day of May, 2014 to:

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

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

18 Teena Jibilian, Administrative Law Judge  
19 Hearing Division  
20 Arizona Corporation Commission  
21 1200 W. Washington Street  
22 Phoenix, AZ 85007

23 Steve Olea, Director  
24 Utilities Division  
25 ARIZONA CORPORATION COMMISSION  
26 1200 West Washington Street  
27 Phoenix, Arizona 85007

28 A copy of the foregoing mailed and e-mailed  
this 13<sup>th</sup> day of May, 2014, to:

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By: Jan Pond

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

**COMMISSIONERS**

BOB STUMP - Chairman  
GARY PIERCE  
BRENDA BURNS  
BOB BURNS  
SUSAN BITTER SMITH

IN THE MATTER OF THE APPLICATION )  
OF JOHNSON UTILITIES, LLC )  
DBA JOHNSON UTILITIES COMPANY FOR )  
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CANCELLATION OF ITS CERTIFICATE OF )  
CONVENIENCE AND NECESSITY. )

Docket No.: **WS-02987A-13-0477**

**REBUTTAL TESTIMONY OF CHARLES A. MONTOYA**  
**MAY 13, 2014**

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3 **1. INTRODUCTION.**

4 **Q. PLEASE STATE YOUR NAME, OCCUPATION AND BUSINESS**  
5 **ADDRESS.**

6 A. My name is Charles A. Montoya. I am employed as the Town Manager for  
7 the Town of Florence, Arizona. My business address is 775 N. Main Street,  
8 P.O. Box 2670, Florence, Arizona 85132.

9 **Q. ARE YOU THE SAME CHARLES A. MONTOYA WHO FILED**  
10 **DIRECT TESTIMONY IN THIS CASE?**

11 A. Yes.

12 **2. PURPOSE OF TESTIMONY.**

13 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

14 A. The purpose of my rebuttal testimony is to respond, on behalf of the Town  
15 of Florence, to the direct testimony of ACC staff witness Robert G. Gray,  
16 RUCO witness Robert B. Mease, and Pulte Home Corporation witness  
17 Daniel Bonow.

18 **Q. HAVE YOU REVIEWED THE DIRECT TESTIMONY OF ROBERT**  
19 **G. GRAY, ROBERT B. MEASE AND DANIEL BONOW?**

20 A. Yes.

21 **Q. ON PAGE 3 OF THE STAFF REPORT OF MR. GRAY (Attachment**  
22 **RGG-1) MR. GRAY COMMENTS:**

23 "A January 31, 2014 ADEQ Status Report indicated that Florence's North  
24 WWTP was not in compliance with permits, wastewater regulation and/or  
25 Order /Judgment for the review period of October 1, 2102 to September 30,  
26 2013.

27 Can you comment on this allegation?

28 A. Yes. On July 20, 2012 the Town received a Notice of Violation (NOV) from  
ADEQ (Case ID #132074) that the unit process tanks were in poor  
condition. On February 10, 2014, the Town received an Opportunity to  
Correct Deficiencies (Case ID # 147248) for the same issue as the NOV.  
Town staff has been in contact with ADEQ throughout this time period. The  
cost to make the repairs to the settling chamber and the aeration basins is  
approximately \$150,000.00. Funding has been identified to repair the  
settling chamber and work will begin in the summer of 2014 when flows are

1 at minimum levels. Work has already been initiated for repair of the aeration  
2 basin with an expected completion date in mid-summer of 2014.

3 **Q. ON PAGE 3 OF THE STAFF REPORT OF MR. GRAY (Attachment**  
4 **RGG-1) MR. GRAY COMMENTS:**

5 “The January 31, 2014 ADEQ Status Report also found that Florence’s  
6 South WWTP was not in violation at a level at which ADEQ will take action  
7 or issue a Notice of Opportunity to Correct or Notice of Violation and/or is  
8 in compliance with the Order/Judgment and/or is in compliance with an  
9 Order/Judgment for the review period of October 1, 2012 to September 30,  
10 2013.

11 Can you comment on this allegation?

- 12 **A.** Yes. With respect to the comment that the Town’s South WWTP “...was not  
13 in violation at a level at which ADEQ will take action...” my understanding  
14 is that this means that the facility is not fully in or out of compliance. The  
15 South WWTP is under a Consent Order with ADEQ (WS 30-13) and all  
16 required submittals and time lines pursuant to the Consent Order have been  
17 met or are being met.

18 **Q. ON PAGE 8 OF THE DIRECT TESTIMONY OF DANIEL BONOW,**  
19 **MR. BONOW STATES:**

20 “As to Pulte specifically, we would like further clarification regarding how  
21 the Town will hold and use the hook-up fee funds already collected by JU as  
22 it would be in the public interest to ensure that such funds are used for the  
23 purposes they were collected. It is also important that all existing agreements  
24 are assumed.”

25 Can you comment on Mr. Bonow’s request for clarification?

- 26 **A.** Yes. Any hookup fees paid by Pulte Home Corporation which are provided  
27 to the Town by Johnson Utilities pursuant to the Asset Purchase Agreement  
28 will be expended by the Town for the purposes for which they were  
collected. The Town intends to credit Pulte for the hookup fee payments  
already made to Johnson Utilities in lieu of any Town water and wastewater  
development impact fees which would otherwise be due. Pursuant to the  
terms of the Asset Purchase Agreement, the Town will accept the  
assignment of the Master Utility Agreements and Line Extension  
Agreements pertaining to Pulte Home Corporation, and will perform  
according to the terms of those agreements.

29 **Q. ON PAGE 7 OF THE DIRECT TESTIMONY OF ROBERT B.**  
30 **MEASE, MR. MEASE STATES:**

31 “...a Citizens Advisory Board could be appointed that would provide the  
32 non-resident customers a voice to promote and address the concerns of the  
33 non-resident ratepayer.”

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Can you comment on Mr. Mease's recommendation?

**A.** Yes. The Town is aware that RUCO, ACC staff and other intervenors believe that the formation of a Citizens Advisory Board would help address some of the concerns which have been identified regarding the Town's operation of a utility system serving nonresidents. However, I cannot, at this time, represent that the Town will commit itself to the formation of such a board, because that is a fundamental decision relating to the operation of the utility system which can only be made by the Florence Town Council. It is my opinion that the circumstances in which such boards have been formed by other municipalities are different than those which exist in this case.

**Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

**A.** Yes.