



0000153480

BEFORE THE ARIZONA CORPORATION CC

RECEIVED

2014 MAY 21 A 10:06

AZ CORP COMMISSION DOCKET CONTROL

ORIGINAL

COMMISSIONERS
BOB STUMP -CHAIRMAN
GARY PIERCE
BRENDA BURNS
ROBERT BURNS
SUSAN BITTER SMITH

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

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

Closing Argument of the
Town of Florence, Arizona Corporation Commission

DOCKETED

MAY 21 2014

DOCKETED BY

The Town of Florence, Arizona, an Arizona municipal corporation (the "Town"), hereby submits its closing argument in this matter.

As established by the testimony of Florence Town Manager Charles A. Montoya, the Town of Florence is an Arizona municipal corporation with a total population of over 27,000 people as established by the 2010 census. Although it is true that a segment of that population is composed of individuals within the various correctional institutions within the Town, it is the Town's responsibility to provide water and wastewater service to those facilities as well as all of the other governmental and private institutions in the Town, including facilities of the United States, the State of Arizona and Pinal County. The Town is a certificated municipal water and wastewater provider holding a Designation of

///

1 Assured Water Supply which is currently rated at over 13,500 acre feet, which is
2 enough physically and legally available water for approximately 100,000 people.
3 The Town holds two Aquifer Protection Permits for its water reclamation plants. It
4 is a member of the Central Arizona Groundwater Replenishment District and the
5 Central Arizona Water Conservation District. The Town also has an agreement
6 with the United States Bureau of Reclamation for an allotment of Central Arizona
7 Project water in the amount of 2048 acre feet per year. As such, the Town believes
8 that it possesses the background, experience and expertise to operate a municipal
9 water and wastewater utility system and would be able to operate the facilities of
10 Johnson Utilities, LLC (“Johnson”) in accordance with all federal, state and local
11 laws and regulations if the assets of Johnson are acquired by the Town. The Town
12 is also confident that it can provide a high level of service to all existing and
13 future customers of the Town and Johnson which will meet or exceed their
14 expectations.

13 The testimony of witness Daniel Hodges produced during the hearing on
14 this matter established that the negotiations between the Town and Johnson were,
15 in fact, at arm’s length. Allegations that there may have been a degree of collusion
16 or impropriety as between Florence Mayor Tom Rankin and George Johnson
17 proved to be unfounded.

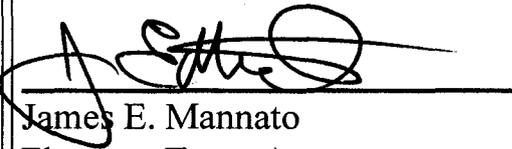
18 The testimony of Florence Town Manager Charles A. Montoya was in direct
19 contrast to allegations that his actions were controlled by Mayor Rankin; rather, it
20 demonstrated that Mr. Montoya at all times was acting in accordance with his
21 understanding of the directives of the Florence Town Council as a governing body
22 composed of seven individuals, elected by the public and charged with the
23 responsibility for collectively determining what is in the best interests of the
citizens of Florence, Arizona.

1 Mr. Montoya's testimony also demonstrates that at this time, the Town has
2 not yet reached an agreement with Johnson Utilities. However, this should not be
3 construed as an indication that the Town no longer wishes to pursue acquisition of
4 the company's assets; rather, as Mr. Montoya testified, he has been directed by the
5 Council to continue the Town's efforts at due diligence relating to the acquisition
6 and to maintain the Town's negotiations with the company.

7 Should the Town acquire the assets of Johnson, the Town will undertake to
8 create an executive advisory board acting within the office of the Florence Town
9 Manager, as a means of ensuring that all customers of the utility system, whether
10 residing within the Town of Florence or outside of the Town's municipal
11 boundaries, have access to the decision-making process as it relates to matters
12 affecting the system and its customers.

13 Therefore, assuming the Town receives the authorization of its electors to
14 take such action as is necessary to acquire the assets of Johnson Utilities, and
15 further assuming that the Town is able to reach a final agreement as to the terms
16 and conditions of the asset purchase and lease agreement, the trust indenture and
17 the installment sale agreement, the Town asks that the Commission issue an order
18 approving the sale and transfer of the assets of Johnson Utilities to the Town of
19 Florence in accordance with the terms and conditions of the Asset Purchase and
20 Lease Agreement and approving the conditional cancellation and extinguishment
21 of the Certificate of Convenience and Necessity of Johnson Utilities, LLC upon
22 the closing of the transaction.

23 Respectfully submitted this 21st day of May, 2014.

21 
22 _____
23 James E. Mannato
Florence Town Attorney