

**RYLEY CARLOCK**  
 & A P P L E W H I T E  
 Attorneys

A  
O:

0000155739

www.rcalaw.com

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**Michele Van Quathem**  
 Direct Line: 602-440-4873  
 Direct Fax: 602-257-6973  
 E-mail: MVQ@rcalaw.com

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ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

September 4, 2014

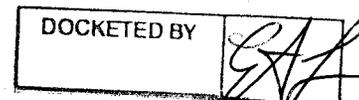
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Arizona Corporation Commission

DOCKETED

SEP 4 2014



**RE: Pulte Home Corporation's Third Public Comment  
 Johnson Utilities, L.L.C., Docket No. WS-02987A-12-0136**

Dear Chairman and Commissioners:

I am submitting this third comment letter in Docket No. WS-02987A-12-0136 on behalf of Pulte Home Corporation ("Pulte"). Pulte is a purchaser of land requesting water and sewer service from Johnson Utilities, L.L.C. ("JUC") for the "Merrill Ranch Expansion One" area. The seller of the land is SWVP-TIS MR LLC ("Southwest Value Partners"). Both Pulte and Southwest Value Partners have requested that JUC provide water and sewer service to the property.<sup>1</sup> The purposes of this letter are to respond to the recommendations in the Administrative Law Judge's August 27, 2014 Recommended Order and Opinion (the "ROO"), and to request that the Commission amend the ROO prior to its adoption to clearly provide JUC with a Certificate of Convenience and Necessity now for all areas within the Merrill Ranch Expansion One area.

In Pulte's prior two comment letters, Pulte has urged the Commission to grant a CC&N expansion order to provide certainty in the ongoing development process for the Merrill Ranch Expansion One area. It has now been over two years since this case started, and the need for a CC&N is even greater now than at the hearing of this matter in April 2013. The Town of Florence is currently in the process of reviewing a final plat for Merrill Ranch Unit 53 within the requested expansion area, and we hope for plat approval to occur within the next three months. The Town's ordinances regarding the plat approval process require a demonstration of an assured water supply for the proposed subdivision, and this requires an authorized water provider.

<sup>1</sup> Please see Finding of Fact No. 16 in the Recommended Order and Opinion docketed August 27, 2014 in this matter.

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We appreciate the concerns expressed by the Staff in this docket regarding two issues. First, the Staff have expressed a desire to withhold a Certificate of Convenience and Necessity for later phases of the Merrill Ranch Expansion One area, presumably because the Staff believe a CC&N is not needed yet in these areas.<sup>2</sup> This position is not warranted in this case, however, because a CC&N has been requested and is needed now. Even though the units identified in paragraph 46 of the ROO are not expected to be built as soon as other areas (at least under current market conditions), plans are underway already for the whole integrated development plan that includes these areas. The entire Merrill Ranch Expansion One area is less than 350 acres in size, and all of the units identified in the ROO will be developed as part of the existing Anthem at Merrill Ranch development currently served with water and sewer service by JUC. This is not a speculative development – there are already approximately 2100 occupied homes in Merrill Ranch, and the expansion area is a natural extension area for the existing development. All parties including the Town of Florence have agreed that JUC should serve the expansion area. Withholding a CC&N now for small portions of a single master plan does not make sense and creates unneeded uncertainty for the development of the parcel.

Second, the Staff have expressed concerns regarding the status of Johnson Utilities' compliance with certain ADEQ monitoring and reporting requirements for its Pecan and Santan plants (plants that will not serve the requested Merrill Ranch Expansion One area). We understand those compliance matters have already been resolved to ADEQ's satisfaction, other than perhaps a determination whether fines should be issued. We do not think that withholding a CC&N expansion in order to enforce ADEQ's routine reporting and monitoring requirements in other systems is appropriate here. Johnson Utilities, LLC is a fit and property entity that is already serving substantial water and sewer service areas pursuant to CC&Ns that are, as far as we know, in good standing with the Commission.

More specifically, we urge the Commission to strike the words "Order Preliminary" from the first ordering paragraph on lines 5-8 on page 17 of the ROO, and replace the stricken words with "Certificate of Convenience and Necessity." The subsequent three ordering paragraphs at lines 9-21 on page 17 relate to ADEQ compliance issues that we understand have been resolved, so these three paragraphs should be stricken.

Please do not deny or delay water and sewer service commitments to landowners in this case by recognizing only an Order Preliminary. We urge the Commission to issue a CC&N extension for all portions of the Merrill Ranch Expansion One area.

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<sup>2</sup> See Finding of Fact number 46 in the ROO.

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Thank you for your consideration of our request.

Sincerely,



Michele Van Quathem

c: Dan Bonow  
ACC Docket Control  
Yvette Kinsey, Administrative Law Judge  
Sasha Paternoster, Administrative Law Judge  
Janice Alward, Legal Division  
Jeff Crockett