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BEFORE THE ARIZONA CORPORATION

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COMMISSIONERS

Arizona Corporation Commission  
SUSAN BITTER SMITH, Chairman  
BOB STUMP  
BOB BURNS  
DOUG LITTLE  
TOM FORESE

DOCKETED

JUN 15 2015

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AZ CORP COMMISSION  
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION  
OF JOHNSON UTILITIES, L.L.C., FOR AN  
INCREASE IN ITS WATER AND WASTE-  
WATER RATES FOR CUSTOMERS  
WITHIN PINAL COUNTY, ARIZONA.

DOCKET NO. WS-02987A-08-0180

NOTICE OF FILING FIRST  
AMENDMENT TO SETTLEMENT  
AGREEMENT

CROCKETT LAW GROUP PLLC  
1702 East Highland Avenue, Suite 204  
Phoenix, Arizona 85016  
602.441.2775

On November 1, 2013, Johnson Utilities, L.L.C. ("Johnson Utilities" or the "Company") and the Residential Utility Consumer Office ("RUCO") entered into a Proposed Settlement Agreement ("Settlement Agreement") in this docket. Pursuant to the terms of the Settlement Agreement, Johnson Utilities and RUCO requested two modifications to Decision 73992. First, the parties requested a decrease in wastewater rates to reflect a reduction in the imputed income tax rate of 36.6558 percent approved in Decision 73992, down to 25 percent. Second, the parties requested a one year extension of the requirement in Decision 73992 that Johnson Utilities file a full rate case no later than June 30, 2015, using a 2014 calendar test year.

In addition to the two modifications, the Settlement Agreement added a new requirement that Johnson Utilities file yearly earnings reports for its wastewater division starting with 2013 for each year prior to the next rate case filing. The form of the required schedules was attached as Exhibit A to the Settlement Agreement.

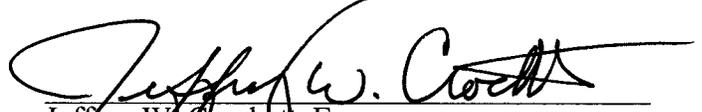
The Settlement Agreement was approved by the Arizona Corporation Commission ("Commission") in Decision 74695 dated August 12, 2014. The new lower wastewater rates were effective for billings on and after August 1, 2014. Johnson Utilities has since filed earnings reports for the years 2013 and 2014 pursuant to the Settlement Agreement.

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1 On June 15, 2015, Johnson Utilities and RUCO entered into a First Amendment to  
2 Settlement Agreement (“First Amendment”) whereby the parties agree that the deadline for filing  
3 the Company’s next rate case should be extended by one year from June 30, 2016, using a 2015  
4 test year to June 30, 2017, using a 2016 test year. A copy of the First Amendment is attached  
5 hereto as Attachment 1. No other provision of the Settlement Agreement is modified by the First  
6 Amendment, and the Settlement Agreement remains in full force and effect.

7 RESPECTFULLY submitted this 15<sup>th</sup> day of June, 2015.

8 CROCKETT LAW GROUP PLLC

9 

10 Jeffrey W. Crockett, Esq.  
11 1702 East Highland Avenue, Suite 204  
12 Phoenix, Arizona 85016-4665  
13 Attorney for Johnson Utilities, L.L.C.

14 **ORIGINAL** and thirteen (13) copies of the foregoing  
15 filed this 15<sup>th</sup> day of June, 2015, with:

16 Docket Control  
17 ARIZONA CORPORATION COMMISSION  
18 1200 West Washington Street  
19 Phoenix, Arizona 85007

20 **COPIES** of the foregoing hand-delivered  
21 this 15<sup>th</sup> day of June, 2015, to:

22 Dwight Nodes, Chief Administrative Law Judge  
23 Hearing Division  
24 ARIZONA CORPORATION COMMISSION  
25 1200 West Washington Street  
26 Phoenix, Arizona 85007

27 Janice Alward, Chief Counsel  
28 Legal Division  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, Arizona 85007

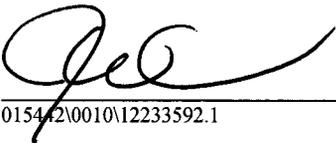
Steve Olea, Director  
Utilities Division  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, Arizona 85007

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**COPY** of the foregoing mailed via First  
Class mail this 15<sup>th</sup> day of June, 2015, to:

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# **ATTACHMENT 1**

## FIRST AMENDMENT TO SETTLEMENT AGREEMENT

Docket WS-02987A-08-0180

This First Amendment to Settlement Agreement ("First Amendment") is entered into this 16th day of June, 2015, by and between Johnson Utilities, L.L.C. ("Johnson Utilities" or the "Company") and the Residential Utility Consumer Office ("RUCO").

### RECITALS

A. On November 1, 2013, Johnson Utilities and RUCO entered into a Proposed Settlement Agreement ("Settlement Agreement") in Docket WS-02987A-08-0180. Pursuant to the terms of the Settlement Agreement, Johnson Utilities and RUCO requested two modifications to Decision 73992. First, the parties requested a decrease in wastewater rates to reflect a reduction in the imputed income tax rate of 36.6558 percent approved in Decision 73992, down to 25 percent. Second, the parties requested a one year extension of the requirement in Decision 73992 that Johnson Utilities file a full rate case no later than June 30, 2015, using a 2014 calendar test year.

B. In addition to the two modifications set forth in the foregoing recital, the Settlement Agreement added a new requirement that Johnson Utilities file yearly earnings reports for its wastewater division starting with 2013 for each year prior to the next rate case filing. The form of the required schedules was attached as Exhibit A to the Settlement Agreement.

C. The Settlement Agreement was approved by the Arizona Corporation Commission ("Commission") in Decision 74695 dated August 12, 2014.

D. Johnson Utilities filed earnings reports for the years 2013 and 2014 pursuant to the Settlement Agreement.

E. Johnson Utilities and RUCO now desire to amend the Settlement Agreement to extend the deadline for filing the Company's next rate case by one year from June 30, 2016, using a 2015 test year to June 30, 2017, using a 2016 test year. No other provision of the Settlement Agreement is modified by this First Amendment, and the Settlement Agreement shall otherwise remain in full force and effect.

### AGREEMENT

1. Johnson Utilities and RUCO agree that the Company shall file its next general rate case by June 30, 2017, and shall use a 2016 calendar year test year. The parties agree that

Sections 1.6 and 2.4 of the Settlement Agreement shall be modified in accordance with the foregoing sentence.

2. Johnson Utilities and RUCO agree that no other provision of the Settlement Agreement is modified by this First Amendment, and that the Settlement Agreement shall otherwise remain in full force and effect.

3. This First Amendment may be executed by each of the signatories in counterparts, each of which when so executed and delivered shall be deemed an original and all of which taken together shall constitute one and the same instrument. This First Amendment be executed electronically or by facsimile.

DATED as of the date first set forth above.

**RESIDENTIAL UTILITY CONSUMER OFFICE**

By: David Tenney

Name: David Tenney

Title: Director

**JOHNSON UTILITIES, L.L.C.**

By: George H. Johnson

Name: George H. Johnson

Its: Manager