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MEMORANDUM

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TO: Tom Broderick  
Director  
Utilities Division

2015 AUG 24 P 4: 31

AZ CORP COMMISSION  
DOCKET CONTROL

FROM: Michael S. Thompson, P.E. *DT*  
Water/Wastewater Engineer *for*  
Engineering

DATE: August 24, 2015

RE: IN THE MATTER OF STAFF'S INQUIRY INTO THE TERMINATION OF  
STANDPIPE SERVICE BY JOHNSON UTILITIES, L.L.C. (DOCKET NO. WS-  
02987A-15-0284) – JOHNSON UTILITIES SITE VISIT

**Introduction**

On August 21, 2015, the Johnson Utilities ("JU" or "Company") water system was visited by Utilities Division Staff ("Staff") members Michael Thompson, Jian Liu, and Alfonso Amezcua. Mr. George Johnson (JU Owner), Mr. Chris Johnson (Owner Hunt Management Company), Mr. Brad Cole (JU Operations Manager/Hunt Management Company Employee), and Mr. Trey Nahrgang (JU Construction Manager/Hunt Management Company Employee) accompanied Staff during its JU site visit.

The purpose of the site visit was to inspect any and all JU facilities, located within a ten mile radius of the vandalized standpipe, suitable for the provision of standpipe service. In our visit, Staff inspected the following sites:

- (1) Edwards/Magna Road Booster Pump Station (location of vandalized standpipe – Exhibit 1 and Exhibit 2)

Q: What is the current condition of the standpipe that JU shut down?

A: While the standpipe itself is in place, supporting apparatus (piping, meters, valves and electrical controls) within the standpipe building have been completely removed. JU was either unable or unwilling to locate the standpipe isolation (shutoff) valve.

Q: When was the standpipe apparatus dismantled?

A: Sometime after July 31, 2015, when Staff conducted its first site visit.

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Q: Does the old removed equipment remain available or has it been disposed of or destroyed?

A: JU stated that a JU employee dismantled it, but would not disclose the condition or the location of the equipment.

Q: What is a reasonable time estimate for re-installation of the removed equipment?

A: JU indicated it would take 2-3 months to bring service back online. George Johnson ("GJ") stated that they would need County and ADEQ approvals to reinstate the standpipe service. GJ also stated that, given security concerns regarding the remoteness of the standpipe location, JU will not provide standpipe service. Staff believes County and ADEQ approvals are likely unnecessary since the standpipe was in use prior to the vandalism, and that installation of security cameras could resolve the security issue. Staff believes, with the exclusion of automatic controls, that the standpipe could be brought back online within one (1) week. In the event that an ADEQ permit is required, ADEQ has indicated that it can complete its review of an expedited permit application within two days.

Q: What is the likely cost to reconnect standpipe service at the Edwards/Magna location?

A: Staff does not know at this time, but will provide a cost estimate by August 27, 2015.

Q: What other existing JU facility can provide standpipe service within a ten mile radius of the vandalized standpipe?

A: To Staff's knowledge, and according to JU, the only other location suitable for standpipe service is the portable standpipe located at the Main Yard.

(2) Main Yard – 968 E Hunt Hwy, San Tan Valley (location of business office, (2) one million gallon storage tanks, booster pump station, pressure tank and a portable standpipe – Exhibit 3 & Exhibit 4)

Q: Please identify all locations where Roadrunner obtains service.

A: According to JU, the portable standpipe at the Main Yard is the only available operational JU service location.

Q: Can one of the remaining standpipe facilities be quickly/easily modified to additionally provide service to the public?

A: The Main Yard portable standpipe could be moved from its current location towards the back gate area. Access to the standpipe (ingress) could be provided from the front gate by removing a section of the chain link fence in the parking area. Water haulers would exit (egress) the Main Yard through the back gate (Exhibit 5).

Alternatively, and as referenced above, JU could alter the Edwards/Magna Road standpipe as follows: Excluding the automatic controls, re-install piping, gate or ball valve, pressure regulating valve, and a meter.

Q: At present, are any other water haulers other than Roadrunner obtaining service?

A: No. According to JU the Company has yet to formalize logistics (scheduling, meter reading, payment, escort) required to allow entry to other commercial water haulers.

Q: Which water haulers have contacted JU to obtain service, if any?

A: Unknown at this time. JU was unable or unwilling to provide this information when asked during the site visit. Staff is aware that Nick Meyers contacted JU to obtain service. However, GJ informed Staff that in no way will JU serve Nick Meyers.

Q: What is the estimated time to allow other water haulers access?

A: JU was unable to provide a definite timeframe.

(3) Wastewater Treatment Plant (located Hunt Hwy, San Tan Heights)

Staff visited the site and observed that there was no standpipe present. However, JU would only allow us entry a few feet within the main gate due to construction activity.

(4) Construction Site One (located at Varnum and Triboulet)

Based on the Company's request Staff visited this site to observe the installation of 8 inch PVC water main. JU indicated that installation would be complete in 2-3 weeks. The water main will provide service to twenty (20) new customers near the Edwards/Magna Road Booster Pump Station previously served by the standpipe.

(5) Construction Site Two (located at Lind and Gary)

Based on the Company's request Staff visited this site to observe the installation of 8 inch PVC water main. The water main will provide service to fourteen (14) new customers near the Edwards/Magna Road Booster Pump Station previously served by the standpipe. The Company did not provide an anticipated completion date.

**Staff Comments:**

- GJ stated that JU does not have a standpipe tariff and will not restart the standpipe service at Edwards/Magna Road Booster Pump Station.
- JU stated that the Company has experienced approximately \$100,000 of vandalism which includes the Edwards/Magna Road Booster Pump Station.
- JU stated that local police and the FBI are investigating the vandalism. According to JU, one individual has been apprehended in connection with vandalism.

- JU stated that Roadrunner currently delivers water to ninety-five (95) customers within its CC&N.
- JU stated that it will only allow commercial water haulers to provide water to customers within its CC&N.
- JU stated that it has cross checked the complaint petition filed by 202 alleged customers, and determined that only 38 are actual JU customers.
- JU indicated that all JU employees work directly for Hunt Management Company.
- Staff asked JU to answer the questions emailed on 8/20/15 from Del Smith to Brad Cole. JU said that they would not answer the questions until after the Commission determines the existence of a standpipe tariff. (Exhibit 6).
- Staff believes the plant comprising the Edwards/Magna Road location is already included in JU's rates and rate base.

Edwards/Magna Road Booster Pump & Standpipe Station

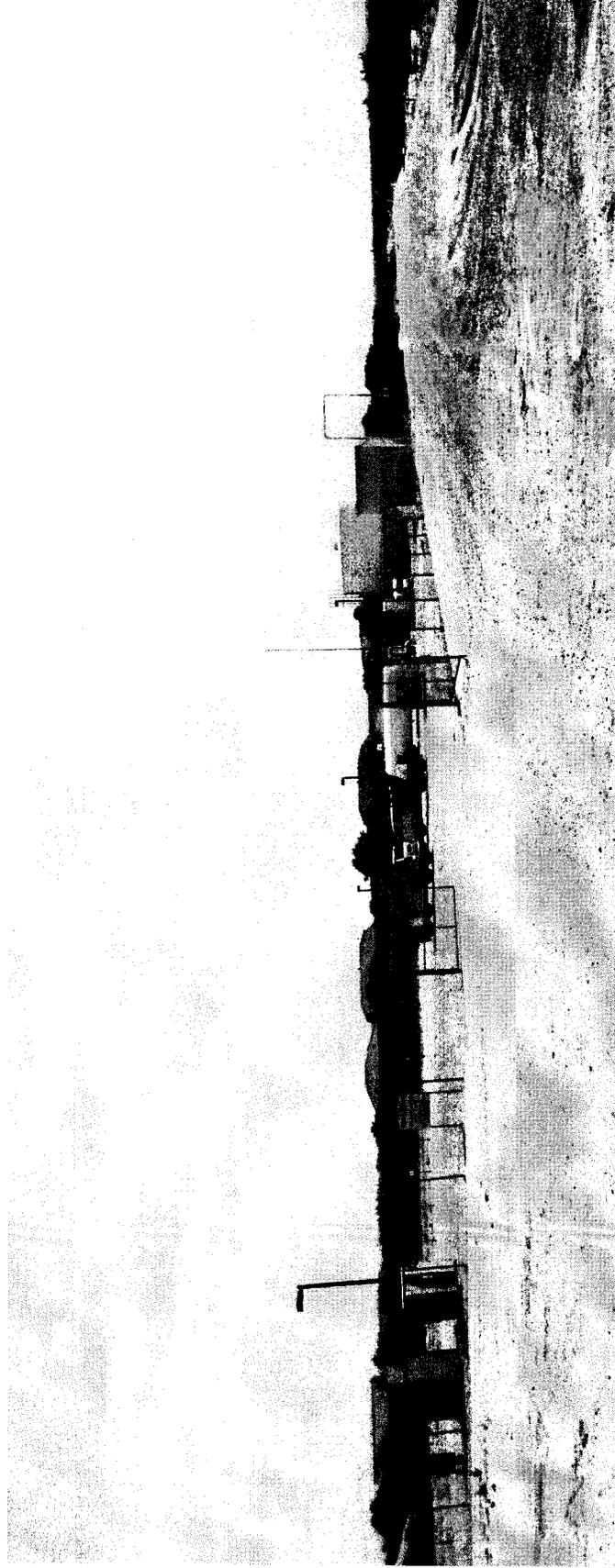


Exhibit 1

Edwards/Magna Road Booster Pump & Standpipe Station – Standpipe Building

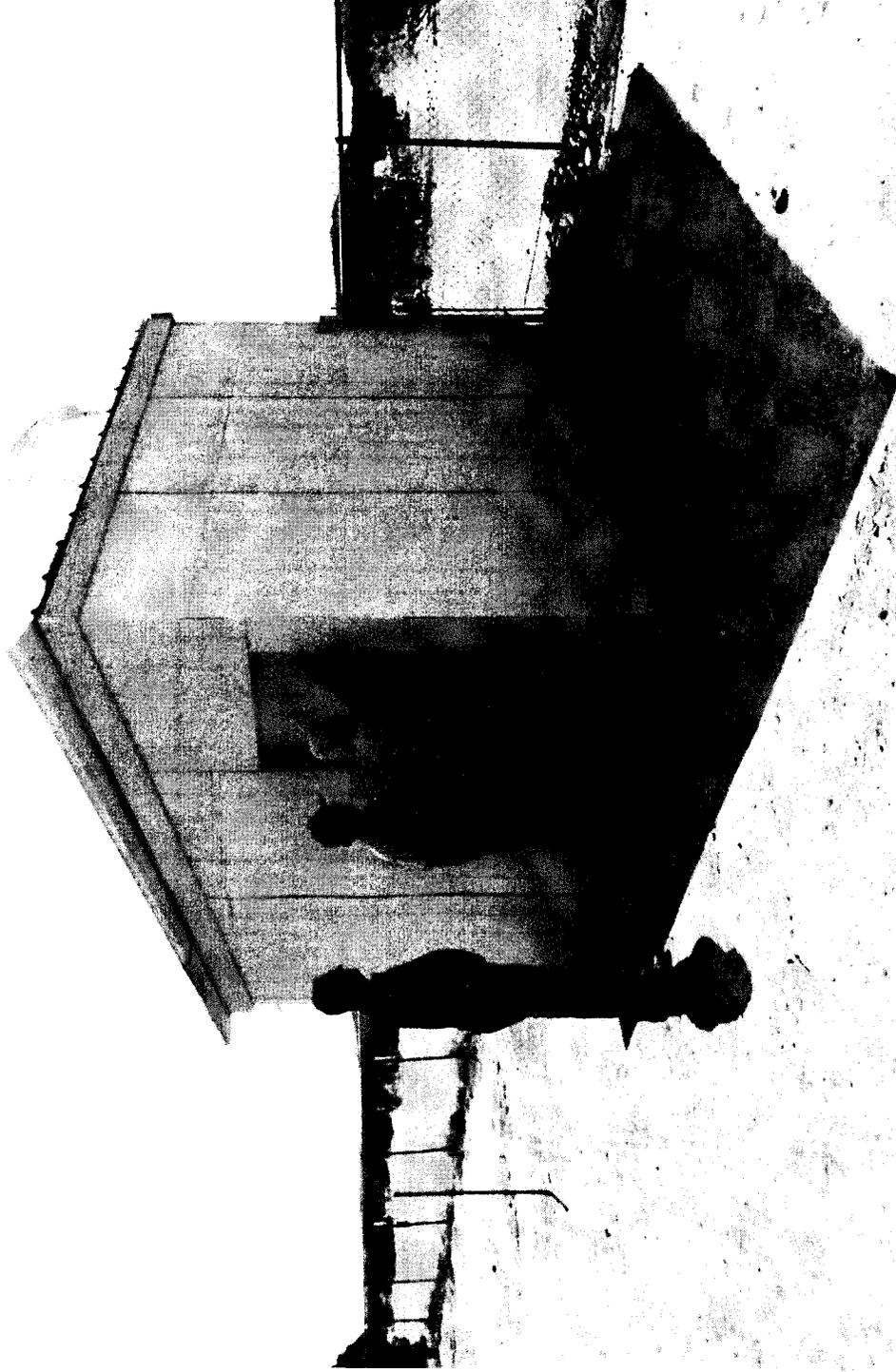


Exhibit 2

Main Yard – Portable Standpipe



Exhibit 3

Main Yard – Back Gate & Portable Standpipe



Exhibit 4

Main Yard – Existing and Suggested Portable Standpipe Locations



**Michael Thompson**

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**From:** Del Smith  
**Sent:** Thursday, August 20, 2015 1:14 PM  
**To:** 'BCole@azvision.net'  
**Cc:** Michael Thompson; Jian Liu; Brian Smith; John LeSueur  
**Subject:** Standpipe Inspection  
**Attachments:** Document1 [Compatibility Mode].doc

Brad,

Thank you for agreeing to accompany Staff tomorrow as we make our inspection. We will be sending Staff Engineers Jian Liu and Mike Thompson. Brian Smith from our legal division will accompany them.

Pursuant to ARS S 40-322B, Staff plans to inspect, at a minimum, the three JU facilities at the following locations: 1. Edwards/Magna Rd, 2. 968 E Hunt Hwy, San Tan Valley 3. Hunt Hwy, San Tan Heights standpipe Staff also wants to inspect any JU facilities where Roadrunner or other water haulers receive water from JU within a 10 mile radius of the vandalized standpipe. Your assistance in identifying and assuring that Staff has access to inspect the applicable facilities is greatly appreciated. Attached are questions Staff would like to discuss with you tomorrow during our inspection.

Thank you,

Del Smith  
Arizona Corporation Commission  
602-542-7277  
[dsmith@azcc.gov](mailto:dsmith@azcc.gov)

- 1) What is the current condition of the standpipe that JU shut down? How long would a reasonable re-installation of the removed equipment take? Whether the old removed equipment remains available or has been disposed of or destroyed? What is it likely to cost to reconnect service?
- 2) What other existing JU facilities can provide standpipe type service within a ten mile radius of the vandalized standpipe? Please identify all locations where Roadrunner or other water haulers obtain service.
- 3) At present, are any water haulers other than Roadrunner obtaining service? If not, why not? Which water haulers have contacted JU to obtain service, if any? What is the estimated time for allowing them access?
- 4) Can one of the remaining standpipe facilities be quickly/easily modified to additionally provide service to the public?
- 5) Please identify the locations where the Company provides construction water. Please identify which of these locations provide potable water.

**Exhibit 6**