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October 1, 2015

HAND-DELIVERED

Chairman Susan Bitter Smith
Commissioner Bob Stump
Commissioner Bob Burns
Commissioner Doug Little
Commissioner Tom Forese
ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
Phoenix, Arizona 85007

Arizona Corporation Commission
DOCKETED

OCT 1 2015

DOCKETED BY *JA*

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AZ CORP COMMISSION
DOCKET CONTACT

Re: Status re Docket No. WS-02987A-15-0284

Dear Chairman and Commissioners:

As you know, Johnson Utilities, L.L.C. ("Johnson Utilities" or the "Company") closed and disassembled the water standpipe ("Standpipe") located at 27931 North Edwards Road, San Tan Valley, Arizona 85143. Since the Standpipe closed on July 30, 2015, no person or entity who previously used the Standpipe is without access to potable water. Residents in the area can obtain potable water on their own from at least two standpipes in the area. In addition, Roadrunner Transit, L.L.C., provides water hauling to residents in the area. Johnson Utilities will also allow other commercial water haulers to purchase water at the Company's yard at 968 E. Hunt Highway, San Tan Valley 85143, provided that the water haulers sign agreements that they will comply with terms and conditions that are described in the proposed stipulation attached hereto.

In addition, Johnson Utilities has been working at an expedited pace to extend water distribution mains to areas in its service territory south of Hunt Highway. Properties in this area largely developed through lot splits without the installation of utilities and subdivision infrastructure. As a result, homeowners in this area haul potable water to their properties and rely on septic tanks. The installation of distribution mains and the availability of water service from a regulated public utility will eliminate the need to haul water for those who have previously had no other alternative.

Johnson Utilities has already completed the installation of more than a mile of transmission mains and by mid-October the Company will have installed nearly two miles of transmission mains. The

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Page 2

phases completed to date and the timing of future phases are described in the proposed stipulation attached hereto.

To date, no person or entity has filed a formal complaint regarding the closure of the Standpipe, nor has any person or entity sought to intervene in the standpipe docket. No person or entity has contacted Staff or Johnson Utilities to report that they do not have access to a source of potable water. To date, Johnson Utilities has not had any commercial water hauler other than Roadrunner Transit request access to water and complete the documents to establish an account. Based upon these facts, Johnson Utilities submits that there is no further need for the standpipe docket to remain open and that it should be closed with prejudice.

At the direction of my client, attached is a proposed stipulation that Johnson Utilities is prepared to sign to close the standpipe docket. Johnson Utilities respectfully requests that the Commission schedule the proposed stipulation for consideration at its next staff meeting.

Very truly yours,

CROCKETT LAW GROUP PLLC



Jeffrey W. Crockett

Enclosure

cc w/enclosure: Docket Control (13 copies)
Brian Smith, Staff Attorney
Yvette Kinsey, Administrative law Judge

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 SUSAN BITTER SMITH, Chairman
4 BOB STUMP
4 BOB BURNS
5 DOUG LITTLE
5 TOM FORESE

6
7 IN THE MATTER OF STAFF'S INQUIRY
8 INTO THE TERMINATION OF STANDPIPE
9 SERVICE BY JOHNSON UTILITIES, L.L.C.

DOCKET WS-02987A-15-0284

**JOINT STIPULATION TO CLOSE
DOCKET WITH PREJUDICE**

10 On July 24, 2015, Johnson Utilities, L.L.C. ("Johnson Utilities" or the "Company") mailed
11 to users and posted a written notice that it would close the water standpipe ("Standpipe") located
12 at 27931 North Edwards Road, San Tan Valley, Arizona 85143 on August 5, 2015. The Standpipe
13 closed on July 30, 2015, however, due to vandalism of the computer that operates the Standpipe.
14 Thereafter, Johnson Utilities disassembled the Standpipe and notified Utilities Division Staff
15 ("Staff") and the commissioners that the Standpipe would not reopen.

16 On August 6, 2015, Staff filed a request to open this docket. On August 7, 2015, Staff
17 filed a Memorandum and proposed Order recommending that the Arizona Corporation
18 Commission ("Commission") order Johnson Utilities to reopen the Standpipe. Prior to Staff's
19 filing, an informal complaint was lodged by the owner of San Tan Water Company ("STWC")
20 on June 10, 2015, in which STWC alleged that Johnson Utilities had denied STWC access to the
21 Standpipe without notice. STWC conducted a water hauling business, transporting water by
22 tanker to homes or businesses that requested bulk water delivery.

23 On August 11, 2015, a petition allegedly containing signatures of Standpipe users was
24 filed in the docket requesting that the Commission require Johnson Utilities to reopen the
25 Standpipe. The Company challenged the validity and/or authenticity of many of the signatures
26 on the petition.

27 On August 13, 2015, Johnson Utilities filed comments opposing the proposed Order and
28 requesting that the Commission reject the proposed Order. Johnson Utilities asserted that the

1 Company does not have a tariff for standpipe service and requested that the docket be closed.
2 Johnson Utilities further asserted that no person who has been using the Standpipe would go
3 without potable water as a result of the closure because water can be obtained from other
4 standpipes in the area or from one or more water haulers operating in the area.¹

5 At the Open Meeting on August 18, 2015, the Commission directed Staff to send an
6 engineer to inspect the Standpipe to determine a repair timetable and to report its findings to the
7 Commission. The Commission also directed the Hearing Division to conduct an expedited
8 proceeding to discuss an appropriate procedural schedule for this matter, and to hold an expedited
9 hearing to address whether the Standpipe may be closed.

10 On August 21, 2015, Staff inspected the Standpipe as directed and on August 24, 2015,
11 Staff filed a memorandum reporting on its inspection.

12 On August 25, 2015, a procedural conference was held. Staff and the Company provided
13 an update on the Standpipe and discussed a proposed procedural schedule for a hearing.

14 On September 10, 2015, the administrative law judge issued a procedural order setting a
15 hearing date and establishing a procedural schedule in this case.

16 Since the Standpipe was closed on July 30, 2015, Johnson Utilities has determined that no
17 person or entity who previously used the Standpipe is without access to potable water. Residents
18 in the area can obtain potable water on their own from at least two standpipes in the area. The
19 Town of Florence operates a standpipe at 425 E. Ruggles Street, Florence, Arizona, 85132 and
20 the Apache Junction Water Utilities Community Facilities District ("CFD") operates a standpipe
21 at 725 E. Baseline Avenue, Apache Junction, Arizona, 85119. The Town of Florence standpipe
22 is coin-operated and provides potable water 24 hours-a-day, seven days-a-week. The CFD offers
23 both potable and non-potable water to anyone establishing an account from two separate
24 standpipes that are open 24 hours-a-day, seven days-a-week.

25 In addition, Roadrunner Transit, L.L.C. provides water hauling service to residents living
26 south of Hunt Highway. Johnson Utilities is also prepared to allow other commercial water
27 haulers to purchase water at the Company's main yard at 968 E. Hunt Highway, San Tan Valley

28 ¹ *Comments of Johnson Utilities re Staff Memorandum and Proposed Order* dated Aug. 13, 2015, at p. 3.

1 85143, provided that the water haulers sign agreements that they will comply with the following
2 terms and conditions:²

- 3 ● The water hauler must establish an account with Johnson Utilities and pay for water
4 at the construction water rate;
- 5 ● The water hauler must provide a certificate of insurance in the minimum amount of
6 \$2 million naming Johnson Utilities as an additional insured;
- 7 ● The water hauler must sign an affidavit that it is in compliance with all applicable
8 Arizona laws and that it is using NSF/ANSI-approved equipment for hauling potable
9 water;
- 10 ● The water hauler must indemnify Johnson Utilities from all liability arising in any way
11 from the delivery or use of the water purchased from Johnson Utilities;
- 12 ● The water hauler must sign an affidavit that no water purchased from Johnson Utilities
13 will be delivered or sold to any person who will use the water outside of the
14 Company's CC&N; and
- 15 ● The water hauler must provide a log of all points of delivery for the purchased water
16 prior to the water hauler's equipment leaving Johnson Utilities' premises.

17 Johnson Utilities has been working at an expedited pace to extend water distribution mains
18 to areas in its service territory south of Hunt Highway. According to the Company, these
19 properties developed through lot splits without the installation of utilities and subdivision
20 infrastructure. As a result, homeowners in these areas haul potable water to their properties and
21 rely on septic tanks. This area within Johnson Utilities' service area is generally referred to as
22 the "Bonanza" area. The installation of distribution mains and the availability of water service
23 from a regulated public utility will eliminate the need to haul water for those who have previously
24 had no other alternative.

25 Johnson Utilities has also related that it has already completed the installation of more
26 than a mile of transmission mains and by mid-October the Company will have installed nearly
27 two miles of transmission mains. The Company indicates that the phases completed to date and
28

² Johnson Utilities provided Staff with a set of the documents to be signed by commercial water haulers specifying the terms and conditions under which Johnson Utilities makes potable water available to the water haulers. Johnson Utilities notes that Roadrunner Transit is subject to the same terms and conditions and that it has executed the documents that are applicable to all commercial water haulers.

1 the timing of future phases are as follows:

- 2 ● Phase 1 – Johnson Utilities has completed Phase 1 which consists of 3,900
3 linear feet of distribution main in Varnum Road from Adobe Dam Road to
4 Daniel Road. Customers along this stretch of Varnum Road can request water
5 service immediately.
- 6 ● Phase 2 – Johnson Utilities has completed Phase 2 which consists of 3,000
7 linear feet of distribution main in private property easements from Lind Road
8 to Virgil Road. Customers along this stretch of water main can request water
9 service as soon as the Company receives confirmation that water quality
10 samples are compliant.
- 11 ● Phase 3 – Phase 3 consists of 3,000 linear feet of distribution main in Royce
12 Road 200 feet south of Judd Road to Ivar Road. Construction will start
13 September 28, 2015, and will be completed two weeks thereafter.
- 14 ● Phase 4 – Phase 4 consists of 3,000 linear feet of distribution main in Ivar Road
15 (continuing from the terminus of Phase 3) to Sandridge Drive. Phase 4 is in
16 design and construction is expected to begin following completion of Phase 3.
17 Phase 4 will be completed two weeks after construction begins.
- 18 ● Phase 5 – Phase 5 consists of 20,000 linear feet of transmission main generally
19 located in the northwest of the Bonanza area. Phase 5 is in design and will take
20 six weeks to complete once construction approvals have been obtained.
- 21 ● Phase 6 – Phase 6 consists of 8,000 linear feet of transmission main in Gary
22 Road from Lind Road to Adobe Dam Road. Phase 6 is in design and will take
23 four weeks to complete once construction approvals have been obtained.

24 Johnson Utilities anticipates an additional 5-10 phases consisting of an estimated 53,000
25 linear feet of transmission main following Phase 6, with actual phasing dependent upon customer
26 demand. As the installation of water lines is completed, Johnson Utilities will begin connecting
27 customers who request service.

28 To date, no person or entity, including STWC, has filed a formal complaint regarding the
closure of the Standpipe, nor has any person or entity sought to intervene in this docket. No
person or entity, including STWC, has contacted Staff or Johnson Utilities to report that they do
not have access to a source of potable water. To date, Johnson Utilities has not had any
commercial water hauler other than Roadrunner Transit request access to water and complete the
documents to establish an account (although the Company remains ready and willing to provide
such access). Based upon these facts, Staff and the Company agree that there is no further need

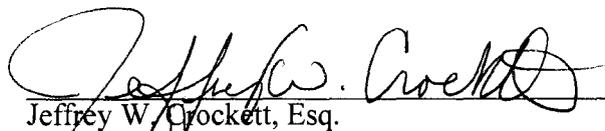
1 for this docket to remain open and that it may be closed with prejudice. Thus, Staff and Johnson
2 Utilities stipulate as follows:

- 3 1. Staff's inquiry in this Docket No. WS-02987A-15-0284 regarding the
4 Standpipe should be administratively closed;
- 5 2. Johnson Utilities maintains its position that it does not have a tariff for
6 standpipe service and that it did not need Commission approval to close the
7 Standpipe; and
- 8 3. Staff reserves the right to propose a tariff for standpipe service for Johnson
9 Utilities in the Company's next rate case.

10 Based on the foregoing stipulation, Staff and Johnson Utilities request that the
11 administrative law judge issue a procedural order administratively closing the docket with
12 prejudice.

13 RESPECTFULLY SUBMITTED this 30th day of September, 2015.

14 CROCKETT LAW GROUP PLLC

15 

16 Jeffrey W. Crockett, Esq.
17 1702 East Highland Avenue, Suite 204
18 Phoenix, Arizona 85016-4665
19 Attorney for Johnson Utilities, L.L.C.

20 LEGAL DIVISION

21

Brian E. Smith, Staff Attorney
22 Legal Division
23 ARIZONA CORPORATION COMMISSION
24 1200 W. Washington Street
25 Phoenix, Arizona 85007

26 **ORIGINAL** and thirteen (13) copies
27 filed this 30th day of September, 2015, with:

28 Docket Control
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

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COPIES of the foregoing hand-delivered
this 30th day of September, 2015, to:

Dwight Nodes, Chief Administrative Law Judge
Hearing Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

Thomas Broderick, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
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