Johnson Utilities

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Arizona Corporation Commission
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February 2, 2016

Arizona Corporation Commission
Docket Control
1200 West Washington
Phoenix, AZ 85007-2996

RE: Docket # WS-02987A-16-0017
Johnson Utilities Response to Nick Myers Opinion Letter #2016-128589

Dear Arizona Corporation Commission:

This letter is in response to the Opinion (#2016-128589) filed by Nick Myers in Docket #WS-02987A-16-0017 on January 28, 2016.

It would appear that the Myers opinion letter is a well collaborated response designed with the intent to cause harm to Mr. Johnson and Johnson Utilities. The Myers opinion letter is laden with unprofessional-like name calling, misinformation, and sensationalism. It would appear that Myers is acting out some sort of revenge against Mr. Johnson rather than doing what is best for the entire community and all of the Johnson Utilities rate payers.

After his first name calling tirade in the second paragraph of his opinion letter, Myers alleges that Mr. Johnson and his henchmen "are attempting to pull the same stunts that they pulled with the local standpipe." It's unfortunate that Myers didn't provide any examples of the referenced "stunts" in this paragraph. It would have been entertaining to see what he came up with, even if fabricated or misleading. I guess Little Red Riding Hood will just have to imagine what the big bad wolf did.

In that same paragraph, Myers claims he "was forced out of business because of not just the shutdown of the standpipe but all of the JU actions leading up to that moment and following that event." While this statement remains vague in nature, it has some semblance of specificity. Is Mr. Johnson and Johnson Utilities really to blame for a failed business or failed business model?

Johnson Utilities continued to provide standpipe service to commercial water haulers through its temporary standpipe located at its main yard on Hunt Highway. While this service was made available to <u>all</u> commercial water haulers, the San Tan Water Company, for reasons unknown, did not elect to participate in that availability. Clearly, since local water was still available, the loss of the Edwards Standpipe was not the cause of his failed business venture.

In his third paragraph, Myers makes the statement "such a desperate attempt to ruin the lives of the 90k+ residents that have entrusted their lives and homes in the services he and his company provide." What in the world could Myers be referring to? Is Myers talking about the subject of this formal complaint? With more than 10 beautiful golf courses in the general area of the San Tan Valley, surely 90k+ residents lives aren't going to be ruined if one of those courses has to change they type of water they irrigate with. If not that, then what? A fine example of misinformation and sensationalism here.

Johnson Utilities

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Somehow, Myers is under some kind of assumption that Johnson Utilities and Swing First have an agreement where Johnson Utilities is required to provide effluent to the golf course. Myers also appears to be under the assumption that Johnson Utilities has an effluent tariff and that it falls under the jurisdiction of the Arizona Corporation Commission. There is no agreement, there is no tariff and treated effluent does not fall under the jurisdiction of the Arizona Corporation Commission.

In the recent past, Johnson Utilities has provided Swing First with water from a myriad of sources. Those included treated effluent, when available, CAP water, when available, and other non-potable water sources through the New Magma canal. By recharging effluent, Johnson Utilities would be looking out for its customers by reducing what they are charged for their 100-year assured water supply. Not only is it the environmentally right thing to do, it would reduce the CAGRD replenishment obligation from about $5 million a year to an estimated $1 million a year. This cost savings benefits an estimated 99.98% of all our ratepayers, not just this single business entity. **THE UTILITY GETS NONE OF THESES SAVINGS. 100% OF THAT GOES DIRECTLY TO THE RATE PAYERS.**

Let's continue with a discussion on the installation of water mains in the Bonanza Highlands service area. Johnson Utilities has invested more than $407,000 dollars in new mains in that service area recently. Additional phases are in design and engineering now. With more than 18,152 feet of pipe installed, only 31 customers have signed up for water service. That represents just a little over a 17% response rate or just one service per 586 feet of pipe installed. That's pretty dismal. Should the rest of our ratepayers continue to subsidize such a poor response rate from the customers in the Bonanza Highlands area?

Finally, let's conclude with the Myer's statements "George needs to have his feet held to the fire" and "He needs to be held responsible for the destruction he is doing to this community" and "...we need him to pay dearly for the aggression he has shown towards this community, and really to Arizona in general."

The San Tan Valley exists because of George Johnson and his vision. When others laughed at him for wanting to develop raw desert 15 minutes outside of any existing developed area, he remained positive and steadfast. Today, you can still purchase a home $20,000 - $25,000 less than in any nearby developed area. George has also made more than $15 million in charitable and civic contributions in Pinal County. Lastly, George continues to run a utility that is a model for efficient and effective operations – fights daily to keep Johnson Utility rates low. You would be hard put to find any man that has given more to the San Tan Valley than George has.

Sincerely,

Brad Cole
Chief Operating Officer