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MEMORANDUM

TO: Docket Control
FROM: Tom Broderick
Director
Utilities Division

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AZ CORP COMMISSION
DOCKET CONTROL

DATE: March 7, 2016

RE: JOHNSON UTILITIES, L.L.C. - REQUEST FOR EXTENSION OF COMPLIANCE DEADLINES (DOCKET NO. WS-02987A-08-0180 - DECISION NO. 74695 and 73992)

In Decision No. 74695, dated August 12, 2014, the Arizona Corporation Commission ("ACC" or "Commission") approved a proposed settlement agreement regarding an increase in water and wastewater rates for Johnson Utilities LLC ("Johnson" or "Company"). The decision also modified Decision No. 73992 to reflect a reduction in the imputed income tax rate.

As part of Decision No. 74695, the Commission ordered the following:

"IT IS FURTHER ORDERED that decision No. 73992 is hereby modified to require Johnson Utilities, LLC, dba Johnson Utilities Company to file with the Commission's Docket Control Center, as a compliance item in this matter, on or before February 29, 2016, a yearly earnings report for 2015, using the form of the schedules attached as Exhibit A to the Proposed Settlement Agreement."

On February 12, 2016, Johnson docketed a request for an extension of time until May 31, 2016 for the provision of the required earnings report outlined above. The application stated that the Company "is awaiting accounting reports from its outside accountant, and the Company has additional internal accounting work to complete before it is in a position to prepare the 2015 earnings report". The Company proposed due date is based on the April 15 due date for yearly Public Utilities annual reports which allows for necessary accounting work to be completed prior to preparing reports after the year end.

Based on the application and additional information filed by the Company, Staff does not object to the Company's request for an extension of time in this matter. Staff therefore recommends that the Commission extend the due date for the provision of the 2015 earnings report until May 31, 2016. Staff further recommends that Accumulated Deferred Income Taxes ("ADIT") be included in the 2015 earnings report as outlined in Exhibit A, Schedule 1 in Decision No. 74695. Staff further notes that the ADIT balance included in the 2015 earnings report should be calculated from the date of Decision 74695, which is the date when income taxes were authorized to be recovered from ratepayers.

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Staff recommends that no further requests for extension of time of time be granted on this item. Staff recommends that the Company be required to file requests for extensions of time least 90 days prior to the existing due date (if any are made in future annual filings).

TMB:BKB:ngr/RRM

Originator: Brian K. Bozzo

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DOCKET NO.

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WS-02987A-08-0180

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