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**Memorandum**  
From the office of  
**Chairman Doug Little**  
**Arizona Corporation Commission**  
1200 W. WASHINGTON  
PHOENIX, ARIZONA  
(602) 542-0745

TO: Docket Control

DATE: April 11, 2016

FROM: Chairman Doug Little's Office

SUBJECT: Docket No. WS-02987A-16-0017

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Chairman Little's office received the attached letter referencing the above Docket Number. The letter and a reply from Chairman Little's office can be viewed either in Docket, or on the website via the eDocket link.

Arizona Corporation Commission  
**DOCKETED**

APR 11 2016

DOCKETED BY	<i>KL</i>
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April 4, 2016

To the Commission:

As a homeowner who lives within the Johnson Utility district, and who's home value will be dramatically affected by proposed action by Johnson Utilities (JU) to restrict the sale of effluent water to the Johnson Ranch Golf Course (Swing First Golf), I wish to express my objection to this proposal and support the complaint filed by Swing First Golf.

This action by JU appears arbitrary and capricious on the part of Johnson Utilities. It would also appear that this plan is being proposed with the direct intent of putting the Johnson Ranch Golf course ("Swing First Golf") out of business; without any consideration whatsoever on the part of JU for the severely negative impact such a plan would have, and is already having, on the homeowners in the Johnson Ranch subdivisions which surround this golf course.

All homeowners within this area are already being negatively impacted, as we are now required by law to disclose to any potential buyer of our property that the very existence of the Johnson Ranch Golf Course is in jeopardy because of this action by JU. It would also appear from the past history between these two parties that this drastic measure isn't just a "sudden business decision" on the part of JU, but rather is indicative of some kind of ongoing dispute between JU on the one hand and Swing First Golf on the other, with the homeowners of Johnson Ranch caught in the middle.

If this drastic change is allowed to take effect it will have a very deleterious impact on the property values in the Johnson Ranch communities that surround this golf course. This isn't just an "attack" on the viability of Johnson Ranch Golf Course (Swing First); it is an attack on the entire Johnson Ranch community. As can be seen from recent and past history surrounding the Ahwatukee Lakes golf community, the bankruptcy of a golf course can have a very negative impact on the homes and property values in the immediate area.

In the instant case, because so much revenue is derived from the tourism trade brought in by the individuals who both own homes and visit this area specifically because of the golf course, the negative economic impact of an insolvency of the golf course would be dramatic and severe. This would be true not only in terms of the lost tax revenue to the county and to the sales revenue by the business community in the area but also because of the decline in property tax revenue that will result from the dramatic decline in property valuations in the area. This of course will have an extremely negative impact on the schools in the area since they will lose a significant amount of tax revenue from the decline in property tax valuations. I would even predict that there would

be a massive "exit" or migration out of the area if this proposed "rate adjustment" is allowed.

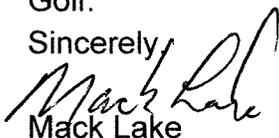
The Arizona Supreme Court has determined that "a public service corporation is under legal obligation to render adequate service impartially and without discrimination to all members of the general public to whom its scope of operation extends." Veach City of Phoenix, 102 A r i z 195, 427 P.2d 335 (1967) citing Wickenberg v. Town of Sabin 68 Ariz 75, 200 P.2d 342 (1948). That ruling also states that the failure to provide adequate service to the community constitutes a clear violation of this legal requirement. The fact that Johnson Utilities is intending to continue selling effluent to its own golf course (Oasis Golf Club) as well as to another area golf course (Poston Butte Golf Course), clearly indicates that the utility is in violation of this ruling since it is showing preferential treatment to other parties and is intending to discriminate against the Johnson Ranch Golf Course (Swing First) by quadrupling its water rates by requiring them to purchase much more expensive water instead of continuing to sell them effluent water.

Further, I believe this Commission should look at the possibility that there is an ulterior motive behind the actions of JU, since the Johnson Ranch Golf Course is a direct competitor to its directly or indirectly owned entity---The Oasis Golf Course. Is JU intending to put the JR Golf Course out of business because it intends to purchase its competitor at a "fire sale" price, after they have put them in to insolvency? Although this is certainly speculative it is, I think, a possible reason for this arbitrary action by JU and should be addressed by this Commission.

It should also be noted that this proposal by JU has had a chilling effect on the democratic process. The leadership of our HOA has refused to publicly take a position on this proposal despite the fact that it will clearly have a negative impact on our community because they are literally "afraid of retribution against us that might be taken by George Johnson or JU, given their past record of doing so against people who oppose them".

I would therefore request that the Commission deny the motion by JU to dismiss the claim by First Golf and hold a hearing to determine whether they are in violation of the commission CC&N rules by showing preferential treatment to certain parties, and are showing discriminatory treatment toward Swing First Golf.

Sincerely,



Mack Lake

189 W. Twin Peak Parkway  
San Tan Valley, AZ 85143

**COMMISSIONERS**  
DOUG LITTLE - Chairman  
BOB STUMP  
BOB BURNS  
TOM FORESE  
ANDY TOBIN



**ARIZONA CORPORATION  
COMMISSION**

**DOUG LITTLE**  
**CHAIRMAN**  
Direct Line: (602) 542-0745  
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April 11, 2016

Mack Lake  
189 W. Twin Peak Parkway  
San Tan Valley, AZ 85143

Dear Mr. Lake,

Thank you for taking the time to compose a letter regarding your concerns about the Johnson Utilities case, Docket No. WS-02987A-16-0017.

Commissioner Little feels that all public input is valuable concerning matters before the Commission and would like to assure you that your comments will be considered as part of the decision making process. They will be added to the public record on this docket as of this date.

To make certain that any case which comes before the Commission is given a fair and impartial hearing, Arizona law prevents Commissioner Little and his policy advisor from discussing this issue unless all involved parties are present. This ensures that decisions by the Commission are not influenced by impermissible off-the-record communications. These laws are referred to as "ex parte rules".

The ex parte rule is in effect once a hearing on the matter has been set and continues until 30 days following a new decision, or a petition for rehearing has been denied.

You can track the case's activity and progress by visiting the e-Docket website at:

<http://edocket.azcc.gov/edocket/> and entering the docket number above.

Thank you again for your comments. They are a very important part of the process.

Best Regards,

Andrea Gaston  
Executive Aide to Chairman Doug Little