

Exhibit C, Item 9

**Additional 1965 Aerials
of Pinal Creek**

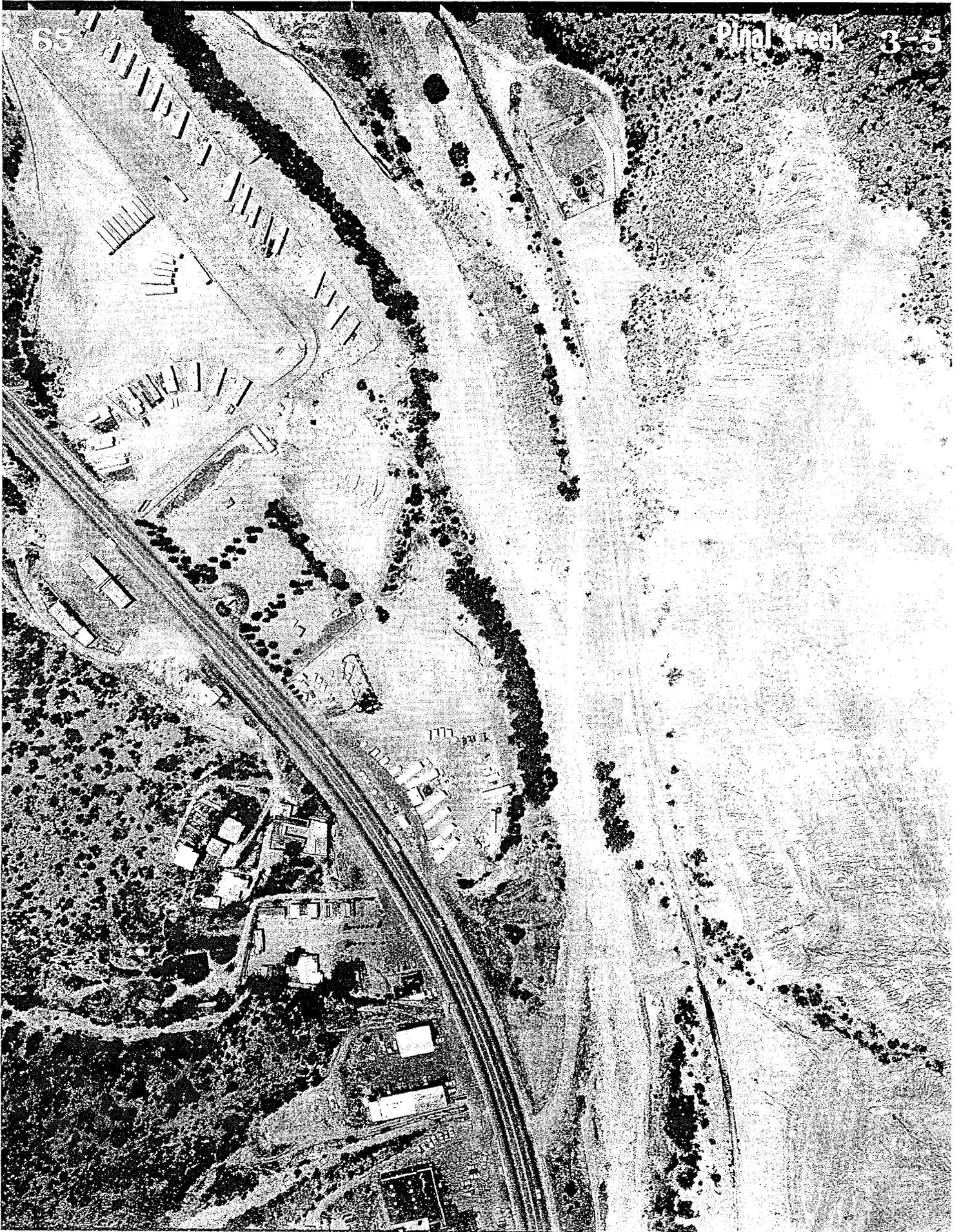
↑ North

May 26, 1965



G66
MHP

Cobre Valley Photo



Blakely Gas Station

Incidental list of Blakely Gas Station located throughout Arizona during the 1950s and 1960s.

**Blakely Gas Station located on the
"Globe-Miami Highway"**

Blakely Collectibles

Blakely Collectibles

United States

director@blakelycollectibles.com

- [ANTIQUE SHOW - FEB 28TH & MARCH 1ST, 2014](#)
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- [About Us](#)
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- [BLAKELY GLASSWARE](#)
- [BLAKELY POTTERY DISHES](#)
- [BLAKELY FINE CHINA DISHES](#)
- [BLAKELY STATION LOCATIONS](#)
- [BLAKELY FREQUENTLY ASKED QUESTIONS](#)
- [INFO PAGE](#)
- [BLAKELY REPRO- DUTIONS](#)
- [OTHER OIL/GAS COMPANY GIVEAWAYS](#)

Blakely

STATION LOCATIONS

We have started a list of the Blakely Service Station Locations.

I want to thank the website visitors who have been able to provide me with some actual addresses as well as approximate locations, I really appreciate it and look forward to hearing from more of you.

This list is in numerical order based on the actual station number that was assigned by the company to identify each station. With any luck, I will be able to list all of the stations at some point in time.

I do know that there were a couple of stations located in Blythe, CA as well as at some California military bases. If anyone knows of stations in other states, I would like to hear from you.

We will continue to add station information here so please check back and watch for the listing to grow.

BLAKELY AUTO SUPPLY STORE LOCATIONS:

3207 E. Speedway, Tucson, AZ

3737 W. Indian School Rd, Phoenix, AZ

2800 E. Van Buren, Phoenix, AZ

3403 S. Central Ave., Phoenix, AZ

CONTACT US

Email: director@blakelycollectibles.com

1. 1895 W. Buckeye Rd., Phoenix, AZ
2. 3325 E. Indian School Rd., Phoenix, AZ
3. 3205 E. Speedway, Tucson, AZ
4. 1316 Grand Ave., Phoenix, AZ
5. 702 W. Thomas Rd., Phoenix, AZ
6. 3701 N Central Ave., Phoenix, AZ
7. 2145 W. Main, Mesa, AZ
8. 1st Street & Madison, Phoenix, AZ
9. California Highway, Wickenburg, AZ
10. 1830 E. McDowell Rd., Phoenix, AZ
11. 3409 W. Van Buren, Phoenix, AZ
12. 3402 S. Central Ave., Phoenix, AZ
13. 2501 E. Washington, Phoenix, AZ
14. 1545 S. Craycroft Rd., Tucson, AZ

15. Globe Miami Hwy, Globe, AZ

16. 1001 S. 6th Ave., Tucson, AZ

21. 3001 N. 16th St., Phoenix, AZ

22. 2004 S. 6th Ave., Tucson, AZ

- 26. 3033 N. Scottsdale Rd.
Scottsdale, AZ
- 31. 5964 NW Grand Ave., Glendale,
AZ
- 32. 2507 N. 32nd St., Phoenix, AZ
- 33. 2104 Miracle Mile Strip
Tucson, AZ
- 36. 8945 N. Black Canyon Hwy,
Phoenix, AZ
- 38. 3926 N. 19th Ave., Phoenix, AZ
- 39. 2345 W. Thomas Rd.,
Phoenix, AZ
- 40. 2950 E. Thomas Rd., Phoenix
- 45. 405 E. Main., Mesa, AZ
- 47. 5834 S. 16th St., Phoenix, AZ
- 49. 3737 W. Indian School Rd.,
Phoenix, AZ
- 50. 3333 S. 12th Ave, Tucson, AZ
- 51. E. Apache Trail, Apache Jct
AZ.
- 55. 4226 E. McDowell Rd., Phoenix
- 60. 1957 N. Country Club, Mesa, AZ
- 62. 3040 W. Camelback Rd, Phoenix
- 67. 914 N. Central Ave., Phoenix, AZ
- 73. 7045 E. Apache Trail, Mesa, AZ

75. 4401 S. 7th Ave., Phoenix, AZ

76. 10201 N. 19th Ave., Phoenix, AZ

79. 41 E. Broadway, Mesa, AZ

81. 14045 N. 111th Ave., Sun City

82. 3301 N. Hayden Rd., Scottsdale

#? 931 N. Arizona Ave., Chandler,
AZ

#? 100 S. Arizona Ave., Chandler,
AZ

#? 1001 S. 6th Ave., Tucson, AZ

#? 2104 N. Oracle Rd., Tucson, AZ

#? 3333 S. 12th Ave., Tucson, AZ

#? 2800 E. Van Buren, Phoenix

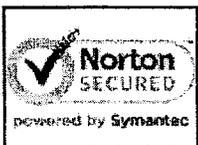
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Blakely Collectibles

United States

director@blakelycollectibles.com



close

- □
- □
- □

**Globe
Water System Map
(1980)**

**Possible top portion cut off by accident
when scanned into digital format.**

**This is the document that Arizona Water, Legal staff
has continually cited in their damage claims.**

1980 SYSTEM
MAP

POSSIBLY
CUTOFF
↓

GLOBE WATER SYSTEM

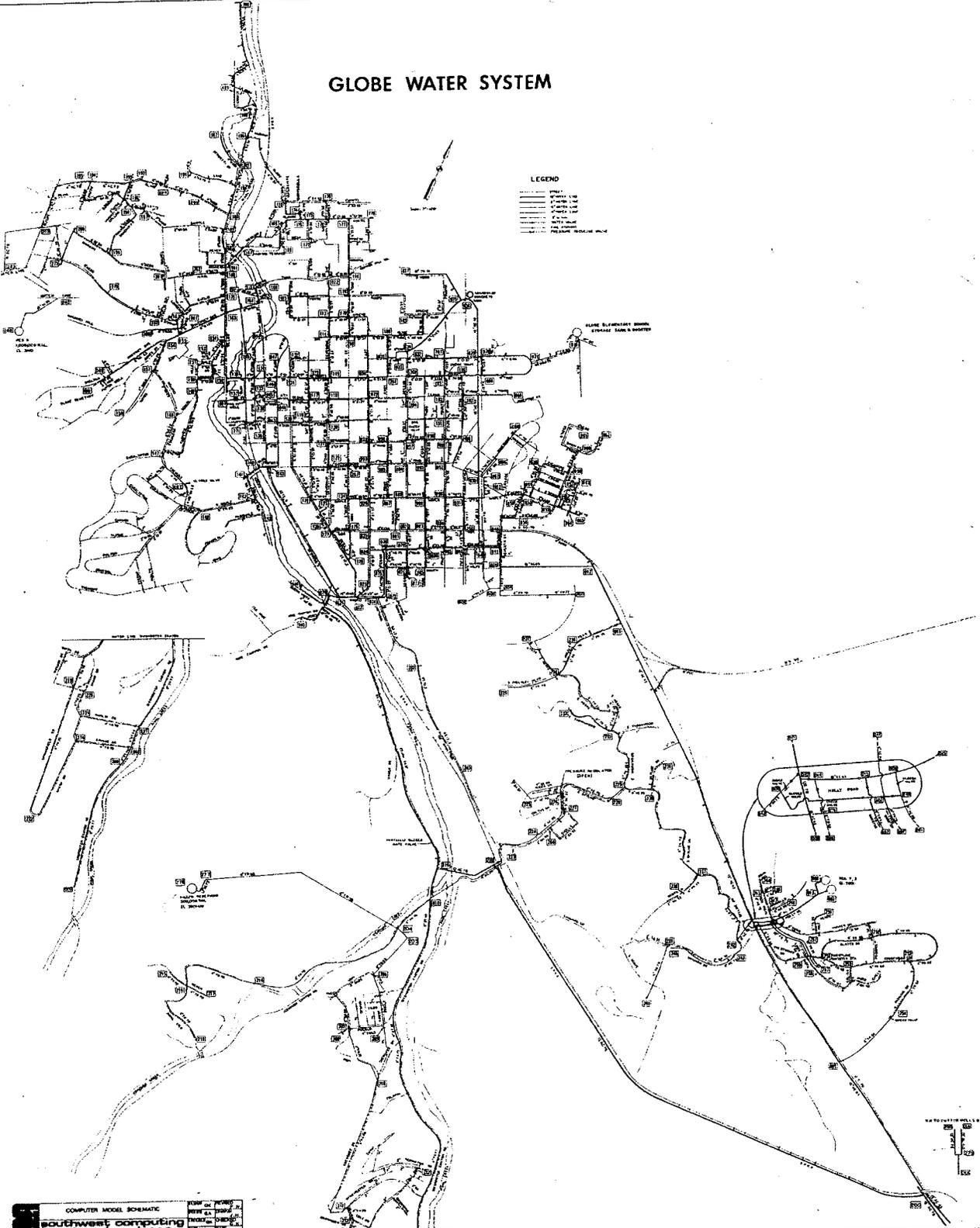


Exhibit C, Item 12

**Globe Mobile Home Park,
Various historic
vesting documents**

When recorded return to:
Cities Service Oil & Gas Corp.
P. O. Box 300
Tulsa, Oklahoma 74102

INDEX 638 PAGE 215

QUITCLAIM DEED

11067713-0
2102101

FOR THE CONSIDERATION of One Dollar (\$1.00) in hand paid by the Grantee, hereafter named, the receipt of which is hereby acknowledged, CITIES SERVICE COMPANY, a Delaware corporation, 110 West Seventh Street, Tulsa, Oklahoma 74119 (mailing address P. O. Box 300, Tulsa, Oklahoma 74102), hereby quitclaims to CITIES SERVICE OIL AND GAS CORPORATION, a Delaware corporation, 110 West Seventh Street, Tulsa, Oklahoma 74119 (mailing address P. O. Box 300, Tulsa, Oklahoma 74102), all of its interest in the following described real property located in Gila County, Arizona:

The surface and the ground to a depth of five hundred feet beneath the surface, with lateral and subjacent support for the surface and all buildings or residences which may be erected thereon, of the parcel of land described as follows:

That certain piece or parcel of land lying in and being a portion of the E. 1/2 of the NW. 1/4 and the SW. 1/4 of the NE. 1/4 and lot 3 of Section 23, T. 1 N., R. 13 E., G. & S. E. M., Gila County, Arizona and more particularly described as follows:

Beginning at a point on the northeasterly right of way line of U. S. Highway No. 40, from which the center 1/4 section corner of said Section 23 bears S. 52° 17' 17" E., 778.77 feet; thence N. 19° 59' 45" E., 280.01 feet; thence N. 58° 37' 40" W., 401.32 feet; thence S. 25° 06' 28" W., 281.65 feet to said Highway right of way line; thence N. 64° 57' 13" W., 201.92 feet along said right of way line; thence S. 5° 24' 40" E., 178.19 feet; thence S. 75° 35' E., 50.23 feet; thence N. 41° 28' 20" E., 498.89 feet; thence S. 58° 37' 40" E., 1113.70 feet; thence S. 25° 22' 18" E., 545.53 feet; thence S. 44° 16' E., 170.00 feet; thence S. 37° 45' 10" E., 197.20 feet; thence S. 3° 50' 50" W., 91.50 feet; thence S. 45° 04' 50" W., 75.81 feet to a point on said right of way line being parallel with and 50 feet northeast of centerline Engineers Station P.O.C. 212+56.35; thence northwesterly 354.46 feet along the arc of a right of way curve to the left having a radius of 2153.48 feet, a central angle of 9° 31' 49" and whose chord bears N. 56° 29' 31" W., 354.46 feet to the S. C. on said right of way spiral, parallel with and 50 feet northeast of center line at Engineers Station S. C. 234+09.79; thence northwesterly 278.31 feet along the locus of a right of way spiral to the left having a chord which bears N. 63° 37' 23" W., 278.28 feet to the T. S. on said right of way spiral parallel with and 50 feet northeast of center line Engineers Station T. S. 236+34.79; thence N. 64° 53' 35" W., 534.19 feet to the point of beginning, containing 22.858 acres more or less.

Subject to such utility easements as described in Exhibits I and II attached hereto and made a part hereof to the extent that such easements cross the above described property.

LESS AND EXCEPT all of the oil, gas, casinghead gas, helium, sulfur associated with the oil and gas, and all other hydrocarbons and constituents thereof, including, but not limited to tar sands and oil shale, and further reserving to the Grantor the rights of ingress and egress for purposes of exploration therefor and production thereof and removal of such production from said premises, including the right to lay pipelines required in the production or transportation of the above products.

EDU 638-216

IN WITNESS WHEREOF, Cities Service Company has caused its corporate seal to be affixed and has caused its name to be signed to these presents and attested to by its authorized representative the 24th day of January, 1985.

ATTEST:

[Signature]
Assistant Secretary
OKLAHOMA

CITIES SERVICE COMPANY

[Signature]
E. D. Dillsaver, Senior Vice President

STATE OF OKLAHOMA)
COUNTY OF TULSA)

On this the 24th day of January, 1985, before me, H. Jeanine Caldwell, the undersigned officer, personally appeared E. D. Dillsaver, who acknowledged himself to be the Senior Vice President of Cities Service Company, and that he, as such Senior Vice President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself, as Senior Vice President.

IN WITNESS THEREOF, I hereunto set my hand and official seal.

[Signature]
Notary Public

My Commission Expires:

December 8, 1987

When recorded return to:
Frank Talbott
P. O. Box 1111
Apache Junction, Ar. 85220

QUITCLAIM DEED

638-228
41001971
11027142-4

FOR THE CONSIDERATION of Seventy Thousand Dollars (\$70,000.00) in hand paid by the Grantee, hereafter named, the receipt of which is hereby acknowledged, CITIES SERVICE OIL AND GAS CORPORATION, a Delaware corporation, 115 West Seventh Street, Tulsa, Oklahoma 74119 (mailing address P. O. Box 300, Tulsa, Oklahoma 74102), hereby quitclaims to FRANK TALBOTT, husband of Irene Talbott, as his sole and separate property, whose address is Globe Mobile Home Park, SR-510-9, Globe, Arizona, 85501, all of its interest in the following described real property located in Gila County, Arizona:

The surface and the ground to a depth of five hundred feet beneath the surface, with lateral and subjacent support for the surface and all buildings or residences which may be erected thereon, of the parcel of land described as follows:

That certain piece or parcel of land lying in and being a portion of the E. 1/2 of the SW. 1/4 and the SW. 1/4 of the NE. 1/4 and Loc. 3 of Section 23, T. 1 S., R. 15 E., G. & S. S. V., Gila County, Arizona and more particularly described as follows:

Beginning at a point on the northeasterly right of way line of U. S. Highway No. 60, from which the center 1/4 section corner of said Section 23 bears S. 57° 17' 17" E., 778.79 feet; thence N. 19° 59' 45" W., 280.01 feet; thence N. 58° 37' 40" W., 403.32 feet; thence S. 25° 06' 20" W., 241.65 feet to said Highway right of way line; thence N. 64° 53' 35" W., 203.92 feet along said right of way line; thence N. 0° 24' 40" E., 278.19 feet; thence S. 75° 55' E., 80.73 feet; thence N. 43° 28' 20" E., 498.89 feet; thence S. 58° 37' 40" E., 1113.00 feet; thence S. 25° 22' 10" E., 545.53 feet; thence S. 44° 16' E., 170.00 feet; thence S. 27° 45' 10" E., 192.20 feet; thence S. 3° 50' 50" W., 91.50 feet; thence S. 45° 04' 50" W., 75.14 feet to a point on said right of way line being parallel with and 50 feet northeast of centerline of Engineers Station P.O.C.242+56.35; thence northwesterly 354.46 feet along the arc of a right of way curve to the left having a radius of 2133.48 feet, a central angle of 9° 31' 49" and whose chord bears N. 56° 20' 31" W., 354.46 feet to the S. C. on said right of way spiral, parallel with and 50 feet northeast of center line at Engineers Station S. C. 239+09.79; thence northwesterly 278.31 feet along the locus of a right of way spiral to the left having a chord which bears N. 63° 37' 25" W., 278.28 feet to the T. S. on said right of way spiral parallel with and 50.00 feet northeast of center line Engineers Station T. S. 236+34.79; thence N. 64° 53' 35" W., 534.79 feet to the point of beginning, containing 22.859 acres more or less.

Subject to such utility easements as described in Exhibits I and II attached hereto and made a part hereof to the extent that such easements cross the above described property.

LESS AND EXCEPT all of the oil, gas, casinghead gas, helium, sulfur associated with the oil and gas, and all other hydrocarbons and constituents thereof, including, but not limited to tar sands and oil shale, and further reserving to the Grantor the rights of ingress and egress for purposes of exploration therefor and production thereof and removal of such production from said premises, including the right to lay pipelines required in the production or transportation of the above products.

STATE OF ARIZONA

County of Gila

BOOK 644 PAGE 42

I hereby certify that the within instrument was filed and recorded on April 30, 1985, at 12:25 P. M.

INDEXED 644

pages 62-64

and indexed in doc. #

Fee No.

521992

at the request of Transamerica Title Company

When recorded, mail to:

James W. Starckenburg
901 E. Dobson, No. 1005
Mesa, Arizona 85201

Witness my hand and official seal.

MARY V. DE PAOLI
County Recorder

By *Kathryn A. Elouin*
Deputy Recorder

Composed
Photostated
Fee \$75
12:25
PAID
CH 56881

LAG0806R-0
6103027

JOINT TENANCY DEED

For the consideration of Ten Dollars, and other valuable considerations,
FRANK V. TALBOTT JR. and IRIS TALBOTT, his wife; and
FRANK V. TALBOTT and MARY TALBOTT, his wife;
hereafter called the Grantees, what in law or equity their own, lawful heirs or assigns
shall have or lawfully may have, do hereby convey to
JAMES W. STARCKENBURG and JACQUELINE J. STARCKENBURG, his wife;
not as tenants in common and not as a community property estate, but as joint tenants with right of survivorship, the following
described property situated in Gila County, Arizona, together with all rights and privileges appurtenant thereto, to wit:

For Attached Legal Description

Subject to current taxes and other assessments, mortgages, liens, judgments and all encumbrances, interests, conditions, covenants, restrictions, obligations and liabilities in any manner appearing of record, the Grantee warrants the title against all persons whatsoever.

The Grantees by signing the acceptance below evidence their intention to acquire and possess as joint tenants with the right of survivorship, and not as community property nor as tenants in common.

Dated this 28th day of April 1985

James W. Starckenburg
James W. Starckenburg
Notary Public

Frank V. Talbott Jr.
Frank V. Talbott Jr.
Iris Talbott
Iris Talbott
Frank V. Talbott
Frank V. Talbott
Mary Talbott
Mary Talbott
Grantees

STATE CHAIRMAN

County of Gila

This instrument was acknowledged before me this 28 day of April 1985 by Frank V. Talbott Jr., Iris Talbott, Frank V. Talbott and Mary Talbott

My Commission will expire My Commission Expires April 11, 1986

STATE OF ARIZONA

County of Gila

This instrument was acknowledged before me this 26 day of April 1985 by James W. Starckenburg and Jacqueline J. Starckenburg

My Commission will expire My Commission Expires April 11, 1986

STATE OF ARIZONA

County of Gila

James W. Starckenburg
James W. Starckenburg
Notary Public

FURNISHED THROUGH THE COURTESY OF TRANSAMERICA TITLE INSURANCE COMPANY

The surface and the ground to a depth of 300 feet beneath the surface, of the parcel of land described as follows:

That certain piece or parcel of land lying in and being a portion of the East half of the Northwest quarter and the Southwest quarter of the Northeast quarter and Lot 3 of Section 23, Township 1 North, Range 15 East, Gila and Salt River Base and Meridian, Gila County, Arizona and more particularly described as follows:

Beginning at a point on the Northeastly right of way line of U.S. Highway No. 60, from which the center quarter section corner of said Section 23 bears South 52°17'17" East 778.79 feet;

Thence North 19°59'43" West 280.01 feet;

Thence North 58°37'40" West 403.32 feet;

Thence South 25°06'20" West 241.65 feet to said Highway right of way line;

Thence North 64°53'35" West 203.92 feet along said right of way line;

Thence North 09°24'40" East 278.19 feet;

Thence South 75°55' East 89.23 feet;

Thence North 43°28'20" East 498.89 feet;

Thence South 58°37'40" East 1113.00 feet;

Thence South 25°22'18" East 543.53 feet;

Thence South 44°16' East 178.98 feet;

Thence South 27°45'18" East 192.20 feet;

Thence South 39°30'50" West 91.59 feet;

Thence South 45°04'58" West 75.16 feet to a point on said right of way line being parallel with and 58 feet Northeast of centerline Engineers Station P.O.C. 242+55.35;

Thence Northwestly 354.46 feet along the arc of a right of way curve to the left having a radius of 2133.48 feet, a central angle of 99°31'49" and whose chord bears North 56°20'31" West 254.46 feet to the S.C. on said right of way spiral, parallel with and 58 feet Northeast of center line at Engineers Station S.C. 239+69.79;

Thence Northeastly 276.31 feet along the locus of a right of way spiral to the left having a chord which bears North 63°37'25" West 278.28 feet to the T.S. on said right of way spiral, parallel with and 58 feet Northeast of center line Engineers Station T.S. 256+34.79;

Thence North 64°53'35" West 534.79 feet to the Point of Beginning;

Except all of the oil, gas, casinghead gas, helium, sulfur associated with the oil and gas, and all other hydrocarbons and constituents thereof, including but not limited to tar sands and oil shale as reserved in Deed recorded in Docket 638, page 215, of Gila County, Arizona; and in Deed recorded in Docket 638, page 228, records of Gila County, Arizona; and

DESCRIPTION

Page 2 of 2

EXCEPT that certain piece or parcel of land lying in and being a portion of the Southwest quarter of the Northeast quarter and Lot 3 of Section 23, Township 1 North, Range 15 East, Gila and Salt River Base and Meridian, Gila County, Arizona and more particularly described as follows:

Beginning at a point on the Northeasterly right-of-way line of U.S. Highway No. 60, being the spiral to curve, 50 feet Northeasterly from center line Engineers Station S. C. 239+09.79, from which the center quarter section corner of said Section 23 bears South 43°02' West 172.13 feet;
 Thence Southeasterly 354.87 feet along the arc of a right-of-way curve to the right having a radius of 2133.48 feet, a central angle of 90°31'49" and whose chord bears South 56°20'31" East 354.46 feet to a point 50 feet Northeasterly of center line Engineers Station P.O.C. 242+56.35;
 Thence North 45°04'50" East 75.14 feet;
 Thence North 39°50'50" East 91.50 feet;
 Thence North 27°45'10" West 192.20 feet;
 Thence North 44°16' West 170.00 feet;
 Thence South 76°20' West 183.36 feet;
 Thence South 24°39' West 168.00 feet more or less to a point on the Northeasterly right-of-way line of said Highway;
 Thence Southeasterly 111.07 feet along the locus of a spiral to the right, whose chord bears South 62°40'42" East 111.06 feet to the spiral to curve on said right-of-way parallel with and 53 feet Northeast of center line Engineers Station S. C. 239+09.79 and the Point of Beginning; and

EXCEPT that certain piece or parcel of land lying in and being a portion of the East half of the Northwest quarter and the Southwest quarter of the Northeast quarter of Section 23, Township 1 North, Range 15 East, Gila and Salt River Base and Meridian, Gila County, Arizona and more particularly described as follows:

Beginning at a point on the Northeasterly right-of-way line of U.S. Highway No. 60, from which the center quarter section corner of said Section 23 bears South 52°17'17" East 770.79 feet;
 Thence South 64°53'35" East 200 feet to the True Point of Beginning;
 Thence North 25°06'20" East 250.01 feet;
 Thence South 64°53'35" East 400.02 feet to a point on the Northerly extension of the westerly line of property described in Deed recorded in Docket 638, page 239, records of Gila County, Arizona;
 Thence South 24°39' West along said Northerly extension and along said Westerly line, a distance of 251.86 feet, more or less, to a point on the Northeasterly right-of-way line of said Highway;
 Thence Northeasterly 167.24 feet along the locus of a right-of-way spiral to the left having a chord which bears North 43°37'25" West 278.28 feet to the T.S. on said right-of-way spiral parallel with and 53 feet Northeast of center line Engineers Station T.S. 234+94.79;
 Thence North 64°53'35" West 234.79 feet to the True Point of Beginning.

QC 2002-004793 3/22/02

**GILA COUNTY ASSESSOR
PROPERTY PROFILE**

Account #: R000011127 Local #: Parcel #: 20710001G
 Tax Year: 2014 Levy: 0.000000 # of Imps: 1 Created On:
 Tax Dist: 0150 Map #: 10 LEA: 0699 Active On: 01/01/2012
 PUC: 0840 Initials: Acct Type: Mobile Home Inactive On:
 Assign To: UnAssigned Last Updated:

Owner's Name and Address

STERKENBURG JAMES WILLIAM
 1775 N BROAD ST #0
 GLOBE, AZ 85501 -

Property Address

Street: 1775 N BROAD ST
 City: GLOBE

Business Name

GLOBE MOBILE HOME PARK

Sales Summary

Sale Date	Sale Price	Deed Type	Reception #	Book	Page #	Grantor
-----------	------------	-----------	-------------	------	--------	---------

Legal

SUR TO 500'; E2 NW SW NE LOT 3 SEC 23 T1N R15E; BEG 778.79' N 52D 17M 17S W FR CTR 4 SEC COR;
 TH N 19D 59M 45S W 280.01'; TH N 58D 37M 40S W 403.32'; TH S 25D 6M 20S W 241.65'; TH N 64D 53M
 35S W 203

Section	Township	Range	Qtr	QtrQtr	Government Lot	Government Tract
---------	----------	-------	-----	--------	----------------	------------------

Subdivision Information

Sub Name	Block	Lot	Tract
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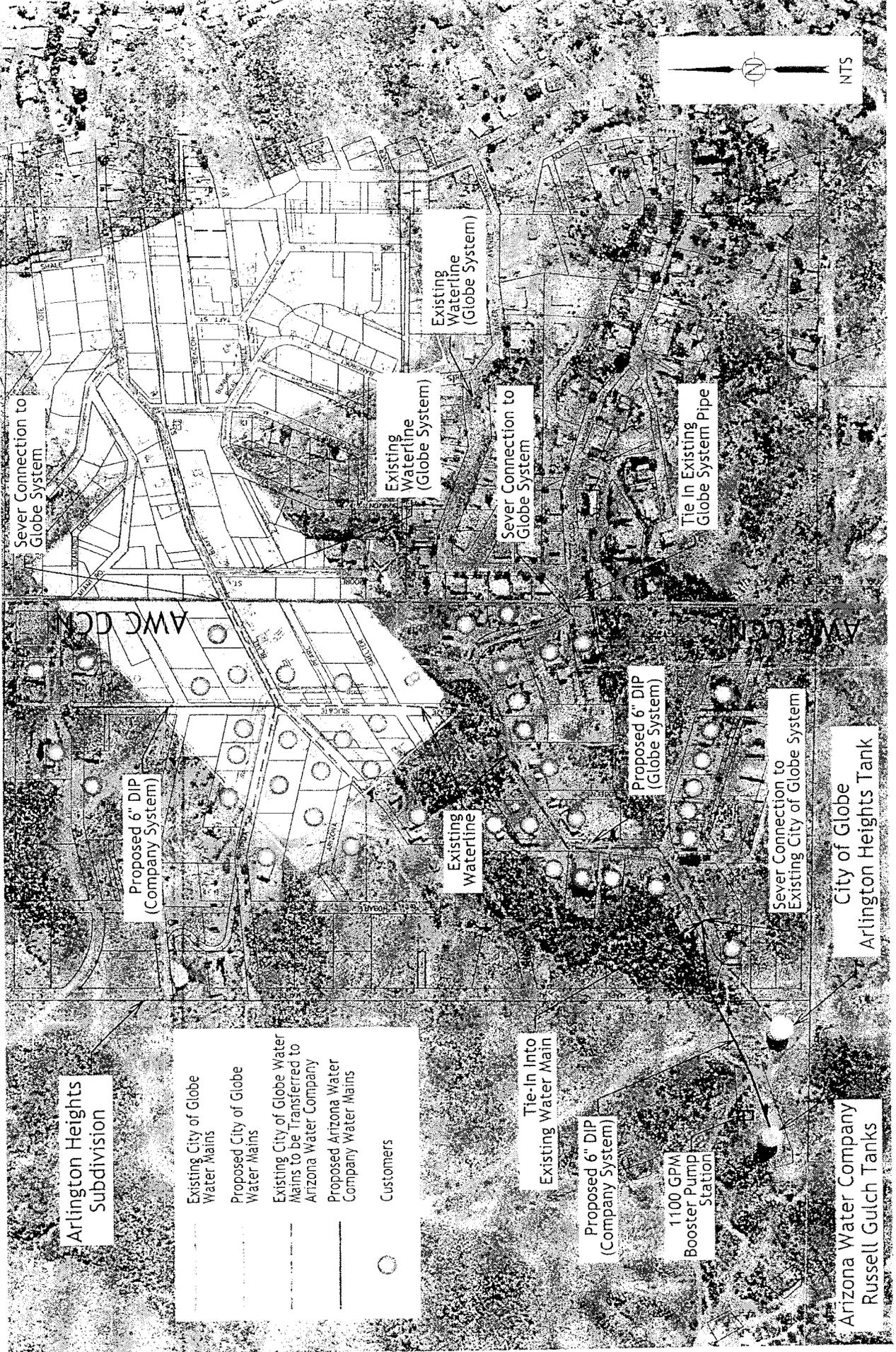
Land Valuation Summary

Land Type	Abst Cd	Value By	Net SF	Measure	# of Units	Value/Unit	Actual Val	Asmt %	Assessed Val
Mobile Home PK	0402L	Market	0	Acres	0.000000	\$0.00	\$106,356	10.00%	\$10,636
Class				Sub Class 0					
Mobile Home PK	0401L	Market	0	Acres	0.000000	\$0.00	\$1,074	10.00%	\$107
Class				Sub Class 0					
Land Subtotal:					0.00		\$107,430		\$10,743

Exhibit C, Item 13

Globe Water System Maps

**Current maps
for both Arlington Heights and
the area in and around Globe Mobile Home Park**



Arlington Heights
Subdivision

Existing City of Globe Water Mains
 Proposed City of Globe Water Mains
 Existing City of Globe Water Mains to be Transferred to Arizona Water Company
 Proposed Arizona Water Company Water Mains
 Customers

Sever Connection to Globe System

Existing Waterline (Globe System)

Existing Waterline (Globe System)

Sever Connection to Globe System

Tie In Existing Globe System Pipe

Proposed 6" DIP (Company System)

Existing Waterline

Proposed 6" DIP (Globe System)

Sever Connection to Existing City of Globe System

City of Globe
Arlington Heights Tank

Tie-In Into Existing Water Main

Proposed 6" DIP (Company System)

1100 GPM
Booster Pump Station

Arizona Water Company
Russell Gulch Tanks



Exhibit C, Item 14

**City of Globe
1957 Water Service Areas
(Enlargement)**

Exhibit C, Item 15

**Gila County Assessor
tax parcel maps**

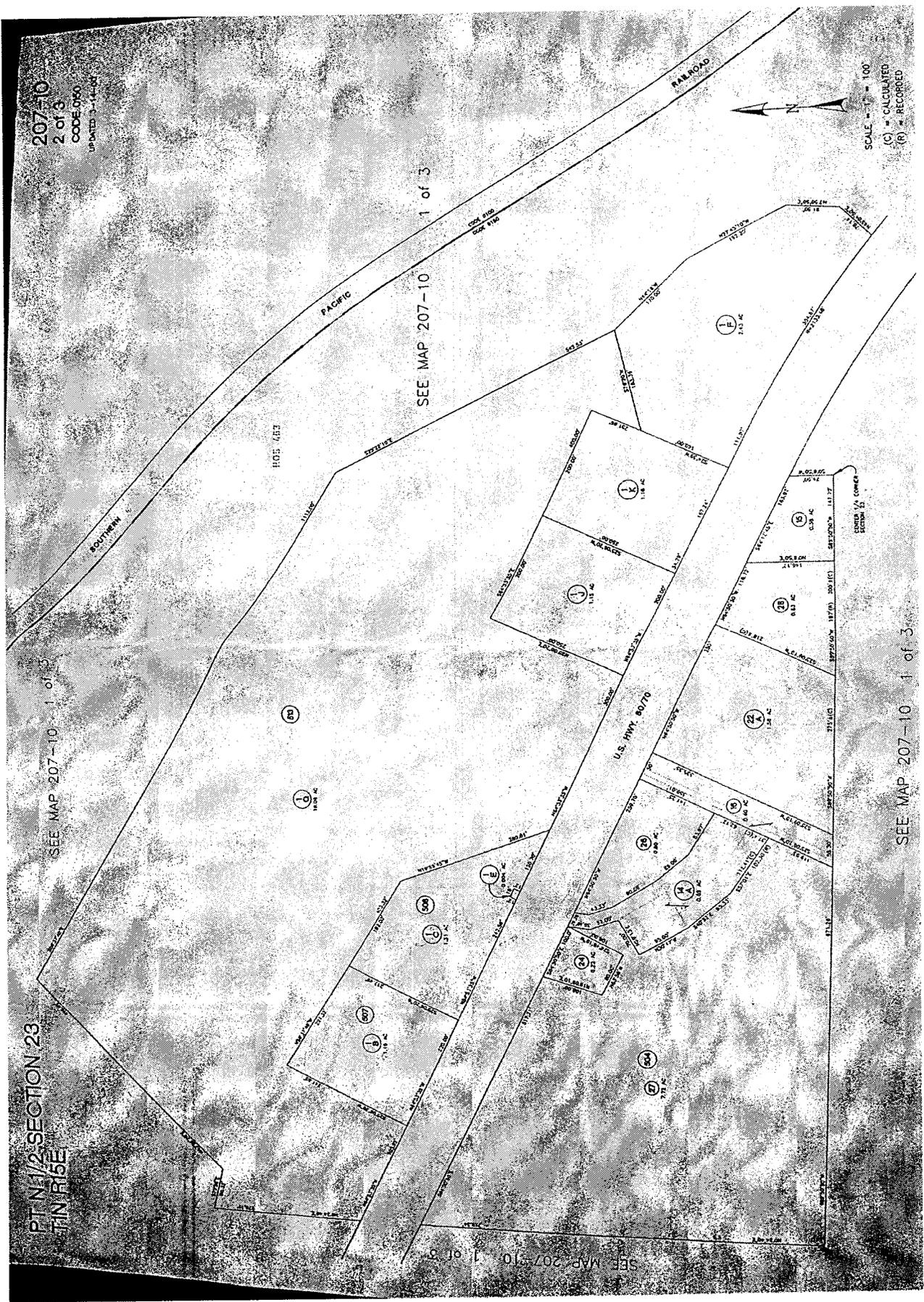
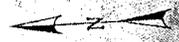
**for the areas in and around the
Globe Mobile Home Park**

PT N 1/2 SECTION 23
T1N R15E

207-10
2 of 3
CODE 060
UPDATED 3-14-04

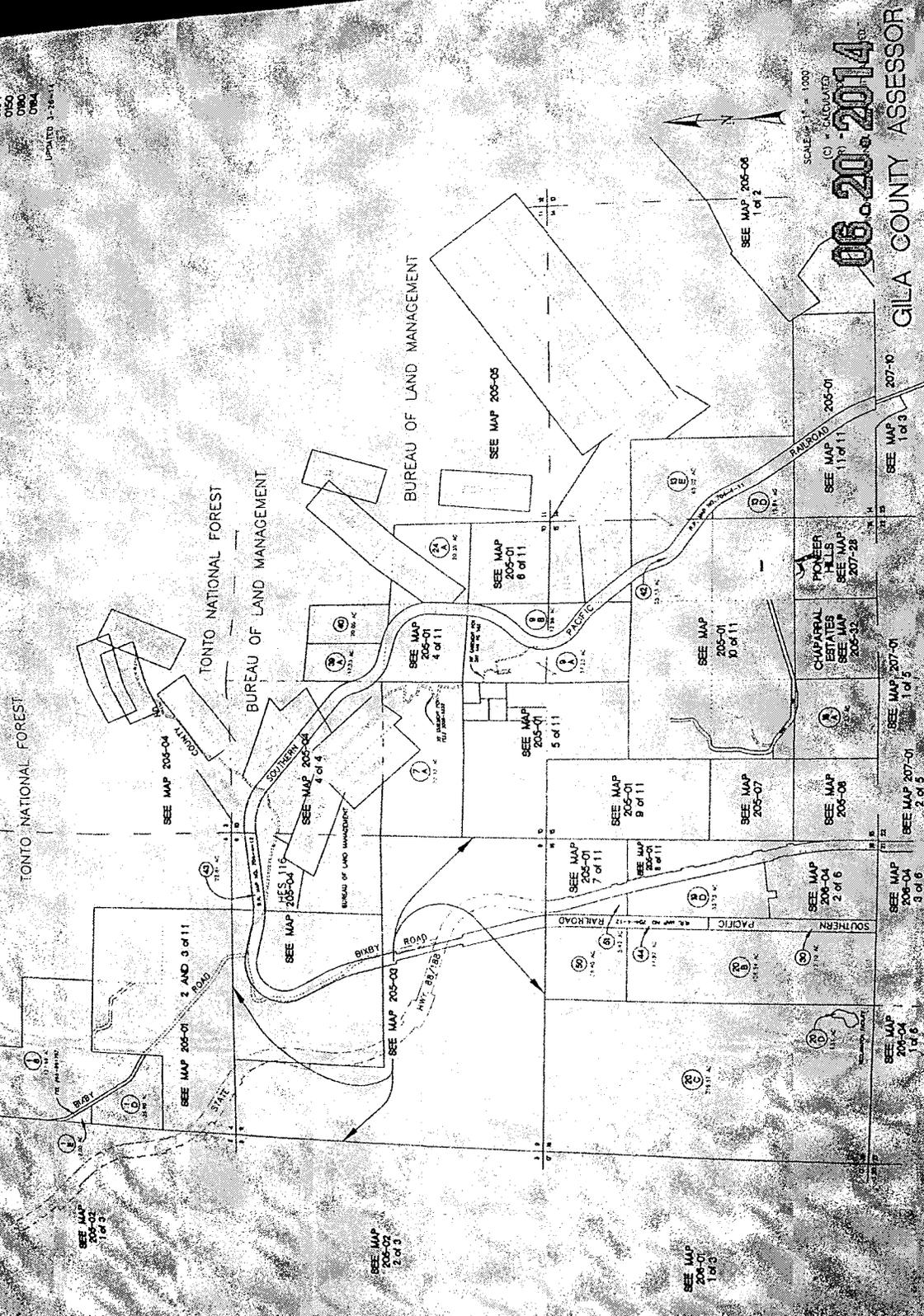
SEE MAP 207-10 1 of 3

SCALE = 1" = 100'
(C) = CALCULATED
(R) = RECORDED



SECTION 4, 9, 10, 15, 16 AND
PT SECTION 14
TIN RISE

205-01
1 of 11
CODE 0100
0104
0150
0160
0164
UPDATED 3-28-11



SCALE 1" = 100'

(C) - CALCULATED
06.20.2014

GILA COUNTY ASSESSOR

SEE MAP 205-07 2 of 2

TONTO NATIONAL FOREST

SEE MAP 205-01 2 AND 3 of 11

TONTO NATIONAL FOREST

BUREAU OF LAND MANAGEMENT

BUREAU OF LAND MANAGEMENT

SEE MAP 205-05

SEE MAP 205-06 1 of 2

SEE MAP 205-01 11 of 11

SEE MAP 207-0 1 of 3

CHAPARRAL
SEE MAP 205-32

PROFFER
SEE MAP 207-28

SEE MAP 207-01 1 of 5

SEE MAP 207-01 2 of 5

SEE MAP 206-04 3 of 6

SEE MAP 205-04 1 of 5

SEE MAP 205-02 1 of 3

SEE MAP 205-02 2 of 3

SEE MAP 205-01 1 of 3

SEE MAP 205-01 7 of 11

SEE MAP 205-01 8 of 11

SEE MAP 205-01 9 of 11

SEE MAP 205-01 5 of 11

SEE MAP 205-01 4 of 11

SEE MAP 205-01 6 of 11

SEE MAP 205-01 0 of 11

SEE MAP 205-04 1 of 5

SEE MAP 206-04 2 of 6

SEE MAP 205-07

SEE MAP 205-01 9 of 11

SEE MAP 205-01 11 of 11

SEE MAP 205-06 1 of 2

SEE MAP 205-01 1 of 3

SEE MAP 205-01 4 of 11

SEE MAP 205-01 5 of 11

SEE MAP 205-01 6 of 11

SEE MAP 205-01 7 of 11

SEE MAP 205-01 8 of 11

SEE MAP 205-01 9 of 11

SEE MAP 205-01 10 of 11

SEE MAP 205-01 11 of 11

PT S 1/2 S 1/2 SECTION 14
T1N R15E

205-01
11 of 11
CODE 0100
UPDATED 1-28-00

BUREAU OF LAND MANAGEMENT

SEE MAP 205-01 1 of 11

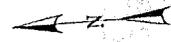
SEE MAP 205-06 1 of 2

SEE MAP 207-28 1 of 2
PLAT 519

SEE MAP 207-10 1 of 3

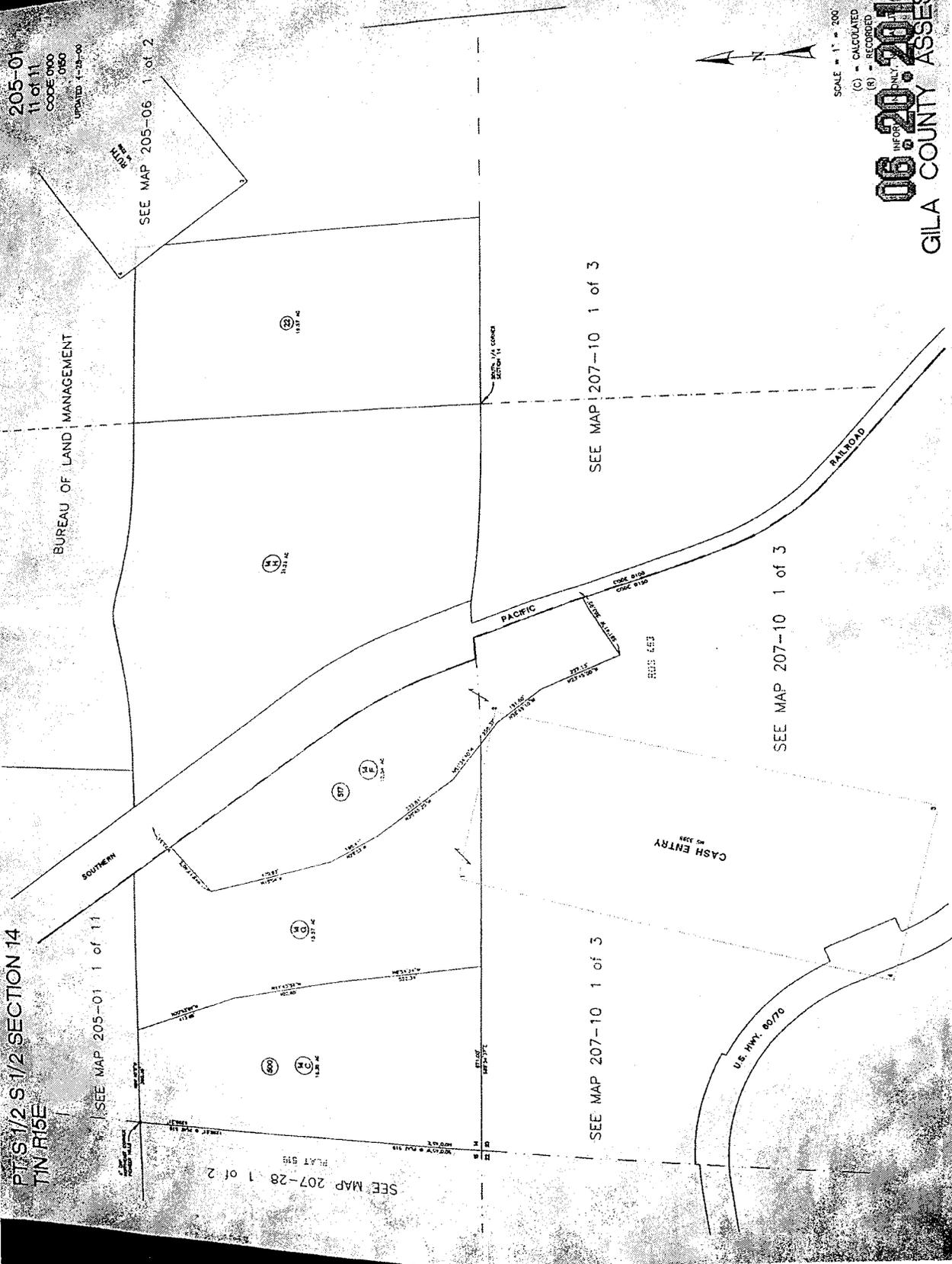
SEE MAP 207-10 1 of 3

SEE MAP 207-10 1 of 3



SCALE = 1" = 200'
(C) - CALCULATED
(R) - RECORDED

06 20 2014
GILA COUNTY ASSESSOR



**Aerial Overlay of
Arizona Water's CC&N area
(as granted in 1961)**

**Overlay produced by the
City of Globe, Engineering Department**

**Map also depicts current Globe City limits
in comparison to the
Arizona Water Company, CC&N area**

City of Globe/Arizona Water Company

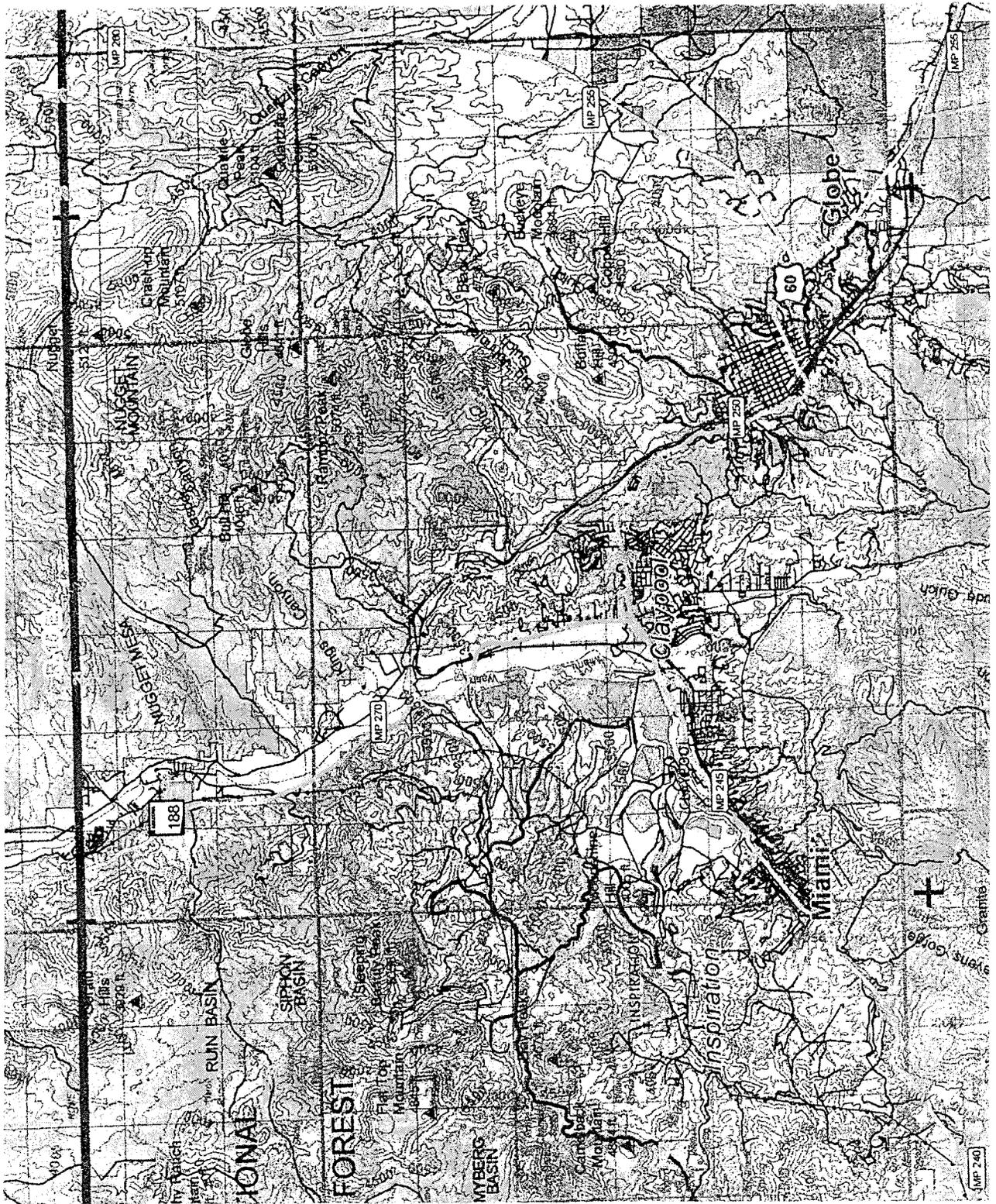


**ASLD
Land Use Map
(dated 6-11-2009)**

**Copy of the current State of Arizona
Land Use Map (GLOBEW).**

**Also provided is an enlargement of the Arizona Land
Use Map depicting the areas of study with labels for
Sections/Township and Range.**

**Map also depicts current Globe City limits
in comparison to the
Arizona Water Company, CC&N area**



**ADDITIONAL
LARGE LAND USE MAP
INCLUDED IN
HARD COPY REPORT**

EXHIBIT C

WATER REPORT

GLOBE, ARIZONA

1957

Mayor

Louis S. Rayes

Aldermen

Tony Chiono
Golden G. Hunsaker
Carl Coppa

James T. Lewis
William J. Merrifield
William N. Sherwood

City Manager

Murray D. Snyder

Water Superintendent

Claude House

JOHN A. CAROLLO
Consulting Engineers
Phoenix, Arizona

PROPERTY OF
CITY OF GLOBE

JOHN A. CAROLLO
Consulting Engineers
3308 North Third St.
Phoenix, Arizona

October 4, 1957

Honorable Mayor and City Council
City of Globe
Globe, Arizona

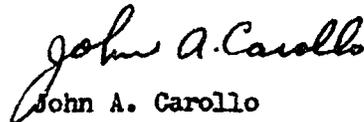
Gentlemen:

We are sending you herewith 40 copies of our Report on your water works expansion program. After you have had an opportunity to examine the Report, we will be happy to come again to Globe and go over the details of the Report with the Council and the City Manager. We also would be glad to again discuss the program with the Citizens Committee appointed by the Mayor.

We want to take this opportunity of thanking Mr. Murray Snyder, City Manager, and Mr. Claude House, Water Superintendent, for their assistance in providing us with the data that has been collected in the past, and in going over the water works problem with us. We wish to also thank Mr. Creed Troutman, Chairman of the Citizens Committee, and all the members who gave their time in helping us prepare this Report.

Respectfully submitted,

JOHN A. CAROLLO
Consulting Engineers


John A. Carollo

JAC:ijs

GLOBE00465

WATER REPORT

GLOBE, ARIZONA

1957

Mayor

Louis S. Reyes

Aldermen

Tony Chiono
Golden G. Hunsaker
Carl Coppa

James T. Lewis
William J. Merrifield
William N. Sherwood

City Manager

Murray D. Snyder

Water Superintendent

Claude House

JOHN A. CAROLLO
Consulting Engineers
Phoenix, Arizona

CITY OF GLOBE, ARIZONA

WATER REPORT

It is not the intent of this Report to criticize Yost and Gardner's Water Report for the City of Globe. All basic data as set forth in Yost and Gardner's Report are accepted. We disagree with some of the conclusions of their Report in regard to the main transmission line and required elevated storage.

Yost and Gardner's population and water production requirements are shown on page 9 of their Report. The tabular data are as follows:

TABLE A

REQUIRED WATER PRODUCTION

<u>Year</u>	<u>Population Excluding Transients</u>	<u>Average Day MGD</u>	<u>Max. Day MGD</u>	<u>Max. Hour MGD</u>	<u>Fire Flow Req'd Rate for 10 Hrs.</u>	<u>Rate-Max. Day Plus Fire Flow</u>
1956-57	7,400 +	0.67	1.3 Est	2.5 Est	3.89	5.20
1960	8,100 Min. 11,700 Max.	0.81 1.17	1.86 2.69	3.64 5.27	4.05 4.85	5.91 7.54
1970	10,400 Min. 15,000 Max.	1.04 1.50	2.39 3.45	4.68 6.75	4.58 5.46	6.97 8.91
1980	12,500 Min. 17,500 Max.	1.25 1.75	2.88 4.02	5.63 7.88	5.00 5.87	7.88 9.89

The data indicates that by 1980 the maximum population served will be 17,500; the maximum yearly average water consumption, 1.75 million gallons per day; and the maximum daily water consumption, 4.02 million gallons per day.

The Report recommends immediate installation, without purchase of any outside water utilities, of a 500 gallon per minute pump in the

existing 12-inch U.S.F.S. well, and the drilling of a new 16-inch well equipped with an 800 gallon per minute pump.

The 500 gallon per minute pump will supply 720,000 gallons per day. This amount added to the existing 1.4 million gallons per day sustained capacity (shown on page 10 of the Yost and Gardner Report) equals 2.12 million gallons per day, or more than enough to meet the average day demand of 1.75 million gallons per day for 17,500 people, the forecasted maximum population. Also, this quantity of 2.12 million gallons per day would be enough to meet the daily demand for 75% of the year in 1980 for the maximum population of 17,500. The 800 gallon per minute pump will supply, together with the existing pumps, 2.55 million gallons per day, or enough to meet the daily demand for 88% of the year in 1980 for the maximum population of 17,500. The two pumps working together with the existing pumps will meet the average demand for the peak week in 1980 for the maximum population of 17,500.

A summary of the above information is contained in the following table:

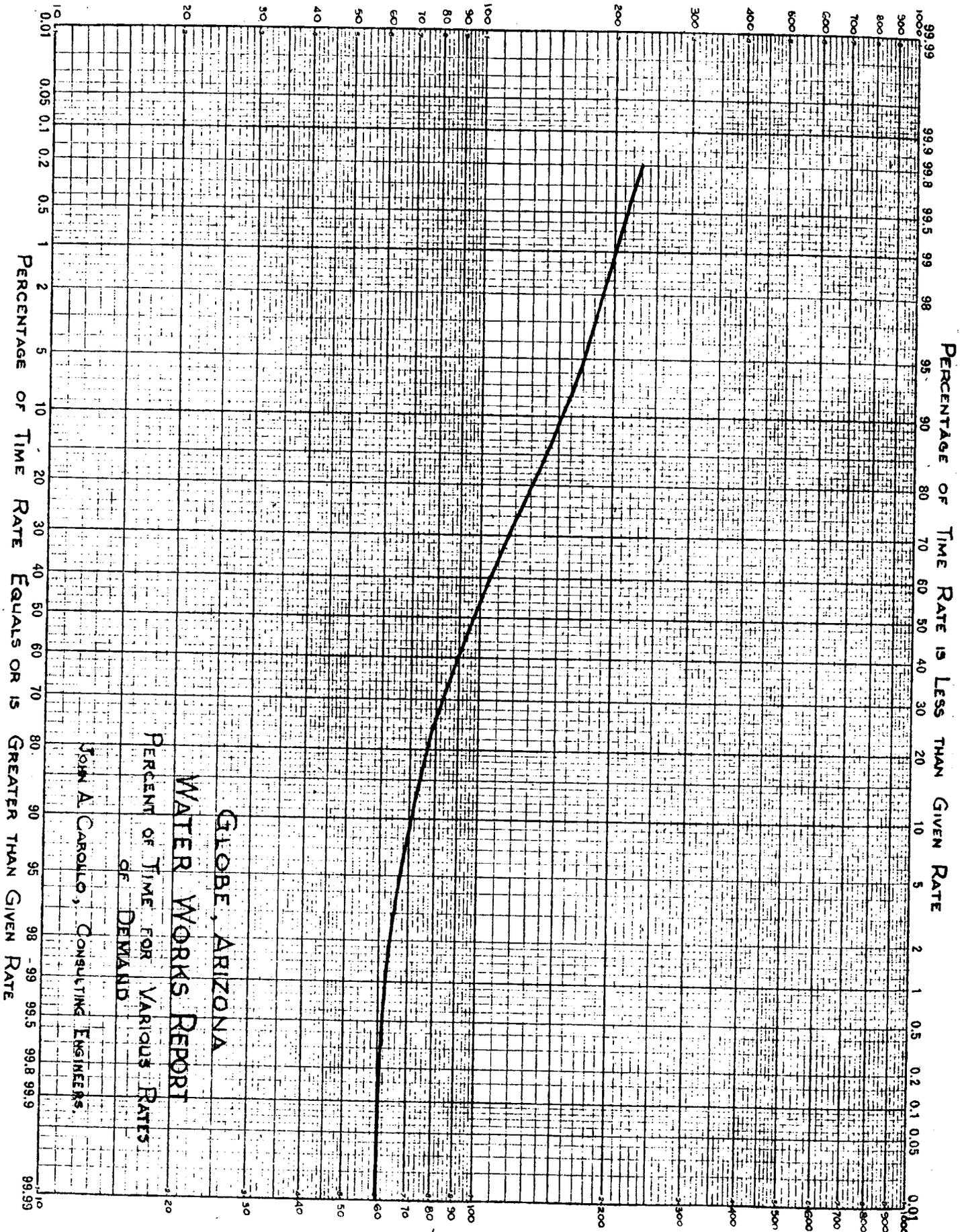
TABLE B

PERCENT OF TIME - SUPPLY VERSUS DEMAND

<u>Existing Sustained Capacity MGD</u>	<u>Proposed New Pumping Capacity MGD</u>	<u>Total Capacity MGD</u>	<u>% of Year That Supply Meets Demand in 1980</u>	<u>% of Year Supply <u>Does</u> Not Meet Demand(1980)</u>
1.4		1.4	25	75
1.4	0.72 (500 GPM)	2.12	75	25
1.4	1.15 (800 GPM)	2.55	88	12
1.4	1.87(1300 GPM)	3.27	98	2

Plate No. 1 indicates the percent of time any given pumping rate, expressed in a percentage of the yearly average water consumption, occurs.

PUMPAGE RATES IN % OF YEARLY AVERAGE



PERCENTAGE OF TIME RATE IS LESS THAN GIVEN RATE

PERCENTAGE OF TIME RATE EQUALS OR IS GREATER THAN GIVEN RATE

GLOBE, ARIZONA

WATER WORKS REPORT

PERCENT OF TIME FOR VARIOUS RATES OF DEMAND

JOHN A. CAROLLO, CONSULTING ENGINEERS

PUMPAGE RATES IN % OF YEARLY AVERAGE

PLATE NO. 1

CONTINUED

It will be noted that for only 2% of the time, or approximately six days out of the year, will the demand exceed the supply for 17,500 people in 1980.

A comparison of initial costs, pumping power costs, and savings are shown in the following tables, based on pumping from the new well field to the existing tanks only when the existing sustained capacity cannot meet the demand. The existing sustained capacity can meet the 1980 demand for 25% of the time.

TABLE C

INITIAL COST OF PIPE LINE

<u>Size Pipe Inches</u>	<u>Length Lin.Ft.</u>	<u>Cost per Foot</u>	<u>Total Cost</u>
12	25,000	\$ 6.30	\$157,500
14	25,000	8.20	205,000
16	25,000	10.00	250,000

TABLE D

PUMPING HEADS

<u>Pumping Rate GPM</u>	<u>Static Lift</u>		<u>Friction Loss for 25,000 L.F. of Pipe</u>			<u>Total Lift</u>		
	<u>Out of Well*</u>	<u>Booster to Tank*</u>	<u>12"</u>	<u>14"</u>	<u>16"</u>	<u>12"</u>	<u>14"</u>	<u>16"</u>
500	535	324	17.5	9	4	876	868	863
800	535	324	41.8	20	10	901	879	869
1300	535	324	103.0	49	25	962	908	884

*Taken from S. F. Turner and Yost and Gardner Reports.

Ground surface elevation at wells	3485
Static water elevation	<u>3018</u>
Difference	467
Long term draw down, 2 wells (Page 6, Turner Report)	<u>68</u>
Total lift out of well	535
Reservoir working elevation	3809
Elevation of Booster Station ground	<u>3485</u>
	324

TABLE E

PUMPING COST

Based on continuous pump operation in 1980 and power cost of 2.1¢* per kilowatt hour.

Pump Capacity GPM	12" Pipe			14" Pipe			16" Pipe		
	Total Lift	Kw Hrs. per Yr.	Cost per Year	Total Lift	Kw Hrs. per Yr.	Cost per Year	Total Lift	Kw Hrs. per Yr.	Cost per Year
500	876	1,035,958	\$21,755.12	868	1,026,509	\$21,556.69	863	1,020,584	\$21,432.26
800	901	1,704,836	35,801.56	879	1,663,211	34,927.43	869	1,644,287	34,530.02
1300	962	2,957,919	62,116.30	908	2,791,832	58,629.52	884	2,718,088	57,079.85

*Deducted from Appendix V-c, Yost and Gardner Report.

TABLE F

PUMPING COST

Based on time pumps are in operation in 1980 and power cost of 2.1¢ per kilowatt hour.
(1.4 MGD from existing City pumps good for 25 percent of time in 1980)

Pumping Rate GPM	% of Year Rate Applies	Cost Based on Use of 12" Pipe	Cost Based on Use of 14" Pipe	Cost Based on Use of 16" Pipe
500	50	\$10,877.56	\$10,778.34	\$10,716.13
800	13	4,654.20	4,540.57	4,488.90
1300	12	7,453.96	7,035.54	6,849.58
Total	75	\$22,985.72	\$22,354.45	\$22,054.61

TABLE G

PENALTY IN PUMPING COSTS
OF 12" AND 14" OVER 16" PIPE LINE

<u>Size Pipe</u>	<u>Penalty in Yearly Pumping Costs for 12" & 14" Pipe in 1980</u>	<u>Average Yearly Penalty in Pumping Costs for 12" & 14" Pipe from 1958 to 1980</u>	<u>Total Penalty for 22-Year Period</u>
12	\$931	\$465	\$10,230
14	300	150	3,300

TABLE H

PRINCIPAL AND INTEREST SAVINGS
ON INITIAL COST OF PIPE LINES

<u>Size Pipe</u>	<u>First Cost Pipe Line</u>	<u>Annual Payments to Discharge Debt in 22 Years at 4 1/2% Interest</u>	<u>Total Cost 22 Years</u>	<u>Savings in Total Cost of 12" & 14" Over 16"</u>
12	\$157,500	\$11,419	\$251,200	\$147,600
14	205,000	14,863	327,000	71,800
16	250,000	18,125	398,800	-

TABLE I

SAVINGS IN TOTAL COSTS
OF 12" AND 14" OVER 16" PIPE LINE

<u>Size Pipe</u>	<u>Savings in Retirement Cost</u>	<u>Pumping Cost Penalty</u>	<u>Net Savings in 22 Years</u>
12	\$147,600	\$10,230	\$137,170
14	71,800	3,300	68,500

Additional power cost for pumping through a 12-inch line is more than offset by the interest on the savings of the first cost for installing a 12-inch line. Therefore, a 12-inch pipe is the largest pipe from the U.S.F.S. well to the existing 720,000 gallon storage tank that can be justified, even if it is assumed that there will be 17,500 people served water by the City of Globe in 1980.

The preceding tables and information are all based on the supposition that the existing sustained capacity for water production will be used as the primary source of supply. The following tables have been developed to show the effect on power cost if the U.S.F.S. well field is used as the primary source for short periods of time.

TABLE J

PERCENT OF TIME - SUPPLY VERSUS DEMAND

<u>Existing Sustained Capacity MGD</u>	<u>Proposed New Pumping Capacity MGD</u>	<u>Total Capacity MGD</u>	<u>% of Year That Supply Meets Demand in 1980</u>	<u>% of Year Supply Does Not Meet Demand(1980)</u>
	0.72 (500 GPM)	0.72	0	100
	1.15 (800 GPM)	1.15	5	95
	1.87 (1300 GPM)	1.87	62	38
1.4	1.87	3.27	98	2

TABLE K

PUMPING COST

Based on time pumps are in operation in 1980 and power cost of 2.1¢ per kilowatt hour

<u>Pumping Rate GPM</u>	<u>% of Year Rate Applies</u>	<u>Cost Based on Use of 12" Pipe</u>	<u>Cost Based on Use of 14" Pipe</u>	<u>Cost Based on Use of 16" Pipe</u>
500	0	\$ -	\$ -	\$ -
800	5	1,790.07	1,746.37	1,726.50
1300	95	59,010.49	55,698.05	54,225.86
Total	100	\$60,800.56	\$57,444.42	\$55,952.36

TABLE L
PENALTY IN PUMPING COSTS
OF 12" AND 14" OVER 16" PIPE LINE

Size Pipe	Penalty in Yearly Pumping Costs for 12" & 14" Pipe in 1980	Average Yearly Penalty in Pumping Costs for 12" & 14" Pipe from 1958 to 1980	Total Penalty for 22-Year Period
12	\$4,848	\$2,424	\$53,328
14	1,492	746	16,412

The savings in total costs of a 12-inch pipe line over a 16-inch pipe line with this pumping procedure would be \$147,600 less \$53,328, or \$94,272 instead of \$137,170.

The Yost and Gardner Report on page 12 states, "Additional storage on the order of 3 million gallons or more could finally be provided in town to meet future fire flow demands. It would be wise to finally provide at least one maximum day's use in storage under any event." On page 9 in the table quoted previously, Yost and Gardner state that the maximum day plus fire flow equal 5.2 and 5.91 million gallons per day for 1956-57 and 1960, respectively. This rate is supposed to be maintained for 10 hours. If the present firm well capacity is 1.4 million gallons per day, and if a 500 and an 800 gallon per minute well are added, the total equals 3.27 gallons per day rate. The deficiency to be made up from storage is 1.93 to 2.64 million gallons per day rate for 10 hours. At 1.93 million gallons per day rate, 804,000 gallons storage are needed now in 1956-57 and 1,100,000 gallons storage will be needed by 1960. So by using the

data compiled on pages 9 and 11 of the Yost and Gardner Report, the 750,000 gallon reservoir is not large enough for fire protection at present. This is particularly true if it is assumed that the tank is not full at the time of a fire. By 1960 a deficiency in storage of about 500,000 gallons would be experienced if no storage is added now. The lack of storage directly affects the insurance rate of property owners within the present City limits. One million gallons of storage can be built in Globe for about \$43,000.

A change from 16-inch to 12-inch pipe from the well field to the existing tank, and the addition of one million gallons of high level storage can be built for about \$390,000. The plan, including one million gallons of added storage, provides storage needed now for fire protection compared to the plan including a 16-inch transmission main and no additional storage.

The preceding comparisons have been made on the basis of a maximum population served in 1980 of 17,500, as assumed in the Yost and Gardner Report. Perhaps a more realistic evaluation of growth of the City of Globe would be obtained if it were assumed that it would be on a median curve, between the minimum and maximum curve, as shown in Yost and Gardner's Report. This would place its population at 15,000, or approximately double its present population by 1980. The following tables have been prepared to illustrate the supply and demand factors in the year 1980 based on a population of 15,000.

TABLE MREQUIRED WATER PRODUCTION

<u>Year</u>	<u>Population Excluding Transients</u>	<u>Average Day MGD</u>	<u>Max. Day MGD</u>	<u>Max. Hour MGD</u>	<u>Fire Flow Req'd Rate for 10 Hrs.</u>	<u>Rate-Max. Day Plus Fire Flow</u>
1980	15,000	1.50	3.45	6.75	5.46	8.91

TABLE NPERCENT OF TIME - SUPPLY VERSUS DEMAND

<u>Existing Sustained Capacity MGD</u>	<u>Proposed New Pumping Capacity MGD</u>	<u>Total Capacity MGD</u>	<u>% of Year That Supply Meets Demand in 1980</u>	<u>% of Year Supply Does Not Meet Demand(1980)</u>
1.4		1.4	60	40
1.4	0.72 (500 GPM)	2.12	88	12
1.4	1.15 (800 GPM)	2.55	95	5
1.4	1.87 (1300 GPM)	3.27	99.5	0.5

It will be noted that for only 0.5% of the time, or approximately a little over one day out of the year, will the demand exceed the supply; so for all practical purposes, and taking into account the additional elevated storage, it may be considered that the supply meets the demand 100% of the time.

The following table is based on Tables E and N and on pumping from the well field to the tanks only when the existing sustained capacity cannot meet the demand.

TABLE OPUMPING COST

Based on time pumps are in operation in 1980
and power cost of 2.1¢ per kilowatt hour
(1.4 MGD from existing City pumps good for 60% of the time in 1980)

<u>Pumping Rate GPM</u>	<u>% of Year Rate Applies</u>	<u>Cost Based on Use of 12" Pipe</u>	<u>Cost Based on Use of 14" Pipe</u>	<u>Cost Based on Use of 16" Pipe</u>
500	28	\$ 6,091.43	\$ 6,035.87	\$ 6,001.03
800	7	2,506.11	2,444.92	2,417.10
1300	5	<u>3,105.81</u>	<u>2,931.48</u>	<u>2,853.99</u>
Total	40	\$11,703.35	\$11,412.27	\$11,272.12

TABLE P

PENALTY IN PUMPING COSTS
OF 12" AND 14" OVER 16" PIPE LINE

<u>Size Pipe</u>	<u>Penalty in Yearly Pumping Costs for 12" & 14" Pipe in 1980</u>	<u>Average Yearly Penalty in Pumping Costs for 12" & 14" Pipe from 1958 to 1980</u>	<u>Total Penalty for 22-Year Period</u>
12	\$431	\$215	\$4,730
14	140	70	1,540

TABLE Q

PRINCIPAL AND INTEREST SAVINGS
ON INITIAL COST OF PIPE LINES

<u>Size Pipe</u>	<u>First Cost Pipe Line</u>	<u>Annual Payments to Discharge Debt in 22 Years at 4 1/2% Interest</u>	<u>Total Cost 22 Years</u>	<u>Savings in Total Cost of 12" & 14" Over 16"</u>
12	\$157,500	\$11,419	\$251,200	\$147,600
14	205,000	14,863	327,000	71,800
16	250,000	18,125	398,800	-

TABLE R

SAVINGS IN TOTAL COSTS
OF 12" AND 14" OVER 16" PIPE LINE

<u>Size Pipe</u>	<u>Savings in Retirement Cost</u>	<u>Pumping Cost Penalty</u>	<u>Net Savings in 22 Years</u>
12	\$147,600	\$4,730	\$142,870
14	71,800	1,540	70,260

By examining the above tables, it is apparent that the 12-inch transmission main is the largest size justifiable.

On Maps A, B, C, and D we have illustrated fourteen alternate ways of improving the City of Globe's water supply from wells on Forest Service land east of Globe. The estimate of cost for each alternate is tabulated on the appropriate map.

Two routes from the wells to the City reservoir have been considered, one along U. S. Highway 70 and the second along U. S. 70 to the Southern Pacific Railway and then following the railroad to the existing booster station and then to the existing reservoir.

The estimates cover both 12- and 16-inch transmission mains, and both a booster station near the new well and near the present booster station.

The estimates cover a one million gallon reservoir at Crestline and near the U. S. 60 turn-off.

Table S lists the plans in order of their cost.

TABLE S

<u>Alter- nate Plan</u>	<u>Cost Estimate</u>	<u>Description</u>			
		<u>Size Line</u>	<u>Ground Storage Located</u>	<u>Booster Station Located</u>	<u>Route</u>
6	\$342,840	12"	None	Well No. 1	SPRR
4	347,500	12"	None	USFS Well Field	US 70
5	357,640	12"	None	USFS Well Field	SPRR
4A	390,650	12"	Crestline	USFS Well Field	US 70
4B	400,100	12"	US 60	USFS Well Field	US 70
6A	411,190	12"	US 60	Well No. 1	SPRR
5A	425,990	12"	US 60	USFS Well Field	SPRR
3	435,200	16"	None	Well No. 1	SPRR
1	440,000	16"	None	USFS Well Field	US 70
2	450,000	16"	None	USFS Well Field	SPRR
1A	483,150	16"	Crestline	USFS Well Field	US 70
1B	492,600	16"	US 60	USFS Well Field	US 70
3A	503,550	16"	US 60	Well No. 1	SPRR
2A	518,350	16"	US 60	USFS Well Field	SPRR

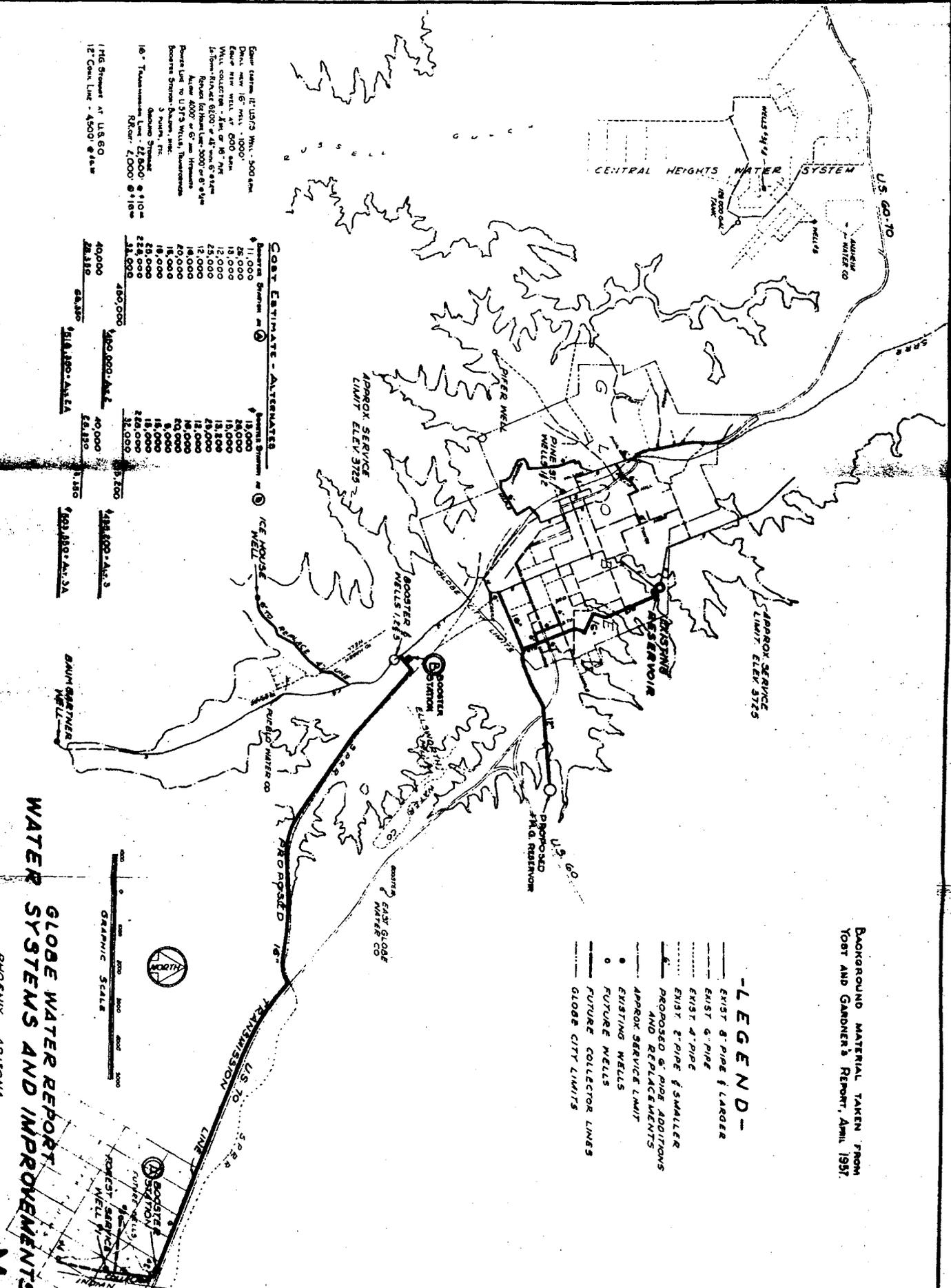
We believe that one million gallons of storage should be constructed now, and that a 12-inch supply line is as large as is justified.

Table S shows that Plan 4A is the lowest cost plan that meets the above requirement. The cost of Plan 4A is \$390,650.

BACKGROUND MATERIAL TAKEN FROM
YOST AND GARDNER'S REPORT, APRIL 1937.

-LEGEND-

- EXIST 8" PIPE & LARGER
- EXIST 6" PIPE
- EXIST 4" PIPE
- EXIST 2" PIPE & SMALLER
- PROPOSED 6" PIPE ADDITIONS AND REPLACEMENTS
- APPROX SERVICE LIMIT
- EXISTING WELLS
- FUTURE WELLS
- GLOBE CITY LIMITS



Equip. items, 12" 1573 Wt., 300 lbs.
 Drive, new 16" x 11" - 1000'
 Four new well, at 600' elev.
 Well collector, 4-in. or 18" dia.
 1st floor, 6000' or 47' x 6' x 8'
 2nd floor, 6000' or 47' x 6' x 8'
 3rd floor, 4000' or 37' x 6' x 8'
 4th floor, 4000' or 37' x 6' x 8'
 5th floor, 4000' or 37' x 6' x 8'
 6th floor, 4000' or 37' x 6' x 8'
 7th floor, 4000' or 37' x 6' x 8'
 8th floor, 4000' or 37' x 6' x 8'
 9th floor, 4000' or 37' x 6' x 8'
 10th floor, 4000' or 37' x 6' x 8'
 11th floor, 4000' or 37' x 6' x 8'
 12th floor, 4000' or 37' x 6' x 8'
 13th floor, 4000' or 37' x 6' x 8'
 14th floor, 4000' or 37' x 6' x 8'
 15th floor, 4000' or 37' x 6' x 8'
 16th floor, 4000' or 37' x 6' x 8'
 17th floor, 4000' or 37' x 6' x 8'
 18th floor, 4000' or 37' x 6' x 8'
 19th floor, 4000' or 37' x 6' x 8'
 20th floor, 4000' or 37' x 6' x 8'

COST ESTIMATE - ALTERNATES

Item	Approx. Cost	Item	Approx. Cost
1. 12" 1573 Wt., 300 lbs.	10,000	11. 4000' or 37' x 6' x 8'	18,000
2. Drive, new 16" x 11" - 1000'	20,000	12. 4000' or 37' x 6' x 8'	18,000
3. Four new well, at 600' elev.	18,000	13. 4000' or 37' x 6' x 8'	18,000
4. Well collector, 4-in. or 18" dia.	12,000	14. 4000' or 37' x 6' x 8'	18,000
5. 1st floor, 6000' or 47' x 6' x 8'	25,000	15. 4000' or 37' x 6' x 8'	18,000
6. 2nd floor, 6000' or 47' x 6' x 8'	25,000	16. 4000' or 37' x 6' x 8'	18,000
7. 3rd floor, 4000' or 37' x 6' x 8'	18,000	17. 4000' or 37' x 6' x 8'	18,000
8. 4th floor, 4000' or 37' x 6' x 8'	18,000	18. 4000' or 37' x 6' x 8'	18,000
9. 5th floor, 4000' or 37' x 6' x 8'	18,000	19. 4000' or 37' x 6' x 8'	18,000
10. 6th floor, 4000' or 37' x 6' x 8'	18,000	20. 4000' or 37' x 6' x 8'	18,000
21. 4000' or 37' x 6' x 8'	18,000		
22. 4000' or 37' x 6' x 8'	18,000		
23. 4000' or 37' x 6' x 8'	18,000		
24. 4000' or 37' x 6' x 8'	18,000		
25. 4000' or 37' x 6' x 8'	18,000		
26. 4000' or 37' x 6' x 8'	18,000		
27. 4000' or 37' x 6' x 8'	18,000		
28. 4000' or 37' x 6' x 8'	18,000		
29. 4000' or 37' x 6' x 8'	18,000		
30. 4000' or 37' x 6' x 8'	18,000		
31. 4000' or 37' x 6' x 8'	18,000		
32. 4000' or 37' x 6' x 8'	18,000		
33. 4000' or 37' x 6' x 8'	18,000		
34. 4000' or 37' x 6' x 8'	18,000		
35. 4000' or 37' x 6' x 8'	18,000		
36. 4000' or 37' x 6' x 8'	18,000		
37. 4000' or 37' x 6' x 8'	18,000		
38. 4000' or 37' x 6' x 8'	18,000		
39. 4000' or 37' x 6' x 8'	18,000		
40. 4000' or 37' x 6' x 8'	18,000		
41. 4000' or 37' x 6' x 8'	18,000		
42. 4000' or 37' x 6' x 8'	18,000		
43. 4000' or 37' x 6' x 8'	18,000		
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95. 4000' or 37' x 6' x 8'	18,000		
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97. 4000' or 37' x 6' x 8'	18,000		
98. 4000' or 37' x 6' x 8'	18,000		
99. 4000' or 37' x 6' x 8'	18,000		
100. 4000' or 37' x 6' x 8'	18,000		

**GLOBE WATER REPORT
WATER SYSTEMS AND IMPROVEMENTS**

PHOENIX, ARIZONA
SEPT. 1937



EXHIBIT D

Commenced
183194

QUIT-CLAIM DEED

For the consideration of Ten Dollars, and other valuable considerations, I or we, Glennie B. Jenkins (formerly Glennie B. O'Brien) hereby quit-claim to Alfred W. O'Brien, all right, title, or interest in the following real property situated in Gila County, Arizona:

Lot Two (2) HALBY COURT, Gila County, Arizona, according to the official Plat on file in the office of the County Recorder of Gila County, Arizona, in Map File, Map No. 71;

ALSO, that certain portion of Lot Four (4) HALBY COURT, Gila County, Arizona, more particularly described as follows: BEGINNING at the Southwesterly corner of said Lot 4, and running thence Easterly parallel with the Southerly line of said Lot 4 a distance of 10.0 feet; thence Northwestealy parallel with the Westerly side line of said Lot a distance of 43.63 feet, more or less, to the Northerly side line thereof; thence Westerly 10.0 feet to the Northwestealy corner of said Lot; thence Southeastealy a distance of 43.63 feet to the point of beginning.

EXCEPT that portion of Lot 2 heretofore conveyed to the City of Globe for Street purposes by Deed recorded in Book 81, Real Estate Deeds, page 64, records of Gila County, Arizona.

Dated this 17 day of May, 1952.

Glennie B. Jenkins
Glennie B. Jenkins (formerly
Glennie B. O'Brien)

STATE OF ARIZONA California)
County of Gila Riverside) SS.

This instrument was acknowledged before me this 17 day of May, 1952, by --

o Seal John H. Wilson o
o Notary Public o
o Riverside Co., Calif.)
o Eureka o

John H. Wilson
Notary Public.
In and for Riverside County
State California

My commission will expire
My Commission Expires August 31, 1952.

My Commission Expires August 31, 1952.

Filed and recorded at the request of Alfred W. O'Brien on the 20th day of May, A. D., 1952 at 30 minutes past 4 o'clock P. M.

Joseph Kinsman, County Recorder.

Commenced
183202

\$.55 in Revenue Stamps Cancelled D.P. 5/23/52 Series 1952
TRUSTEE'S DEED.

THIS INDENTURE, made this 7th day of May, 1952, by and between C. C. FAIRES, Judge of the Superior Court of the State of Arizona in and for the County of Gila, and Trustee of Arlington Heights Townsite, in said County and State, party of the first part; and the City of Globe, a Municipal Corporation in Gila County, State of Arizona, party of the second part,

W I T N E S S E T H, THAT:

WHEREAS, the hereinafter described lots in Arlington Heights Townsite, Gila County, Arizona, remain undisposed of, and the title thereto remains in the Trustee of said Townsite; and,

WHEREAS, on the 27th day of March, 1952, the said lots were duly appraised as provided by law, and the value of each of said lots was fixed and set forth in said appraisal; and,

WHEREAS, said Trustee caused notice of the time, place and terms of the sale of said lots to be given for the time and in the manner and form prescribed by law; and,

WHEREAS, at the time and place specified in said notice, each of the hereinafter described lots was offered for sale separately by said Trustee; and that at said time and place the party of the second part herein offered to purchase said lots for the sum of FOUR and no/100 (\$4.00) DOLLARS each, or a total sum of ONE HUNDRED FIFTY SIX and no/100 (\$156.00) DOLLARS for said hereinafter described lots; that the amount bid for each of said lots was not less than the appraised value thereof; that said bids were the highest and best bids received for said hereinafter described lots and each of them; that thereupon the said Trustee accepted said bids and each and all of them and sold said lots to the said party of the second part for the total sum of ONE HUNDRED FIFTY SIX and no/100 (\$156.00) DOLLARS.

NOW, THEREFORE, the said C. C. FAIRES, Judge of the Superior Court of the state of Arizona in and for the County of Gila, and Trustee of Arlington Heights Townsite, in said County and State, the party of the first part, for and in consideration of the sum of ONE HUNDRED FIFTY SIX and no/100 (\$156.00) DOLLARS, lawful money of the United States, to him in hand paid by said party of the second part, the receipt whereof is hereby acknowledged, has granted, sold and conveyed and by these presents does grant, sell and convey unto the said City of Globe, a Municipal Corporation, the party of the second part herein, the following described real property, to-wit:

All those certain lots or parcels of land situated in Arlington Heights Townsite in Gila County, State of Arizona, according to the Map of said Townsite on file in the office of the County Recorder of Gila County, Arizona, particularly described as follows, to-wit:

Arlington Heights Lot 22 Blk. 4

452/117
528/214 @10. Collette TO SUT. LAND
2/27/81 \$100
528/215 @20. SUT. 18 TO D.C. IMPROVEMENTS
2/27/81 \$1000 4/1/81
547/217 100 D.C. TO FIRST AM. TR 26964
9/18/81 1/18/81
528/216 SUT. FIRST AM. TO WRITEN SAVINGS
4/17/80 1/7/82

.07 ac m/L per K.D. 8/14/00

ANNUAL ASSESSMENT					SUMMARY OF VALUES				
Year	Change	Land	Improvements	Total	Property	Class	Appraised Value	%	Asses Val
84	11-14-83	1500			Land	02	600		3/12
89									
89									
89					Buildings and Improvements				
89					Household Furnishings				
89					TOTAL VALUE				

SERVICES AND AREA

Off Site Improvements	Utilities	Zoning	Neighborhood
Paved Street	City Water	Single Family	<input checked="" type="checkbox"/> Improving
Black Topped Street	Well	Two Family	<input type="checkbox"/> Static
Gravelled Street	Sewer	Multi Family	<input type="checkbox"/> Declining
Unimproved	Septic Tank	Business	<input type="checkbox"/> Blighted
Public Walks	Natural Gas	Commercial	
Curbs and Gutters	Cesspool	Industrial	
Alley	L. P. Gas		
No Alley	Electricity		

DATE OF APPRAISAL	
MEASURED BY	
LISTED BY	
PRICED BY	
REVIEWED BY	DATE
POSTED BY	DATE

LAND VALUE CALCULATION

Regular lot Size		Irregular Lot Size		
x		x	x	x
x	123.456	x	x	x
x		x	x	x
x		x	x	x
Front Foot or Sq. Foot	Unit Value	Depth, Corner, Other Table Factor		Value
1984				1500

REMARKS

TR. Dec'd 452/117 7/11/78
WRIGHT TO COLLETTE n/a 7/21



DOCKET 639 PAGE 242

STATE OF ARIZONA
County of Gila

I hereby certify that the within instrument was filed and recorded
on Feb. 22, 1985 at 12:00 P. M.
In DOCKET 639 page 242 and indexed in deeds

FEE NO.
519829

at the request of Western Savings and Loan Association.

WHEN RECORDED, MAIL TO:
Western Savings & Loan Association
Barbara Nancarrow
P.O. Box 3182
Globe, Arizona 85502 425-6362

Witness my hand and official seal.
MARY V. DE PAOLI,
County Recorder
by *Mary V. De Paoli*
Recorder

COMPARED
PHOTOSTATED
FEE: \$5.00
12.00
C

Order No. QUIT-CLAIM DEED

For the consideration of Ten and 00/100 Dollars, and other valuable considerations, I, or we,

WESTERN SAVINGS & LOAN ASSOCIATION, AN ARIZONA CORPORATION,

hereby quit-claim to

CITY OF GLOBE, AN ARIZONA MUNICIPAL CORPORATION,

all right, title, or interest in the following described real property situate in GILA County, Arizona:

Lot Twenty-Two (22), Block Four (4), ARLINGTON HEIGHTS, according to the plat of record in the office of the County Recorder of Gila County, Arizona, recorded in Map No. 31.

Dated this 21st day of Febraury, 1985.
WESTERN SAVINGS AND LOAN ASSOCIATION

BY: *Dana Bates*
ITS: ASSOCIATE VICE-PRESIDENT

STATE OF ARIZONA
County of MARICOPA

This instrument was acknowledged before me this 21st day of FEBRUARY 1985 by Western Savings and Loan Association.

Debra A. Wohlforth
Notary Public

My commission will expire My Commission Expires May 22, 1988

STATE OF ARIZONA
County of _____

This instrument was acknowledged before me this _____ day of _____ 19____ by _____

My commission will expire

Notary Public

207-18-5-2

RESIDENTIAL PROPERTY RECORD CARD

~~Arlington Heights Lot 1 Blk 36~~

~~Arlington Heights Lot 2 Blk 36~~
~~Arlington Heights Lot 3 Blk 36~~

~~Arlington Heights Lot 4 Blk 36~~

~~Arlington Heights Lots 5 thru 17 incl Blk 36~~

Book 69 Page 392

1.08 AC M/L per K.D 8/14/00 E. K. K.

ANNUAL ASSESSMENT

SUMMARY OF VALUES

Year	Change	Land	Improvements	Total	Property	Class	Appraised Value	%	Asses. Val.
19 74	8-25-78	\$635			Land	2	\$ 425.		\$
19 84	11-16-83	12,750				1160			
19									
19					Buildings and Improvements	3			
19					Household Furnishings				
19					TOTAL VALUE				

SERVICES AND AREA

On Site Improvements	Utilities	Zoning	Neighborhood
Paved Street	City Water	Single Family	Improving
Black Topped Street	Well	Two Family	Static
Gravelled Street	Sewer	Multi Family	Declining
Unimproved	Septic Tank	Business	Blighted
Public Walks	Natural Gas	Commercial	
Curbs and Gutters	Cesspool	Industrial	
Alley	L. P. Gas		
No Alley	Electricity		
Topography			

DATE OF APPRAISAL 3/10/00
 MEASURED BY
 LISTED BY
 PRICED BY
 REVIEWED BY DATE
 POSTED BY DATE

LAND VALUE CALCULATION

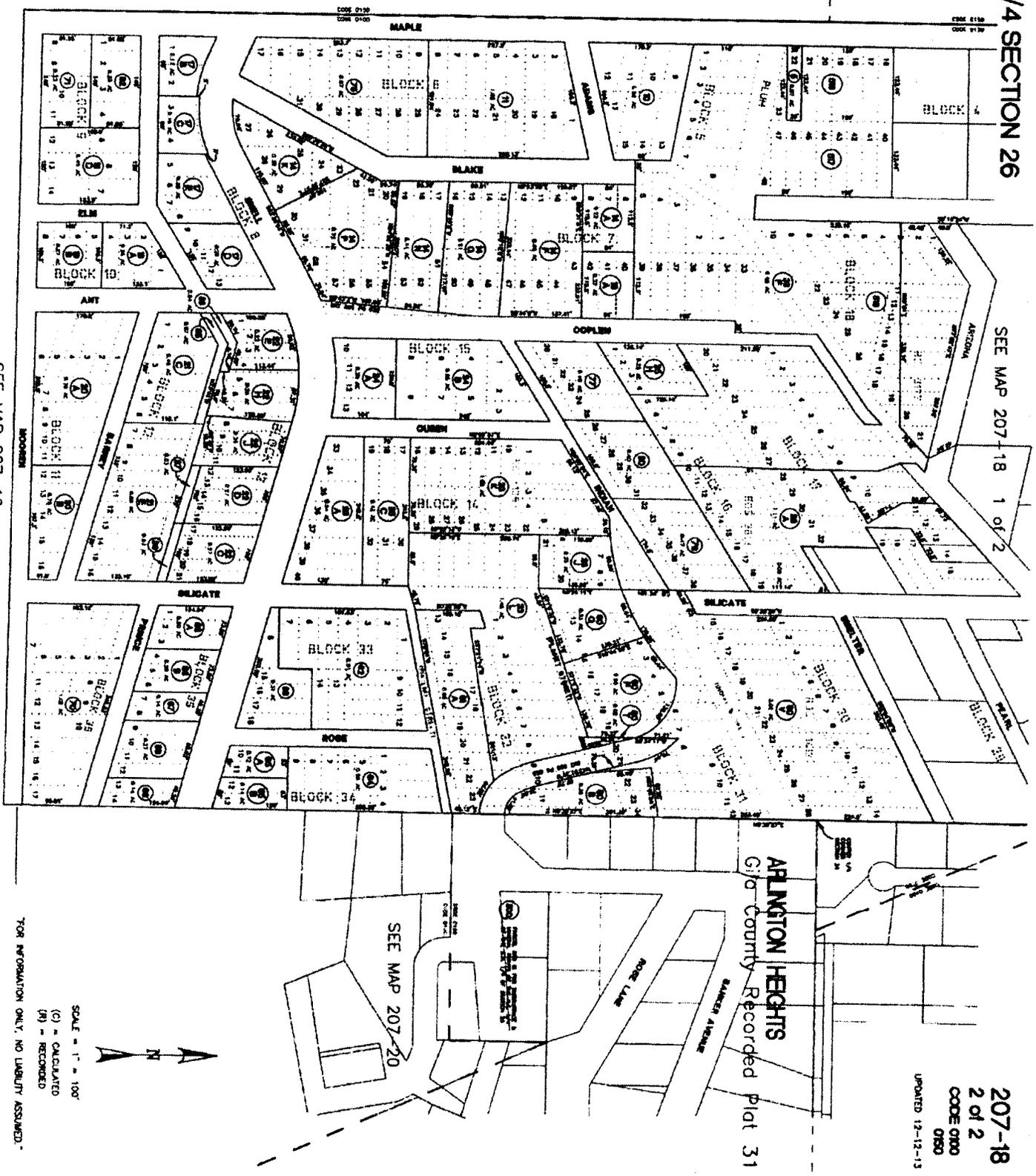
Regular lot Size	Irregular Lot Size	Front Foot or Sq. Foot	Unit Value	Depth, Corner, Other Table	Factor	Value
x	x x x					
x	x x x					
x	x x x					
x	x x x					
		5000	50			
		12750				12750

REMARKS

PT NE 1/4 SW 1/4 SECTION 26
TIN RISE

SEE MAP 207-18 1 of 2

SEE MAP 207-16

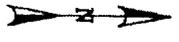


SEE MAP 207-19

SEE MAP 207-20

207-18
2 of 2
CODE 0100
0180
UPDATED 12-12-15

SCALE = 1" = 100'
(C) = CALCULATED
(M) = MEASURED



FOR INFORMATION ONLY, NO LIABILITY ASSUMED.

GILA COUNTY ASSESSOR

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER-SMITH – Chairman
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

IN THE MATTER OF THE PETITION OF) DOCKET NO. W-01445A-14-0305
ARIZONA WATER COMPANY FOR AN)
INCREASE OF AREA TO BE SERVED AT)
CENTRAL HEIGHTS, ARIZONA.)
_____)

DIRECT

TESTIMONY

OF

ERNEST G. JOHNSON SR.

ON BEHALF OF

CITY OF GLOBE

JULY 10, 2015

TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTION.....	1
II. PURPOSE.....	4
III. PUBLIC INTEREST POLICY ISSUES RAISED BY THE APPLICATION.....	5
IV. PUBLIC INTEREST.....	6
V. PUBLIC INTEREST STANDARD.....	14
VI. PUBLIC INTEREST POLICY ANALYSIS.....	16
VII. REGULATORY CONSIDERATIONS AND THE PUBLIC INTEREST.....	27
VIII. REGULATORY POLICY ANALYSIS.....	34
IX. REGULATORY POLICY RESPONSE.....	41
X. CONCLUSION.....	43

EXECUTIVE SUMMARY
ERNEST G. JOHNSON SR.
DOCKET NO. W-01445A-14-0305

As a policy matter, "getting it right" is not only in the public interest, but in my opinion, it is the public interest. The essential regulatory function is to promote and to protect the broad public interest. Regulation is premised upon a public need and exists for the benefit and protection of those impacted by regulatory outcomes. The regulatory assessment of the public interest is not a static consideration; it requires continual vigilance on the part of the regulator. In this case, the public interest has never been truly satisfied because of the obvious and troubling lack of notice afforded to the City of Globe. Regulatory vigilance, good public policy and the public interest all require that the commission amend and correct Decision 33424 as requested by the City of Globe. After consideration of the facts present in this case, I conclude that sound regulatory policy supports effectuating regulatory intent and correcting regulatory error or mistake consistent with the Commission's duty and responsibility to regulate in the public interest. During my career as a utility regulator, I found that public trust and confidence in the Commission's actions and decisions was and remains a crucial component in advancing, promoting and protecting the public interest. I believe that the affected public and the regulated community each expect that the Commission will passionately pursue the public interest and ultimately make the right policy call after consideration and assessment of the various factors implicating public interest considerations. Notice of regulatory proceedings is a significant and crucial regulatory consideration, and I believe is relevant in assessing whether the public interest has been promoted or protected and whether regulatory intent has been effectuated. In my regulatory experience developing, recommending and implementing utility regulatory policy, I don't recall a single instance where deficient or defective notice of a pending agency action was ever considered as being in the public interest nor consistent with good regulatory policy. Regulators must take all reasonable steps to insure that the opportunity to effectively participate in regulatory proceedings is protected. Notice is the first step in ensuring a reasonable opportunity for public participation in utility regulatory proceeding and must be protected consistent with the broad public interest. Unfortunately, it appears that the City of Globe was foreclosed from participating in the proceeding giving rise to Decision 33424 due to a lack of Notice. For the reasons previously stated, I believe this result is inconsistent with good regulatory policy and the broad public interest.

1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Ernest G. Johnson Sr., Post Office Box 12376, Chandler, Arizona, 85249.

4
5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by STRATEGUS, as Principal Consultant.

7
8 **Q. Could you please describe STRATEGUS?**

9 A. Yes, STRATEGUS is a strategic thinking and regulatory consulting firm, providing client
10 assistance in strategic thinking, regulatory communications and expert testimony in utility
11 regulatory matters.

12
13 **Q. How long have you been employed by STRATEGUS?**

14 A. I founded STRATEGUS in 2013 after serving over 25 years as a utility regulator. I have
15 over twenty-five years of public utility regulatory experience spanning all aspects of
16 water, sewer, electric, natural gas and telecommunication services.

17
18 **Q. Prior to founding STRATEGUS, by whom were you employed and in what capacity?**

19 A. Prior to establishing STRATEGUS, I was employed by the Arizona Corporation
20 Commission ("ACC" or "Commission") from October 2001 until early 2013.

21
22 **Q. Please elaborate?**

23 A. I began employment with the ACC in October 2001, as Director of the Utilities Division.
24 I was subsequently selected as Executive Director in July 2009, and served in that capacity
25 until the end of 2012.

1 **Q. Please describe your responsibilities as Utilities Director.**

2 A. I was responsible for the day-to-day operations of the Utilities Division.
3

4 **Q. Please describe your responsibilities as Executive Director.**

5 A. As Executive Director, I was responsible for the overall operations and agency functions
6 at the commission.
7

8 **Q. Please summarize your educational background and other professional experience.**

9 A. In 1979 and 1982, respectively, I earned Bachelor of Science and Juris Doctorate degrees,
10 both from the University of Oklahoma. In December 1986, I began my regulatory career
11 at the Oklahoma Corporation Commission serving as Staff Attorney, Deputy General
12 Counsel and Utilities Director. In 1993, I was named acting Utilities Director and served
13 in that position until mid-1994. I served as the permanent Utilities Director from mid-
14 1994 until October of 2001 when I joined the ACC staff as Utilities Director. I have also
15 served as an Adjunct Professor of Law at the Arizona Summit School of Law, located in
16 Phoenix, Arizona, where I taught Renewable Energy Law.
17

18 **Q. You stated that you have been involved in the regulation of public utilities since 1986,
19 is that correct?**

20 A. Yes, that is correct.
21

22 **Q. Could you please estimate the approximate number of utility regulatory proceedings
23 that you have participated in since 1986?**

24 A. I could only guess, but it would be quite a few.

1 **Q. Could you please elaborate on your areas of experience and expertise in utility**
2 **regulation?**

3 A. Yes, my regulatory experience covers most areas of utility regulation including electric,
4 natural gas, telecommunications, water, cotton gins and pipeline safety.

5
6 **Q. During your tenure as a regulator, did you participate in both federal and state**
7 **regulatory proceedings?**

8 A. Yes, I have participated in federal, regional and state regulatory proceedings involving
9 various aspects of utility regulation.

10
11 **Q. During your tenure as a regulator, did you participate in matters involving**
12 **Certificates of Convenience and Necessity (“CC&N”)?**

13 A. Yes, as a utility regulator for over twenty-five years, I estimate that I have been involved
14 in hundreds of CC&N proceedings involving all types of utilities.

15
16 **Q. Have you participated in utility regulatory policy formulation during your**
17 **regulatory career?**

18 A. Yes, I have been involved in utility regulatory policy discussions and policy formulation
19 for over twenty-five years at the federal, regional and state levels concerning electric,
20 natural gas, telecommunications and water issues.

21
22 **Q. You stated that you served as staff attorney, utilities director and executive director,**
23 **is that correct?**

24 A. Yes, that is correct.

1 **Q. Did you ever testify in utility regulatory proceeding in any of those capacities?**

2 A. Yes, as Utilities Director, I participated in many regulatory proceedings and offered
3 testimony before the Oklahoma Corporation Commission, the Oklahoma State
4 Legislature, and the ACC. Additionally, during my career as a regulator I participated in
5 regulatory policy panel discussions and made presentations concerning utility regulation
6 and utility regulatory issues at both the federal and state level.

7
8 **Q. On whose behalf are you testifying today?**

9 A. I have been retained by the Applicant, the City of Globe, Arizona. (Applicant, City)

10

11 **II. PURPOSE**

12 **Q. What is the purpose of your Direct testimony in this proceeding?**

13 A. The purpose of my Direct testimony is to provide testimony in support of the public
14 interest policy issues raised by the City in its application. I share my experience,
15 knowledge and opinion with the Commission concerning the public interest policy issues
16 and regulatory policy considerations that I believe are both present in and relevant to this
17 proceeding.

18

19 **Q. Mr. Johnson, is your testimony in this proceeding focused on and limited to**
20 **discussion of public interest and utility regulatory policy matters?**

21 A. Yes, that is correct. Although I am a licensed attorney in the State of Oklahoma and have
22 taught at a local law school, I will not be offering any legal opinions or conclusions in my
23 testimony in this case. My testimony will be focused on and limited to utility regulatory
24 policy matters and consideration of the public interest. My testimony is premised upon
25 knowledge gained over approximately twenty -five years as a utility regulator. I will be
26 sharing my opinions, observations, experiences and knowledge concerning utility

1 regulatory policy. It is not my intent nor is it my purpose to offer or provide any legal
2 opinions in this testimony and any such suggestion or characterization would be incorrect.

3
4 **III. PUBLIC INTEREST POLICY ISSUES RAISED BY THE APPLICATION**

5 **Q. Mr. Johnson, what is your understanding of the public interest policy issues raised**
6 **by the Applicant in this proceeding?**

7 A. It is my understanding that the City of Globe is requesting that the Commission correct an
8 alleged error contained in Decision No. 33424 because it is in the public interest to do so¹.
9 It is also my understanding that the City believes that the regulatory cornerstone of public
10 interest supports its requested relief.

11
12 **Q. Mr. Johnson, do you agree with the Applicant's assertions that public interest policy**
13 **considerations support correcting regulatory error?**

14 A. Yes. As a general proposition and as a fundamental regulatory policy, I believe that the
15 public interest is best served when regulatory error is avoided or corrected.

16
17 **Q. Mr. Johnson is your view regarding correcting regulatory error limited to any**
18 **particular time frame.**

19 A. No. While the passage of time would be a consideration, it would not be determinative
20 from a public interest policy perspective. As I will discuss later in this testimony, I believe
21 that the public interest is generally best served when the utility regulator focuses on
22 "getting it right" consistent with the public interest. Additional factors would also be
23 relevant, including regulatory intent and impact on the affected public. I would be
24 particularly concerned if failure to correct regulatory error has or is likely to have an
25 adverse impact on ratepayers or the affected public.

26

¹ Petition to Amend Decision 33424, Docket No. W-01445A-14-0305, filed August 18, 2014 by the City of Globe,

1 **Q. As a former Utilities Director, was it important to you that ACC decisions in utility**
2 **matters correctly reflect the Commissions intent?**

3 A. Yes. As Utilities Director I sought to insure that Commission decisions correctly reflected
4 the Commissions intent, particularly those Decisions originating from or prepared by
5 Utility Division staff.

6
7 **Q. Mr. Johnson, as Utilities Director, if you became aware of a situation involving**
8 **issuance of an incorrect ACC decision, would you seek to bring that awareness to the**
9 **attention of the Commission?**

10 A. Yes. I would work with appropriate agency Staff to bring the suspected error to the
11 Commissions attention for its review, consideration and possible action.

12
13 **Q. In your opinion, would it also be reasonable for others with knowledge of possible**
14 **regulatory error to bring that information to the attention of the Commission?**

15 A. Yes. I not only believe that bringing regulatory error to the Commissions attention is a
16 reasonable act, I also believe doing so is an expected action.

17
18 **IV. PUBLIC INTEREST**

19 **Q. Mr. Johnson, from a public interest policy perspective, what do you believe is the**
20 **proper focus of this case?**

21 A. I believe that assessing and addressing the public interest policy issues raised by the
22 Application is the proper focus of these proceedings.

23
24 **Q. Please Explain.**

25 A. As I will more fully discuss later in my testimony, public interest is the bedrock
26 theoretical and policy principle underlying utility regulation. As a matter of fact, decisions
27 made by the Arizona Corporation Commission and, to my knowledge, most public utility

1 commissions, generally base decisions on regulatory principles and policies that regularly
2 and necessarily consider and assess the broad public interest. Utility regulators, for both
3 policy and practical reasons, are necessarily concerned about the impact that agency
4 decisions will have upon ratepayers and the affected public as part of their consideration
5 of issues impacting the broad public interest.
6

7 **Q. Based upon having served as a utility regulator for over twenty-five years, what is**
8 **your understanding of the term “public interest” as used in the utility regulatory**
9 **context?**

10 A. In the utility regulatory context, it is my general understanding that the term or phrase
11 “public interest” refers to the general welfare, interest or well being of the affected public.
12 As I previously stated, the public interest serves as the regulatory platform from which
13 utility regulatory policy is developed.
14

15 **Q. Who might be the affected public that you are referencing?**

16 A. The affected public could be ratepayers, customers or any interest that might be subject to
17 or affected by a Commission decision.
18

19 **Q. How is the public interest relevant to this proceeding?**

20 A. The public interest is the paramount regulatory consideration. This concept is expressed
21 in Article 15, Section 3 of the Arizona State Constitution.
22

1 **Q. Please Explain.**

2 A. Among other things, Article 15 section 3 of the Arizona State Constitution empowers the
3 Commission to make reasonable rules, regulations and orders governing the operations of
4 public service corporations doing business in Arizona.²

5
6 During the drafting of the Arizona Constitution, the majority of the delegates were
7 determined to protect the public interest by including in the Constitution broad power to
8 regulate utilities.³

9
10 **Q. How is the public interest relevant to a proceeding involving amending or correcting**
11 **an alleged error in the issuance of a certificate of convenience and necessity?**

12 A. As a utility regulator for over 25 years, it is my opinion that the public interest is not only
13 relevant, but is the primary regulatory policy consideration any time a CC&N is being
14 issued, amended, corrected or otherwise modified. This is because the Commission
15 considers the public convenience and necessity as a necessary component in determining
16 whether to grant, amend, correct or modify a CC&N. In CC&N matters, the utility
17 regulatory Commission, as a matter of practice and general regulatory policy, seeks to
18 ascertain whether a need exists and whether the public would benefit from granting the
19 request to meet that public need. Also, when considering making corrections or

²Article 15, Section 3. The corporation commission shall have full power to, and shall prescribe just and reasonable classifications to be used and just and reasonable rates and charges to be made and collected, by public service corporations within the state for service rendered therein, and make reasonable rules, regulations and orders, by which such corporations shall be governed in the transaction of business within the state, and may prescribe the forms of contracts and the systems of keeping accounts to be used by such corporations in transacting such business, and make and enforce reasonable rules, regulations and orders for the convenience, comfort, and safety, and the preservation of the health, of the employees and patrons of such corporations. Provided, that incorporated cities and towns maybe authorized by law to exercise supervision over public service corporations doing business therein, including the regulation of rates and charges to be made and collected by such corporations; provided further that classifications, rates, charges, rules, regulations, orders, and forms or systems prescribed or made by said corporation commission may from time to time be amended or repealed by such commission.

³ The Corporation Commission: Preserving its Independence, by Deborah Scott Engelby, Ariz. St. L. J., Volume 20, No. 1 at 243. As a result, the Commission is constitutionally obligated to regulate public service corporations in the public interest. supra at 245

1 modifications to CC&N's, utility regulatory commissions regularly seek to determine
2 whether their actions both reflect and are consistent with the public interest. Thus, from a
3 regulatory policy perspective, ascertaining the public interest is both a fundamental and a
4 primary consideration in matters concerning a CC&N - including the issues presented in
5 this proceeding.

6
7 **Q. Do you have any additional comments?**

8 A. Yes, in my experience as a utility regulator, identifying, considering and protecting the
9 public interest are all viewed as inherent and necessary regulatory responsibilities and are
10 essential considerations in matters involving CC&N's. Also, it is my observation and
11 general understanding that identifying, considering and protecting the public interest is
12 consistent with the Commission's constitutional and statutory responsibilities and would
13 extend to and include CC&N proceedings.

14
15 **Q. As a former utility regulator, has it been your experience that regulatory policies are**
16 **generally the result of the Commission performing its general duties and**
17 **responsibilities?**

18 A. Yes. It has been my observation and experience that regulatory policies are generally
19 associated with or result from some aspect of the regulators general duties and regulatory
20 authority and are intended to provide guidance to regulatory staff and others involved in
21 the regulatory process.

22

1 **Q. While serving as Utilities Director in both Oklahoma and Arizona, did you routinely**
2 **make utility regulatory policy recommendations to Commissioners?**

3 A. Yes. As part of my duties and responsibilities and in conjunction with other staff, I
4 developed or assisted in the development of regulatory policy positions for consideration
5 by the Commission.

6
7 **Q. Was consideration of the public interest a necessary component in developing and**
8 **proposing regulatory policy for Commission consideration?**

9 A. Yes. In my experience, the public interest is routinely and necessarily implicated when
10 developing regulatory policy.

11
12 **Q. Was consideration of the public interest a routine consideration in performing your**
13 **duties as Utilities Director in both Oklahoma and Arizona?**

14 A. Yes, consideration of both the public interest and impact to ratepayers were always
15 important considerations.

16
17 **Q. Was consideration of the public interest part of your focus in developing staff**
18 **positions in matters involving CC&N related matters?**

19 A. Yes, as I stated earlier, public convenience and necessity is always a regulatory policy
20 consideration in matters involving a CC&N and public interest is routinely implicated
21 when considering public need. In my experience, public interest considerations become
22 and remain both primary and paramount regulatory policy considerations in matters
23 affecting a CC&N, including proceedings initiated for the purpose of correcting a mistake
24 in the issuance of a CC&N.

25

1 **Q. Do you believe that the public interest is implicated in this proceeding?**

2 **A.** Yes. In its application, the City of Globe asserts that it is in the public interest to correct
3 Decision No. 33424 because it was a mistake to grant the CC&N in the initial Decision.⁴
4 Additionally, the Applicant asserts that the expense of transferring customers to Arizona
5 Water Company ("AWC") would be borne both by customers and citizens of Globe.⁵ In
6 light of these claims and based upon my regulatory experience and understanding of the
7 term "public interest, the issues raised by the Applicant, if true, would impact the general
8 welfare and the interest or well-being of the affected public thereby implicating the public
9 interest and public interest policy considerations. In my opinion and based upon my
10 review of the Application, the ACC is being asked to state, clarify or affirm its policy
11 regarding ensuring the correctness of its decisions and to articulate or clarify its policy
12 regarding correcting regulatory error consistent with the public interest.

13
14 **Q. In your opinion as a former utility regulator, is the public interest inherent in the
15 rates, terms and services of public utilities?**

16 **A.** Yes, in my regulatory experience, utility rates, terms and conditions of service have
17 always and necessarily involved consideration of the broad public interest. I have
18 observed that the utility regulatory authority, as a matter of policy or due to other
19 considerations, has recognized both a need and a responsibility to balance competing
20 interests in conjunction with consideration of matters affecting rates, terms and conditions
21 of service.

22 **Q. Mr. Johnson, based upon your utility regulatory training and experience, what is
23 your understanding of the term "regulatory policy" as used in the context of public
24 utility regulation?**

25 **A.** Based upon my experience as Utilities Director in both Arizona and Oklahoma, it is my
26 understanding that a regulatory policy is a statement or affirmation reflecting the position,

⁴ Id. at page.5, lines 23-24

⁵ Id. at p.8, lines 13-15

1 general view or predisposition of the utility regulatory authority with regard to a particular
2 issue or type of issues. I have observed that regulatory policy pronouncements by a utility
3 regulatory authority may be stated or issued and are intended to provide clarity or
4 guidance to affected interests concerning a certain matter or issue.

5
6 **Q. In your opinion and based upon your review of the Application and the assertions of**
7 **the Applicant, what is the primary utility regulatory policy issue in this case?**

8 A. In my opinion, the primary utility regulatory policy issue presented by the Application is
9 whether the ACC is inclined to or is ready, willing and able to correct regulatory error,
10 consistent with the broad public interest.

11
12 **Q. Mr. Johnson, why have you characterized the issue you've identified as the primary**
13 **regulatory policy issue in this proceeding?**

14 A. I have characterized this issue as the primary regulatory policy issue for several reasons.
15 First, considering the definition of regulatory policy that I previously offered and after
16 reviewing and assessing the facts presented in this case, I believe that the Applicant is
17 essentially requesting that the ACC articulate its general view and provide guidance
18 regarding regulatory error⁶ and identify the process by which it will assess, consider and
19 correct cases of regulatory error consistent with the broad public interest⁷ and as part of
20 performing its essential regulatory function. I am referencing the essential regulatory
21 function of protecting and promoting the public interest. Based upon my review of the
22 Application, the ACC is being asked to state its view or predisposition with respect to the
23 correctness of its regulatory decisions and the facts and rationale supporting its decisions.
24 This request has very broad policy implications for the ACC and those subject to and
25 affected by its decisions. In addition, the ACC is being asked to provide clarity with
26 regard to the ability of the public to rely upon the correctness of agency decisions and the

⁶ Id. at p.6, lines 18-22

⁷ Id. at p.10, lines 18-23

1 assertions made in support of those decisions⁸. In my opinion, each of these
2 considerations is a fundamental regulatory policy consideration, with each implicating and
3 impacting the broad public interest. I would note that in this specific instance, the broad
4 public interest of all residents of the City of Globe, particularly, water and sewer
5 customers who may be subject to increased costs or other adverse impacts⁹, highlights the
6 need to focus on the essential regulatory function of protecting and promoting the broad
7 public interest. Finally, and I believe most importantly, “getting it right” was and
8 continues to be both the practical and policy consideration underpinning agency actions. I
9 believe the ACC should continue to focus on getting the policy right and to review the
10 issues presented in this case with a broad view, consistent with the essential regulatory
11 function of protecting and promoting the public interest.

12
13 **Q. In your opinion, when is the public interest a policy consideration in utility**
14 **regulatory matters?**

15 A. As I stated previously, in my view, the public interest is routinely implicated in matters
16 affecting or impacting utility rates, terms and conditions of service. In my experience,
17 regulatory policy considerations are implicated when a broader, common interest or the
18 essential regulatory function is implicated. In the instant matter, both considerations are
19 present. I believe that rates, terms and conditions of service may be impacted adversely,
20 unless regulatory error is corrected.

21 It is my understanding that AWC does not currently have in place the plant required to
22 provide service to customers and would need to acquire or construct the necessary
23 facilities¹⁰. If my understanding is correct, current utility rates may need to be adjusted
24 and possibly increased to pay for the acquisition, construction and /or implementation of
25 any required facilities. The broader public interest is implicated when issues of regulatory

⁸ Id. at p.8, lines 7-8

⁹ Id. at p.9, lines 16-19

¹⁰ Id. at p.8, lines 8-10

1 error are presented to the ACC, particularly involving errors in the assumptions or
2 rationale supporting the agency Decision, as is the present case. In my opinion, the ACC
3 response to the request to correct regulatory error, will signal utility customers in the area
4 and the general public, concerning the Commission's policy regarding ensuring the
5 correctness of its Decisions and the process by which the agency will consider, assess and
6 address regulatory error. I believe that the resulting ACC action will indicate or state a
7 general view or predisposition on the part of the Commission and will therefore meet my
8 proffered definition of regulatory policy. In my experience, both ratepayers and regulated
9 utilities rely upon and expect that the regulatory authority will be vigilant in its efforts to
10 "get it right."
11

12 **V. PUBLIC INTEREST STANDARD**

13 **Q. As the utilities director in both Oklahoma and Arizona over a span of approximately**
14 **fifteen years, did you develop an understanding of the public interest standard?**

15 **A.** Yes. The public interest standard is a regulatory principle that by its very definition
16 requires consideration of the broad public interest in the regulatory decision-making
17 process. It is the standard by which regulatory authorities such as the ACC must assess,
18 evaluate, weigh and consider their actions.
19

20 **Q. Please Continue.**

21 **A.** The public interest standard requires that the Commission decision consider the impact
22 upon the affected public including health, safety and general welfare. This is a broad
23 obligation placed upon the utility regulator and necessitates a broad inquiry in the
24 decision-making process.
25

26 **Q. How is the public interest standard relevant to this case?**

1 A. The public interest standard is relevant because the issues raised by the Applicant for
2 Commission decision, if true, could impact the health, safety and general welfare of the
3 affected public. Also, the general public welfare could be harmed due to increased rates
4 or other costs to ratepayers or the citizens of Globe resulting from not correcting
5 regulatory error.

6
7 **Q. Do you believe that the public interest standard should be utilized by the ACC in**
8 **assessing the regulatory policy issues raised by the Applicant?**

9 A. Yes, I believe that in matters involving a CC&N, a broad inquiry by the Commission is
10 necessary because the inherent purpose of a CC&N is to meet a public need to the benefit
11 of the affected public. In this case, if an alleged mistake in the issuance of the CC&N is
12 not corrected, ratepayers and the citizens of Globe may experience cost increases and be
13 subject to possible adverse health and safety consequences. None of these possible
14 outcomes would benefit, protect or promote the broad public interest.

15
16 **Q. Do you believe that the public interest standard would assist the ACC in analyzing**
17 **the public interest policy issues present in this case?**

18 A. Yes, I believe that the public interest standard would be a helpful tool or measure by
19 which the ACC could consider, evaluate and address the public interest policy issues that
20 are present in this case.

21
22 **Q. Do you have a recommendation regarding the public interest analysis that should be**
23 **utilized in considering the public interest issues relevant to and implicated in this**
24 **proceeding?**

25 A. Yes, I am recommending that the ACC utilize the public interest analysis described below.
26

1 **VI. PUBLIC INTEREST POLICY ANALYSIS**

2 **Q. Could you please describe your training, experience and expertise in developing**
3 **utility regulatory policy?**

4 A. Yes, I have extensive experience in the development of utility regulatory policy
5 concerning electric, natural gas, water and telecommunications. As Utilities Director in
6 both Arizona and Oklahoma, a primary component of my responsibilities was working
7 with utility division staff and others in developing public interest based regulatory policy.
8 The policy was usually expressed as rules, agency policy statements or otherwise and was
9 developed in both generic and individual proceedings.

10

11 **Q. Please describe your training, experience and expertise in drafting utility regulatory**
12 **policy?**

13 A. I have significant and varied experience drafting language for Commission consideration
14 involving diverse utility policy matters during my twenty-five year career as a utility
15 regulator.

16 **Q. Please describe your training, experience and expertise in analyzing utility**
17 **regulatory policy?**

18 A. I have extensive experience analyzing regulatory policy involving electric, natural gas,
19 water and telecommunications related issues.

20

21 **Q. Mr. Johnson, have you made recommendations to utility regulatory commissions**
22 **concerning public interest and regulatory policy?**

23 A. Yes, having served as Utilities Director in two jurisdictions for approximately fifteen
24 years, I have made numerous public interest based policy related recommendations to
25 Commissioners concerning electric, natural gas, water and telecommunications policy
26 matters.

27

1 **Q. Mr. Johnson, as a former utility regulator who has developed, drafted, analyzed and**
2 **recommended public interest based utility regulatory policy for Commission**
3 **consideration, what approach or framework did you utilize?**

4 A. I primarily utilized an approach or analytical framework focusing on the broad public
5 interest and specific public interest regulatory considerations that in my experience are
6 both present and inherent in utility regulatory matters.

7
8 **Q. What analytical components did you find essential in analyzing regulatory policy?**

9 A. In my opinion and based upon my regulatory experience, I have found it helpful to
10 recognize that the public interest, in addition to being a broad regulatory concept, is the
11 essential regulatory cornerstone in matters relating to or impacting utility regulatory
12 policy.

13
14 **Q. Do you have a recommended analytical framework for the Commission to utilize in**
15 **examining the public interest policy issues present in this proceeding?**

16 A. Yes, I have developed an analytical framework comprised of the fundamental regulatory
17 components that I believe will aid the Commission in its consideration and determination
18 of the public interest policy issues raised by the Application. The analytical framework
19 that I am recommending is essentially a process, which I believe is useful in developing
20 and assessing utility regulatory policy and in understanding the role that the public interest
21 plays in the process of developing regulatory policy. My analysis focuses on the essential
22 regulatory function of protecting and promoting the public interest. The analytical
23 framework that I am proposing is a qualitative approach, based upon my utility
24 knowledge, experience and judgment; it is an art, not an exact science.

25
26 **Q. Please describe the analytical framework that you are recommending to the**
27 **Commission.**

1 A. The analytical framework that I am recommending for consideration by the Commission
2 is a four-step process intended to assist the ACC in balancing important competing
3 interests while continuing to perform the essential regulatory function of protecting and
4 promoting the public interest. In my recommended process or framework, I assess the
5 public interest policy implications of correcting regulatory error while considering the five
6 regulatory cornerstones that I have identified and believe are pertinent to this proceeding.
7 As I will explain later in my testimony, I use these regulatory cornerstones to consider,
8 assess and determine whether the essential regulatory function of protecting and
9 promoting the public interest is satisfied. In my analysis, I consider the question of
10 whether the broad public interest on balance, is best served by correcting regulatory error,
11 notwithstanding considerations such as the passage of time. In considering the public
12 interest policy issues raised thru this proceeding, the passage of time is an important
13 consideration, however, I believe that it is even more important that a regulatory agency
14 make every reasonable effort to “get it right”. In my opinion, the facts and circumstances
15 presented by this case necessitate correcting regulatory error despite the passage of time
16 and are supported by the five fundamental public interest policy cornerstones that I utilize
17 in my analysis.

18
19 **Q. Did you describe your regulatory framework as a process?**

20 A. Yes, The framework is a four-step process: **Step One** recognizes the essential regulatory
21 function, which is to protect and promote the broad public interest. **Step Two** focuses on
22 balancing competing interests-City of Globe, AWC and ratepayers. In **Step Three** I apply
23 the five regulatory cornerstones, which I believe will assist the Commission in fully
24 considering and examining the broad public interest policy issues that are raised by the
25 application. In **Step Four** I conclude my analysis with a holistic consideration and
26 assessment of steps one through three.

27

1 **Q. Could you please identify the five regulatory policy cornerstones supporting your**
2 **analysis?**

3 A. Yes, the five regulatory cornerstones underlying and supporting my proposed analysis are
4 stated below:

- 5 A. Public need initiates public interest
- 6 B. Public interest is inherent in the rates and services of public utilities
- 7 C. Public interest is at the center/core of utility regulatory Commission functions
- 8 D. Public interest is a fundamental regulatory concern and necessitates constant
9 and vigilant regulatory consideration
- 10 E. Public trust, confidence and reliance on the correctness of agency decisions
11 and the assertions supporting those decisions are fundamental and crucial
12 components in meeting and preserving the public interest

13
14 **Q. Could you please explain and discuss each premise?**

15 A. Yes. My analysis begins with recognition that the public interest is the paramount
16 regulatory consideration in utility regulatory matters and that public need initiates public
17 interest. The first cornerstone that I identify recognizes the practical order and sequence
18 by which the public interest is initiated. My analysis recognizes that public need must
19 precede public interest, however both elements are necessary when identifying and
20 considering matters affecting the welfare, interests or well being of the affected public.
21 My second cornerstone is based upon my experience and observation of many regulatory
22 decisions and my review of the public interest rationale expressed in support of numerous
23 utility regulatory decisions. My understanding and observation of utility commission
24 regulatory authority, policy and practice in Arizona and Oklahoma has clearly and
25 consistently identified the public interest as an inherent consideration in matters affecting
26 utility rates and charges. In my utility regulatory experience, regulatory decisions
27 routinely refer to the regulatory authority's duties and obligations, including the obligation

1 to regulate in the public interest by ensuring that utility rates and charges are fair, just and
2 reasonable. The third regulatory cornerstone focuses on the functions and operations of a
3 utility regulatory authority, such as the ACC. This regulatory cornerstone is a reminder of
4 why utility regulatory commissions were created. The utility regulatory authority must
5 have the public interest as the core consideration as it performs its regulatory functions in
6 order to properly fulfill its regulatory purpose. The purpose of regulation is to regulate for
7 the benefit of the broad public interest at all times and in all appropriate matters. The
8 fourth regulatory cornerstone recognizes that vigilance in protecting and promoting the
9 public interest is a fundamental regulatory necessity and requires focus and diligence on
10 the part of regulators. In this case, the ACC is being asked to remain diligent in its
11 consideration of the broad public interest by ensuring the correctness of its Decisions and
12 the underlying rationale supporting those Decisions. In my experience, the obligation to
13 be diligent with regard to the correctness of regulatory decisions isn't limited by the mere
14 passage of time. I believe as a policy matter, that the ACC should be ready, willing and
15 able to correct regulatory error whenever and wherever it is identified. This is a very
16 serious policy consideration by the ACC. The facts of this case are clear, regulatory error
17 is apparent and the need for regulatory vigilance is required. The fifth and final regulatory
18 cornerstone focuses on the issue of public trust and confidence. This cornerstone is
19 absolutely critical if the ACC or any regulatory authority is to be truly effective in the
20 performance of its duties and is to effectively serve the public interest. A utility
21 regulatory authority such as the ACC must take all reasonable and prudent steps to ensure
22 itself and the public for which it regulates, that it can reasonably rely upon the correctness
23 of the representations made in support of its decisions. Absent public trust in its decisions,
24 the regulatory authority fails in its mission to regulate for the benefit of the public and in
25 the public interest.

26
27 **Q. Why did you develop your recommended analytical approach?**

1 A. I developed my analytical approach to assist in my efforts to understand, assess and
2 analyze the public interest policy issues presented by the Application. Also, I developed
3 my recommended analytical framework to guide and assist me in making my ultimate
4 recommendation to the ACC regarding its assessment, consideration and determination of
5 the request made by the Applicant.

6 **Q. When did you develop your analytical framework?**

7 A. I developed this specific analysis as part of my research and preparation to file testimony
8 in this case concerning the public interest and related utility regulatory policy
9 considerations. However, I have used this approach generally for decades to assist and
10 guide me in developing, analyzing, assessing and recommending utility regulatory policy.

11
12 **Q. Mr. Johnson, in addition to your training, experience and expertise, could you**
13 **identify some of the other resources that you considered in developing the public**
14 **interest analytical framework that you utilized in the preparation of your testimony?**

15 A. Yes, some of the additional sources that I reviewed and considered include the Arizona
16 State Constitution, a law review article authored by Ms. Deborah Scott Engelby, entitled,
17 "The Corporation Commission: Preserving its Independence, 40 A.R.S. sections 252, 281-
18 285, 361, ACC Decision No. 33424 and various national and state regulatory websites
19 including; National Association of Utility Regulatory Commissioners and the National
20 Regulatory Research Institute.

21
22 **Q. What conclusions did you reach after consideration of the resources that you**
23 **reviewed?**

24 A. I was reminded that the public interest is a broad regulatory consideration in utility
25 regulatory matters and requires careful and deliberate consideration by regulators. I was
26 also reminded of the critical need for an analytical assessment of the policy issues in
27 regulatory matters, which give rise to and impact the public interest.

1 **Q. Please explain how your proposed analysis is useful in assessing public interest policy**
2 **issues?**

3 A. I believe my proposed analysis will allow for a comprehensive qualitative analytical
4 consideration of the broad public interest, particularly the important role that the public
5 interest plays in the development, assessment, consideration and application of utility
6 regulatory policy.

7
8 **Q. Please describe how your analysis is relevant and helpful when assessing the public**
9 **interest policy issues present in this proceeding?**

10 A. The primary policy issue in this proceeding is whether the ACC, as a policy matter, is
11 ready, willing and able to rectify regulatory error, particularly in the context of the
12 issuance of a Certificate of Convenience and Necessity. My proposed analysis begins by
13 focusing on a fundamental regulatory cornerstone: public need gives rise to the broad
14 public interest. In the instant matter, there is clearly a need for water and wastewater
15 service in the area at issue in this proceeding. It is my understanding that the City of Globe
16 began providing one or both of these services in the disputed area prior to the time that a
17 CC&N was granted to Arizona Water Company and continues to provide these services
18 even today. Thus, the **first** public interest cornerstone, public need, was met and
19 continues to be met by the City of Globe. The **second** cornerstone recognizes that the
20 public interest is inherent in the rates and services of public utilities. Essentially, this
21 cornerstone is the recognition of the financial considerations, impacts and consequences of
22 regulatory decisions. As I discuss later in this testimony, financial considerations, impacts
23 and consequences, good or bad, are a very real result of regulatory policy decisions. It is
24 my understanding that current water and wastewater customers of the City of Globe may
25 be subject to increased rates and charges, unless the ACC corrects regulatory error. In my
26 analysis and in my opinion, the ACC should carefully consider the adverse financial
27 impact that may be experienced by customers unless regulatory error is corrected. The

1 **third** cornerstone of my analysis recognizes that the public interest is at the core of utility
2 regulatory commission functions. In my experience and observation, utility regulatory
3 commissions are constitutional or legislative creations, generally charged with the
4 essential regulatory function of identifying, protecting and promoting the broad public
5 interest in matters involving regulated public utilities. As a necessary consequence, utility
6 regulatory authorities routinely develop internal structures and functions, which facilitate
7 fulfilling their constitutional and/or statutory responsibilities. Utility regulatory bodies
8 meet the public need and perform necessary regulatory functions, keenly aware of and
9 consistent with the broad public interest. In my experience with the ACC and its utility
10 regulatory functions, I have observed that the ACC has consistently been focused on
11 ensuring that public interest considerations remain paramount in all utility regulatory
12 matters, including CC&N proceedings. The **fourth** regulatory cornerstone in my analysis
13 recognizes that the public interest is a fundamental regulatory concern and necessitates
14 constant and vigilant regulatory consideration. In my experience, utility regulators
15 recognize the critical importance of constant and vigilant consideration of the broad public
16 interest when developing, assessing and implementing regulatory policy. In the instant
17 case, the ACC is faced with the task of being vigilant in assuring the correctness of its
18 Order concerning the issuance of a CC&N and the underlying assertions and rationale
19 supporting its decision to issue a CC&N in favor of Arizona Water Company. I believe
20 that the ACC can clearly demonstrate its regulatory vigilance by correcting apparent
21 regulatory error as requested by the Applicant. The **fifth** and final regulatory cornerstone
22 in my analysis recognizes that public trust and confidence in the correctness of agency
23 decisions and the assertions supporting those decisions are fundamental and crucial
24 components in meeting and preserving the public interest. In addressing this regulatory
25 cornerstone, I believe that it is absolutely critical that the ACC examine and consider the
26 policy implications of not correcting apparent regulatory error, such as that which is
27 present in this case. The broad public interest rests upon the ability of the public to trust in

1 both the agency decision and the underlying rationale and assertions supporting the
2 decision. As a former regulator, I am concerned about the potential for significant
3 detrimental public interest and regulatory policy ramifications should the ACC not correct
4 an obvious case of regulatory error.

5
6 **Q. Why should the ACC utilize your proposed analysis?**

7 A. The ACC should utilize my proposed analytical framework in the same manner as it
8 would any other available resource that it believes would assist it in addressing the public
9 interest policy issues presented in this proceeding. I have presented my analytical
10 framework as a tool, based on twenty-five years of direct, relevant utility regulatory
11 experience. I believe that my proposed analytical framework can help focus attention on
12 the broad public interest which gives rise to public utility regulation and underscores the
13 need for careful, holistic and deliberate consideration of the significant public interest
14 policy issues presented by the Application.

15
16 **Q. How is your proposed analysis relevant to public interest policy issues involving
17 correcting regulatory error associated with the issuance of a CC&N?**

18 A. The analytical framework that I am proposing would be relevant to any proceeding where
19 utility regulatory policy is under consideration. The instant case happens to involve a
20 request to correct an alleged regulatory error that occurred during the issuance of a CC&N
21 to Arizona Water Company. I believe that the primary policy issue in this proceeding is
22 whether the ACC will correct regulatory error consistent with the broad public interest. In
23 my opinion, the ACC's treatment of this policy issue will signal its general regulatory
24 view, predisposition or likely treatment of similar issues in other cases.

1 **Q. How is your recommended analytical framework helpful in addressing the public**
2 **interest policy issues implicated in this proceeding?**

3 A. The analytical framework or process that I recommend be utilized in considering the
4 regulatory policy issues presented in this case provides the ACC with a clear, focused and
5 efficient analytical approach by which it can appropriately recognize, assess and consider
6 the broad public interest policy implications present in this case.

7

8 **Q. How should your analytical framework be applied to the facts present in this case?**

9 A. I recommend that my proposed analytical framework be applied holistically and in three
10 phases. **Phase one** would focus on the essential regulatory function. **Phase two** applies
11 the regulatory balancing act. **Phase Three** would involve the application and assessment
12 of the five regulatory cornerstones. I believe all five-cornerstones should be considered
13 and assigned equal weight in the ACC's holistic analysis of the policy issues present in
14 this case.

15

16 **Q. What are your conclusions after applying your analytical framework to the facts**
17 **present in this case?**

18 A. After considering and applying my recommended analytical framework to the facts in this
19 case as I understand them to be, I can only conclude that regulatory error must be
20 corrected consistent with the broad public interest and good regulatory policy.

21

22 **Q. Please explain.**

23 A. In my analysis, I first considered and evaluated the essential regulation function of
24 protecting and promoting the public interest against the proposition of doing nothing, I
25 concluded that choosing not to correct clearly identifiable regulatory error was not an
26 acceptable outcome and was inconsistent with the essential regulatory function of
27 protecting the broad public interest. Next, I applied the regulatory balancing function, a

1 regulatory decisional tool that has generally been utilized by utility regulatory
2 commissions to recognize and balance competing interests in regulatory proceedings. In
3 my consideration, I weighed the proposition of doing nothing or electing not to correct
4 regulatory error against the likely adverse impact to ratepayers and other affected interests.
5 In my estimation, proper regulatory balance would support correcting regulatory error in
6 circumstances where an adverse outcome, such as increased costs, customer confusion and
7 duplicative infrastructure could be the result absent correcting regulatory error. Finally, I
8 reviewed and considered the five regulatory cornerstones that I have previously identified.
9 I was quickly reminded of the fact that public trust and confidence in the correctness of
10 agency decisions and the assertions supporting those decisions are fundamental and
11 crucial components in meeting and preserving the public interest. It became very clear to
12 me that the public interest and the public trust in the regulatory process requires correcting
13 the regulatory error present in this case. After a holistic assessment of the essential
14 regulatory function, the regulatory balancing act and the five regulatory cornerstones, the
15 decision was obvious to me.

16
17 **Q. Based on your analysis, what is your recommendation to the ACC concerning the**
18 **public interest policy issues presented in this proceeding?**

19 **A.** Based upon my analysis, I conclude that a comprehensive, holistic review of the broad
20 public interest considerations present in this case necessitate that the ACC correct the
21 apparent regulatory error as requested by the Applicant, the City of Globe.

22
23 As someone who has participated in utility regulatory proceedings for over twenty-five
24 years, I can't adequately stress the importance of the policy message that the ACC will be
25 sending to ratepayers, Arizona citizens and those who have occasion to participate in
26 utility proceedings, by how it considers and resolves the regulatory error present in this
27 case consistent with the broad public interest.

1 **VII. REGULATORY CONSIDERATIONS AND THE PUBLIC INTEREST**

2 **Q. Mr. Johnson you previously testified that in your experience as utilities director in**
3 **Arizona and Oklahoma, you have developed, analyzed, recommended and**
4 **implemented various utility regulatory policies affecting the public interest, is that**
5 **correct?**

6 A. Yes, I have experience developing, drafting, analyzing, recommending and implementing
7 utility regulatory policy involving electric, water, natural gas and telecommunication
8 issues including issuance of CC&N.

9
10 **Q. Mr. Johnson, when you developed, drafted, analyzed, recommended and**
11 **implemented utility regulatory policies, did you consider the effect, impact or**
12 **consequences of those regulatory decisions on the public?**

13 A. Yes, in the performance of my duties as a utility regulator, consideration of regulatory
14 actions and outcomes were important and necessary regulatory considerations in matters
15 affecting the public interest. As Utilities Director in both Oklahoma and Arizona, I
16 routinely considered the likely effect, impact and consequences of Staff recommendations
17 and Commission decisions on the affected public.

18
19 **Q. Mr. Johnson, could you please explain what you mean by regulatory considerations?**

20 A. Yes, when I discuss regulatory considerations, my perspective is that of a former Utilities
21 Director. The definition that I offer is based upon my utility policy experience gained in
22 Oklahoma and Arizona and is based upon my knowledge, experience and observations. In
23 my experience and observation, regulatory considerations have generally been concerns
24 held by public utility regulators concerning the intended or unintended consequences of
25 their actions and have included consideration of such things as impact on ratepayers,
26 utilities and communities from a health, safety and financial perspective. Additional

1 regulatory considerations have included regulatory clarity, regulatory intent, regulatory
2 error or mistake.

3
4 **Q. Mr. Johnson, are regulatory considerations different from public interest policy**
5 **considerations?**

6 A. Regulatory considerations and Public Interest Policy considerations are generally similar,
7 but may not be identical and may vary in different circumstances. While both focus on
8 achieving the essential regulatory function of protecting and promoting the public interest,
9 regulatory considerations may be more limited in application or impact. Generally, public
10 interest policy considerations reflect a broader perspective and would generally have a
11 broader application or impact.

12
13 **Q. Do regulatory considerations and public interest considerations share a similar**
14 **purpose or focus?**

15 A. Yes, as I previously stated, protecting and promoting the public interest is the key
16 consideration from both the regulatory and public interest policy perspective.

17
18 **Q. Can both regulatory considerations and public interest policy considerations be**
19 **present in the same proceeding?**

20 A. Yes, an example would be the instant case, where I believe there are both Regulatory and
21 Public Interest Policy considerations. The Applicant has alleged regulatory error¹¹ and
22 expense of transferring customers¹² in support of its requested relief. Additionally, the
23 Applicant has requested that the ACC remedy the alleged error or mistake consistent with
24 the public interest¹³. In my view, the Applicant has raised both Regulatory and Public
25 Interest Considerations. Public interest policy considerations would support correcting

¹¹ Id. at p.6, lines 18-22

¹² Id. at p.8, lines 13-15

¹³ Id. at p.5, lines 23-24

1 regulatory error or mistake consistent with the ACC's general duty to protect and promote
2 the public interest. Regulatory considerations such as health and safety, rate impact,
3 additional customer costs and duplication of facilities should also be considered as the
4 Commission seeks to balance the various competing interests in order to render a decision
5 consistent with the broad public interest. Additional considerations such as public
6 confidence in and reliance upon ACC Decisions, regulatory clarity and regulatory intent
7 would present both public interest policy and regulatory considerations. The ACC's
8 consideration and determination of these issues will impact the parties to this proceeding
9 and likely impact the broader public interest, to the extent that the decision rendered in the
10 instant matter signals probable or similar treatment by the Commission in future
11 proceedings.

12
13 **Q. Are regulatory considerations helpful to the regulator when dealing with public**
14 **interest policy issues such as those presented by this case?**

15 A. Yes, as I stated previously, the essential regulatory function and paramount public interest
16 policy consideration is to protect and promote the public interest. Regulatory
17 considerations are part of the public interest analysis and generally focus on the effect of
18 the public interest policy decision or outcome. In my view, assessing and addressing
19 regulatory considerations can assist the Commission to comprehensively and holistically
20 evaluate all matters affecting the public interest.

21
22 **Q. In your opinion, can consideration of the regulatory issues that you have identified**
23 **assist the ACC in determining the public interest issues raised by the applicant?**

24 A. Yes, In this case, the primary public interest policy question is whether the ACC should
25 correct regulatory error consistent with the public interest. In analyzing that question, the
26 ACC should ascertain, assess and evaluate regulatory considerations that give rise to or
27 make up the broad public interest and which are necessarily implicated by the public

1 interest policy question. ACC assessment and holistic consideration of health and safety,
2 rates and charges, duplicative infrastructure and additional costs are appropriate
3 considerations in promoting and protecting the public interest and deciding the primary
4 public interest policy question. Ultimately, determination of what is in the broad public
5 interest will require that the ACC consider, evaluate and balance the competing regulatory
6 considerations and interests present in this case.

7
8 **Q. In your opinion should the ACC consider the regulatory considerations that you**
9 **have identified as it seeks to address the public interest issues present in this**
10 **proceeding?**

11 A. Yes, Absolutely, Commission consideration and holistic assessment of those matters
12 affecting and impacting the public interest is a fundamental regulatory requirement. The
13 regulatory considerations that I have identified are core issues that should be assessed in
14 examining and determining the broad public interest. Good Regulation is accomplished
15 consistent with the broad public interest and for the benefit of the affected public.
16 Therefore, rates and charges, health and safety, duplicative infrastructure and possible
17 increased consumer costs should be part of the regulatory assessment in determining the
18 public interest.

19
20 **Q. Mr. Johnson, when should a utility regulatory commission consider regulatory**
21 **considerations such as those that you previously identified?**

22 A. In my experience, the regulatory considerations that I have identified would be relevant
23 and appropriately considered anytime a utility regulatory body is examining issues
24 affecting, impacting or implicating the broad public interest.

1 **Q. Based upon your experience and observation, would regulatory intent be a**
2 **regulatory consideration?**

3 A. Yes, as I stated earlier, regulatory intent can be both a regulatory consideration and a
4 policy consideration based primarily upon its limited or broad application to a particular
5 issue or set of facts. In my experience as a regulator, understanding the intention of the
6 regulatory authority was critical in determining whether the regulatory outcome was
7 consistent with the public interest. In this case, a review of record suggests that the ACC
8 intended to issue a CC&N based upon the representation that there was a need for service
9 in the identified area, proper notice had been provided to affected interests in the area and
10 upon the representation that there was no existing service. If any of these representations
11 were not factual, then in my opinion the intention of the ACC as expressed in Decision
12 No. 33424 was not accomplished¹⁴. As a result, the public interest was not promoted or
13 protected, either as a matter of policy or as a regulatory consideration.
14

15 **Q. Based upon your experience and observation, would regulatory error be a regulatory**
16 **consideration?**

17 A. Yes, similar to regulatory intent, regulatory error raises both regulatory and public interest
18 considerations based primarily upon their application to a given issue or set of facts. In
19 this case, the Applicant has asserted that regulatory error occurred because of a lack of
20 notice to the City. Although the notice complained of would be specific to this
21 proceeding, the treatment of the issue by the ACC could have broad public interest
22 implications.

¹⁴ Decision 33424

1 **Q. Based upon your experience and observation, would regulatory mistake be a**
2 **regulatory consideration?**

3 A. Yes, regulatory mistake also raises both regulatory and public interest considerations
4 based upon their application to a given issue or set of facts. In the instant case, regulatory
5 mistake may have occurred if the ACC's intended outcome wasn't the actual outcome.
6 Although the regulatory mistake complained of may be specific to this proceeding, the
7 remedy or treatment fashioned by the ACC may have broader public interest
8 considerations.

9
10 **Q. How is regulatory intent, error or mistake relevant to this proceeding?**

11 A. Regulatory intent, error and mistake are relevant in determining and ascertaining whether
12 the public interest has been appropriately served. As I stated earlier, the essential function
13 of regulation from a policy perspective, is to protect and promote the broad public interest.
14 Regulatory error or mistake could thwart regulatory intent and thereby hinder the
15 regulators ability to protect or promote the public interest. In this case, the Applicant has
16 alleged that Decision No. 33424 was issued in error based upon incomplete or incorrect
17 information and that the error or mistake should be corrected consistent with the public
18 interest. From my perspective, part of the regulatory consideration in this case, is whether
19 regulatory error or mistake has occurred and whether the public interest has been
20 adversely impacted. The ultimate question from either a regulatory or policy perspective,
21 is what will be the regulatory response upon a finding of regulatory error.

22
23 **Q. In your opinion, would regulatory intent, error or mistake be relevant regulatory**
24 **considerations in this case?**

25 A. Yes, utility regulators have a fundamental responsibility to protect and promote the public
26 interest. Ensuring the correctness of regulatory decisions is consistent with that
27 fundamental regulatory purpose.

1 **Q. Would customer impact be a regulatory consideration?**

2 A. Yes, regulators would be very concerned about the impact that a regulatory decision
3 would have on ratepayers.

4
5 **Q. Would impact to the City of Globe be a regulatory consideration?**

6 A. Yes, Understanding, assessing and evaluating the impact of regulatory decisions upon the
7 City of Globe would be a normal regulatory consideration.

8
9 **Q. Would duplication of facilities be a regulatory consideration?**

10 A. Yes, duplicative infrastructure would concern regulators primarily because of potential
11 increased and possibly unnecessary costs that might be borne by end-users.

12
13 **Q. Would increased customer rates and charges be a regulatory consideration?**

14 A. Yes, impact to customer rates and charges is a very high regulatory consideration and
15 understanding the impact to customers is a fundamental regulatory consideration and
16 responsibility.

17
18 **Q. Would customer confusion be a regulatory consideration?**

19 A. Yes, It is extremely important that utility customers have a clear understanding concerning
20 the financial, health and safety factors that impact both utility costs and services. In the
21 instant case, I believe that the ACC must carefully consider the potential for customer
22 confusion, which could result from a change in utility service providers. In my regulatory
23 experience, customer confusion generally leads to customer dissatisfaction, customer
24 anger and subsequently to customer complaints to and about their utility service provider.
25 In my former capacity as Utilities Director, I received numerous calls from ratepayers
26 expressing both concern and confusion regarding rates, terms and conditions of service. In
27 my experience, many customer complaints to utility regulators result from customer

1 confusion and are avoidable. I would recommend that the ACC seriously assess whether
2 the possibility for customer confusion would be in the public interest.

3
4 **Q. Would impact to AWC be a regulatory consideration?**

5 A. Yes, Utility Regulators seek to balance competing interests, including the impact or
6 outcome of a regulatory decision upon an affected interest, such as Arizona Water
7 Company.

8
9 **VIII. REGULATORY POLICY ANALYSIS**

10 **Q. Mr. Johnson, you previously identified some of the regulatory concerns that you**
11 **believe are present in this case, correct?**

12 A. Yes, I believe that customer rates and charges, duplicative infrastructure and additional
13 costs are appropriate regulatory considerations that need to be evaluated, considered and
14 assessed as the ACC addresses the public interest issues raised in this proceeding. In my
15 regulatory experience, these issues are fundamental regulatory considerations and are
16 routinely considered and evaluated by utility regulators when considering issues affecting,
17 impacting or implicating the broad public interest. Additional regulatory considerations
18 would include regulatory intent, error or mistake as each of these considerations could
19 impede the Commissions ability to promote and protect the public interest.

20
21 **Q. Mr. Johnson is it your opinion that protecting and promoting the broad public**
22 **interest necessitates consideration of the regulatory considerations that you've**
23 **identified.**

24 A. Yes, that is my opinion and is based upon my experience and observation, having served
25 as Utilities Director for over fifteen years in Arizona and Oklahoma.

26

1 **Q. As a former regulator, have you been involved in utility regulatory proceedings in**
2 **Arizona or Oklahoma where the regulatory concerns that you just identified were**
3 **under consideration by either Commission?**

4 A. Yes, in my experience as Utilities Director in both Arizona and Oklahoma I was routinely
5 involved in individual proceedings (including CC&N), rate cases, rulemakings and
6 general utility regulatory proceedings where one or several of the regulatory
7 considerations that I previously identified were part of the overall regulatory assessment
8 by the Commissions, as they considered and evaluated issues impacting the broad public
9 interest.

10
11 **Q. What was the approach you took as Utilities Director in assessing or analyzing**
12 **regulatory considerations such as the ones that you previously identified?**

13 A. As a regulator, my analysis or approach routinely began with identifying, determining and
14 assessing the public interest issues present in and associated with a particular matter or
15 proceeding. It involved assessing and evaluating things such as customer impact or harm,
16 understanding and evaluating the applicable facts, applying regulatory policy principles
17 and consideration of relevant background or specific history relied upon in support or
18 opposition to issues present in the case. My ultimate recommendation would reflect my
19 efforts to balance the various facts, arguments and policies consistent with the broad
20 public interest.

21
22 **Q. In your experience and observation, is the analytical approach that you outlined a**
23 **generally used approach in utility regulatory proceedings when reviewing, assessing**
24 **and reaching ultimate conclusions regarding regulatory considerations like the one's**
25 **that you previously identified?**

26 A. Yes, the approach that I outlined is the approach that I utilized as a regulator and in my
27 experience and observation is generally utilized when addressing regulatory

1 considerations, such as those that I have identified. I believe that this approach assists the
2 regulator in fulfilling the fundamental regulatory goal of regulating for the benefit of the
3 affected public. Additionally, under this regulatory analytical approach, the primary
4 regulatory focus remains the public interest.

5
6 **Q. Do you believe that the regulatory considerations that you have identified are present**
7 **in this proceeding?**

8 A. Yes, I do. In my review of the Application filed by the City of Globe, I found that the
9 regulatory considerations that I've identified are raised and discussed within the
10 Application and are at issue in this case.

11
12 **Q. Which regulatory considerations did you specifically analyze for purposes of your**
13 **testimony?**

14 A. I specifically address the regulatory considerations associated with regulatory intent, error
15 or mistake.

16
17 **Q. Why are you addressing regulatory intent, error or mistake?**

18 A. From a policy perspective, regulatory intent, error or mistake implicate the broad public
19 interest and are critical considerations in determining whether the regulatory outcome
20 expressed thru Decision No. 33424 was and remains consistent with the broad public
21 interest.

22
23 **Q. Please describe your experience as a regulator dealing with regulatory intent.**

24 A. During the fifteen years that I served as Utilities Director, my daily responsibilities
25 included working to insure that Staff recommendations were factually accurate and based
26 on sound regulatory policy principles. The reason was fairly basic; the Commissioners
27 relied upon Staff to provide credible, factually accurate and sound policy

1 recommendations for its consideration. As part of its duties, staff would be concerned
2 about insuring that clear and proper notice was provided to customers and other affected
3 interests in matters pending before the Commission. However, the Applicant had the
4 ultimate responsibility to insure that all affected interests were provided accurate and
5 timely notice of matters that impacted or could affect their interests. Oftentimes, the
6 Commission or Administrative Law Judge would prescribe the Notice to be given by the
7 Applicant to affected interests and the Applicant was charged with complying with the
8 Commission directive concerning Notice. In my experience and observation, Notice was
9 the initial step in establishing regulatory intent because subsequent Commission action
10 was premised upon the understanding that affected interests had been provided Notice of
11 and afforded a reasonable opportunity to participate in the pending matter. Generally, if
12 the Applicant represented to the Commission that proper Notice was provided to affected
13 interests and no opposition or contrary information was forthcoming, then the
14 Commission oftentimes granted the requested relief based upon the representations of the
15 Applicant, similar to what occurred in this case. In matters involving the issuance,
16 extension or modification of a CC&N, proper Notice to affected interests, lack of
17 opposition to the requested relief and the representations of the Applicant, would all be
18 factors considered and utilized by the Commission in determining whether the requested
19 relief was consistent with the broad public interest. If any of these representations were
20 found not to be factual, particularly deficiencies in the required Notice, the public interest
21 findings by the Commission would be based upon an inaccurate assumption or conclusion
22 and could lead to flawed conclusions regarding the public interest. If this were the case,
23 the Commissions intent regarding the public interest would not and could not be
24 accomplished. This outcome would be a very significant shortcoming from a regulatory
25 perspective and would necessitate correction.

26
27 **Q. Mr. Johnson could you please elaborate upon your prior statement.**

1 A. Yes, in my review of Decision No. 33424 the Commission stated that its decision and
2 actions were based upon oral and documentary testimony, agency files and records.¹⁵ The
3 Commission thereafter concluded that the request of Arizona Water Company did not
4 conflict with any other person or corporation furnishing a service of a like character in the
5 additional area sought to be certificated.¹⁶ If the oral or documentary testimony, agency
6 files and records that formed the Commission's findings (particularly regarding the public
7 interest), were inaccurate, then the intent of the Commission would not be fully
8 accomplished because the ACC clearly relied upon oral testimony and documentation
9 representing that there was no present conflict with any other person or corporation¹⁷. As a
10 former utility regulator cognizant of public interest considerations, I personally know the
11 value, importance and reliance that regulators place upon public interest considerations,
12 such as the Notice given to affected interests. I also know how hard Staff works to
13 implement the intent of the Commission. The Commission's ability to rely upon the
14 accuracy of the representations of the Applicant regarding the provision of timely and
15 accurate notice is a crucial factor in fulfilling regulatory intent and promoting and
16 protecting the public interest. From a public interest perspective, I believe regulatory
17 intent was not realized and couldn't be realized unless proper Notice had been provided,
18 which does not appear to be the case. I believe that the Application filed by the City of
19 Globe provides the ACC with an opportunity to finally effectuate its true intent consistent
20 with the broad public interest.

21 **Q. Please describe your experience as a regulator dealing with regulatory error.**

22 A. During my career as a utility regulator, I occasionally became aware of or was involved in
23 matters involving regulatory error. Regulatory error generally involved some action by
24 the regulator that was subsequently determined to be inaccurate, contain some inaccuracy
25 or was premised upon some inaccuracy. I generally recall that some of the issues involved

¹⁵ Decision 33424

¹⁶ Id.

¹⁷ Petition to Amend, p.2, line 23

1 typos, incorrect attachments or some other relatively minor issue, which necessitated
2 correction. Sometimes, it was necessary to correct a schedule in the context of a rate case
3 or verbiage in the context of a rulemaking proceeding. I do recall the importance that the
4 Commission and Staff placed upon immediately correcting any error found to exist. Part
5 of the regulatory concern was that rights and responsibilities could be impacted by the
6 error and that business or personal decisions could be impacted by the error. Particular
7 importance was placed on immediately correcting any error involving health and safety
8 related issues. The alleged regulatory error in this case would appear to involve the issue
9 of Notice, which I believe is a very significant public interest issue. As I reviewed the
10 Application, the Applicant contends that it did not receive any Notice of the proceeding to
11 extend or modify. Notice to the affected public was part of the ACC's consideration in
12 determining that the public interest was served by granting the CC&N extension requested
13 by Arizona Water Company¹⁸. In my experience and observation, this contention if
14 found to be true would be viewed quite seriously from a Staff perspective and I believe
15 from a Commission perspective as well, because Notice is a fundamental concern by
16 utility regulators seeking to ascertain the public interest. The Applicant has asserted that
17 the public interest supports modification of Decision No. 33424 based upon an error in
18 Notice and the ACC's reliance upon that error in rendering its decision.¹⁹ As a former
19 regulator, I would recommend to the Commission that serious consideration be given to
20 correcting any regulatory error found to exist, regardless of when it is found, if and when
21 the Commission determines that doing so, is consistent with the regulators duty and
22 responsibility to promote and protect the broad public interest.

23
24 **Q. Please describe your experience as a regulator dealing with regulatory mistake.**

25 **A.** Similar to regulatory error, regulatory mistake in my experience and observation involved
26 some regulatory action that was ultimately determined to be incorrect. Regulatory mistake

¹⁸ Decision 33424

¹⁹ Petition to Amend, p.6, 18-22

1 could involve some inadvertent action or oversight by the regulatory authority that was
2 discovered subsequent to the regulatory action, such as the failure to include a rate
3 schedule. The regulatory concern would be essentially the same as in cases of regulatory
4 error and would necessitate correction when the regulatory authority determined that
5 correction was necessary and consistent with the public interest. In the present case, if
6 regulatory mistake were determined to exist, I would urge the ACC to correct the mistake
7 consistent with the public interest. As a former regulator, I cannot recall a single instance
8 where regulatory error or mistake was ever determined to be consistent with the public
9 interest. In my experience and observation as a regulator, utility regulatory authorities
10 have been very diligent in addressing issues of regulatory mistake or error because of the
11 public reliance and confidence in regulatory actions or decisions. In my view, it would be
12 extremely difficult for utility regulators to protect and promote the broad public interest
13 and simultaneously fail to address or correct regulatory error or regulatory mistake when
14 doing so would be consistent with the same broad public interest.

15
16 **Q. Please summarize your conclusions regarding how the public interest is affected by**
17 **regulatory intent, regulatory error or regulatory mistake.**

18 **A.** The public interest is broad in its scope, significant in its impact and can encompass a
19 multitude of affected interests. Determining the public interest concerning a given matter
20 can be a fairly complicated regulatory undertaking. Once determined, assessing the public
21 interest boils down to a fundamental question, Does the contemplated regulatory action or
22 decision advance, promote or protect the public interest consistent with the primary
23 regulatory function. In this proceeding, there is clearly a significant issue regarding the
24 lack of Notice to the City of Globe and whether the ACC's intended action was indeed
25 accomplished or even could have been accomplished due to the apparently inaccurate
26 representations regarding Notice and the ACC's clear reliance upon those inaccurate
27 representations. In my opinion and regulatory experience, regulatory error or regulatory

1 mistake can significantly affect the utility regulators ability to fully effectuate its intent. In
2 my experience and observation, the ACC has spoken through its writings, whether
3 identified as Orders or Decisions and its intent has been derived from its writings.
4 Unfortunately, in this case regulatory intent has been clearly thwarted. The ACC's action
5 and intent was clearly premised upon advancing, protecting or promoting the public
6 interest as indicated in Decision No. 33424²⁰. However, the nagging regulatory question
7 is, *'how was the public interest advanced, protected or promoted based upon an*
8 *inaccurate representation.'* In my opinion, from a policy perspective and based upon the
9 facts presented in this case, the public interest was not and could not be advanced,
10 promoted or protected due to the inaccurate representations regarding Notice, particularly,
11 the lack of notice to the City of Globe. As a policy matter, regulation is for the benefit of
12 the affected public and regulatory actions should work for the benefit of the affected
13 public and not to its detriment.

14 **IX. REGULATORY POLICY RESPONSE**

15 **Q. Mr. Johnson, based upon your experience and observations having served as Utilities**
16 **Director for over fifteen years in two regulatory jurisdictions, would you have any**
17 **comments regarding the regulatory policy response that you would recommend to**
18 **the Commission in this proceeding?**

19 **A.** Yes, I would recommend that the Commission consider, evaluate and decide the issues
20 raised in this proceeding consistent with the broad public interest and common good.
21 Simply put, in my opinion, the ACC would be advancing, protecting and promoting the
22 broad public interest by granting the relief request by the Applicant.

23
24 As I previously stated, the essential regulatory purpose or function is to promote and
25 protect the broad public interest and to regulate for the benefit of those impacted by the
26 regulation. In this proceeding, for the reasons that I previously discussed, I believe the

²⁰ Decision 33424

1 appropriate regulatory policy response would be to correct regulatory error or mistake as
2 requested by the Applicant and consistent with the public interest.

3
4 **Q. Mr. Johnson, from a regulatory policy perspective and in your opinion, would the**
5 **correction of a regulatory error or mistake be an appropriate regulatory response?**

6 **A.** Yes. In my opinion, experience and based upon my review of the facts in this case, I do
7 believe that sound utility regulatory policy supports effectuating regulatory intent and
8 correcting the regulatory error or mistake presented in this case. In the instant matter, I
9 believe correcting regulatory error or mistake would be consistent with the Commission's
10 duty and responsibility to regulate in the public interest. During my career as a utility
11 regulator, I found that public trust and confidence in the Commission's actions and
12 decisions was and remains a crucial component in advancing, promoting and protecting
13 the public interest. I believe that the affected public and the regulated community each
14 expect that the Commission will passionately pursue the public interest and ultimately
15 make the right policy call after consideration and assessment of the various factors
16 implicating public interest considerations. Notice of regulatory proceedings is a
17 significant and crucial regulatory consideration, and I believe is relevant in assessing
18 whether the public interest has been promoted or protected and whether regulatory intent
19 has been effectuated. In my regulatory experience developing, recommending and
20 implementing utility regulatory policy, I don't recall a single instance where deficient or
21 defective notice of a pending agency action was ever considered as being in the public
22 interest nor consistent with good regulatory policy. Regulators must take all reasonable
23 steps to insure that the opportunity to effectively participate in regulatory proceedings is
24 protected. Notice is the first step in ensuring a reasonable opportunity for public
25 participation in utility regulatory proceeding and must be protected consistent with the
26 broad public interest. Unfortunately, it appears that the City of Globe was foreclosed from
27 participating in the proceeding giving rise to Decision 33424 due to a lack of Notice. For

1 the reasons previously stated, I believe this result is inconsistent with good regulatory
2 policy and the broad public interest.

3
4 **X. CONCLUSION**

5 **Q. Mr. Johnson, do you have any final thoughts concerning the issues raised in this**
6 **proceeding?**

7 A. Yes, as a policy matter, "getting it right" is not only in the public interest, but in my
8 opinion, is the public interest. The essential regulatory function is to promote and protect
9 the broad public interest. Regulation is premised upon a public need and exists for the
10 benefit and protection of those impacted or affected by regulatory outcomes. The
11 regulatory assessment of the public interest is not a static consideration; it requires
12 continual vigilance on the part of the regulator. In this case, the public interest has never
13 truly been satisfied because of the lack of Notice to the City of Globe. Regulatory
14 vigilance, good public policy and the public interest require that the Commission correct
15 the regulatory error present in this case.

16
17 **Q. Does that conclude your testimony?**

18 A. Yes, it does.