

ORIGINAL



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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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| <p>IN THE MATTER OF THE FORMAL<br/>COMPLAINT OF "AMY" AMANDA<br/>MCINTEER-SIMPSON AGAINST<br/>JOHNSON UTILITIES, LLC</p> | <p>Docket No. WS-02987A-16-0275<br/><br/>RESPONSE TO JOHNSON<br/>UTILITIES</p> |
|--|--|

PAGE 2 LINES 16 THROUGH 24 OF RESPONSE TO FORMAL COMPLAINT

Johnson Utilities claims, as they have in the past as well, that other than vandalism, the reason they shut down the standpipe was because they became aware that an unregulated water company was taking advantage of a construction water standpipe to dispense water for potable purposes both within and without Johnson Utilitie CC&N, this water hauler they named as being Nick Meyers, owner of Meyers Water Holding LLC dba San Tan Water Company.

RESPONSE

QUEEN CREEK INDEPENDENT APRIL 1ST, 2014

"After the touch-screen meter to a water standpipe was vandalized last week in San Tan Valley, two water companies worked together to provide emergency service to local residents"

"On March 22 (2014) Mr Meyers made an agreement with the standpipes owner, San Tan Valley based Johnson Utilities, to obtain water at a flat rate and deliver it to customers who could not access their accounts and needed water before the screen was repaired" which later goes on to state this was done so by having a Johnson Utilities employee meet Mr Meyers at the standpipe to manually fill his 2000 gallon hauling tank.

So clearly Johnson Utilities at least as of March 22, 2014 was fully aware that Nick Meyers was delivering water to customers obtained from the Edwards standpipe. Their statement in the 2015 staff inquiry that they had just learned of Mr Meyers obtaining and delivering water from the standpipe is a false statement.

See screenshots of article marked as "A"

PAGE 2 LINES 3-4, PAGE 3 LINES 2-5, 12-13, PAGE 4 LINES 5-9, PAGE 5 LINES 4-7 OF  
RESPONSE TO FORMAL COMPLAINT

JU claims numerous times that it does not nor has it ever had a tariff for a potable water standpipe and the original tariff was only for construction water. Yet, on Page 5 line 27-28 through Page 6 Line 1, JU states that JU has also ensured water hauling service throughout its CC&N by allowing haulers who establish an account, provide insurance and abide by other commercially reasonable terms to obtain water from a metered standpipe at a JU plant within the CC&N”

RESPONSE

Multiple times in the past as well in their response quoted above, JU claims they do not have a potable water standpipe nor have they ever. So I question then, where is Roadrunner Transit getting their water from if not from a potable water standpipe?

In regards to JU allowing haulers who establish an account to obtain water from a metered standpipe at a JU plant, this assertion is misleading as it is not feasible for a non commercial water hauler to meet these requirements set by the company, Requirements that are not even required by commercial water haulers in Pinal County. The company has set such requirements that thus far only RT could afford or is able to meet.

PAGE 4 LINES 12-14 OF RESPONSE TO FORMAL COMPLAINT

JU states that the standpipe docket was not challenged by myself nor any other former user of the standpipe despite their awareness of the docket.

RESPONSE

Please understand that the bullying antics of this utility company are and have always been an issue.

Myself and other standpipe users were made very aware that if we fought the closure of Docket # WS-02987A-15-0284 that the company would back out on their agreement to install water main lines.

In addition to that, staff did not close the standpipe docket because they found that JU had the legal right to shut it down, staff did not close the standpipe docket because they believed that the Florence or Apache Junction standpipes were a permanent solution.

Staff had alleged that Johnson terminated its standpipe operation in violation of A.A.C. R14-2-402 and recommended that Johnson be ordered to restore standpipe service. The Commission ordered the Hearing Division to conduct a hearing to address whether Johnson’s standpipe service was lawfully discontinued. Prior to the hearing, the Company made representations that Johnson intended to extend water distribution mains to the area at issue in the Complaint. **In reliance upon those representations, the Commission administratively closed the standpipe Docket “without prejudice” and granted staffs request to reserve its ability to address any similar issues raised in in this docket that may subsequently rise.**

PAGE 4 LINES 5-8, 21-23, AND VARIOUS OTHER PAGES/LINES OF RESPONSE TO FORMAL COMPLAINT

JU states that “The facts are clear that Johnson Utilities does not have a tariff for potable water standpipe service. To the extent it could be argued that the language in Decision 60223 approving a “construction and standpipe commodity charge” of \$3.75 per thousand gallons established a potable water standpipe service (which it did not), such service was not authorized in the Company’s current tariff” “the company does not have the ability to ensure the safety of the water that is delivered by water haulers or by users themselves. Thus, the company and its customers face the very real risk of liability.

RESPONSE

Why then is JU allowing RT to obtain water from a potable standpipe in which JU does not even have a tariff on. Why are they exempt from the concerns of liability that JU has for other water haulers and users?

PAGE 4 LINES 24-25 OF RESPONSE TO FORMAL COMPLAINT

JU adds concern to my safety concerns when hauling water.

RESPONSE

Yes I expressed my concern for hauling 800 or more gallons of water using a vehicle that is not rated by the manufacturer to haul such heavy loads. I would also like to mention that there is a huge difference in safety when comparing hauling water about 60 or so miles round trip where haulers must attempt to reach and maintain speeds of 45mph or more dealing with drivers on the road who have no idea to the danger of cutting off someone hauling water or getting in front of us and stopping quickly. Most people unless they have hauled water before don't have the slightest clue how much harder it is to bring a vehicle to a stop that has between 7k and 10k pounds of water in tow, plus trailer weight compared to the very minimal safety concerns hauling water less than 2 miles away, not on main roads but on side streets where one can maintain a much slower rate of speed down to 10 mph if they so choose, and anyone driving back in our little community understands water hauling, thus they give us the respect and space we need to maintain safety.

JU states that based on representations by Mr. Nick Meyers that 100% of potential customers would sign up for water service and that there was some type of crisis, JU began to construct additional water mains to serve the Bonanza Highlands area. They also claim that they campaigned through door to door contacts, phone calls, emails, and two community meetings in regards to water line extensions.

RESPONSE:

This is just my personal opinion however I feel I must bring it up. Why, would a company as "successful" as Johnson Utilities make a decision that would cost the company millions, based off of the representations by a customer who had just filed an informal complaint against them? That to me is just a representation of how this company is being ran. As to their "extraordinary community outreach efforts/awareness campaign" in regards to water line extensions at no point did anyone from JU come to our door, call us or email us. Infact I have yet to find anyone in this community that mentioned JU making any such contact with them.

JU also mentions that the ACC does not have the authority to force the company to run water lines to customers without having them sign into a main line extension agreement.

While this would normally be true, the issue here is that the company clearly stated on company letterhead that **THEY WOULD BE COVERING THE COST TO INSTALL THE WATER LINES!** With the company's promise to cover those costs there was really no reason for customers to sign into such agreement. More importantly the company has already installed water lines to numerous customers who they did not have sign mainline extension agreements Damian Davis who recently sold his home on Gary and Daniel Rds informed me that at no point in time did he sign anything, all he did was pay for the meter. See screenshot marked "B"

PAGE 2, LINES 18-20 OF REQUEST TO DISMISS

JU states: "Ms. (however it is Mrs.) McInteer Simpson's residence is not connected to Johnson Utilities distribution system and the Company is not her exclusive water provider."

RESPONSE: I don't think much more needs to be said other than to reiterate **R14-2-402(B)(3)(e) ii : That if the application is granted, the intended applicant will be the exclusive provider of the specific services to the proposed service area or extension area and will be required by the Commission to provide those services under rates and charges and terms and conditions established by the Commission.**

ALSO ON PAGE 2, LINES 20-23

JU claims that I have had continuous access to water through standpipes located in Apache Junction and Florence as well as by water haulers including RT.

RESPONSE

Again this goes back to the obligation of the CC&N holder, who is infact my exclusive provider of the specified service. I nor any resident within Johnson's CC&N should have to drive to neighboring towns or be forced to pay exorbitant water hauling fees in order to provide water for our families. We do so, because we don't have any other choice! We cannot survive without water, it is a necessity of life, therefore, naturally we would go anywhere and do anything we had to do to provide our family, especially our children with water. That doesn't mean that it isn't a major inconvenience for us, it doesn't mean that our lack of accessible potable water situation is not still an emergency situation.

Johnson Utilities absolutely is my exclusive water provider as I am pretty sure I can't call up Town of Queen Creek and have them run water lines to our home. Why? Because they do not hold a CC&N for our property, Johnson Utilities does however!

PAGE 3, LINES 4-10 OF JU MOTION TO DISMISS

JU makes the assumption that I purchased a home in a wildcat subdivision, avoiding paying the cost of constructing water infrastructure that is included in the price of a home that is constructed in a platted subdivision.

RESPONSE

I did not purchase this home, my husband did in 2005, and in my opinion the purchase price doesn't reflect this "savings" the utility company speaks of as his purchase price is no different than a home hooked up to water.. When he purchased this home it had a shared well that produced the water necessary to support the three homes connected to it. When he purchased the home he did so with the comfort of knowing that there was a water standpipe less than two miles away available as a backup water source should it be needed. He was also told that the CC&N holder of the community Johnson Utilities had promised to bring water lines to all of these homes in the near future. Approximately five years ago, it is believed that the company called out to repair the well pump actually dropped the pump almost 100 feet down and he was told they could not retrieve it as they claimed the walls had collapsed in. Since then he had relied on the Edwards standpipe as his only source of potable water. In June 2015 we had heard rumors that the standpipe was going to be shut down so my husband called JU, who assured him the standpipe was not going to be shut down. Then on June 16, 2015 JU posted to their facebook page "JU Guarantees the standpipe will remain open. Our standpipe service will continue to serve JU customers and we further guarantee it will stay open"

This company continues to argue that they never provided potable standpipe service yet they clearly state "our standpipe service will continue to serve JU customers" This is the same service that they

unilaterally shut off in the middle of summer in Arizona in 2015 which has forced myself and every one of their standpipe customers to have to alter their daily lives and/or finances in order to provide their families, their pets and their livestock with vital water.

Bottom line here is this, Johnson Utilities has yet to provide any documentation either written or recorded that states that their promise to extend mainline extensions would only be done with 100% hook-up compliance. I have also yet to see any proof of their claim that they were promised 100% hookups from potential customers. Did Johnson Utilities ever go door to door and speak to each and every homeowner or contact every landowner to get these promises? JU never made contact of such with potential customers and to date the ONLY communication we have received via US ground mail, email or otherwise was the return of our deposit to hook up to JU water along with our deposit refund. I have not nor will I cash this check. You see JU gave a deadline of January 29th, 2016 for future customers to go in and pay a deposit in order to secure financing for the meter and hook up fees. My husband went in on January 25th, 2016 (copy of cashed money order attached) and presented the required \$50.00 money order to lock in our option to finance the meter and hook up fees. Trish assured my husband that nothing else was needed at that time and that once the water lines were in front of our property to call her back so that she could set us up on a payment plan and get us hooked up. According to a RT driver multiple customers called and spoke with Trish asking if they needed to come in and put down deposits or if they needed to do anything and they were all told no, not until the water lines are in front of your property. None of the folks that have hooked up to JU mainline thus far, to my knowledge have signed into a mainline extension agreement.

Another screenshot attached is a letter received by a potential JU customer AFTER water lines had been ran to her home. In this letter JU clearly says "We are sure by now you are anxious to see what your costs will be" In the letter it continues to go on listing prices for meter hook ups only. These folks were never charged for water lines, they were only charged for the meter and hook-up fee's associated. See screenshot marked "C"

The Arizona Corporation Commission is in place to protect customers and to ensure utility companies provide the services in which they are regulated to provide.

It is my opinion, and I say this with all do respect, but the ACC has, thus far, failed to protect the customers of Johnson Utilities. My rural community was cut off from a vital source of life on July 30, 2015. The standpipe docket was closed without prejudice based on the representation that JU would be installing water lines to the area. Staff never followed up to ensure that the company was making good on their promise not only to future customers, but to the ACC as well. A company that has clearly been insubordinate and has flat out refused recommendations, requirements and direct orders from Commissioners and Staff, and has done so without any consequences. This situation should not be where it is today. This community should have all had water lines to their homes six months ago!

As I stated in my formal complaint, the time is now. It is time that Johnson Utilities be held accountable and be forced to follow through with their promises both to customers and the ACC. I remain hopeful that Commissioners and Staff will hold Johnson Utilities to the same standards as other water providers. I trust that they will do as they have been entrusted by voters to do, and that is to protect utility customers and ensure that utility providers are following rules and regulations set forth by the ACC.

**The following, is, in my eyes a very clear piece of evidence that shows myself and others just how dishonest this company truly is. They continue to state that there is no affiliation between Johnson Utilities and Roadrunner transit. I personally responded to Mr Coles response to Nick Meyers Inquiry. I argued the fact that Matt aka Ohio was infact employed by Johnson Utilites but was also handling Roadrunner transit issues as well, because they are infact, vert affiliated.**

**Now as you can see in their JOHNSON UTILITIES' RESPONSE TO SWING FIRST GOLF' S MOTION FOR SANCTIONS AND JOHNSON UTILITIES' REQUEST FOR RULE 11 SANCTIONS**

**that Matt Hipsher aka Ohio DOES INFAC T WORK FOR JOHNSON UTILITIES!**

**THIS SIMPLY PROVES THE LEVEL OF CREDIBILITY BY ANYTHING SAID OR DONE BY THIS COMPANY!**

**You will see in this response that Brad Cole, on page 2 paragraph 2, lines 2 through 5 he writes..**

PLEASE SEE ATTACHED MARKED D1

April 20, 2016

Ms. Jenny Gomez,

Consumer Services Division

Arizona Corporation Commission

1200 West Washington Street

Phoenix, Arizona 85007

RE: Response to Inquiry 2016-130105

Nick Myers Inquiry, 04/14/2016

"He further attempts to make the argument that Roadrunner Transit is affiliated with Johnson Utilities. That can be no farther from the truth. He lies to you when he says "Matt (Ohio) who is employed by JU and is their lead technicin." Matt does not work for Johnson Utilites, Period."

**PLEASE SEE ATTACHED MARKED D2 - PAGE 4 LINES 5 THROUGH 6**

DOCKET no . WS -02987A-16-0017 JOHNSON UTILITIES' RESPONSE TO SWING FIRST GOLF' S MOTION FOR SANCTIONS AND JOHNSON UTILITIES' REQUEST FOR RULE 11 SANCTIONS

"Mr. Aguirre advised Mr. West that he would need to contact Matt Hipsher who is the manager of water and waste water operations for Johnson Utilities . "

SEE

D 1

1

D 2



Select a category...

Home › Business › Standpipe vandalized; Johnson Utilities, San Tan Water Co. to provide service



# Standpipe vandalized; Johnson Utilities, San Tan Water Co. to provide service

Apr 1st, 2014 · by Wendy Miller · Comments: 0



A

After the touch-screen meter to a water standpipe was vandalized last week in San Tan Valley, two water companies worked together to provide emergency service to local residents.

On Thursday, March 20, someone smashed the touch screen that allows customers access to the standpipe to procure potable water at the Edwards pumping station at Magma and Edwards roads, Nick Myers, owner and president of San Tan Water Co., said during a phone interview March 26.

San Tan Water Co. delivers bulk water to customers who live on hauled-water properties in Queen Creek and San Tan Valley, according to its website. A standpipe is an above-ground pipe and faucet from which residents can pump large quantities of water, Mr. Myers said.

Johnson Utilities owns the San Tan Valley standpipe, which is intended for residential use only, according to JU's website. Customers receive a personal identification number with which they can access the standpipe; they pay as they use the water, according to the website.

The closest standpipe is about 30-40 miles away, Mr. Myers estimated.

On March 22, Mr. Myers made an agreement with the standpipe's owner, San Tan Valley-based Johnson Utilities, to obtain the water at a flat rate and deliver it to customers who could not access their account and needed water before the screen was repaired, Mr. M said.



"Understanding the most uraent needs of most of our



AUG 14 AT 9:38 AM

Hey when you guys hooked up to JU water did you guys sign a main line extension agreement or did you just pay for your meter?

AUG 14 AT 12:46 PM



Just payed for the meter. Tim did everything else

AUG 14 AT 3:04 PM

B



968 E. Hunt Highw  
San Tan Valley, AZ 851  
Office: (480) 987-98

October 5, 2015

Dear New Customer:

Johnson Utilities is pleased to inform you that water is now available to your property. Let that sink in for a moment. We have been working expeditiously to make this exciting opportunity available to you.

Your time is valuable and not having to haul water anymore will make this opportunity worth its weight in gold. It also means that you will not have to pay the exorbitant prices to have a commercial water hauler deliver water to your property. Further, the Utility water service comes with a 100-year assured water supply which means that water is physically available for a 100-year period. It also means that the Utility has a legal right to the water and that it has demonstrated that the water supply is uninterrupted for the 100-year period. This all translates into a significant increase in property values.

By now you are anxious to see what it's going to cost you to save time and money over water hauling. In the tables below, examples are presented by meter sizes. Simply determine what size meter you want and review the fees associated with that size meter. These fees must be paid before the water service line is installed to the edge of the street right-of-way.

**Fees and Deposits (3/4-inch Meter)**

|  |                   |
|--|-------------------|
| Service Line and Meter Installation Charge | \$600.00          |
| Off-site Facilities Hook-up Fee            | \$900.00          |
| Establishment Fee                          | \$ 25.00          |
| Deposit (2x the average bill)              | \$ 60.00          |
| <b>Total</b>                               | <b>\$1,585.00</b> |

**Fees and Deposits (1-inch Meter)**

|  |                   |
|--|-------------------|
| Service Line and Meter Installation Charge | \$690.00          |
| Off-site Facilities Hook-up Fee            | \$1,500.00        |
| Establishment Fee                          | \$ 25.00          |
| Deposit (2x the average bill)              | \$ 80.00          |
| <b>Total</b>                               | <b>\$2,295.00</b> |

**Fees and Deposits (1.5-inch Meter)**

|  |                   |
|--|-------------------|
| Service Line and Meter Installation Charge | \$ 935.00         |
| Off-site Facilities Hook-up Fee            | \$3000.00         |
| Establishment Fee                          | \$ 25.00          |
| Deposit (2x the average bill)              | \$ 140.00         |
| <b>Total</b>                               | <b>\$4,100.00</b> |

**Fees and Deposits (2-inch Meter)**

|  |                   |
|--|-------------------|
| Service Line and Meter Installation Charge | \$1,595.00        |
| Off-site Facilities Hook-up Fee            | \$4,800.00        |
| Establishment Fee                          | \$ 25.00          |
| Deposit (2x the average bill)              | \$ 200.00         |
| <b>Total</b>                               | <b>\$6,620.00</b> |

it's readily apparent that most property owners are using something other than Road Runner Transit. Those who do not want water service installed to their homes appear to be using other commercial water haulers or they are hauling water themselves from sources available to them in Apache Junction and Florence.

Myers brags about how good his company was. If his company truly was good, they would still exist today. He is a failed business owner projecting his shortcomings onto Johnson Utilities or its owner. He further attempts to make the argument that Road Runner Transit is affiliated with Johnson Utilities. That can be no farther from the truth. He lies to you when he says "Matt (Ohio) who is employed by JU and is their lead technician." Matt does not work for Johnson Utilities. Period.

Questions from ACC

**1. Please provide a detail status update of work in progress and work completed.**

Johnson Utilities has completed construction on 7 phases installing more than 19,100 linear feet of pipe at a cost of more than \$412,000. The last phase completed occurred within the past two weeks. The response from customers has been poor. Johnson Utilities has just 48 new customers on that 19,100 linear feet of new pipe. Three additional phases with more than 17,000 linear feet of pipe have been designed and approved for installation.

**2. Please provide the ACC with projected dates you will start laying pipes on the main artery (Gary Road)?**

Gary Road is not the main artery for water in this area. Johnson Utilities has already created a loop connecting the northern half of the area with the southern half.

Gary Road has been designed and ADEQ has provided their Approval to Construct. This project will span 1.4 miles and is projected to cost nearly \$300,000. To date, only 5 of the 107 potential property owners have signaled their willingness to sign up for service. This project could not pass the "in use and useful" or "prudent and necessary" tests subjected to utilities in rate case proceedings.

**3. Has anyone paid and not received hook-up/service? Please explain.**

No.

**4. How many consumers in JU CC&N are still without water due to delays in laying these pipes? Please explain.**

In the 7 phases where we have installed the 19,100 linear feet of pipe at a cost of more than \$412,000 dollars, only 48 of the potential 186 properties have signed up for water service. That represents a dismal 26% response rate. Roughly 74% of the properties where we have already installed water mains have not signed up for water service.

In the Bonanza service area, there are more than 700 lots and in the development world, this area is known as a wildcat subdivision. A wildcat subdivision is one where no one comes in and plans development. Rather, over time, owners keep splitting lots until you end up with more than 700 lots and no planned infrastructure.

D1

1 Mr. West stated that he would need more effluent between September 24 and October 1 for over-  
2 seeding the golf course, but he did not discuss the need for additional effluent in August. Mr.  
3 West called Mr. Aguirre later in the month on August 19, 2016, at approximately 8:06 AM to  
4 request additional effluent for the golf course. Mr. Aguirre advised Mr. West that he would need  
5 to contact Matt Hipsher who is the manager of water and wastewater operations for Johnson  
6 Utilities. Mr. West asked Mr. Aguirre if he had Mr. Hipsher's phone number and Mr. West  
7 confirmed that he had the number.

8 Circa August 18 or 19, 2016, Mr. Aguirre had a face-to-face conversation with an  
9 employee of SFG named Francisco who is believed to be in charge of the golf course lake.  
10 Francisco told Mr. Aguirre that SFG's lake was low, and Mr. Aguirre responded that Johnson  
11 Utilities divides the available effluent between SFG and the San Tan Heights HOA. Mr. Aguirre  
12 did not speak with any other employees of SFG regarding the golf course lake.

13 On August 24, 2016, at approximately 10:04 AM, Mr. West left a voice mail message for  
14 Mr. Hipsher stating that he was told to call Mr. Hipsher by Mr. Aguirre, that the golf course lake  
15 was low, and that he needed more effluent. Mr. Hipsher responded to the voice mail by calling  
16 Mr. West and explaining that Johnson Utilities divides the effluent between SFG and the San Tan  
17 Heights HOA. The two also discussed the winter over-seeding dates for the golf course and Mr.  
18 West sent Mr. Hipsher an e-mail with the over-seeding dates and the quantities of effluent  
19 requested for over-seeding.

20 SFG's legal counsel, Craig Marks, contacted counsel undersigned that "it appears that JU  
21 has stopped delivering effluent"<sup>2</sup> in an e-mail sent at 3:02 PM on August 25, 2016. Counsel  
22 undersigned responded to that e-mail three minutes later stating that he was unaware of any  
23 stoppage in the delivery of effluent and that he would forward Mr. Marks' e-mail to Johnson  
24 Utilities for a response. Shortly thereafter, a second e-mail was sent to Mr. Marks by counsel  
25 undersigned at 3:23 PM stating that the Company's management was checking on the status of  
26

27  
28 <sup>2</sup> This allegation has already been shown to be completely false as Johnson Utilities delivered effluent to  
SFG exceeding historical levels during the month of August.

Check Image

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**JOHNSON UTILITIES  
 RE: SHAWN SIMPSON  
 29998 N MEADOW LN  
 QUEEN CREEK AZ 85142**



PRESIDENT/CEO

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| 1    | A           | BOFD        | 1  | 02/18/2016 | 51544326410 | 122105320 | Y         |           |           |             |
| 2    | C           | ENDORSEMENT | 1  | 02/18/2016 | 51544326410 | 124000054 | N         |           | 0         |             |
| 3    | C           | ENDORSEMENT | 2  | 02/19/2016 | 114318478   | 61000146  | N         | 7         | 0         |             |

RESPECTFULLY SUBMITTED THIS DAY,

  
"AMY" AMANDA MCINTEER-SIMPSON

9/13/16  
DATE

Original and 13 copies filed this 13<sup>th</sup> day of September, 2016 with:

Docket Control  
Arizona Corporation Commission  
1200 W Washington  
Phoenix, AZ 85007

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BY  \_\_\_\_\_