



Volume 5 August 2011
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 Queen Creek Arizona 85143
 480-987-9870
 www.johnsonutilities.com

Johnson Utilities Submits Request to Modify Rate Case Decision

On August 25, 2010, the Arizona Corporation Commission ("Commission") issued Decision 71854 which substantially reduced the water and sewer rates of Johnson Utilities ("Company"), retroactive to June 1, 2010. The Company believes there are a number of erroneous findings of fact and conclusions of law in the decision, and that the current authorized rates and charges do not allow the Company to earn a just and reasonable return as legally required by the Arizona Constitution. In fact, Johnson Utilities is now operating at a loss as a result of the rates and charges approved in Decision 71854. While customers should rightly expect that the Company will operate prudently and efficiently in order to keep rates and charges at the lowest reasonable levels, the rates and charges approved in Decision 71854 place the Company in a financial hardship, which is contrary to the best interests of the Company's customers. Therefore, the Company has filed a petition with the Commission to amend Decision 71854 as follows:

- Changing the \$40 per month late fee in the wastewater division tariff to a late fee of 1.5% per month on the unpaid account balance, consistent with the Company's water division tariff. It should be noted that the Company did not propose the \$40 late charge, and its inclusion by the Commission in the final authorized rates and charges was presumably a simple mistake.
- Adding back into rate base \$18,244,755 of wastewater plant which was improperly removed from rate base. The removal of the wastewater plant from rate base was based upon unwarranted, arbitrary and inconsistent adjustments proposed by Commission staff.
- Removing from rate base \$6,931,078 in unexpended test year hook-up fees ("HUFs"). Since issuing Decision 71854, the Commission has reversed its policy regarding the exclusion of unexpected HUFs from rate base, and has excluded unexpended HUFs in another utility rate case. The Company should be treated the same.
- Reinstating the Company's previously authorized hook-up fees for new water and sewer connections. By so doing, new development will pay its proportionate share of the cost of new utility infrastructure, as opposed to requiring existing customers to subsidize the cost of new utility infrastructure to serve new development.
- Establishing a rate of return for the Company based upon its weighted average cost of capital. Because of large reductions to the Company's rate base in Decision 71854, the Company has a negative rate base for its combined water and wastewater divisions. As a result, the Commission established a minimal operating margin as opposed to a rate of return. The Company is legally entitled to a reasonable rate of return.
- Reclassifying \$2,201,386 of wastewater plant erroneously classified as post test-year wastewater plant in the rate case application to test year plant-in-service.
- Including in plant-in-service posttest-year wastewater plant of \$1,021,076 which is necessary to serve the test year-end level of customers.
- Including imputed income tax expense in the Company's revenue requirement if approved in Generic Docket W-00000C-06-0149 where the issue is being considered.

Residential Water and Wastewater Customer with a ¾-Inch Water Meter Rate Summary Based on an Average Usage (6,931 gallons per month)			
	Original Rates	Rates Approved in Decision 71854	Rates Requested in Petition
Water	\$42.59	\$29.81	\$30.86
Sewer	\$38.50	\$32.79	\$39.20
Total	\$81.09	\$62.60	\$70.06

The amendments to Decision 71854 described above are necessary to ensure the continued financial viability of the Company. Johnson Utilities' other option is to file another rate case based on a newer test year from 2010. This would cause much higher rates than what was requested for it the petition due to financial circumstances related to the down turn of the economy. Other similar companies (See Arizona American- Anthem and Santa Cruz Water/Palo Verde on page 2) have filed rate cases with more recent test years and have been awarded rates in excess of \$100 a month for water and sewer service combined. If approved, the rates in the petition will avoid the need to immediately file a new case.

If you have questions regarding the Company's petition, please contact us at 480-987-9870 or via the Internet at customerservice@johnsonutilities.com.



Water Conservation Tips

- Monitor your water bill for unusually high use. Your bill and water meter are tools that can help you discover leaks.
- Collect the water you use for rinsing fruits and vegetables, then reuse it to water houseplants.
- Grab a wrench and fix that leaky faucet. It's simple, inexpensive, and you can save 140 gallons a week.
- Remember to check your sprinkler system valves periodically for leaks and keep the sprinkler heads in good shape.
- Consult with your local nursery for information on plant selection and placement for optimum outdoor water savings.
- Use a hose nozzle or turn off the water while you wash your car. You'll save up to 100 gallons every time.

Johnson Utilities is often questioned as to how our rates compare to other providers. The following is a list of Johnson Utility rates compared with other water & sewer providers in the state. As you can see below, our **combined** water and sewer rates requested in the petition are below the state average. We pride ourselves in keeping our rates low for customers.

Water- Typical Bill with a 3/4" Meter and 7,500 gallons of usage Monthly

Apache Junction Water Utilities CFD	\$57.87
Diversified Water Utilities Inc.	\$54.88
Arizona American Water - Anthem (Approved 2013 rate)	\$53.61
AZ Water Company- Rim Rock	\$52.23
Red Rock/Pichaco Sewer Company	\$44.88
Santa Cruz Water Company/ Palo Verde (ACC approved 8/31/10)	\$44.81

Johnson Utilities Rates Prior to Rate Case **\$44.00**

Florence (Outside Municipality)	\$38.29
AZ Water Company- Apache Junction	\$37.20

Average Arizona Corporation Commission Regulated Rate (*2010 WIFA) **\$36.30**

Johnson Utilities Rate Petition **\$32.08**

Queen Creek	\$29.84
Florence (Inside Municipality)	\$29.65

Sewer- Typical Bill with 7,500 gallons of usage Monthly

Arizona American - Anthem	\$77.29
Santa Cruz Water Company/ Palo Verde (Approved 8/31/2010)	\$62.91
Gold Canyon Sewer Company	\$60.55
Black Mountain Sewer Corp.	\$45.64
Saddlebrooke Utility Company	\$39.30

Johnson Utilities Rate Petition **\$39.20**

Johnson Utilities Rates Prior to Rate Case **\$38.50**

Average Arizona Corporation Commission Regulated Rate (*2010 WIFA) **\$37.64**

Superstition Mountains Comm. FD No. 1	\$35.80
Florence (Outside Municipality)	\$35.21
Queen Creek	\$30.23
Florence (Inside Municipality)	\$29.60

Summary of Combined Water and Sewer Rates:

Johnson Utilities Rates Prior to Rate Case-	\$44.00 + \$38.50 = \$82.50
Average Arizona ACC Regulated Rates (*2010 WIFA)-	\$36.30 + \$37.64 = \$73.94
Johnson Utilities Rates Petition-	\$32.08 + \$39.20 = \$71.28

Note: Sources of data were secured from:

**Water Infrastructure Finance Authority of Arizona - 2010, Water & Sewer companies web sites, Arizona Corporation Commission*



Our children Our Community Our Future

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To the Editor and Residents:

My team and I have reviewed the Curis plans. We've asked the hard questions surrounding the proposed mine. After thorough deliberation and study, I felt the need to speak out and publicly express my strong opposition to the Florence Copper Project.

As you may know, for the past several months Curis Resources Ltd. has been lobbying the Town Staff, Florence residents, the Town Council and the Planning and Zoning Commissioners, urging them to change the Town's General Plan by creating an Overlay and changing the land use designations, and utilizing a fancy rezoning (Planned Unit Development or P.U.D.) on a portion of the Merrill Ranch Master Planned Community. These changes will allow an "In-Situ" copper mine to operate right in the middle of the Town of Florence.

I have locally owned and operated Johnson Utilities for the past 14 years. With my team of water experts and skilled personnel, we have worked hard to gain your trust by upholding our mission to provide quality water to our valued customers. It has always been and will continue to be our goal to meet and exceed any standards set in place to ensure quality and safety for all our residents.

The extraction process for removing the copper would be the utilization

of the highly controversial "In-Situ Mining", which includes injecting acidic and caustic chemicals such as sulfuric acid into the earth in order to recover the copper. As part of the In-Situ process, Curis would literally drill a system of wells through a drinking water aquifer into the ore body, where sulfuric acid would then be pumped underground to reach the copper.

The proposed mine would be located within 1 1/2 miles of existing homes and within less than 1/2 mile of future planned residential homes. As your local water provider, I cannot in good conscience promise or guarantee that the current water table won't be compromised or contaminated at some point in time during the operation of this project. The fact of the matter is, the environmental and economic risks are still significantly unknown. I urge the Town Staff, the Planning and Zoning Commissioners, our elected officials, and Florence residents to please refrain from supporting a project that cannot guarantee a sustainable, safe and potable water source for generations to come.

I can summarize it simply.

1. No one can be 100% sure where the sulfuric acid solution will go once underground or truly even control it. Once it is a problem, then we will all know it.

2. Who will be left to clean-up the Curis mess – Us!
3. There's been approximately 2000 exploratory holes drilled on location, which could be a source of contamination.
4. No one can be 100% sure the water will not be contaminated. It's a risk I do not want to take.
5. The long term impact from the Curis mine could require the abandonment of existing drinking wells and the need to develop new drinking wells in areas that may have poorer water quality, increasing costs for everyone.
6. The Curis mine is clearly not compatible with the area and the existing Merrill Ranch Master-planned Community.
7. Over the long term, the planned and approved residential and commercial development on the Curis property will far exceed any "short-term" economic benefit that could be generated by the proposed Curis "In-Situ" mining operation. Check it out for yourself.

As a resident of Florence and the surrounding area, please ask yourself if it's worth it to risk our future for a short term proposition.

I say it is

NOT WORTH THE RISK!

Sincerely,
George Johnson, President
Johnson Utilities

**For more information
PLEASE VISIT**

www.protectourwaterourfuture.com





Our Children Our Community Our Future

Arizona Pinal Taxpayer's Association

We have been very involved with the implementation of the Villages in San Tan Valley. We are bringing together individuals, businesses and community groups who share common interests. Our objectives are:

- Represent and advocate shared community values and standards
- Inform residents in a timely manner of important issues
- Collect and report factual data about neighborhood interests
- Create a clearinghouse for everyone's opinions - issues are publicized and openly discussed
- Communicate commonly held positions to government agencies
- Facilitate citizen involvement

We are working now to:

- Create a data base of resident email addresses to develop a communications system
- Implement notifications regarding topics of common interest, i.e. youth activities, governmental topics and roads and highways issues

Your participation is invited. Please visit our website for more information – www.azpcta.org



Johnson Community Library BLOOD DRIVE a success!

The Johnson Community Library hosted a Red Cross blood drive July 1st that resulted in 38 donations of blood from people in our community. San Tan Valley residents, the American Legion, PCTA and Johnson Utilities employees joined the Johnson Family Foundation to support this event. The Red Cross hoped to meet their quota of 25 donations and were elated with the 38 units of blood donated. Many thanks to our community for these life saving gifts. Another blood drive is in the works for mid-September. Watch this newsletter for more information.

Johnson Community Library

The Johnson Community Library would like to take this opportunity to thank the local businesses, Pizza Hut, Burger King, Sport Clips, and Fry's for their continue support and their generous donation to our summer reading program. With your support our first summer reading program has been a successful one and we look forward to your future support.

968-1 E Hunt Hwy
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Library Hours

Monday-Saturday

9:00 AM - 8:00 PM

Donations Welcomed

Reading Time

Tuesday's and Thursday's

11:00 AM - NOON

Arts-N-Crafts

Wednesday's and Friday's

NOON - 1:00 PM



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The Club at Oasis will be re-opening this Fall!