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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

ROBERT "BOB" BURNS – Chairman
ANDY TOBIN
BOYD DUNN
SANDRA D. KENNEDY
JUSTIN OLSON

Arizona Corporation Commission

DOCKETED

JAN 29 2019

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2019 JAN 29 P 1:03

IN THE MATTER OF THE APPLICATION OF
JOHNSON UTILITIES, LLC, FOR A
DETERMINATION OF THE FAIR VALUE OF
ITS WATER AND WASTEWATER UTILITY
PLANT AND PROPERTY, FOR INCREASES
IN ITS RATES AND CHARGES FOR WATER
AND WASTEWATER UTILITY SERVICE,
AND FOR RELATED APPROVALS.

DOCKET NO. WS-02987A-17-0392

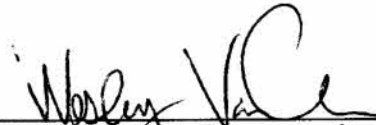
**STAFF'S RESPONSE Re: JOHNSON
UTILITIES, L.L.C.'s REQUEST TO
WITHDRAW RATE APPLICATION**

The Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission") hereby responds to Johnson Utilities, L.L.C.'s Request to Withdraw Rate Application filed on January 16, 2019, and the Notice of Filing – Position of Interim Manager filed by EPCOR Water Arizona, Inc. ("EPCOR") on January 18, 2019. Although the need for Johnson to file a rate application has not been eliminated, it is based on discussions with both EPCOR as the interim manager, and Johnson as the owner that Staff does not object to the administrative closure of this matter with the requirement that EPCOR as the interim manager will file a new rate application not later than May 1, 2020 with a test year ending not later than December 31, 2019. Specifically, EPCOR has represented that it is only paying justifiable utility expenses to Ultra Management, L.L.C. ("Ultra"), such as funding payroll, with the expectation that those funds will be provided to Hunt Mgt., L.L.C. ("Hunt"). Ultimately, EPCOR is in the best position to determine when it will have enough operational experience with the utility and will have adequate and accurate test year data to file an appropriate rate application.

Staff's continued concern relates to Johnson's financial mismanagement prior to the appointment of EPCOR as the interim manager and Staff having an avenue to investigate. This concern is mitigated, though not eliminated, with the pending complaint docket (WS-02987A-18-0343) opened to resolve Johnson's alleged violation of the Commission's Affiliated Interest Rules

1 and whether Hunt and Ultra are affiliates, and ultimately whether the transactions Johnson entered
2 with Ultra, and Ultra with Hunt are void. For these reasons, Staff does not object to the
3 administrative closure of this docket.

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5 RESPECTFULLY SUBMITTED this 29th day of January, 2019.

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14 On this 29th day of January, 2019, the foregoing document was filed with Docket Control as
15 an Utilities Division Response, and copies of the foregoing were mailed on behalf of the Utilities
16 Division to the following who have not consented to email service. On this date or as soon as possible
17 thereafter, the Commission's eDocket program will automatically email a link to the foregoing to the
18 following who have consented to email service.

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