

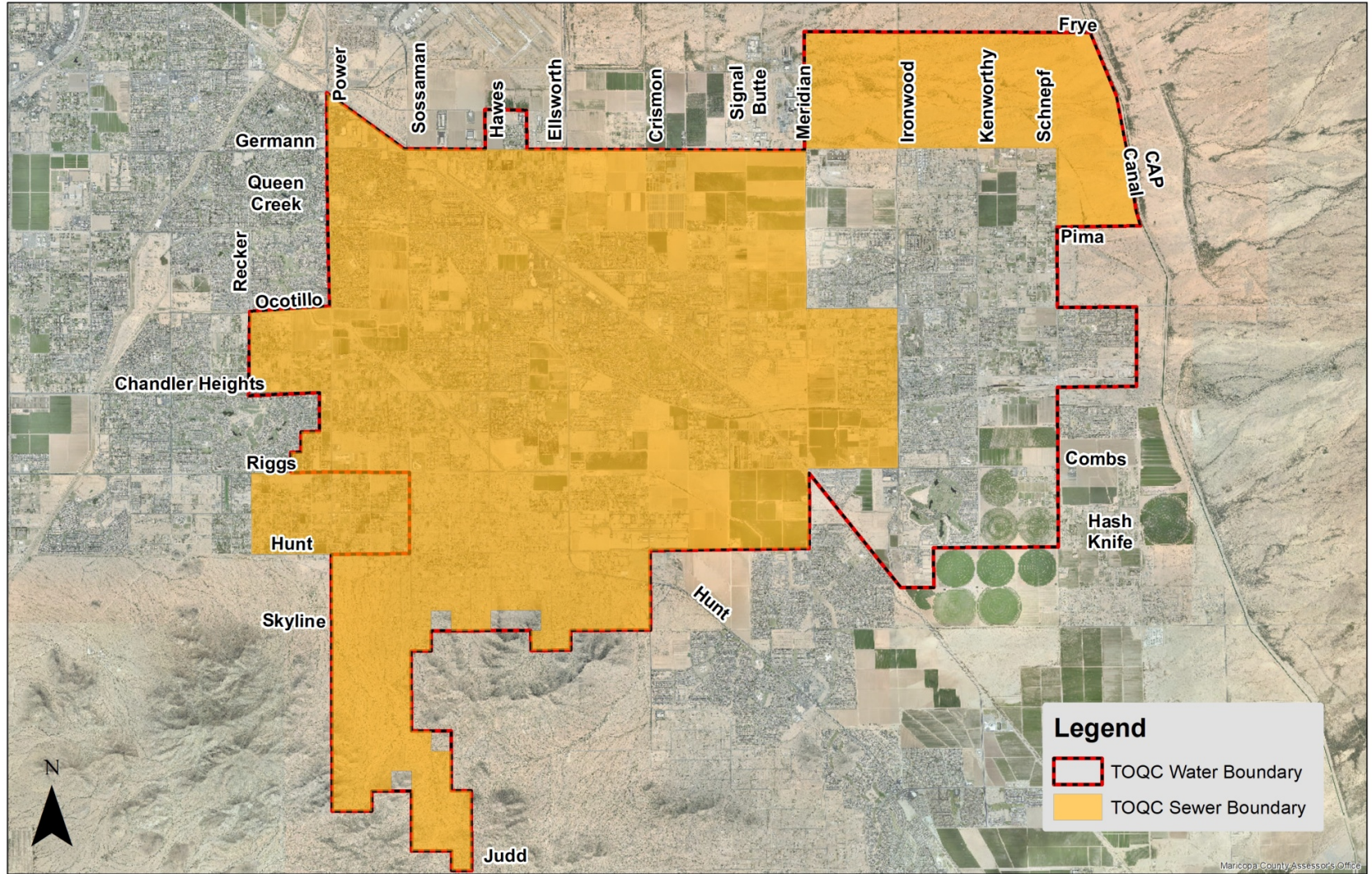
July 22, 2019
Arizona Corporation
Commission
Hearing

Overview

Provide the Queen Creek Town Council and Community an explanation of:

- The Nature of the ACC proceedings
- Why the Town is Involved
- The Scope of the Town's Involvement
- How this relates to the Town's Utility Program
- What it is **Not** – Not an Annexation Strategy nor to acquire future water

Town's Utility System Boundaries



ACC Proceedings

- Johnson Utilities (“JU”) holds Certificates of Convenience and Necessity (“CC&Ns”) which grant a monopoly to provide water and/or sewer utilities in certain areas
- The Commission ordered a hearing on whether all or portions of JU’s CC&Ns should be revoked

Adequate Service at Reasonable Rate

“[T]he entity granted the CC&N has the exclusive right to provide service in its certificated area as long as adequate service is provided at a reasonable rate.”

Arizona Water Co. v. Arizona Corp. Com’n, 217 Ariz. 652, 656 (App. 2008)

A “public service corporation receives monopoly in return for providing adequate service at reasonable rates.”). *Phelps Dodge Corp. v Arizona Elec. Power Co-op, Inc.*, 207 Ariz. 96, 120 (App. 2004)

ACC Determinations

JU's service, equipment, and facilities do not promote the safety, health, comfort, and convenience of its patrons, employees, and the public and are not in all respects adequate, efficient, and reasonable, as required by A.R.S. § 40-361(B).

ACC Decision No. 76785, Findings of Fact 128, on page 305 (Entered July 24, 2018).

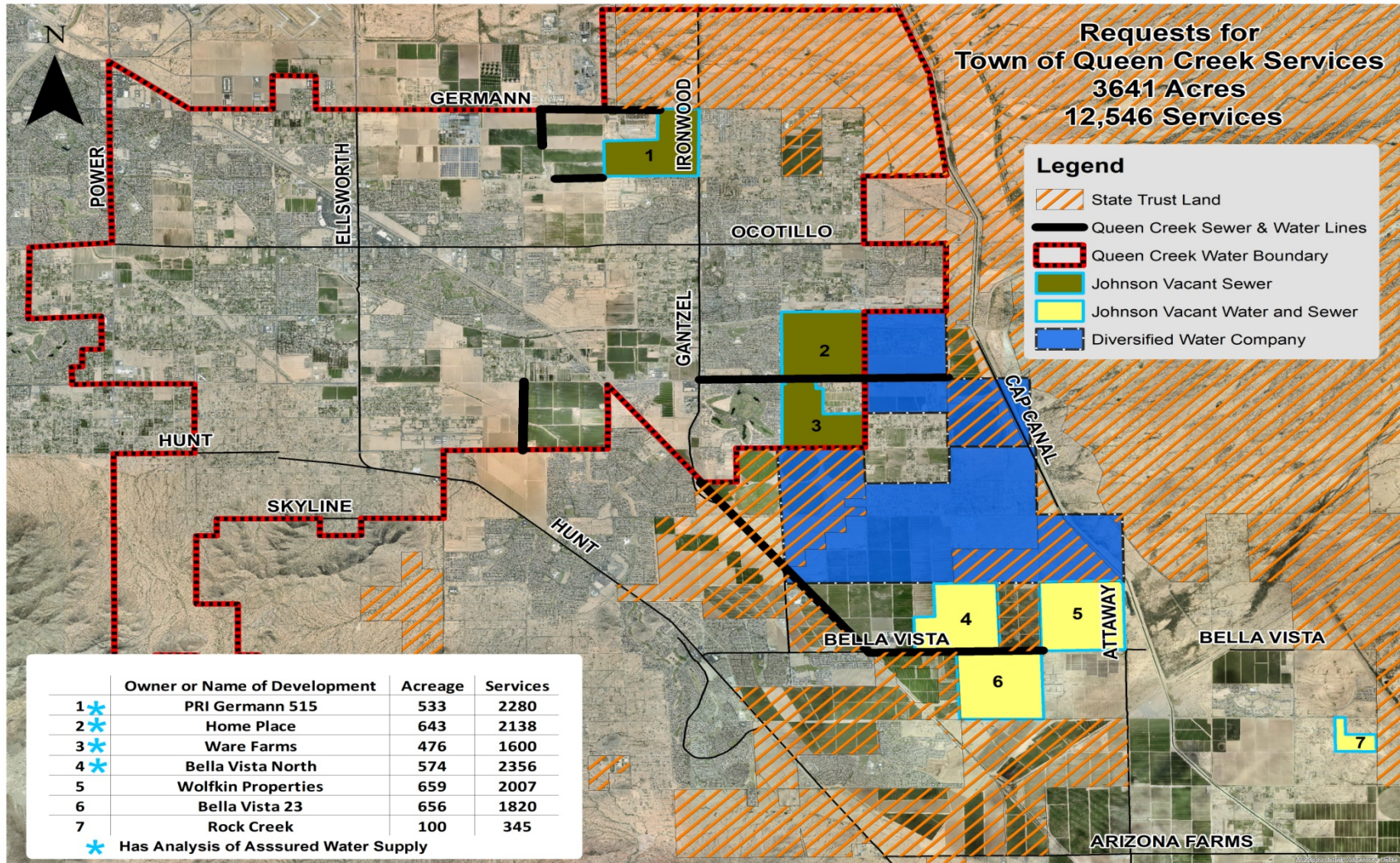
Queen Creek's Interests

- Each of the landowners of the vacant properties requested utility service from Queen Creek
- The ACC has recognized Queen Creek's important interest in protecting the health, welfare and safety of its residents and customers, as well as the local environment (*i.e.*, Queen Creek Wash)
- Queen Creek continues to seek, with Pinal County, Florence and others, a regional solution

Scope of Queen Creek's Involvement

While the record could support completely revoking JU's CC&NS, Queen Creek is supporting the right of any owner of vacant land to be allowed to choose to have their land released from JU's monopoly

Impacted Lands and Utility Service



ACC Process

- July 22 - ? Evidentiary Hearing in front of the Administrative Law Judge (“ALJ”)
- ALJ issues a Recommended Opinion and Order (“ROO”)
- Commission adopts, modifies or rejects the ROO and does something else
- Throughout the process, residents and customers can make public comments at:

<https://eservice.azcc.gov/Utilities/PublicComment>

Queen Creek Utility Program

- Regardless of ACC action or inaction, Queen Creek's Town Council has authorized projects to provide utility services to areas not burdened by a JU CC&N
- Town's involvement at ACC does not increase rates for existing customers – Queen Creek has just reduced capacity fees
- Queen Creek continues to work toward Aquifer and Safe Sewer Utility Regional Effective Design – “ASSURED”

Queen Creek's Actions at the ACC Are . . .

- **Not to gain water rights to fill any deficit**
 - Queen Creek does not have to add one gallon of sewer or water capacity for current and planned use, and has capacity for growth – including the State Lands
 - While the Town has an ample supply of water, it is developing a multifaceted approach for ensuring long-term, generational access to water
- **Not a strategy to annex all the territory it serves**
 - Queen Creek will continue to provide quality, safe, and reliable utility services to customers inside and outside the Town
 - Queen Creek continues to support proper incorporation of San Tan, and has **adopted multiple Resolutions in support**

Questions?

Thank You