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SANDRA D. KENNEDY
COMMISSIONER

Direct Line: (602) 542-3625
Fax: (602) 542-3669
E-mail: skennedy@azcc.gov

ARIZONA CORPORATION COMMISSION

September 14, 2011

Arizona Corporation Commission
Docket Control
WS02987A-08-0180

Re: **Johnson Utilities; Dissent Letter**
WS-02987A-08-0180

To all Interested Parties;

I am submitting my dissent letter explaining my No vote of September 6, 2011 on the rehearing of Johnson Utilities Company's (Company) application for an increase in its Water and Wastewater Rates for Customers within Pinal County, AZ.

The case and record before the Commission posed many concerns on how the company was operating and keeping vital business records. Due to those issues and concerns, in my opinion, the original order issued on August 2010 (Decision No. 71854) was the correct one.

While having said that, when the company petitioned the Commission for a rehearing, I voted to give the company another opportunity to present new evidence that was not part of the previous record. However, that did not occur.

With no additional evidence or an amended recommended opinion and order presented to the Commissioners, there was nothing new to persuade me that we erred in Decision No.71854. Given the lack of new evidence or information, I do not believe the record supports the vote to amend Decision No. 71854 and the resulting increases in rates for Johnson Utilities' customers.

I am concerned that the manner in which the Commission reversed several key ratemaking components will lead to a precedent that may be used or referenced by other companies when they do not support their rate cases with proper documentation. As I mentioned earlier, the record was very clear on the fact the company was not maintaining appropriate day-to-day record keeping, and raised with concerns that transactions with affiliates and related parties may lack needed transparency and were not conducted at arms length. For me, the Commission's Decision based on the record presented did not support a finding that amending Decision No. 71854 is in the public interest.

Page 2

Johnson Utilities WS02987A-08-0180

I know this rate case has been a learning process for Johnson Utilities. The company seems committed from this point on to conduct their business in a professional manner. I believe this is evident by the Company's statements that they have made reorganizational changes. However, that was not the record before us and I could not vote for a decision that will increase the wastewater rates that lack the proper documentation.

Our job as Commissioners is to find just and reasonable rates that are in the public interest, to allow investors the opportunity to get a reasonable return on their investments. However, the utility that holds a monopoly has a responsibility to show that it indeed made those investments. Without adequate documentation, it is unfair to make the ratepayers bear that burden.

It is because of these facts I voted against increasing the rates.

Sincerely,

A handwritten signature in black ink, appearing to read "Sandra D. Kennedy". The signature is fluid and cursive, with a large, stylized initial 'S'.

Corporation Commissioner
Sandra D. Kennedy