
PART THREE

STATEMENT OF RATES AND CHARGES—WASTEWATER DIVISION

I. RATES AND CHARGES.

In Decision No. 71854 (August 25, 2010), as amended by Decision 72579 (September 15, 2011), the Commission approved new rates and charges as set forth in this tariff to be effective for all wastewater service rendered by the Company in all wastewater service areas for all classes of service on and after October 1, 2011.

A. Monthly Wastewater Usage Charge.

Each customer shall pay a Monthly Wastewater Usage Charge based upon the size of the customer's water meter, as follows:

<u>Meter Size</u>	<u>Monthly Wastewater Usage Charge</u>
5/8" Meter	\$38.19
3/4" Meter	\$42.00
1" Meter	\$53.46
1-1/2" Meter	\$68.73
2" Meter	\$110.74
3" Meter	\$420.04
4" Meter	\$801.89
6" Meter	\$1,107.37
8" Meter	\$1,527.60
10" Meter	\$2,195.93

Pursuant to Decision No. 64062 (October 4, 2001), the monthly billing for wastewater service at a new wastewater service location shall commence when wastewater first flows into the wastewater collection system.

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B. Service Line Connection Charge.

In addition to all other applicable rates and charges in this tariff, each customer requesting new wastewater service shall pay a Service Line Connection Charge in the amount of \$350.00.

The Company shall install and own the service line up to the customer's property line. The customer shall install and own the service line on the customer's side of the customer's property line. The customer shall maintain and operate the service line from the connection to the main line in the street or right-of-way to its interconnection with the customer's building or facility.

C. Sale of Effluent.

1. Rate Per 1,000 gallons: \$0.68.
2. Rate Per Acre-Foot: \$221.58.

D. Additional Service Charges.

In addition to all other applicable rates and charges in this tariff, each customer shall be subject to the following charges, as applicable:

Establishment	\$25.00
Establishment (After Hours)	\$40.00
Deposit (Residential)	(a)
Deposit (Non-Residential)	(a)
Deposit Interest, Per Annum	(b)
Re-establishment (Within 12 Months)	(c)
Re-establishment (After Hours)	(c)
NSF Check	\$15.00
Deferred Payment Interest, Per Month	1.50%
After-Hours Service, Per A.A.C. R14-2-603(D)	Refer to Above Charges
Late Charge, Per Month	1.50% (d)

Notes to Additional Service Charges:

- (a) Residential: two times the estimated average monthly bill.
Non-Residential: two and one-half times the estimated maximum monthly bill.

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- (b) Interest per A.A.C. R14-2-603(B).
- (c) Monthly Wastewater Usage Charge times number of months off the system (A.A.C. R14-2-603(D)).
- (d) Bills for wastewater utility service are due and payable when rendered. Any payment not received by the Company within fifteen (15) days from the date a bill is rendered shall be considered delinquent and service shall be subject to a late charge and/or termination as set forth herein. A customer's failure to receive bills or notices which have been properly placed in the United States mail shall not prevent a bill from becoming delinquent nor relieve the customer of his or her obligations to pay a bill which is due. All late payment penalties shall be billed on the customer's next regularly scheduled billing. If a customer fails to pay the outstanding balance by the due date on the bill, the customer will receive a written notice that service will be terminated in ten (10) days from the date of the notice. If the customer does not pay the outstanding balance and the late payment penalty by the date in the termination notice, service will be terminated on the date in the notice. Service shall be terminated only for that service for which the customer is delinquent or in violation. All customers whose service is terminated for failure to pay a bill or a late payment penalty are subject to the Company's reconnection charge as set forth in this tariff.

E. Sewer Collection Main Extensions.

Sewer collection main extensions shall be pursuant to A.A.C. R14-2-606, except that refunds of advances in aid of construction shall be based upon five percent (5%) of the gross revenues received by the Company from *bona fide* customers connected to the facilities funded with the advance, until all advances are fully refunded to the person paying the advance.

F. Taxes and Assessments.

In addition to the collection of all other rates and charges authorized herein, the Company will collect from its customers a proportionate share of any privilege, sales, use and franchise tax, per A.A.C. R14-2-608(D)(5).

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G. Permitted Costs.

1. Costs shall be verified by invoice.
2. For services that are provided by the Company at cost, cost shall include labor, materials, other charges incurred, and overhead. However, prior to any such service being provided, the estimated cost of such service will be provided by the Company to the customer. After review of the cost estimate, the customer will pay the amount of the estimated cost to the Company.
3. In the event that the actual cost is less than the estimated cost, the Company will refund the excess to the customer within 30 days after completion of the provision of the service or after Company's receipt of invoices, timesheets or other related documents, whichever is later.
4. In the event the actual cost is more than the estimated cost, the Company will bill the customer for the amount due within 30 days after completion of the invoices, timesheets or other related documents, whichever is later. The amount so billed will be due and payable 30 days after the invoice date.
5. At the customer's request, the Company shall make available to the customer all invoices, timesheets or related documents that support the cost for providing such service.
6. Permitted costs shall include any State or Federal income taxes that are or may be payable by the Company as a result of any tariff or contract for wastewater facilities under which the Customer advances or contributes funds or facilities to the Company.

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H. Off-site Facilities Hook-up Fee.

1. Purpose and Applicability. The purpose of the Off-site Facilities Hook-up Fee (also referred to as "Hook-up Fees") payable to the Company pursuant to this tariff is to equitably apportion the costs of constructing additional Off-site Facilities necessary to provide wastewater treatment plant facilities among all new service laterals. These fees are applicable to all new service laterals established after the effective date of this tariff undertaken via a Collection Main Extension Agreement or request for service not requiring a Collection Main Extension Agreement. The Hook-up Fees are one-time charges and are payable as a condition to Company's establishment of service, as more particularly provided below. The Hook-up Fees are in addition to Service Line Connection Charges, the requirement for on-site facilities to be installed pursuant to Collection Main Extension Agreements, and the payment of Monthly Wastewater Usage Charges and other charges authorized under this tariff.

2. Definitions. Unless the context otherwise requires, the definitions set forth in R-14-2-601 of the Arizona Corporation Commission's rules and regulations governing sewer utilities shall apply in interpreting this tariff schedule.

a. "Applicant" means any party entering into an agreement with the Company for the installation of wastewater facilities to serve new service laterals, and may include Developers and/or Builders of new residential subdivisions and/or commercial and industrial properties.

b. "Company" means Johnson Utilities, L.L.C.

c. "Collection Main Extension Agreement" means any agreement whereby an Applicant agrees to advance the costs of the installation of wastewater facilities necessary for the Company to serve new service laterals within a development, or to install such wastewater facilities necessary to serve new service laterals and transfer ownership of such wastewater facilities to the Company, which agreement does not require the approval of the Commission pursuant to A.A.C. R-14-2-606, and shall have the same meaning as "Wastewater Facilities Agreement."

d. "Off-site Facilities" means the wastewater treatment plant, sludge disposal facilities, effluent disposal facilities and related appurtenances necessary for proper operation, including engineering and design costs. Off-site Facilities may also include lift stations, transportation mains and related appurtenances necessary for proper operation if these facilities are not for the exclusive use of the Applicant and benefit the entire wastewater system.

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e. "Service Lateral" means and includes all service connections for single-family residential, commercial, industrial or other uses.

3. Off-site Facilities Hook-up Fee. For each new service lateral, the Company shall collect an Off-site Facilities Hook-up Fee as listed in the following table:

OFF-SITE WASTEWATER HOOK-UP FEE TARIFF TABLE	
Service Lateral Size	Total Fee
4"	\$1,000
6"	\$2,000
8" or greater	\$4,000

4. Terms and Conditions.

a. Assessment of One-Time Off-site Facilities Hook-up Fee. The Off-site Facilities Hook-up Fee may be assessed only once per parcel, service lateral or lot within a subdivision (similar to service lateral installation charges).

b. Use of Off-site Facilities Hook-up Fees. Off-site Facilities Hook-up Fees may only be used to pay for capital items of Off-site Facilities, or for repayment of loans obtained to fund the cost of installation of Off-site Facilities. Off-site Facilities Hook-up Fees shall not be used to cover repairs, maintenance or operational costs.

c. Time of Payment.

i. For those requiring a Collection Main Extension Agreement: In the event that the Applicant is required to enter into a Collection Main Extension Agreement, whereby the Applicant agrees to advance the costs of on-site improvements or to construct such improvements, payment of the Hook-up Fees required hereunder shall be made by the Applicant when payment is made for the on-site wastewater facilities or 30 days after the Collection Main Extension Agreement is executed, whichever is later.

ii. For those connecting to an existing collection main: In the event that the Applicant is not required to enter into a Collection Main Extension Agreement, the

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Hook-up Fees required hereunder shall be due and payable at the time wastewater service is requested for the property.

d. Off-site Facilities Construction by Applicant. The Company and the Applicant may agree to construction of Off-site Facilities necessary to serve a particular development by the Applicant, which facilities are then conveyed to the Company. In that event, the Company shall credit the total cost of such Off-site Facilities as an offset to Off-site Facilities Hook-up Fees due under this tariff. If the total cost of the Off-site Facilities constructed by the Applicant and conveyed to the Company is less than the applicable Off-site Facilities Hook-up Fees under this tariff, then the Applicant shall pay the remaining amount of Off-site Facilities Hook-up Fees owed hereunder upon acceptance of the Off-site Facilities by the Company. If the total cost of the Off-site Facilities contributed by the Applicant and conveyed to the Company is more than the applicable Off-site Facilities Hook-up Fees under this tariff, then the Applicant shall be refunded the difference upon acceptance of the Off-site Facilities by the Company.

e. Failure to Pay Hook-up Fees; Delinquent Payments. The Company will not be obligated to make an advance commitment to provide or to provide wastewater service to any Applicant if the Applicant has not paid in full all Hook-up Fees hereunder. Under no circumstances will the Company connect service or otherwise allow service to be established if the entire amount of any payment due hereunder has not been paid.

f. Large Subdivision and/or Development Projects. In the event that the Applicant is engaged in the development of a residential subdivision and/or development containing more than 150 lots, the Company may, in its discretion, agree to payment of Off-site Facilities Hook-up Fees in installments. Such installments may be based on the residential subdivision and/or development's phasing, and should attempt to equitably apportion the payment of charges hereunder based on the Applicant's construction schedule and water service requirements. In the alternative, the Applicant shall post an irrevocable letter of credit in favor of the Company in a commercially reasonable form, which may be drawn by the Company consistent with the actual or planned construction and Hook-up Fees schedule for the subdivision and/or development.

g. Off-site Facilities Hook-up Fees Non-refundable. The amounts collected by the Company pursuant to the Off-site Facilities Hook-up Fee tariff shall be non-refundable contributions in aid of construction.

h. Use of Off-site Facilities Hook-up Fees Received. All funds collected by the Company as Off-site Facilities Hook-up Fees shall be deposited into a separate interest-bearing bank account and used solely for the purposes of paying for the costs of

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installation of Off-site Facilities, including repayment of loans obtained for the installation of Off-site Facilities.

i. Off-site Facilities Hook-up Fees in Addition to On-site Facilities. The Off-site Facilities Hook-up Fee shall be in addition to any costs associated with the construction of on-site facilities under a Collection Main Extension Agreement.

j. Disposition of Excess Funds. After all necessary and desirable Off-site Facilities are constructed utilizing funds collected pursuant to the Off-site Facilities Hook-up Fees, or if the Off-site Facilities Hook-up Fee has been terminated by order of the Arizona Corporation Commission, any funds remaining in the bank account shall be refunded. The manner of the refund shall be determined by the Commission at the time a refund becomes necessary.

k. Status Reporting Requirements to the Commission. The Company shall submit a calendar year Off-site Facilities Hook-up Fee status report each January 31st to Docket Control for the prior twelve (12) month period, beginning January 31, 2012, until the Off-site Facilities Hook-up Fee tariff is no longer in effect. This status report shall contain a list of all customers that have paid the Off-site Facilities Hook-up Fee tariff, the amount each has paid, the physical location/address of the property in respect of which such fee was paid, the amount of money spent from the account, the amount of interest earned on the funds within the bank account, and a list of all facilities that have been installed with the tariff funds during the 12- month period.

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PART FOUR

STATEMENT OF TERMS AND CONDITIONS—WASTEWATER DIVISION

I. CUSTOMER DISCHARGE TO SEWER SYSTEM.

A. Service Subject to Regulation.

The Company provides wastewater service using treatment and collection facilities that are regulated by numerous county, state and federal statutes and regulations. Those regulations include limitations as to domestic strength wastewater and the type of wastewater that may be discharged into the system by any person directly or indirectly connected to the plant.

B. Waste Limitations.

The Company has established the permissible limits of concentration as domestic strength wastewater and will limit concentration for various specific substances, materials, waters, or wastes that can be accepted in the sewer system, and to specify those substances, materials, waters, or wastes that are prohibited from entering the sewer system. Each permissible limit so established shall be placed on file in the business office of the Company, with a copy filed with the Commission. No person shall discharge, or cause to be discharged, any new sources of inflow including, but not limited to, storm water, surface water, groundwater, roof runoffs, subsurface drainage, cooling water, or polluted industrial process waters into the sanitary sewer. The Company will require an affidavit from all commercial and industrial customers, and their professional engineer, stating that the wastewater discharged to the system does not exceed domestic strength.

C. Inspection and Right of Entry.

Every facility that is involved directly or indirectly with the discharge of wastewater to the Treatment Plant may be inspected by the Company as it deems necessary. These facilities shall include but not be limited to sewers; sewage pumping plants; all processes; devices and connection sewers; and all similar sewerage facilities. Inspections may be made to determine that such facilities are maintained and operated properly and are adequate to meet the provisions of these rules. Inspections may include the collection of samples. Authorized personnel of the Company shall be provided immediate access to all of the above facilities or to other facilities directly or indirectly connected to the Treatment Plant at all reasonable times including those occasioned by emergency conditions. Any permanent or temporary obstruction to easy access to the user's facility to be inspected shall promptly be removed by the facility user or owner at the written or verbal request of the Company and shall not be replaced. No person shall interfere with, delay, resist or refuse entrance to an authorized Company representative attempting to inspect any facility involved directly or indirectly with a discharge of wastewater to the Treatment Plant. Adequate identification shall be provided by the Company for all inspectors

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and other authorized personnel and these persons shall identify themselves when entering any property for inspection purposes or when inspecting the work of any contractor.

All transient motor homes, travel trailers and other units containing holding tanks must arrive at the Company's service area in any empty condition. Inspection will be required of said units prior to their being allowed to hookup to the wastewater system.

D. Termination of Water Service for Violation of Wastewater Rules and Regulations.

The Company is authorized to discontinue water service to any person connected to both its water and sewer systems who violates the Company's wastewater terms and conditions as set forth in this PART FOUR, Section I. This termination authority does not apply to non-payment for water or wastewater services.

II. RULES AND REGULATIONS.

The Company has adopted the Rules and Regulations established by the Commission as the basis for its operating procedures. A.A.C. R14-2-601 through A.A.C. R14-2-609 will be controlling of Company procedures, unless specifically approved tariffs or Commission Order(s) provide otherwise.

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