



The CAGR D Adjustor Fee on Your Water Bills

Many of Johnson Utilities' customer have expressed confusion about the CAGR D Adjustor Fee as it appears on their water bills. So, what is it?

As a member of the Central Arizona Groundwater Replenishment District ("CAGR D"), each year Johnson Utilities is required to pay the CAGR D an annual replenishment tax based on the amount of excess groundwater that it pumps from within its service area. On a per thousand gallon basis and with approval from the Arizona Corporation Commission, Johnson Utilities uses an adjustor mechanism to recover the cost of CAGR D annual replenishment taxes from its customers.

The CAGR D uses the annual replenishment tax revenues to cover the costs of performing its statutory obligation to replenish the groundwater pumped by Johnson Utilities for delivery to its customers. The CAGR D Adjustor Fees are calculated by taking the total CAGR D fees paid by Johnson Utilities for the most current year and dividing them by gallons sold in that year to determine the CAGR D adjustor fee per 1,000 gallons.

The CAGR D fee is artificially high this year to allow Johnson Utilities to collect funds it paid to the CAGR D but has not yet recovered through your monthly water bills. Since inception, the cumulative effect of an under-collection from customers is slightly more than \$4.4 million in the Phoenix AMA and slightly more than \$461,000 in the Pinal AMA. Once the cumulative under-collection of the CAGR D Adjustor Fees is fully recovered, the CAGR D fee on your monthly water bill will significantly drop.

Section 11 WWTP – Odor Reduction

Great news is coming for those who reside adjacent to Johnson Utilities' Section 11 WWTP. Recently, Pinal County has detected elevated levels of odors coming from the wastewater treatment plant. Odors are an inherent issue associated with a 20-year old lagoon style plant. At present, Johnson Utilities is adding chemicals to the treatment process to help mitigate the odor issue. However, that is not the final solution.

Johnson Utilities is in design to convert this antiquated natural style treatment process to a modern style mechanical wastewater treatment plant. Engineers are working feverishly to complete the design of the mechanical conversion and discussions are underway with the Arizona Department of Environmental Quality to determine if a permit modification is needed. This new plant will also upgrade the effluent quality from a B+ to an A+ rating making it more attractive to its end users. More information will be provided when it becomes available.

New 16-inch Water Transmission Main

The design of a new 16-inch water transmission main is underway and the design is partially completed. This project will resolve the past nitrate issues associated with the Main Yard pressure zone. This 7.75-mile long project will bring water of known good quality from the outermost north eastern edge of the Johnson Utilities service area to the heart of its potable drinking water system.

As you can imagine, the logistics with a project of this size comes with its challenges. There are multiple permits and approvals from several irrigation districts which need to be obtained and canal and railroad crossings to work through. The good news is that all the affected entities are working with us to clear those hurdles. More information will be provided when it becomes available.

New Copper Basin Force Main

This project will eliminate a high pressure condition that has caused several sewer force main breaks in the Copper Basin subdivision, and along Hunt Highway south of Johnson Ranch Boulevard, and a few lift station backups and spills at the Main Yard Lift Station.

This 4-mile long project will dedicate a separate force main from the Copper Basin subdivision down to the Section 11 Wastewater Treatment Plant. The project is fully designed and easement documents are being prepared for presentation to various grantors for consideration. Additional information will be provided as information becomes available.

Hunt Highway Force Main Replacement

Over the past several years, a 1,500 foot section of 10-inch sewer force main adjacent to Hunt Highway has encountered several breaks due to a high pressure situation caused when one of the Copper Basin Lift Stations and the Main Yard Lift Station are simultaneously pumping into the same force main. This project is targeted for completion by December 1, 2017 and will remove the previous repairs and replace that section of force main with new and higher rated pressure pipe. This project will also eliminate the potential for new leaks under the next phase of Pinal County's Hunt Highway Widening Project.

New Wells Being Tested and Drilled

In conjunction with the new 16-inch water transmission main project discussed above, Johnson Utilities is currently testing and/or drilling five additional wells. In the western part of Johnson Utilities' potable water system, a well which was drilled last year is permitted for 210 million gallons per year. This well is currently being pump tested and a source water sample will be obtained and sent to the lab for analysis. This location will also be equipped with a new 500,000 gallon storage tank.

In addition, two test wells are presently being drilled within a future planned housing development in the western part of Johnson Utilities' service area. This test pumping will determine if these additional wells can be added to Johnson Utilities' water supply portfolio and if the water in that area meets regulatory standards.

In the far northeast part of Johnson Utilities' service territory, which is an area known to be of good water quality, a well was drilled approximately 10 years ago and was permitted for up to 1,000 gallons per minutes (more than 525 million gallons per year). If additional testing and source water analysis meets regulatory standards, this well will support the new 16-inch water transmission main discussed above.

Finally, Johnson Utilities has received a drill permit from the Arizona Department of Water Resources to drill the Magma #1 well. This well is located in the far northwestern part of the Johnson Utilities service territory which is also known as an area of good water quality. When completed, this well will support the new 16-inch transmission main discussed above by providing up to an additional 187 million gallons per year.