

IMPORTANT INFORMATION FOR JOHNSON UTILITIES WATER AND WASTEWATER CUSTOMERS

As the largest private water provider in Arizona, EPCOR delivers water and wastewater service to more than 670,000 people. Since August 29, 2018, EPCOR has also served as Interim Manager of Johnson Utilities. With a focus on safe and reliable water and wastewater service, and the protection and careful management of our water resources now and for the future, we are dedicated to the customers and communities we serve.

WHY ARE YOU RECEIVING THIS NOTICE?

On October 5, 2020, EPCOR Water Arizona Inc. (EPCOR) and Johnson Utilities LLC (Johnson Utilities) filed a joint application with the Arizona Corporation Commission (Commission) for approval to transfer the certificates of convenience and necessity (CC&Ns) and the water and wastewater assets of Johnson Utilities to EPCOR.

WHAT ARE JOHNSON UTILITIES AND EPCOR APPLYING FOR?

The Joint Application requests adoption of the rates and tariffs currently in effect for Johnson Utilities and an acquisition premium of \$63.2 million, reflective of the necessary investment to reconstruct the Johnson Utilities systems, if the transfer is approved. EPCOR's acquisition premium request is based on an estimate of fair current market value of the Johnson Utilities water and wastewater assets (approximately \$94.8 million), but reduced to significantly benefit customers. The acquisition with the reduced acquisition premium is a benefit to existing Johnson Utilities customers. In addition, EPCOR is seeking approval of debt financing as part of the transaction.

As an additional benefit to Johnson Utilities customers, EPCOR requests approval to implement its Low Income, Disabled Veterans, Deployed Military Service Member assistance programs. EPCOR also requests approval to adopt its COVID-19 hardship program for customers.

WHY ARE JOHNSON UTILITIES AND EPCOR FILING THIS APPLICATION?

EPCOR has agreed to purchase Johnson Utilities and become your new water and wastewater services provider. In order to perform that role, EPCOR and Johnson Utilities must file an application with the ACC requesting approval to transfer Johnson Utilities' existing CC&Ns to EPCOR. A CC&N is authorized by the Commission and grants a utility the exclusive right and responsibility to provide water and wastewater services within a specified area under rates, charges,

terms and conditions established by the Commission. A CC&N does not prohibit an individual from providing services only to themselves using their own facilities on their own property. However, other applicable laws may restrict such activity.

If the joint application is approved, EPCOR will become your new water and wastewater services provider and will be required by the Commission to provide service under the rates, charges, terms and conditions established by the Commission for Johnson Utilities customers. A change to rates is not requested in this application although the current Johnson Utilities rate case in Docket No. WS-02987A-20-0025 will proceed along its current course.

WHY DOES EPCOR WANT TO BECOME YOUR NEW WATER AND WASTEWATER PROVIDER?

EPCOR's greater metropolitan Phoenix service areas are in close proximity to Johnson Utilities and EPCOR has served as Interim Manager of Johnson Utilities since August 2018, making EPCOR ideally positioned to serve your community safely and efficiently. EPCOR believes that obtaining the Johnson Utilities water and wastewater service areas is the most appropriate solution to benefit Johnson Utilities customers.

In the two-plus years that EPCOR has served as Interim Manager of Johnson Utilities, EPCOR has completed significant work to enhance the infrastructure, water supply and quality, day-to-day operations and service reliability, and customer billing and service functions.

Additional enhancements and significant capital work is still necessary to sustain the long-term service reliability of the water and wastewater systems. EPCOR is willing to make the necessary improvements and investments if the transfer is approved with Commission approval including the requested acquisition premium. If approved, the systems will be operated by EPCOR as separate new water and wastewater districts, with access to the extensive operational and service-focused benefits provided to its customers.

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WHEN WILL THE APPLICATION BE FILED?

EPCOR and Johnson Utilities filed the application with the Commission on October 5, 2020.

WHERE TO FIND MORE INFORMATION AND A COPY OF THE APPLICATION

Once filed, copies of the application will be available on EPCOR's website at epcor.com, on the Johnson Utilities website at www.johnsonutilities.com, during regular business hours at the Commission's Docket Control Center at 1200 W Washington Street, Phoenix, Arizona and 400 West Congress Street, Suite 218, Tucson, Arizona, and on the internet via the Commission website – www.azcc.gov – using the e-Docket function. Access to ACC buildings may be restricted due to the Covid-19 pandemic.

HOW TO CONTACT THE ARIZONA CORPORATION COMMISSION

The ACC will hold a hearing on the application and, as a property owner, you may have the right to intervene, and may appear at the hearing to make a statement on your own behalf even if you do not intervene in the process. If you do not intervene, you may not receive further notice of proceedings for this application. However, all documents related to this application will be available online, usually within 24 hours of docketing, at the Commission's website – www.azcc.gov – using the e-Docket function. EPCOR will continue to keep customers informed of any changes to their water service. For the date and time of the hearing, contact the Commission's Consumer Services Division at 602-542-4251 or 1-800-222-7000 in Phoenix or 520-628-6550 or 1-800-535-0148 in Tucson.

The Commission will establish a procedural schedule to review this application, including a public hearing date. EPCOR and Johnson Utilities will provide this information to all current Johnson Utilities customers once available.

ABOUT INTERVENTION

Arizona state law provides for an open public process at which, under appropriate circumstances, interested parties may intervene. Any person or entity entitled by law to intervene and having a direct and substantial interest in the matter will be permitted to intervene.

For information about requesting intervention, use the "Intervention in Utility Cases" link on the ACC's website (www.azcc.gov). You may also contact the Commission's Consumer Services Division at 602-542-4251 or 1-800-222-7000.

ADA/EQUAL ACCESS INFORMATION

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator, Carolyn Buck, E-mail ADACoordinator@azcc.gov, voice phone number 602-542-2247. Requests should be made as early as possible to allow time to arrange the accommodation.

FOR MORE INFORMATION AND QUESTIONS

Property owners in the Johnson Utilities' service areas who have questions or concerns about the application, who have objections to approval of the application, or who wish to make a statement in support of the application can contact the Consumer Services Division of the ACC at 602-542-4251 or 1-800-222-7000 in Phoenix or 520-628-6550 or 1-800-535-0148 in Tucson. You can reach EPCOR at 1-800-383-0834 and Johnson Utilities at 480-987-9870.

