



ARIZONA CORPORATION COMMISSION

FOR IMMEDIATE RELEASE: 8/16/2017

MEDIA CONTACT: Angie Holdsworth (602) 542-0844

August Open Meeting News Briefs

PHOENIX —The Arizona Corporation Commission completed its August 2017 Open Meeting Wednesday morning with several key decisions impacting safety and ensuring the reliability of utility services for Arizona citizens. The full agenda can be viewed at <http://www.azcc.gov> by clicking on the Upcoming Meetings tab. A broadcast archive of the two-day meeting is also available for viewing.

Commission Orders Johnson Utilities to File Full Rate Case

The Corporation Commission ordered a strict deadline for Johnson Utilities, L.L.C., to file a full rate application before the Commission. Johnson Utilities will be required to file its rate case by December 31, 2017.

Commissioners previously ordered staff to initiate a review of the books and records of Johnson Utilities and its affiliates, subsidiaries, and holding companies. This audit was to include an examination of the technical, managerial, and financial stability of Johnson Utilities. The Commission voted today to instead require Johnson Utilities to file a full rate case. The rate case will replace the previously directed review, and will provide for a more comprehensive understanding of Johnson Utilities' financial condition and managerial stability. Today's order likewise saves the Commission significant expenses that would otherwise have been spent in retaining outside consultants to assist in the audit of Johnson Utilities. According to the Commission's order, if Johnson Utilities fails to file its rate case by December 31, 2017, the Commission will consider whether to appoint an interim manager for the company.

Commission Sanctions Mesa Investment Professional in Connection with Unauthorized Real Estate Investment

The Arizona Corporation Commission today revoked the securities salesman registration and investment adviser representative license of Michael A. Crowe of Mesa, who recommended an unapproved real estate investment to a client. The Commission also ordered Crowe to pay a \$2,500 administrative penalty for his dishonest and unethical conduct.

The Commission found that Crowe recommended one of his clients diversify his retirement portfolio and invest in a fix-and-flip, real estate investment called Simply Smart Homes, LLC. The Commission found Crowe received a \$2,500 sales commission for his client's \$50,000 investment, but that Crowe was subsequently terminated by his securities dealer for recommending an investment product not approved or recorded on the books of the securities dealer.

In a prior action, the Commission ordered restitution for investors in Simply Smart Homes, LLC, including restitution for Crowe's client. In settling this matter, Crowe neither admits nor denies the Commission's findings, but agrees to the entry of the consent order. For more details about this case, view the full text of the Commission's order [S-21012A-17-0140](#).

More caution for investors:

Even when investing with someone they know, investors should verify the registration of sellers and investment opportunities and investigate disciplinary histories by contacting the Arizona Corporation Commission's Securities Division at 602-542-0662, or toll-free in Arizona, 1-866-VERIFY-9. The Securities Division's investor education website also has helpful information at www.azinvestor.gov.

Commission Approves Railroad Upgrade

The Arizona Corporation Commission approved a safety upgrade to a busy Union Pacific railroad crossing in Phoenix. This approval was in connection with an Arizona Department of Transportation application to construct a new grade separated structure at State Route 202 at 59th Avenue.

The upgrade includes adding a crossing that would go over the tracks along the new South Mountain Freeway alignment. The current at-grade crossing would remain during construction and would be removed upon completion. The construction will take approximately 36 months to complete and cost \$1.3 million. There are currently 2,400 cars that use that crossing daily and the posted speed limit is 45 miles per hour. The upgrade will increase safety and eliminate the potential for accidents between trains and cars.

Established by Article 15 of the state's constitution, the Arizona Corporation Commission is responsible for the regulation of public utilities and the oversight of incorporation or registration of companies wishing to do business in Arizona. Additionally, the Commission registers and oversees securities offerings and dealers, and enforces railroad and pipeline safety. The five commissioners who make up the Commission are elected by the people of Arizona for a four-year term, with the option of serving for two consecutive terms. To learn more about the Arizona Corporation Commission and its Commissioners, visit <http://www.azcc.gov>.

###