

INDEX OF EXHIBITS

Castillo, et al. v. Johnson, et al.

2:17-cv-04688-DLR

EXHIBIT	DESCRIPTION
1	Settlement Agreement
2	EPCOR Agreement

Exhibit 1

Exhibit 1

1 Jeffrey J. Goulder (010258)
2 Brandon R. Nagy (030993)
3 **STINSON LLP**
4 1850 North Central Avenue, Suite 2100
5 Phoenix, Arizona 85004-4584
6 Email: jeffrey.goulder@stinson.com
7 brandon.nagy@stinson.com
8 Attorneys for Plaintiffs

Mark C. Dangerfield (010832)
Mark A. Fuller (012149)
Hannah H. Porter (029842)
GALLAGHER & KENNEDY, P.A.
2575 E. Camelback Road
Phoenix, Arizona 85016
mark.dangerfield@gknet.com
mark.fuller@gknet.com
hannah.porter@gknet.com
Attorneys for George and Jana Johnson and
the Transfer Defendants

9 Clinton A. Krislov
10 Christopher M. Hack
11 **KRISLOV & ASSOCIATES, LTD.**
12 20 North Wacker Drive
13 Chicago, IL 60606
14 Email: clint@krislovlaw.com
15 chris@krislovlaw.com
16 Attorneys for Plaintiffs

William F. King (023941)
**BONNETT FAIRBOURN FRIEDMAN
& BALINT, P.C.**
2325 E. Camelback Road, Suite 300
Phoenix, Arizona 85016
bking@bffb.com
Attorneys for Defendant Norton

Daniel E. Fredenberg (020158)
Christian C.M. Beams (019672)
FREDENBERG BEAMS
4747 N. 7th Street, Suite 402
Phoenix, AZ 85014
Attorneys for Johnson Utilities, LLC and
Johnson International, Inc.
dfredenberg@fblegalgroup.com
cbeams@fblegalgroup.com

20 UNITED STATES DISTRICT COURT
21 DISTRICT OF ARIZONA

23
24 Tisha Castillo *et al.*,
25 Plaintiffs,
26 v.
27 George Johnson *et al.*
28 Defendants.

Case No. 2:17-cv-04688-DLR

SETTLEMENT AGREEMENT

1 This Settlement Agreement (the “Settlement Agreement”), dated November 3, 2021,
2 is made and entered into by and among: (1) Plaintiffs Tisha Castillo, Karen Christian, and
3 Steve Pratt (“Plaintiffs” or “Class Representatives”), on behalf of themselves and the
4 proposed Settlement Class; and (2) Defendants (a) George and Jana Johnson, George H.
5 Johnson and Jana S. Johnson as trustees of The George H. Johnson and Jana S. Johnson
6 Revocable Trust dated July 9, 1987; Ultra Management, L.L.C.; Hunt MGT., LLC;
7 Roadrunner Transit, L.L.C.; Chris Johnson and Jane Doe Johnson, husband and wife;
8 Barbara Johnson and John Doe Johnson, wife and husband; Chris Johnson and Barbara
9 Johnson, as trustees of Pinetop Trust II; December Companies, Inc., an Arizona
10 corporation; Chris and Margaret Johnson as trustees of The Chris Johnson Family Trust
11 dated September 14, 2000; BARJO LLC, an Arizona limited liability company; Barbara A.
12 Johnson as trustee of The B.A.J. Living Trust; 1580 Santan Mountain LLC; Athena Group,
13 LLC; Atlas Southwest Inc.; Atlas Southwest Recreation Co.; Central Arizona
14 Communications LLC; Central Arizona Solid Waste Inc.; Felix Solar, LLC; GHJ
15 Investments, LLC; Gold Key Aviation Inc.; Oasis Storage Solutions; Specific Engineering,
16 LLC; Southwest Environmental Utilities, LLC; Ultra Racing LLC; and, Ultra Leasing,
17 LLC; (b) Johnson Utilities, LLC; and Johnson International, Inc.; and (c) James Norton
18 (collectively “the Parties”).

19 I. BACKGROUND

20 1. On December 8, 2017, Plaintiffs Tisha Castillo, Karen Christian, and Steve
21 Pratt filed a class action complaint against Defendants George and Jana Johnson, Johnson
22 Utilities, LLC, Johnson International, Inc., Gary and Sherry Pierce, and James Norton,
23 styled *Castillo et al. v. Johnson et al.*, No. 2:17-cv-04688-DLR in the United States District
24 Court for the District of Arizona (the “Action”).

25 2. The complaint alleged that Defendants improperly caused the Arizona
26 Corporation Commission to approve higher water and wastewater rates for customers of
27 Johnson Utilities, LLC. The complaint brought claims against Defendants for civil
28

1 racketeering under the federal racketeering statute 18 U.S.C. § 1962(c) and Arizona’s
2 statute, A.R.S. § 13-2314; consumer fraud under § A.R.S. 44-1522; and a common-law
3 claim for unjust enrichment.

4 3. The Action was thereafter stayed pending resolution of a related criminal
5 matter styled *United States v. Pierce et al.* (“*Pierce*”), which was tried to a jury in the United
6 States District Court for the District of Arizona.

7 4. The trial ended in a hung jury; the government chose not to retry the case.

8 5. On August 14, 2018, the Court lifted the stay [Dkt. 41].

9 6. Plaintiffs on September 28, 2018 filed a First Amended Complaint [Dkt. 44].

10 7. Defendants moved to dismiss the First Amended Complaint [Dkts. 77 & 78].

11 8. By its order dated September 5, 2019 [Dkt. 120], the Court denied
12 Defendants’ Motion to Dismiss the First Amended Complaint.

13 9. On February 26, 2020, the Court certified a class of: “All Johnson Utilities
14 customers who paid for water and/or wastewater services between October 1, 2011, and the
15 date judgment is entered in this lawsuit” [Dkt. 182].

16 10. On March 11, 2020, Defendants filed a Joint Petition for Permission to
17 Appeal Class Certification Decision with the Ninth Circuit Court of Appeals.

18 11. On April 27, 2020, the Ninth Circuit Court of Appeals granted Defendants’
19 Joint Petition for Permission to Appeal Class Certification Decision.

20 12. On May 1, 2020, the Court granted in part and denied in part Plaintiffs’
21 motion for leave to file a Second Amended Complaint [Dkt. 204].

22 13. On May 7, 2021, Plaintiffs filed a Second Amended Class Action Complaint
23 [Dkt. 207], which included fraudulent transfer claims and newly added defendants.

24 14. On May 18, 2020, the Court stayed the matter pending resolution of
25 Defendants’ interlocutory appeal of the class certification decision to the Ninth Circuit
26 Court of Appeals [Dkt. 227].
27
28

1 15. On January 8, 2021, the Court issued an order enjoining Johnson Utilities,
2 LLC from distributing the proceeds of its asset sale to EPCOR Water Arizona, Inc. [Dkt.
3 236]. The Court later modified its January 8, 2021 order on January 28, 2021 [Dkt. 243].

4 16. Johnson Utilities, LLC and other Defendants appealed the Court’s injunction
5 order to the Ninth Circuit Court of Appeals on February 8, 2021 [Dkt. 244].

6 17. On April 23, 2021, the Ninth Circuit Court of Appeals affirmed the Court’s
7 class certification ruling by a Memorandum Decision filed of even date.

8 18. The Ninth Circuit issued its Mandate on June 23, 2021.

9 19. During the Action, the Parties engaged in an exchange of information
10 regarding the facts underlying the claims and defenses, as well as voluminous exhibits and
11 transcripts from the *Pierce* litigation. Informed by the exchange of information, as well as
12 by the testimony and evidence from the *Pierce* trial, and recognizing the complexity, delay,
13 risk and expense of continuing with the litigation, Plaintiffs and the Defendants decided to
14 pursue settlement negotiations before incurring the expense of completing additional fact
15 and expert discovery in the Action.

16 20. On August 3, 2021, the Parties attended private mediation before a mediator,
17 Kevin T. Ahern, where they reached agreement on the material terms of a settlement. At
18 that time the parties signed a binding “Settlement Terms Sheet.”

19 21. The Parties have now reached agreement on the terms of this Settlement
20 Agreement and the attached exhibits.

21 22. The Class Representatives and Class Counsel believe the Settlement confers
22 substantial benefits on the Settlement Class and is in the best interest of the putative class.

23 **NOW, THEREFORE**, in consideration of the covenants, agreements, and releases
24 set forth herein and for other good and valuable consideration, it is hereby agreed by and
25 among the Class Representatives (individually and on behalf of the Settlement Class) and
26 Defendants that, subject to approval of the Court, the Action be forever resolved, settled,
27 compromised, and dismissed with prejudice on the following terms and conditions:
28

1
2 **II. DEFINITIONS**

3 23. The terms used in this Settlement Agreement and listed in this section shall
4 have the following meanings:

- 5 a. “Action” means *Castillo et al. v. Johnson et al.*, Case No. No. 2:17-cv-
6 04688-DLR, as pending in the United States District Court for the District
7 of Arizona.
- 8 b. “Settlement Agreement” means this Settlement Agreement, Exhibits, and
9 the settlement embodied herein.
- 10 c. “Class Counsel” means Plaintiffs’ counsel, Jeffrey J. Goulder and Brandon
11 R. Nagy of Stinson LLP, and Clinton A. Krislov and Christopher M. Hack
12 of Krislov & Associates, Ltd.
- 13 d. “Class Members,” as amended by this Settlement Agreement, means “All
14 Johnson Utilities customers who paid for water and/or wastewater services
15 between October 1, 2011 and the date of the Preliminary Approval Order,”
16 excluding the Judge presiding over this action and his Honor’s courtroom
17 staff, and those entities that timely and validly request exclusion from the
18 Settlement Class. Excluded from the Settlement Class are: (a) Defendants;
19 (b) the officers, directors, and employees of Defendants; (c) any entity in
20 which any Defendant has a controlling interest; (d) any affiliate or legal
21 representative of any Defendants; (e) the Judges to whom the Action is or was
22 assigned, including the Judges of the Ninth Circuit Court of Appeals to whom
23 the class certification and pending injunction appeals were assigned, those
24 Judges’ staff and any member of their immediate family; and (f) any heirs,
25 assigns, and/or successors of any such persons or entities in their capacity as
26 such.

- 1 e. “Class Representatives” means the Plaintiffs (as defined later in this
2 section).
- 3 f. “Complaint” means the Second Amended Consolidated Class Action
4 Complaint, or the “SAC,” filed on May 7, 2021.
- 5 g. “Court” refers to the United States District Court for the District of Arizona.
- 6 h. “Defendants” means the Johnson Defendants and Norton.
- 7 i. “Defense Counsel” or “Defendants’ Counsel” means counsel for Defendants
8 in the Action.
- 9 j. “Effective Date of Settlement” or “Effective Date” means the date upon
10 which the Settlement in the Action shall become effective and final, and
11 occurs when each and all of the following conditions have occurred:
- 12 i. This Settlement Agreement and Settlement has been fully
13 executed by all Parties and their counsel;
 - 14 ii. Orders have been entered by the Court granting preliminary
15 approval of this Settlement Agreement , and approving the
16 forms of Notice described in Section V, below;
 - 17 iii. The notice program has been executed in accordance with the
18 Preliminary Approval Order;
 - 19 iv. The Court has entered a Final Order and Judgment finally
20 approving the Settlement; and
 - 21 v. The Final Judgment, as defined in Section IX, below, has been
22 entered and all times to appeal therefrom have expired with
23 (1) no appeal or other review proceeding having been
24 commenced; or (2) an appeal or other review proceeding having
25 been commenced, and such appeal or other review having been
26 concluded such that it is no longer subject to review by any
27 court, whether by appeal, petitions for rehearing or reargument,
28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

petitions for rehearing *en banc*, petitions for writ of certiorari, or otherwise, and such appeal or other review has been resolved in a manner that affirms the Final Judgment in all material respects.

k. “Final Judgment” means a judgment entered by the Court, as discussed in Section IX, below.

l. “Johnson Defendants” means George and Jana Johnson, George H. Johnson and Jana S. Johnson as trustees of The George H. Johnson and Jana S. Johnson Revocable Trust dated July 9, 1987; Ultra Management, L.L.C.; Hunt MGT., LLC; Roadrunner Transit, L.L.C.; Chris Johnson and Jane Doe Johnson, husband and wife; Barbara Johnson and John Doe Johnson, wife and husband; Chris Johnson and Barbara Johnson, as trustees of Pinetop Trust II; December Companies, Inc., an Arizona corporation; Chris and Margaret Johnson as trustees of The Chris Johnson Family Trust dated September 14, 2000; BARJO LLC, an Arizona limited liability company; Barbara A. Johnson as trustee of The B.A.J. Living Trust; 1580 Santan Mountain LLC; Athena Group, LLC; Atlas Southwest Inc.; Atlas Southwest Recreation Co.; Central Arizona Communications LLC; Central Arizona Solid Waste Inc.; Felix Solar, LLC; GHJ Investments, LLC; Gold Key Aviation Inc.; Oasis Storage Solutions; Specific Engineering, LLC; Southwest Environmental Utilities, LLC; Ultra Racing LLC; Ultra Leasing, LLC; Johnson Utilities, LLC; and Johnson International, Inc.

m. “Notice” means the Short and Long form notices, substantially in the form of Exhibits A and B, attached hereto, which will be communicated to Class Members, subject to the Court’s approval of their form and proposed modes of communication. The notices shall provide the Class Members with a telephone number they can call to obtain additional information about this

1 Settlement. Any notice will also notify Class Members that Spanish
2 translations of the short-form and long-form notices are available on the
3 Settlement Website.

4 n. “Norton” means Defendant James Norton, as well as his insurer, OneBeacon.

5 o. “Notice Date” means the first date upon which the Notice is disseminated.

6 p. “Plaintiffs” means Tisha Castillo, Karen Christian, and Steve Pratt.

7 q. “Preliminary Approval Order” means the proposed order preliminarily
8 approving the Settlement and directing mailed notice to the Settlement Class
9 of the pendency of the Action and of the Settlement, to be entered by the
10 Court.

11 r. “Released Claim(s)” means any and all claims and causes of action of every
12 nature and description, known or unknown, whether arising under federal,
13 state, statutory, regulatory, common, foreign, or other law, that arise in any
14 way from or relate to the Action against Defendants (other than claims to
15 enforce the Settlement), as more specifically described in Section IV, below.

16 s. “Released Defendant Claim(s)” means any and all causes of action of every
17 nature and description, known or unknown, whether arising under federal,
18 state, statutory, regulatory, common, foreign, or other law, relating to the
19 institution, prosecution, or settlement of the Action that Defendants could
20 have asserted against the Released Plaintiff Parties or Class Counsel (other
21 than claims to enforce the Settlement).

22 t. “Released Parties” means the Defendant Released Parties and the Released
23 Plaintiff Parties, collectively.

24 u. “Released Defendant Parties” means Defendants and all of their respective
25 past, present, and future parent companies, partnerships, subsidiaries,
26 affiliates, divisions, employees, servants, members, providers, partners,
27 principals, directors, shareholders, and owners, and all of their respective
28

1 attorneys, heirs, executors, administrators, insurers, coinsurers, reinsurers,
2 joint ventures, personal representatives, predecessors, successors, transferees,
3 trustees, and assigns, and further includes Gary and Sherry Pierce, husband
4 and wife.

5 v. “Released Plaintiff Parties” means any and all of the Class Representatives,
6 Settlement Class members, Class Counsel, and any counsel for Plaintiffs in
7 the Action and their law firms, attorneys, and employees, and their respective
8 partners, employees, attorneys, heirs, executors, administrators, successors,
9 successors-in-interest, assigns, predecessors, trustees, estates, and transferees.

10 w. “Settlement Administrator” means such firm as may be retained by Class
11 Counsel to assist with the notice and administration of the Settlement, as
12 described in Section V, subject to the approval of the Court.

13 x. “Settlement Fund” means the \$10,350,000.00, to be deposited with the
14 Settlement Administrator in full Settlement of the Released Claims, subject
15 to the Court’s entry of the Final Approval Order, apportioned as follows:
16 Norton, through his insurer, will pay \$350,000.00; the Johnson Defendants
17 will pay \$10,000,000.00. The Settlement Fund comprises monies being paid
18 in compromise of civil claims seeking compensatory damages, and are not
19 and shall not be construed as a penalty or fine under the civil Racketeer
20 Influenced and Corrupt Organizations Act (RICO, 18 U.S.C. §§ 1961, *et*
21 *seq.*).

22 III. SETTLEMENT BENEFITS TO THE CLASS

23 24. **Terms of Settlement:** Subject to the court’s entry of the Final Approval
24 Order, in exchange for the release and satisfaction of the Released Claims and in accordance
25 with the other terms of this Settlement Agreement, Defendants (excluding James Norton)
26 agree to pay into the Settlement Fund a sum of Ten Million Dollars (\$10,000,000), and
27
28

1 Defendant James Norton, through his insurance carrier, agrees to pay into the Settlement
2 Fund a sum of Three Hundred and Fifty Thousand Dollars ((\$350,000). However,
3 Defendants may choose to pay their Settlement Fund contribution at an earlier date into an
4 escrow fund outside their control and under terms reasonably acceptable to Class Counsel.

5 **25. Settlement Fund:** Pursuant to and in accordance with this Settlement
6 Agreement and subject to Court approval at or after the Fairness Hearing and entry of the
7 Final Judgment, Class Counsel through the Settlement Administrator will create a
8 Settlement Fund in the gross amount of \$10,350,000.00, which will be used to pay
9 attorneys' fees, costs, and service awards approved by the Court's Final Judgment, with the
10 remainder be distributed to Class Members who have not timely opted out of the settlement.
11 No money from the Settlement Fund will be paid out or distributed until ten (10) days after
12 the Effective Date.

13 **26.** The Defendants may pay their respective settlement amounts prior to
14 December 31, 2021 into an escrow account (mutually agreeable to the Parties) that
15 Defendants shall not have control of, with the funds to be distributed to the class on the
16 effective date, except for any advance, up to Sixty Thousand Dollars (\$60,000), provided
17 to Plaintiffs in accordance with paragraph 42. As to the advance, the escrow account shall
18 allow Plaintiffs to draw upon the Settlement Fund as needed as set forth in paragraph 43.
19 The settlement amounts deposited into escrow by any Defendant shall only be returned to
20 the depositing Defendant if the settlement is not consummated. Plaintiffs will authorize the
21 Defendants to remit the settlement payment amount from the funds frozen by the Court
22 pursuant to the preliminary injunction, and the Plaintiffs shall support a request by the
23 Defendants of the Court to permit such.

24 **27. Service Awards:** Class Counsel will apply to the Court for service awards
25 from the Settlement Common Fund to all Class Representatives, in an amount not to exceed
26 \$5,000.00 per Class Representative. The purpose of such service awards will be to
27 compensate Class Representatives for their efforts undertaken on behalf of the Class. Class
28

1 Counsel shall direct the Settlement Administrator to pay all service awards approved by the
2 Court no later than ten (10) after the Effective Date.

3 28. The Parties intend that, after the foregoing payments and disbursements are
4 made, there will be no funds remaining. Nonetheless, to the extent any funds remain, no
5 portion of the Settlement Fund will be returned to the Defendants. Rather, to the extent any
6 amounts of the Settlement Fund remain, Plaintiffs will seek court approval of an appropriate
7 charitable *cy pres* distribution.

8 **IV. RELEASES**

9 29. Class Members who do not opt-out of the Settlement in accordance with
10 Court approved opt-out procedures and deadlines release any and all claims arising from or
11 related to claims asserted in the Action as more specifically set forth in paragraphs 30
12 through 32, below.

13 30. The obligations incurred under this Settlement Agreement shall be in full and
14 final disposition of the Action and of any and all Released Claims.

15 31. Upon the Effective Date, and without any further action, the Releasing
16 Plaintiff Parties, for good and valuable consideration the adequacy of which is hereby
17 acknowledged, shall fully, finally, and forever release, relinquish, and discharge any and all
18 Released Claims against each and every one of the Released Defendant Parties, and shall
19 forever be barred and enjoined, without the necessity of any of the Released Defendant
20 Parties posting a bond, from commencing, instituting, prosecuting, or maintaining any of
21 the Released Claims. Upon the Effective Date, and without any further action, Class
22 Representatives further agree not to knowingly and voluntarily assist in any way any third
23 party in commencing or prosecuting any suit against the Released Defendant Parties,
24 relating to any Released Claim.

25 32. Upon the Effective Date of the Settlement, and without further action,
26 Defendants, for good and valuable consideration the receipt and adequacy of which is
27 hereby acknowledged, shall fully, finally, and forever release, relinquish, and discharge the
28

1 Released Defendant Claims, and shall forever be barred and enjoined, without the necessity
2 of any of the Plaintiffs posting a bond, from commencing, instituting, prosecuting, or
3 maintaining any of the Released Defendant Claims.

4 **V. ADMINISTRATION OF THE SETTLEMENT AND CLASS NOTICE**

5 33. Class Counsel and the Settlement Administrator shall provide notice to the
6 Class Members and administer the Settlement under the Plaintiffs' supervision and subject
7 to the exclusive jurisdiction of the Court.

8 34. Dissemination of the Notice shall be accomplished by Class Counsel and the
9 Settlement Administrator in the following manner:

10 a. Inclusion in EPCOR billings. It is anticipated that a one-time short
11 form notice will be sent as "stuffer" inserts with EPCOR's billings
12 (whether by mail or email).

13 b. For Johnson Utilities customers who have not continued as current
14 EPCOR customers,

15 i. *Class Member Information*: No later than thirty (30) days after
16 entry of the Preliminary Approval Order, Class Counsel, with
17 the cooperation of the Defendants, shall provide the Settlement
18 Administrator with the name and physical address of each
19 Settlement Class member (collectively, "Class Member
20 Information").

21 ii. The Class Member Information and its contents shall be used
22 by the Settlement Administrator solely for the purpose of
23 performing its obligations pursuant to this Agreement and shall
24 not be used for any other purpose at any time. Except to
25 administer the Settlement as provided for in this Agreement, or
26 to provide all data and information in its possession to the
27 Parties upon request, the Settlement Administrator shall not
28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

reproduce, copy, store, or distribute in any form, electronic or otherwise, the Class Member Information.

- c. *Settlement Website:* Prior to the dissemination of the Notice, Plaintiffs' Counsel shall create, or to direct the Settlement Administrator to create, a website dedicated to providing information related to this Settlement, including the Long Form notice contained within Exhibit B. The website will include the information in the Notice and access to relevant publicly available court documents relating to the Action. The website will make clear that Class Members who have opted-out of the Settlement in accordance with Court-approved deadlines and procedures have not released any claims they may have related to the Action and may still file claims related to the allegations in the Complaint. The website will also give notice that there is a statute of limitations for filing claims and inform individuals that their claims may have been tolled but that the Parties are not providing legal advice and that they should contact an attorney immediately if they believe they have a claim. The Settlement Website will also make available to Class Members Spanish translations of the short-form and long-form notices.
- d. Within seven (7) days of receiving the Class Member Information, the Settlement Administrator shall crosscheck the Class Member Information against the National Change of Address directory to ensure the most recent and accurate addresses are used to disseminate the Notice. Upon receipt of any notice of address or forwarding address, the Settlement Administrator shall forward any returned mail.
- e. Within thirty (30) days of receiving the Class Member Information, the Settlement Administrator shall commence the dissemination of the Notice.
- f. Notice shall be given by U.S. mail (or by their regular means of billing from EPCOR) to all Class Members, postage prepaid.

1 35. The notice provided to the Class Members shall, pursuant to LRCiv 54.2(i),
2 include notice of the amount of attorneys' fees and related non-taxable costs, or a fair
3 estimate thereof, sought in accordance with this Settlement Agreement.

4 36. Under the procedure set forth in the Notice, Class Members have the right and
5 ability to exclude themselves from the Settlement as set forth in the proposed Preliminary
6 Approval Order. In order to validly be excluded from the Settlement, the Class Member
7 must send a letter that says he or she wants to be excluded from the Settlement to the
8 Settlement Administrator and include his or her name, address, and signature by the date
9 set by the Court and as outlined in the Notice. If the opt-out is untimely or otherwise fails
10 to comply with any of the provisions for a valid opt-out, it shall not be considered a valid
11 opt-out.

12 37. The Settlement Administrator shall cause copies of requests for exclusion
13 from Class Members to be provided to Class Counsel and Defendants' Counsel as they are
14 received. No later than ten (10) days after the final date for mailing requests for exclusion,
15 the Settlement Administrator shall provide Class Counsel and Defendants' Counsel a
16 complete and final list of all known Class Members who have excluded themselves from
17 the Settlement. Class Counsel shall provide this information to the Court before the final
18 approval hearing.

19 38. The Notice will inform the Class Members that they may send in a written
20 objection in this case to be filed in the United States District Court for the District of
21 Arizona. To be valid, an objection must state: (a) the objector's full name, address,
22 telephone number, and e-mail address (if any); (b) information identifying the objector as a
23 Class Member; (c) a written statement of all grounds for the objection, accompanied by any
24 legal support the objector cares to submit; (d) the identity of all lawyers (if any) representing
25 the objector; (e) the identity of all of the objector's lawyers (if any) who will appear at the
26 Final Fairness Hearing; (f) a list of all persons who will be called to testify at the Final
27 Fairness Hearing in support of the objection; (g) a statement confirming whether the
28

1 objector intends to personally appear and/or testify at the Final Fairness Hearing; and (h)
 2 the objector's signature or the signature of the objector's duly authorized lawyer or other
 3 duly authorized representative (along with documentation setting forth such representation).

4 39. In addition to the foregoing, objections should also provide the following
 5 information: (a) a list, by case name, court, and docket number, of all other cases in which
 6 the objector (directly or through a lawyer) has filed an objection to any proposed class action
 7 settlement within the last three (3) years; (b) a list, by case name, court, and docket number,
 8 of all other cases in which the objector's lawyer (on behalf of any person or entity) has filed
 9 an objection to any proposed class action settlement within the last three (3) years; and (c)
 10 a list, by case number, court, and docket number, of all other cases in which the objector
 11 has been a named plaintiff in any class action or served as a lead plaintiff or class
 12 representative.

13 40. The Notice will further inform Class Members that to be considered timely,
 14 any valid objection in the appropriate form must be **filed** with the Clerk of the United States
 15 District Court for the District of Arizona Sandra Day O'Connor U.S. Courthouse, Suite 522,
 16 401 West Washington Street, SPC 50, Phoenix, AZ 85003-2153, no later than the date set
 17 by this Court and outlined in the Notice. The Notice will inform Class Members that they
 18 must **mail** a copy of their objection to the following three different places postmarked no
 19 later than the date set by the Court and outlined in the Notice:

COURT	CLASS COUNSEL	DEFENSE COUNSEL
United States District Court for the District of Arizona Sandra Day O'Connor U.S. Courthouse, Suite 626 401 West Washington Street, SPC 79 Phoenix, AZ 85003	Clinton A. Krislov Christopher M. Hack KRISLOV & ASSOCIATES, LTD. 20 North Wacker Drive Chicago, IL 60606	Mark C. Dangerfield Mark A. Fuller Hannah H. Porter GALLAGHER & KENNEDY, P.A. 2575 E. Camelback Road Phoenix, Arizona 85016

1 41. The Parties agree that Plaintiffs will take the lead in drafting responses to any
2 objections to the Settlement, including any appeals filed by the objectors. However, both
3 Parties retain their rights to make any argument(s) in response to any objector.

4 **VI. NOTICE AND ADMINISTRATION EXPENSES**

5 42. All costs of notice and administration, including, without limitation, the fees
6 and expenses of the Settlement Administrator, shall be paid by Plaintiffs. The Defendants
7 (excluding James Norton) shall advance up to Sixty Thousand Dollars (\$60,000) of their
8 Ten Million Dollar (\$10,000,000) for Plaintiffs' use to cover notice and administrative
9 expenses of the settlement. If the settlement is not consummated, all funds advanced to
10 Plaintiffs shall, with reasonable promptness, be repaid to the Defendants (excluding James
11 Norton). By their signatures on this Settlement Agreement, the Plaintiffs' Counsels' law
12 firms guaranty the repayment of those funds. Any amounts paid for notice and
13 administration (including contracting for outside vendors for this work) will not be
14 reimbursed to Plaintiffs if the Settlement does not become final. Plaintiffs will authorize the
15 Defendants to remit the advanced amount from the funds frozen by the Court pursuant to
16 the preliminary injunction, and the Plaintiffs shall support a request by the Defendants of
17 the Court to permit such.

18 43. Except for funding their respective shares of the Settlement Fund, and as
19 described in paragraph 42, Defendants shall have no financial obligations to Class
20 Representatives, Plaintiffs, or those Class Members who have not timely excluded
21 themselves from the Settlement.

22 **VII. ATTORNEYS' FEES AND EXPENSES**

23 44. Class Counsel will submit an application, as part of their Motion for Final
24 Approval, for an award from the Settlement Fund of: (i) attorneys' fees not to exceed 33-
25 1/3% of the Settlement Fund; and (ii) reimbursement of litigation expenses, plus interest,
26 incurred in connection with the prosecution of the Action.

1 45. Class Counsel shall have sole authority to determine the allocation of fees and
2 costs among and between Class Counsel, and shall do so in good faith according to
3 contributions made in the Action.

4 **VIII. PRELIMINARY APPROVAL OF SETTLEMENT**

5 46. Promptly after execution of this Settlement Agreement, Class Counsel will
6 apply for preliminary Court approval of the settlement contemplated by this Settlement
7 Agreement, and for entry of a Preliminary Approval Order. The Preliminary Approval
8 Order will, *inter alia*, preliminarily approve the settlement, set the date for the Final Fairness
9 Hearing, and prescribe the method for giving notice of the settlement to the Class Members.

10 **IX. FINAL JUDGMENT**

11 47. If the Preliminary Approval Order is entered by the Court, Class Counsel will
12 move the Court, within the time frames contemplated by the Preliminary Approval Order,
13 for entry of a Final Judgment through a motion for final approval of the Settlement (“Motion
14 for Final Approval”).

15 **X. WAIVER OR TERMINATION**

16 48. Defendants shall have the right to terminate the settlement and this Settlement
17 Agreement if more than ten (10) percent of eligible class members opt out of the Settlement
18 Class. If Defendants choose to exercise this provision, the Action will resume as if the
19 settlement never took place.

20 49. If the Effective Date of Settlement does not occur, or if the Settlement
21 Agreement is terminated or fails to become effective for any reason, then the Parties shall
22 be deemed to have reverted to their respective statuses in the Action as of the date and time
23 immediately prior to the execution of this Settlement Agreement, and, except as to
24 paragraph 42 concerning Plaintiffs’ obligation to pay Notice and Administration costs or as
25 otherwise expressly provided, the Parties shall proceed in all respects as if this Settlement
26 Agreement and any related orders had not been entered.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

XI. NO ADMISSION OF WRONGDOING OR LACK OF MERIT

50. The terms of this Settlement Agreement (whether the Settlement Agreement becomes final or not), the negotiations leading up to this Settlement Agreement, the fact of the settlement, and the proceedings taken pursuant to the Settlement Agreement, shall not: (a) be construed as an admission of liability or an admission of any claim or defense on the part of any party, in any respect; (b) form the basis for any claim of estoppel by any third-party against any released party; or (c) be admissible in any action, suit, proceeding, or investigation as evidence, or as an admission, of any wrongdoing or liability whatsoever by any party, or as evidence of the truth of any of the claims or allegations contained in the Action.

XII. MISCELLANEOUS PROVISIONS

51. All of the exhibits attached hereto are hereby incorporated by reference as though fully set forth herein.

52. The Parties to the Settlement Agreement intend and agree that the settlement contemplated by the Settlement Agreement will be a final and complete resolution of all disputes related to the Action by Defendants, the Class Representatives, and the Class Members who have not timely excluded themselves from the Settlement.

53. The Parties agree that the benefits provided herein and the other terms of the settlement were negotiated at arm's length in good faith by the Parties to the Settlement Agreement with the assistance of an experienced and independent mediator, and reflect a settlement that was reached voluntarily after consultation with experienced legal counsel.

54. This Settlement Agreement may not be modified or amended, nor may any of its provisions be waived, except by a writing signed by all Parties or their successors-in-interest.

55. The headings herein are used for the purpose of convenience only and are not meant to have legal effect.

1 56. The Parties hereby irrevocably submit to the continuing and exclusive
2 jurisdiction of the Court for any suit, action, proceeding, or dispute arising out of or relating
3 to this settlement as embodied in the Settlement Agreement or its applicability, and agree
4 that they will not oppose the designation of such suit, action, proceeding, or dispute as a
5 related case to the Action.

6 57. The Settlement Agreement may be executed in one or more counterparts. All
7 executed counterparts and each of them shall be deemed to be one and the same instrument,
8 provided that counsel for the Parties to the Settlement Agreement shall exchange among
9 themselves original signed counterparts. Electronically transmitted signatures are valid
10 signatures as of the date thereof.

11 58. The construction, interpretation, operation, effect, and validity of the
12 Settlement Agreement, and all documents necessary to effectuate it, shall be governed by
13 the laws of the State of Arizona without regard to conflicts of laws, except to the extent that
14 federal law requires that federal law govern. The Parties understand and agree that any
15 disputes arising out of the Settlement Agreement shall be governed and construed by and
16 in accordance with the laws of the State of Arizona, without reference or regard to choice-
17 of-law principles.

18 59. The Settlement Agreement shall not be construed more strictly against one
19 Party to the Settlement Agreement than another merely by virtue of the fact that it, or any
20 part of it, may have been prepared by counsel for one of the Parties, it being recognized that
21 the Settlement Agreement is the result of arm's-length negotiation between the Parties to
22 the Settlement Agreement, and all Parties to the Settlement Agreement have contributed
23 substantially and materially to the preparation of the Settlement Agreement.

24 60. Any and all counsel and Parties to the Settlement Agreement who execute the
25 Settlement Agreement and any of the exhibits hereto, or any related Settlement documents,
26 represent that they have reviewed and understand those documents and have the full
27 authority to execute the Settlement Agreement, and that they have the authority to take
28

1 appropriate action required or permitted to be taken pursuant to the Settlement Agreement
2 to effectuate its terms.

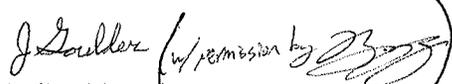
3 61. Class Counsel and Defendants' Counsel agree to recommend approval of the
4 Settlement Agreement by the Court and to undertake their best efforts and cooperate fully
5 with one another in seeking Court approval of the Preliminary Approval Order, the
6 Settlement Agreement, and the Settlement and to promptly agree upon and execute all such
7 other documentation as may be reasonably required to obtain final approval by the Court of
8 the Settlement and the entry of the Final Judgment.

9 62. Plaintiffs agree to comply with the CAFA notice provisions set out in
10 28 U.S.C. § 1715.

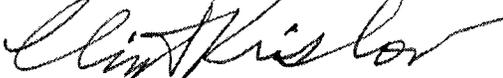
11
12 **IN WITNESS WHEREOF**, the Parties have, through their respective counsel,
13 executed this Settlement Agreement as of the date first above written.

14 **Approved as to form by counsel for Plaintiffs and the Class:**

15 STINSON LLP

16 By: /s/  (w/ permission by 
17 Jeffrey J. Goulder
18 Brandon R. Nagy

19 KRISLOV & ASSOCIATES, LTD

20 By: /s/ 
21 Clinton A. Krislov
22 Christopher M. Hack

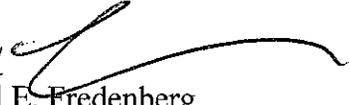
23 **Approved as to form by counsel for Defendants:**

24 GALLAGHER & KENNEDY, P.A

25 By: /s/ 
26 Mark C. Dangerfield
27 Mark A. Fuller
28 Hannah H. Porter

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

FREDENBERG BEAMS

By: /s/ 
Daniel E. Fredenberg
Christian C.M. Beams

BONNETT, FAIRBOURN, FRIEDMAN & BALINT, P.C.

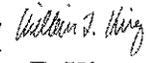
By: /s/ 
William F. King

Exhibit A

Exhibit A

LEGAL NOTICE

**IF YOU WERE A JOHNSON UTILITIES
CUSTOMER BETWEEN OCTOBER 1,
2011, AND NOVEMBER X, 2021, THIS
CLASS ACTION SETTLEMENT AFFECTS
YOUR RIGHTS.**

A settlement has been reached between Johnson Utilities and other related Defendants named in a class action lawsuit brought by several Plaintiffs alleging the Defendants unlawfully increased water and wastewater utility rates. Defendants deny the allegations, and the Court has not decided who is right. Instead, the parties agreed to a settlement to avoid the expense and risk of continued litigation.

EPCOR is not involved in the lawsuit and is not accused of any wrongdoing. EPCOR provides this notice as a courtesy to its customers—many of whom were Johnson Utilities customers. Please contact the Settlement Administrator at the number below—not EPCOR—with any questions about the settlement.

Who is Included?

You are part of the settlement if you were a Johnson Utilities customer between October 1, 2011 and November X, 2021.

What can you get?

Defendants have agreed to create a \$10.35 million settlement fund. After administrative expenses, attorneys' fees and expenses of up to 33.33 percent, and incentive awards of \$5,000 each to the three Class Representatives are paid from the settlement fund, the balance will be distributed to class members based on how long they were Johnson Utilities customers. For current EPCOR customers, the settlement money will be distributed in the form of a credit on future water bills. For more detailed information: www.JohnsonUtilitiesSettlement.com.

Your options.

If you do nothing, you will automatically be part of the settlement and, if you are an EPCOR customer during the first billing cycle after the Court grants the settlement final approval, you will receive the benefits described above. If you do not want to be legally bound by the settlement, you must exclude yourself by December X, 2021. Unless you exclude yourself, you will not be able to sue or continue suing the Defendants for any legal claim resolved by this settlement. If you do not exclude yourself, you may object by December X, 2021. For more information, including instructions on how to exclude yourself or object, see www.JohnsonUtilitiesSettlement.com.

The Court hearing.

The Court will hold a final approval hearing at X:XXam on December X, 2021 at the Sandra Day O'Connor United States Courthouse, 401 W. Washington St., Phoenix, AZ. At this hearing, the Court will decide whether to approve the settlement, attorneys' fees and expenses, and the incentive awards for the Class Representatives. You or your lawyer may attend the hearing at your own expense.

www.JohnsonUtilitiesSettlement.com

1-800-XXX-XXXX

PARA UNA NOTIFICACIÓN EN ESPAÑOL,
VISITAR NUESTRO WEBSITE

Exhibit B

Exhibit B

UNITED STATE DISTRICT COURT FOR THE DISTRICT OF ARIZONA

NOTICE OF CLASS ACTION AND PROPOSED SETTLEMENT

If you were a Johnson Utilities customer between October 1, 2011 and November X, 2021, this class action settlement affects your rights.

A federal court authorized this notice. This is not a solicitation from a lawyer.

- A settlement has been reached in a class action lawsuit brought by several Plaintiffs alleging Johnson Utilities and other Defendants unlawfully increased water and wastewater utility rates. Defendants deny the allegations and the Court has not decided who is right. Instead, the parties have agreed to a settlement to avoid the expense and risk of continued litigation.
- Under the proposed settlement, Defendants have agreed to create a settlement fund of \$10.35 million to pay Class Member claims, Class Representative incentive awards, attorneys’ fees and expenses, and administrative costs.
- You may receive money as part of this settlement if you were a Johnson Utilities customer between October 1, 2011, and November X, 2021.
- Your legal rights are affected whether you act or don’t act. Read this notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
RECEIVE MONEY	<p>If You are Now an EPCOR Customer: Do Nothing, Receive a Credit. You may automatically receive a credit on a future water/wastewater bill if you are an EPCOR customer when this settlement receives final approval by the Court.</p> <p>Non-EPCOR Customers: File a Claim, Receive a Check. If you are a former Johnson Utilities customer who has since moved out of the EPCOR service area, you must file a claim to receive a check from the settlement fund.</p>
EXCLUDE YOURSELF	Get no payment. This is the only option that allows you to ever be part of any other lawsuit against Defendants about the legal claims in this case.
OBJECT	Write to the Court about why you don’t like the settlement.
GO TO A HEARING	Ask to speak in Court about the fairness of the settlement.

QUESTIONS? VISIT WWW.JOHNSONUTILITIESSETTLEMENT.COM

PARA UNA NOTIFICACIÓN EN ESPAÑOL, VISITAR NUESTRO WEBSITE

- The Court in charge of this case still must decide whether to grant final approval of the settlement. Payments will be made if the Court grants final approval and after appeals, if any, are resolved. Please be patient.
- *EPCOR is not involved in the lawsuit and is not accused of any wrongdoing. EPCOR is distributing the payments from this settlement in the form of bill credits as a courtesy to its customers—many of whom were Johnson Utilities customers. Please contact the Settlement Administrator—not EPCOR—with any questions about the settlement.*

WHAT THIS NOTICE CONTAINS

	<u>Page</u>
BASIC INFORMATION.....	4
1. Why did I get this notice package?	4
2. What is this lawsuit about?	4
3. Why is this a class action?	4
4. Why is there a settlement?	4
WHO IS IN THE SETTLEMENT	5
5. How do I know if I am part of the settlement?	5
THE SETTLEMENT BENEFITS – WHAT YOU GET.....	5
6. What does the settlement provide?	5
7. What can I get from the settlement?	5
HOW YOU GET A PAYMENT – SUBMITTING A CLAIM FORM.....	Error! Bookmark not defined.
8. How can I get a payment?.....	5
9. When would I get my payment?	6
10. What am I giving up to get a payment or stay in the Class?.....	6
EXCLUDING YOURSELF FROM THE SETTLEMENT	6
11. How do I get out of the settlement?	6
12. If I don’t exclude myself, can I sue Defendants for the same thing later?	7
13. If I exclude myself, can I get money from this settlement?.....	7
THE LAWYERS REPRESENTING YOU	7
14. Do I have a lawyer in the case?	7
15. How will the lawyers be paid?.....	7
OBJECTING TO THE SETTLEMENT	8
16. How do I tell the Court that I don’t like the settlement?	8
17. What’s the difference between objecting and excluding?	8
THE COURT’S FAIRNESS HEARING	8
18. When and where will the Court decide whether to approve the settlement?.....	8

QUESTIONS? VISIT WWW.JOHNSONUTILITIESSETTLEMENT.COM

PARA UNA NOTIFICACIÓN EN ESPAÑOL, VISITAR NUESTRO WEBSITE

19. Do I have to come to the hearing? 9

20. May I speak at the hearing? 9

IF YOU DO NOTHING 9

21. What happens if I do nothing at all. 9

GETTING MORE INFORMATION..... 9

22. Are there more details about the settlement? 9

23. How do I get more information?.....**Error! Bookmark not defined.**

QUESTIONS? VISIT WWW.JOHNSONUTILITIESSETTLEMENT.COM

PARA UNA NOTIFICACIÓN EN ESPAÑOL, VISITAR NUESTRO WEBSITE

BASIC INFORMATION

1. Why did I get this notice package?

You may have been a Johnson Utilities customer during the class period, between October 1, 2011, and November **X**, 2021. The Court has determined that you have a right to know about a proposed settlement of a class action lawsuit, and about your options, before the Court decides whether to grant final approval of the settlement. If the Court approves it and after objections and appeals are resolved, the benefits will be distributed to Class Members in the manner described below.

This package explains the lawsuit, the settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States District Court for the District of Arizona, and the case is known as *Castillo et al. v. Johnson et al.*, No. 2:17-cv-04688-DLR (D. Ariz.). The people who sued are called Plaintiffs. The individuals and companies they sued, including Johnson Utilities, are called Defendants.

2. What is this lawsuit about?

Plaintiffs claimed that Defendants unlawfully increased Johnson Utilities water and wastewater rates. Defendants deny that they did anything wrong.

3. Why is this a class action?

In a class action, one or more people, called Class Representatives (in this case Johnson Utilities customers Tisha Castillo, Karen Christian and Steve Pratt), sue on behalf of people who have similar claims. All these people are a Class or Class Members. One court resolves the issues for all Class Members, except for those who exclude themselves from the Class. U.S. District Judge Douglas L. Rayes oversees this class action.

4. Why is there a settlement?

The Court did not decide in favor of Plaintiffs or Defendants. Instead, both sides agreed to a settlement after several years of litigation, including numerous rulings on various issues by the Court, a substantial number of documents exchanged, and a settlement conference conducted with a neutral mediator. By so settling, they avoid the cost of a trial, and Class Members will be able to receive money. The Class Representative and the attorneys think the settlement is best for everyone.

QUESTIONS? VISIT WWW.JOHNSONUTILITIESSETTLEMENT.COM

PARA UNA NOTIFICACIÓN EN ESPAÑOL, VISITAR NUESTRO WEBSITE

WHO IS IN THE SETTLEMENT

5. How do I know if I am part of the settlement?

Judge Rayes decided that everyone who fits this description is a Class Member:

All Johnson Utilities customers who paid for water and/or wastewater services between October 1, 2011 and November **X**, 2021.

Class Members will include former Johnson Utilities customers who are now customers of EPCOR, as well as former Johnson Utilities who have since moved out of the EPCOR service area.

THE SETTLEMENT BENEFITS – WHAT YOU GET

6. What does the settlement provide?

Defendants have agreed to create a \$10.35 million settlement fund. After administrative expenses, attorneys' fees of up to 33^{1/3} percent and out-of-pocket expenses, and incentive awards of \$5,000 each to the three Class Representatives are paid from the settlement fund, the balance will be distributed to Class Members based on how long they were Johnson Utilities customers. For current EPCOR customers, the settlement money will be distributed in the form of a credit on future water/wastewater bills. For former Johnson Utilities customers who have since moved out of the current EPCOR service area, the money will be distributed by check.

7. What can I get from the settlement?

After administrative expenses, attorneys' fees and expenses, and incentive awards are paid from the settlement fund, the balance will be distributed to Class Members based on how long they were Johnson Utilities customers. At this stage—before the Court has granted final approval and before Class Members have had an opportunity to make claims, object or opt out of the settlement—it is impossible to precisely determine how much each individual Class Member will receive. However, based on current estimates, Class Members would be entitled to approximately \$1.28 per month they were Johnson Utilities customers during the class period—or approximately \$169 for Class Members who were customers during the entire class period.

8. How can I get a payment?

Class Members who are current EPCOR customers may receive a payment by doing nothing. Those Class Members will automatically receive a credit calculated from EPCOR's records on a future water/wastewater bill if they are EPCOR customers when this settlement receives final approval by the Court.

QUESTIONS? VISIT WWW.JOHNSONUTILITIESSETTLEMENT.COM

PARA UNA NOTIFICACIÓN EN ESPAÑOL, VISITAR NUESTRO WEBSITE

CORE/3503617.0002/171059577.1

Class Members who no longer live in the EPCOR service area when this settlement is approved by the Court may file a claim and receive a check from the settlement fund. These Class Members can find a Claim Form and instructions at www.JohnsonUtilitiesSettlement.com

9. When would I get my payment?

The Court will hold a hearing on [REDACTED], to decide whether to approve the settlement. If Judge Rayes approves the settlement, there could be appeals afterward. It's always uncertain whether these appeals can be resolved and resolving them can take time. Please be patient.

10. What am I giving up to get a payment or stay in the Class?

Unless you exclude yourself, you are staying in the Class, and that means that you can't sue, continue to sue, or be part of any other lawsuit against Defendants about the legal issues in *this* case. It also means that all of the Court's orders will apply to you and legally bind you. Current EPCOR customers who do nothing and non-EPCOR customers who file claim forms will agree to a "Release of Claims," which describes exactly the legal claims that you give up if you get settlement benefits.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you don't want a payment from this settlement, and you want to keep the right to sue or continue to sue Defendants, on your own, about the legal issues in this case, then you must take steps to get out. This is called excluding yourself—or is sometimes referred to as opting out of the settlement Class.

11. How do I get out of the settlement?

To exclude yourself from the settlement, you must send a letter by mail saying that you want to be excluded from the *Castillo v. Johnson* settlement. Be sure to include your name, address, telephone number, and your signature. You must mail your exclusion request postmarked no later than [REDACTED], to:

Johnson Utilities Settlement Administrator

PO Box 43034

Providence, RI 02940-3034

You can't exclude yourself on the phone or by e-mail. If you ask to be excluded, you will not get any settlement payment, and you cannot object to the settlement. You will not be legally bound by anything that happens in this lawsuit. You may be able to sue (or continue to sue) Defendants in the future.

QUESTIONS? VISIT WWW.JOHNSONUTILITIESSETTLEMENT.COM

PARA UNA NOTIFICACIÓN EN ESPAÑOL, VISITAR NUESTRO WEBSITE

12. If I don't exclude myself, can I sue Defendants for the same thing later?

No. Unless you exclude yourself, you give up the right to sue Defendants for the claims that this settlement resolves. If you have a pending lawsuit, speak to your lawyer in that lawsuit immediately. You must exclude yourself from *this* Class to continue your own lawsuit. Remember, the exclusion deadline is .

13. If I exclude myself, can I get money from this settlement?

No. If you exclude yourself, you will not receive money from this settlement. But, you may sue, continue to sue, or be part of a different lawsuit against Defendants.

THE LAWYERS REPRESENTING YOU**14. Do I have a lawyer in the case?**

The Court appointed the law firms of Stinson LLP and Krislov & Associates, Ltd. as "Class Counsel," to represent you and other Class Members. You will not be charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

15. How will the lawyers be paid?

Class Counsel will ask the Court for attorneys' fees and expenses of up to 33^{1/3} percent of the settlement fund. Class Counsel have (among other things) vigorously prosecuted this case for several years, expending a significant amount of time to successfully oppose Defendants' motions to dismiss, certifying the case as a class action, and reviewing thousands of documents. Up to now, Class Counsel have not been compensated for any of their time or reimbursed for any of their expenses. Defendants have agreed to not oppose Class Counsel's petition for attorneys' fees up to 33^{1/3} percent of the settlement fund.

Additionally, Class Counsel will ask the Court to approve incentive awards of \$5,000 each to Class Representatives Tisha Castillo, Karen Christian and Steve Pratt who brought this lawsuit on behalf of all Class Members. Although the Court may award less than these amounts, incentive awards are commonly granted to recognize the efforts of class representatives in bringing and prosecuting lawsuits on behalf of others. Finally, the costs to administer the settlement will be deducted from the Settlement Fund.

QUESTIONS? VISIT WWW.JOHNSONUTILITIESSETTLEMENT.COM

PARA UNA NOTIFICACIÓN EN ESPAÑOL, VISITAR NUESTRO WEBSITE

CORE/3503617.0002/171059577.1

OBJECTING TO THE SETTLEMENT

You can tell the Court that you don't agree with the settlement or some part of it.

16. How do I tell the Court that I don't like the settlement?

If you're a Class Member, you can object to the settlement if you don't like any part of it. You can give reasons why you think the Court should not approve it. The Court will consider your views. To object, you must send a letter saying that you object to the *Castillo v. Johnson* settlement. Be sure to include your name, address, telephone number, your signature, and the reasons you object to the settlement. Mail the objection to this address, postmarked no later than [REDACTED]:

COURT	CLASS COUNSEL	DEFENSE COUNSEL
United States District Court for the District of Arizona Sandra Day O'Connor U.S. Courthouse, Suite 626 401 West Washington Street, SPC 79 Phoenix, AZ 85003	Clinton A. Krislov Christopher M. Hack KRISLOV & ASSOCIATES, LTD. 20 North Wacker Drive Chicago, IL 60606	Mark C. Dangerfield Mark A. Fuller Hannah H. Porter GALLAGHER & KENNEDY, P.A. 2575 E. Camelback Road Phoenix, Arizona 85016

17. What's the difference between objecting and excluding?

Objecting is simply telling the Court that you don't like something about the settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you don't want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT'S FAIRNESS HEARING

18. When and where will the Court decide whether to approve the settlement?

The Court will hold a Fairness Hearing on [REDACTED], at the Sandra Day O'Connor United States Courthouse, 401 W. Washington Street, Phoenix, AZ. At this hearing, the Court will consider whether the settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. Judge Rayes will listen to people who have asked to speak at the hearing. The Court may also decide how much to pay Class Counsel and whether to grant the requests for incentive awards. After the hearing, the Court will decide whether to approve the settlement. We do not know how long these decisions will take.

QUESTIONS? VISIT WWW.JOHNSONUTILITIESSETTLEMENT.COM

PARA UNA NOTIFICACIÓN EN ESPAÑOL, VISITAR NUESTRO WEBSITE

19. Do I have to come to the hearing?

No. Class Counsel will answer questions Judge Rayes may have. But, you are welcome to come at your own expense. If you send an objection, you don't have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

20. May I speak at the hearing?

You may ask the Court for permission to speak at the Fairness Hearing. To do so, you must send a letter saying that it is your "Notice of Intention to Appear in *Castillo v. Johnson*." Be sure to include your name, address, telephone number, and your signature. Your Notice of Intention to Appear must be postmarked no later than [REDACTED], and be sent to:

Johnson Utilities Settlement Administrator

PO Box 43034

Providence, RI 02940-3034

IF YOU DO NOTHING

21. What happens if I do nothing at all?

If you are an EPCOR customer when final approval of this settlement is granted, you will automatically receive a credit on a future water/wastewater bill.

If you no longer live in the EPCOR service area, and you do nothing you'll get no money from this settlement. But, unless you exclude yourself, you won't be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Defendants about the legal issues in this case, ever again.

GETTING MORE INFORMATION

22. Are there more details about the settlement?

23.

This notice summarizes the proposed settlement. More details are in a Settlement Agreement and other documents posted on www.JohnsonUtilitiesSettlement.com. **Please do not contact EPCOR with questions about this settlement.**

QUESTIONS? VISIT WWW.JOHNSONUTILITIESSETTLEMENT.COM

PARA UNA NOTIFICACIÓN EN ESPAÑOL, VISITAR NUESTRO WEBSITE

Exhibit 2

Exhibit 2

Clinton A. Krislov
Krislov & Associates, Ltd.
Civic Opera Building, Suite 1006
20 North Wacker Drive
Chicago, Illinois 60606

Jason D. Gellman
Associate General Counsel
EPCOR USA Inc.
2355 W. Pinnacle Peak Rd., Suite 300
Phoenix, Arizona 85027

November 19, 2021

Re: Settlement of *Castillo et al. v. Johnson et al.*, No. 2:17-cv-04688-DLR (D. Ariz.).

Mr. Gellman:

The purpose of this correspondence is to memorialize an agreement between EPCOR Water Arizona Inc. (“EPCOR”) and court-appointed plaintiffs’ Class Counsel regarding claims administration of the settlement of the above-referenced class action lawsuit (the “JU Class Action”).

As an initial matter, we appreciate the willingness of EPCOR—a non-party to the JU Class Action—to assist in the administration of the settlement of this matter.

As you know, the Defendants in the JU Class Action include Johnson Utilities, LLC, which was acquired by EPCOR on January 29, 2021. The Plaintiffs in the action are former Johnson Utilities customers, and the following class has been certified by the court pursuant to Fed. R. Civ. P. 23 as follows:

All Johnson Utilities customers who paid for water and/or wastewater services between October 1, 2011, and the date a Preliminary Approval Order in this case is entered.

Excluded from the class are: (a) Defendants; (b) the officers, directors, and employees of Defendants; (c) any entity in which any Defendant has a controlling interest; (d) any affiliate or legal representative of any Defendants; (e) the Judges to whom the Action is or was assigned, including the Judges of the Ninth Circuit Court of Appeals to whom the class certification and pending injunction appeals were assigned, these Judges’ staff and

any member of their immediate family; and (f) any heirs, assigns, and/or successors of any such persons or entities in their capacity as such.

Because most members of the certified class are now EPCOR customers, Class Counsel have requested EPCOR's assistance in identifying and notifying class members of the proposed settlement and, if granted final approval by the court, and distributing the settlement cash benefits to eligible class members in the form of one-time credits against their EPCOR accounts, funded by the net settlement fund (*i.e.*, the settlement fund less taxes, administration costs, litigation expenses, and attorneys' fees awarded by the court).

Accordingly, this letter confirms the terms of our agreement regarding EPCOR's distribution of the net settlement fund proceeds to eligible class members who are current EPCOR customers but former customers of Johnson Utilities, LLC.

EPCOR and Class Counsel have agreed to cooperate in this manner under the following parameters:

1. In Class Counsel's Motion for Preliminary Approval of Class Action Settlement to be filed with the Court (currently due November 10, 2021), Class Counsel will seek an order for EPCOR to provide certain customer information collected when service was established (*e.g.*, name, address, etc.) for all EPCOR customers who meet the above class definition.
2. EPCOR will provide certain information about its class member customers, identifying for each (to the extent feasible):
 - a. The customer start date and end date (if applicable) for service.
 - b. The class of customer (*i.e.*, residential, commercial etc.).
 - c. Whether the customer is a water customer, wastewater customer, or both a water and wastewater customer.
 - d. Certain customer information collected in accordance with Arizona Corporation Commission regulations when service was established (*i.e.*, customer name, service address, purpose of service etc.).
3. After receiving the information as set forth in Section 2 from EPCOR, Class Counsel will calculate the amount of money each class member is owed under the settlement, forward that information to EPCOR, and transfer to EPCOR the cumulative sum that will be credited to class members' bills.
4. Upon written request from Class Counsel, and to the extent feasible, EPCOR may provide additional information for a specific customer, such as monthly actual or average monthly charged amounts during the period from October 2011 to the date of entry of the Preliminary Approval Order, but only on a customer-by-customer basis. For purposes of this provision, written request means an email request to santaninquiries@epcor.com asking for specific customer information. Notwithstanding any other provision in this letter agreement, Class Counsel may make no more than five (5) requests for customer information per day, and where each customer equals one request (*i.e.*, one email for

customer-specific information for two customers will be equal to two requests for purposes of this letter agreement).

5. Class Counsel will draft both proposed short-form and long-form Class Notice and will submit both to EPCOR for review prior to submitting to the Court for approval. EPCOR and Class Counsel agree that both notices will make clear that EPCOR is (1) not a party to the JU Class Action and does not and is not expected to have knowledge of any of the details or particulars regarding the JU Class Action; (2) is providing settlement administration services only as a courtesy to its customers who are class members; and (3) that class members should not contact EPCOR with questions about either the above-referenced class action lawsuit itself or the settlement of the class action lawsuit.
6. The short-form Class Notice will be a single-page insert that complies with EPCOR's insertion guidelines (provided separately) and will be the approximate size of EPCOR's billing envelope, which will be delivered to EPCOR customers who are class members on the first available billing cycle after such notice is finalized and approved. EPCOR will be compensated for the reasonable costs of providing this bill insert.
7. Class Counsel will engage a professional claims-administration firm to oversee all other aspects of administering the JU Class Action settlement. This firm will set up a live-operator call center to answer class-member questions during the claims period. A 1-800 number for the call center will be featured prominently on both notices and will explicitly state that class members should call the claims administrator—not EPCOR—with any questions about the class action lawsuit or the settlement to the class action lawsuit.
8. Class Counsel understands and agrees that EPCOR's obligation pursuant to this letter agreement is limited to those customers who are current EPCOR customers (either water, wastewater or both). EPCOR will have no responsibility for contacting class members who are not current EPCOR customers. The settlement administrator retained by Class Counsel will attempt to notify any such class members via first-class mail and/or publication notice.
9. Class Counsel and EPCOR agree that all of EPCOR's reasonable costs incurred in this cooperation and for EPCOR to carry out the duties and actions contained in this letter agreement (estimated not to exceed \$ 50 ,000) will be paid out of the JU Class action settlement fund. Class Counsel agrees that EPCOR's reasonable costs are part of the legitimate administration costs that should be included when calculating net settlement fund.
10. The parties agree that if there is a dispute as to those reasonable costs, the parties mutually agree to make good faith efforts to resolve the dispute. If the dispute cannot be resolved through such efforts, then EPCOR and Class Counsel agree to subject the matter to arbitration subject to the laws of the State of Arizona. The arbitration will be binding and final.

11. Class Counsel and EPCOR agree that this letter agreement is exclusively subject to the oversight and authority of the Court. Class Counsel understands and agrees, however, that EPCOR is not a party to this matter (No. 2:17-cv-04688-DLR (D. Ariz.)) and is not agreeing to become a party to this matter by entering into this letter agreement. Class Counsel further agrees that EPCOR has no intent or desire to become a party to this matter, or to become involved in this matter in any way other than to carry out the actions as set forth in this letter agreement and as approved by the Court. Class Counsel will take any and all actions to oppose any attempts by the Court or any party to this matter to join or otherwise implicate or involve EPCOR in this action except as specifically provided for in this letter agreement.

We believe that this letter agreement accurately summarizes the entire agreement, subject to the approval of the Court. Further, this letter agreement states our entire agreement between Class Counsel and EPCOR regarding the subject matter of the agreement, and supersedes any and all other agreements, whether oral or in writing, between us with respect to the subject of this agreement. If you agree that this letter correctly sets forth our agreement, please sign and date, as indicated below and return this letter to us.

Sincerely,

Class Counsel

By Clinton A. Krislov
Plaintiffs' Co-Class Counsel

AGREEMENT AND ACCEPTANCE

I have read the above letter agreement, and by signing below hereby approve and agree to be bound by those terms and conditions.

EPCOR Water Arizona Inc.

By: (signature pending)
Name: Jason D. Gellman
Associate General Counsel
EPCOR USA Inc.
jgellman@epcor.com

Date: [date]