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FENNEMORE CRAIG
A Professional Corporation
Jay L. Shapiro
3003 North Central Avenue
Suite 2600
Phoenix, Arizona 85012
Telephone (602) 916-5000

2005 MAY -3 P 3: 15

2004 APR 14 P 4: 14

A-1-5
S-1-7
P-1-3

AZ CORP COMMISSION
DOCUMENT CONTROL

AZ CORP COMMISSION
DOCUMENT CONTROL
DOCKETED

MAY 03 2005

Attorneys for Johnson Utilities Company

DOCKETED BY *CAJ*

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF JOHNSON UTILITIES COMPANY FOR
AN EXTENSION OF ITS EXISTING
CERTIFICATE OF CONVENIENCE AND
NECESSITY FOR WATER AND
WASTEWATER SERVICE.

DOCKET NO. WS-02987A-⁰⁴0288
**APPLICATION FOR EXTENSION OF
CERTIFICATE OF CONVENIENCE AND
NECESSITY**

Johnson Utilities Company, L.L.C. ("Applicant"), an Arizona public service corporation, hereby applies for an Order approving an extension of its existing Certificate of Convenience and Necessity ("CC&N") for water and wastewater service to include an area encompassing the developments known as Sonoran Village and Merrill Ranch ("Developments"). In support of this Application, Applicant states as follows:

1. Applicant is a public service corporation engaged in providing water and wastewater utility service, respectively, for public purposes within portions of Pinal County, Arizona. Applicant was first granted its CC&N in Decision No. 60223 (May 27, 1997), and currently serves approximately 4883 water utility customers and 4883 wastewater utility customers. The area served by Applicant contains both residential and commercial properties.

2. The area covered by this Application includes approximately 2000 acres, and the Developments will contain approximately 6400 lots at full build-out.

3. General Hunt Properties LLC, and Roadrunner Estates LLC, have requested that Applicant extend water and wastewater utility service to the Developments. A copy of these requests for service are attached hereto as Exhibit 1.

EXHIBIT
A-1
admitted

1 4. A legal description for the area covered by this Application is attached hereto as
2 Exhibit 2.

3 5. Applicant's management contact is Brian Tompsett of Johnson Utilities Company,
4 whose business address is 5230 East Shea Boulevard, Suite 200, Scottsdale, Arizona 85254. The
5 telephone number is (480) 998-3300.

6 6. Applicant's operator, certified by the Arizona Department of Environmental
7 Quality, is Jerry Beeler, whose business address is 968 E. Hunt Hwy, Queen Creek, Arizona. The
8 telephone number is (480) 987-9870.

9 7. Applicant's attorneys are Fennemore Craig, whose address is 3003 North Central
10 Avenue, Suite 2600, Phoenix, Arizona 85012-2913. The individual attorney responsible for this
11 application is Jay L. Shapiro. Mr. Shapiro's telephone number is (602) 916-5366. **All Data**
12 **Requests or other Requests for Information should be directed to Mr. Brian Tompsett, with**
13 **a copy to Mr. Shapiro's attention, on behalf of Johnson Utilities Company.**

14 8. A Certificate of Good Standing for Johnson Utilities Company is attached hereto
15 as Exhibit 3.

16 9. The newly acquired customers in the areas covered by the application will receive
17 water and wastewater service subject to Applicant's current rates and charges for utility service,
18 which were approved in Decision No. 60223 (May 27, 1997).

19 10. A detailed map indicating Applicant's present water and wastewater CC&Ns, and
20 the areas requested by this Application, is attached hereto as Exhibit 4.

21 11. Applicant's balance sheet and profit and loss information for the 12-month period
22 ending 2003 is attached hereto as Exhibit 5.

23 12. Applicant's CAAG §208 Plan, including all subsequent amendments and proposed
24 amendments for its existing wastewater certificated area and proposed extension is attached
25 hereto as Exhibit 6.

26

1 13. A copy of Applicant's most recent Annual Report (2002) for its water and
2 wastewater operations is attached hereto as Exhibit 7.

3 14. The estimated numbers or customers to be served in each of the first five years of
4 water and wastewater utility service to the area covered by this Application are as follows:

5 Water and Wastewater:

6 1st Year: 50
7 2nd Year: 200
8 3rd Year: 450
9 4th Year: 800
 5th Year: 1200

10 15. Applicant's estimated annual operating revenue and operating expenses for each of
11 the first five years of operation in the new area covered by this Application are as follows:

12 Johnson Utilities Company - Water

13 Operating Revenue

Operating Expenses

14 1st Year - \$13,250 1st Year - \$36,917
15 2nd Year - \$62,813 2nd Year - \$98,573
16 3rd Year - \$162,250 3rd Year - \$173,957
 4th Year - \$308,750 4th Year - \$288,451
 5th Year - \$490,000 5th Year - \$432,599

17 Johnson Utilities Company - Wastewater

18 Operating Revenue

Operating Expenses

19 1st Year - \$10,504 1st Year - \$88,095
20 2nd Year - \$52,522 2nd Year - \$190,329
21 3rd Year - \$136,556 3rd Year - \$239,622
22 4th Year - \$262,608 4th Year - \$315,530
 5th Year - \$420,174 5th Year - \$420,041

23 16. The total plant cost projections, including service meters, by year for the next five
24 (5) years are as follows:
25
26

1 **Plant Cost Projection**

2 Water

3 1st Year - \$1,152,309
4 2nd Year -\$1,442,934
5 3rd Year -\$1,927,309
6 4th Year -\$2,605,434
7 5th Year -\$3,380,434

2 Wastewater

3 1st Year- \$3,338,879
4 2nd Year -\$3,713,879
5 3rd Year -\$4,338,879
6 4th Year -\$5,213,879
7 5th Year -\$6,213,879

8 17. The water and wastewater facilities needed to serve the area covered by this
9 Application will be constructed as needed to provide service to customers. The estimated starting
10 and completion dates for the construction of facilities at the Development is not known at this
11 time, although the projects are scheduled to commence within the next six (6) months.

12 18. The construction of the additional utility facilities needed to serve the area covered
13 by this Application will be financed primarily by advances in aid of construction and hook-up
14 fees in accordance with Commission regulations and Applicant's applicable tariffs, as well as
15 pursuant to the terms of any main extension agreement between Applicant and each developer.

16 19. Applicant is in the process of extending its franchise with Pinal County to include
17 the Development. A copy of the application to extend the franchise will be provided to the
18 Commission once it has been filed with Pinal County.

19 20. The Arizona Department of Environmental Quality ("ADEQ") will issue various
20 Approvals to Construct additional facilities to serve the requested extension area, and will be
21 submitted to the Commission once received from ADEQ.

22 21. Notice of this Application will be given by publication in a newspaper of general
23 circulation as required by the Commission. Proof of publication will be filed with the
24 Commission.

25 22. Applicant maintains that this Application is in the public interest and should be
26 granted. There is a present need for water and wastewater service in order to foster orderly
growth in Pinal County in an area contiguous to Applicant's existing CC&N. Applicant is in the
best position to extend and provide wastewater service to the Developments, and expansion of

1 service will benefit existing customers by allowing the cost of providing water and wastewater
2 service to be spread over a larger customer base, as well as achieving greater economies of scale.

3 23. To the best of its knowledge and belief, Applicant is currently in compliance with
4 all regulatory requirements applicable to its provision of wastewater utility service in Arizona,
5 including all applicable orders, rules and regulations of the Commission.

6 WHEREFORE, Applicant respectfully requests the following:

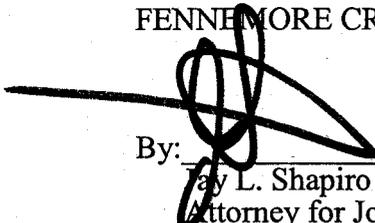
7 A. That the Commission proceed to consider and act upon this Application as timely
8 as possible and to schedule a hearing, if necessary, on this matter;

9 B. That upon completion of said hearing that the Commission enter an Order
10 approving the extension of Johnson Utilities Company's current Certificate of Convenience and
11 Necessities to include the additional geographic areas requested by this Application as shown in
12 Exhibit 4; and

13 C. That the Commission grant such other and further relief as may be appropriate
14 under the circumstances herein.

15 DATED this 14th day of April, 2004.

16 FENNEMORE CRAIG, P.C.

17
18 By: 

19 Jay L. Shapiro
20 Attorney for Johnson Utilities Company

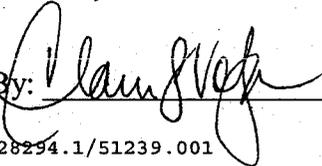
21 ORIGINAL and 13 copies of the
22 foregoing delivered this 14th
23 day of April, 2004, to:

24 Docket Control
25 Arizona Corporation Commission
26 1200 West Washington Street
Phoenix, Arizona 85007

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A copy hand-delivered to: 4/14/04

Jim Fisher, Executive Consultant
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

By: 
1528234.1/51239.001

EXHIBIT

1

General Hunt Properties, Inc.
5230 E. Shea Blvd., Ste 200
Scottsdale, Arizona 85254
(480) 998-3300 : (480) 483-7908

Date: April 5, 2004

Brian P. Tompsett
Johnson Utilities, Inc.
5230 East Shea Boulevard
Suite 200
Scottsdale, Arizona 85254

Re: Sonoran 382

Dear Mr. Tompsett:

We hereby request Johnson Utilities to provide water and sewer service to the property described in the attachment.

We understand this will be supplied subject to the rules and regulations, terms and conditions of all governmental agencies and the approval of the Arizona Corporation Commission and subject to Arizona Corporation Commission Rules, Regulations, Ordinances and Tariffs.

Yours truly,

George H. Johnson
President

Vanguard Properties, Inc.
3232 Cobb Parkway
PMB 315
Atlanta, Georgia 30339
(404) 495-9577 : Fax (404) 495-9578

Date: April 5, 2004

Brian Tompsett
Johnson Utilities, Inc.
5230 East Shea Boulevard
Suite 200
Scottsdale, Arizona 85254

Re: Roadrunner Resorts/Merrill Ranch

Dear Mr. Tompsett:

We hereby request Johnson Utilities to provide water and sewer service to the property described in the attachment.

We understand this will be supplied subject to the rules and regulations, terms and conditions of all governmental agencies and the approval of the Arizona Corporation Commission and subject to Arizona Corporation Commission Rules, Regulations, Ordinances and Tariffs.

Yours truly,

Harrison Merrill
President

EXHIBIT

2

Legal Description for Merrill Ranch

East ½ of Section 18, Township 4 South, Range 9 East

Section 19, Township 4 South, Range 9 East

Section 30, Township 4 South, Range 9 East

Legal Description for Sonoran Village

All of Section 19, Township 3 South, Range 9 East.

B. PROJECT LOCATION AND DESCRIPTION

The general property boundary description for the Sonoran Villages Plan Amendment Area is as follows (see Exhibit I-2):

All of Section 19, Township 3 South, Range 9 East, Gila and Salt River Base and Meridian, Pinal County, Arizona.

EXCEPT any portion lying within the following described property:

BEGINNING at a point in the South boundary of said Section 19 that bears South 89 degrees 24 minutes 28 seconds East 2598.58 feet from the Southwest corner of said 19;
Thence leaving said POINT OF BEGINNING North 01 degrees 41 minutes 40 seconds West 291.97 feet;
Thence North 88 degrees 18 minutes 57 seconds East 50.00 feet;
Thence North 01 degrees 41 minutes 03 seconds West 244.62 feet;
Thence North 08 degrees 51 minutes 01 West 188.33 feet;
Thence North 16 degrees 01 minutes 03 seconds West 1306.42 feet to a point in the Southeasterly boundary of that area described in the patent to the Magma-Arizona Railroad Company, an Arizona corporation, recorded January 11, 1933 in Book 51 of Deeds, page 648, records of Pinal County, Arizona, said point bears North 48 degrees 57 minutes 32 seconds East 2974.04 feet from said Southwest corner of said Section 19;
Thence proceeding along said Southeasterly boundary North 52 degrees 36 minutes 47 seconds East 1217.33 feet;
Thence leaving said Southeasterly boundary North 52 degrees 36 minutes 47 seconds East 1217.33 feet;
Thence leaving Southeasterly boundary South 37 degrees 23 minutes 13 seconds East 45.00 feet;
Thence South 42 degrees 53 minutes 58 seconds West 759.02 feet;
Thence South 39 degrees 12 minutes 50 seconds East 1417.99 feet to a point in said South Boundary of said Section 19 that bears North 89 degrees 24 minutes 28 seconds West 1321.01 feet from the Southeast corner of said Section 19;
Thence proceeding along said South boundary North 89 degrees 24 minutes 28 seconds West 1499.92 feet to said POINT OF BEGINNING;
and

BEGINNING at a point in the South boundary of said Section 19 that bears South 89 degrees 24 minutes 28 seconds East 2598.58 feet from the Southwest corner of said Section 19;
Thence leaving said POINT OF BEGINNING North 01 degrees 41 minutes 40 seconds West 291.97 feet;
Thence North 88 degrees 18 minutes 57 seconds East 50.00 feet;
Thence North 01 degrees 41 minutes 03 seconds West 244.62 feet;
Thence North 08 degrees 51 minutes 01 second West 188.33 feet;
Thence North 16 degrees 01 minutes 03 seconds West 1306.42 feet to a point in the Southeasterly boundary of that area described in the patent to the Magma-Arizona Railroad Company, an Arizona corporation, recoded January 11, 1933 in book 51 of Deeds, page 648, records of Pinal County, Arizona, said point bears North 48 degrees 57 minutes 32 seconds East 2974.04 feet from said Southwest corner of said Section 19;
Thence proceeding along said Southeasterly boundary North 52 degrees 36 minutes 47 seconds East 1217.33 feet;



Thence leaving said Southeasterly boundary South 37 degrees 23 minutes 13 seconds East 45.00 feet;
Thence South 42 degrees 53 minutes 58 seconds West 759.02 feet;
Thence South 39 degrees 12 minutes 50 seconds East 1142.16 feet;
Thence South 27 degrees 31 minutes 05 seconds East 1417.99 to a point in said South boundary of said Section 19 that bears North 89 degrees 24 minutes 28 seconds West 1321.01 feet from the Southeast corner of said Section 19;
Thence proceeding along said South boundary North 89 degrees 24 minutes 28 seconds West 1499.92 feet to said POINT OF BEGINNING;
and

BEGINNING at a point in the North boundary of said Section 19 that bears South 89 degrees 42 minutes 37 seconds East 1393.64 feet from the Northwest corner of said Section 19;
Thence leaving said POINT OF BEGINNING and proceeding along said North boundary South 89 degrees 42 minutes 37 seconds East 4101.11 feet to the Northeast corner of said Section 19;
Thence leaving said Northeast corner and proceeding along the East boundary of said Section 19 South 00 degrees 19 minutes 58 seconds East 650.81 feet to a point in the Northwesterly boundary of that area described in the patent to the Magma-Arizona Railroad Company, an Arizona corporation, recorded January 11, 1933 in Book 51 of Deeds, page 648, records of Pinal County, Arizona;
Thence leaving said East boundary and proceeding along said Northwesterly boundary South 52 degrees 36 minutes 47 seconds West 4037.77 feet to a point that bears North 45 degrees 19 minutes 33 seconds East 3071.05 feet from the Southwest corner of said Section 19;
Thence leaving said Northwesterly boundary North 16 degrees 01 minutes 03 seconds West 794.87 feet;
Thence South 73 degrees 58 minutes 57 seconds West 74.97 feet;
Thence North 16 degrees 01 minutes 03 seconds West 199.97 feet;
Thence North 73 degrees 58 minutes 57 seconds East 74.97 feet;
Thence North 16 degrees 01 minutes 03 seconds West 2254.57 feet to the POINT OF BEGINNING;
and

BEGINNING at a point that bears South 37 degrees 32 minutes 44 seconds East 3645.04 feet from the Northwest corner of said Section 19 which point lies in the Westerly right of way boundary of the Central Arizona Project Canal as described in that certain Declaration of Taking recorded in Docket 1112, page 634, records of Pinal County, Arizona;
Thence from said POINT OF BEGINNING South 16 degrees 01 minutes 03 seconds East along said Westerly right of way boundary 110.00 feet;
Thence Southwesterly and perpendicular to said Westerly right of way boundary 80.00 feet;
Thence Northwesterly and parallel to said Westerly right of way boundary 110.00 feet;
Thence Northeasterly and perpendicular to said westerly right of way boundary 80.00 feet to said POINT OF BEGINNING;

and any portion lying within the property set forth in said instrument recorded in Book 51 of Deeds, pages 648 and 650, records of Pinal County, Arizona.



EXHIBIT

3

STATE OF ARIZONA



Office of the
CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Secretary of the Arizona Corporation Commission, do hereby certify that

*****JOHNSON UTILITIES, L.L.C.*****

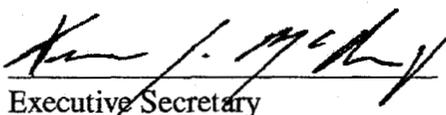
a domestic limited liability company organized under the laws of the State of Arizona, did organize on the 5th day of June 1997.

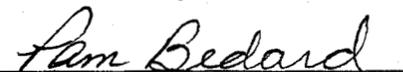
I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said limited liability company is not administratively dissolved for failure to comply with the provisions of A.R.S. section 29-601 et seq., the Arizona Limited Liability Company Act; and that the said limited liability company has not filed Articles of Termination as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 29th Day of March, 2004, A. D.

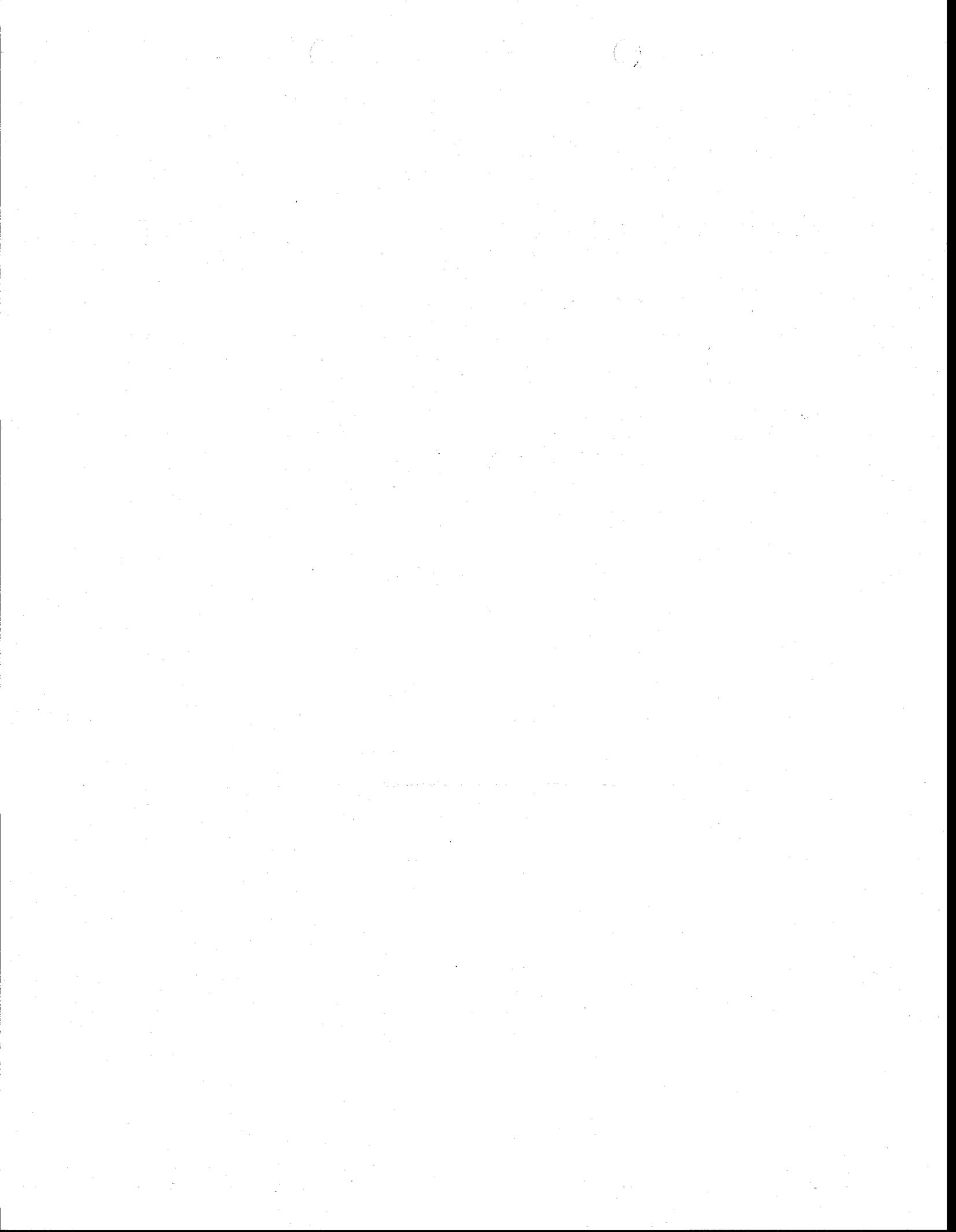



Executive Secretary

By 

EXHIBIT

4



EXHIBIT

5

Johnson Utilities, L.L.C.
Balance Sheet
December 31, 2003

ASSETS

Utility Plant

Plant in Service	\$ 40,382,861
Less: Accumulated Depreciation	(2,046,608)
<u>Net Utility Plant in Service</u>	<u>\$ 38,336,253</u>

Construction Work in Progress	6,899,861
<u>Net Utility Plant</u>	<u>\$ 45,236,114</u>

Current Assets

Cash	\$ 684,314
Accounts Receivable	1,476,030
Other Receivables	38,000
<u>Total Current Assets</u>	<u>\$ 2,198,344</u>

Other Assets

Deferred Legal Fees	\$ 553,533
Land Held For Investment	70,257
Deposit	12,670
<u>Total Other Assets</u>	<u>\$ 636,460</u>

<u>Total Assets</u>	<u>\$ 48,070,918</u>
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MEMBER'S CAPITAL & LIABILITIES

<u>Member's Capital</u>	<u>\$ 5,447,979</u>
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<u>Contributions in Aid of Construction</u>	<u>\$ 20,149,882</u>
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<u>Long-Term Debt</u>	<u>\$ 807,000</u>
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Current Liabilities

Accounts Payable	\$ 423,801
Current Portion of Advances in Aid of Construction	138,000
Due to Member	715,823
Customer Deposits	45,940
Accrued Taxes	175,974
Accrued Interest	7,040
<u>Total Current Liabilities</u>	<u>\$ 1,506,578</u>

Deferred Liabilities

Advances in Aid of Construction, Less Current Portion	\$ 20,159,479
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<u>Total Member's Capital & Liabilities</u>	<u>\$ 48,070,918</u>
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See Accountants' Compilation Report

Johnson Utilities, L.L.C.
Statement of Income
December 31, 2003

<u>Operating Revenue</u>	
Water Sales	\$ 3,919,316
Sewer Fees	1,237,464
Other Revenue	101,170
<u>Total Revenue</u>	<u>\$ 5,257,950</u>
<u>Operating Expenses</u>	
Purchased Water	\$ 222,808
Purchased Power	291,396
Repairs & Maintenance	12,099
Outside Services	1,203,322
Water Testing	52,163
Rents	117,648
Transportation	557
Insurance	28,964
Sludge Removal	2,685
Miscellaneous Operating Expense	41,641
Depreciation and Amortization	419,049
Taxes Other Than Income	2,089
Property Taxes	71,731
<u>Total Operating Expenses</u>	<u>\$ 2,466,152</u>
<u>Net Operating Income</u>	<u>\$ 2,791,798</u>
<u>Other Income (Expenses)</u>	
Interest Income	\$ 18,662
Interest Expense	(79,211)
<u>Total Other Income (Expenses)</u>	<u>\$ (60,549)</u>
<u>Net Income</u>	<u>\$ 2,731,249</u>

See Accountants' Compilation Report

EXHIBIT

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EXHIBIT

7

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

<input type="checkbox"/>
WS-02987A Johnson Utilities Company 5320 E. Shea Blvd. Scottsdale AZ 85254-0000

WATER

ANNUAL REPORT

FOR YEAR ENDING

12	31	2002
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FOR COMMISSION USE

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COMPANY INFORMATION

Company Name (Business Name) <u>JOHNSON UTILITIES, LLC</u>		
Mailing Address <u>5320 E. SHEA BLVD #200</u>		
<u>SCOTTSDALE</u> (City)	<u>AZ</u> (State)	<u>85254</u> (Zip)
<u>480-998-3300</u> Telephone No. (Include Area Code)	<u>480-483-7908</u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)
Email Address _____		
Local Office Mailing Address <u>SAME</u>		
<u></u> (City)	<u></u> (State)	<u></u> (Zip)
<u></u> Local Office Telephone No. (Include Area Code)	<u></u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)
Email Address _____		

MANAGEMENT INFORMATION

Management Contact: <u>GEORGE JOHNSON</u>			
<u></u> (Name)	<u></u> (Title)		
<u>5320 E. SHEA BLVD #200</u> (Street)	<u>SCOTTSDALE</u> (City)	<u>AZ</u> (State)	<u>85254</u> (Zip)
<u>480-998-3300</u> Telephone No. (Include Area Code)	<u>480-483-7908</u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)	
Email Address _____			
On Site Manager: <u>BRIAN P. TOMPSETT</u>			
<u></u> (Name)	<u></u>		
<u>SAME</u> (Street)	<u></u> (City)	<u></u> (State)	<u></u> (Zip)
<u>SAME</u> Telephone No. (Include Area Code)	<u></u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)	
Email Address _____			

Statutory Agent: RICHARD SALLQUIST

(Name)

2525 E. AZ BILTMORE CIR #117
(Street)

PHOENIX
(City)

AZ
(State)

85016
(Zip)

(602)224-9222

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: SAME

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

OWNERSHIP INFORMATION

Check the following box that applies to your company:

Sole Proprietor (S)

C Corporation (C) (Other than Association/Co-op)

Partnership (P)

Subchapter S Corporation (Z)

Bankruptcy (B)

Association/Co op (A)

Receivership (R)

Limited Liability Company

Other (Describe)

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

APACHE

COCHISE

COCONINO

GILA

GRAHAM

GREENLEE

LA PAZ

MARICOPA

MOHAVE

NAVAJO

PIMA

PINAL

SANTA CRUZ

YAVAPAI

YUMA

STATEWIDE

COMPANY NAME	YEAR ENDING
JOHNSON UTILITIES, LLC	DECEMBER 31, 2002

UTILITY PLANT IN SERVICE (AS RESTATED)

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	271,537		271,537
304	Structures and Improvements	171,191	12,872	158,319
307	Wells and Springs	473,508	25,876	447,632
311	Pumping Equipment	424,973	32,447	392,526
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	248,272	21,108	227,164
331	Transmission and Distribution Mains	10,221,937	422,174	9,799,763
333	Services	473,000	33,440	439,560
334	Meters and Meter Installations	248,086	6,900	241,186
335	Hydrants	438,969	21,077	417,892
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	12,971,473	575,894	12,395,579

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME JOHNSON UTILITIES, LLC	YEAR ENDING <u>DECEMBER 31, 2002</u>
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CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR (AS RESTATED)

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	271,537		
304	Structures and Improvements	171,191	2.5%	4,280
307	Wells and Springs	473,508	2.5%	11,838
311	Pumping Equipment	424,973	2.5%	10,348
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	248,272	2.5%	6,207
331	Transmission and Distribution Mains	10,221,937	2.5%	183,487
333	Services	473,000	2.5%	11,825
334	Meters and Meter Installations	248,086	2.5%	3,976
335	Hydrants	438,969	2.5%	9,008
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	SUBTOTAL	12,971,473		240,969
	CIAC AMORTIZATION			(89,722)
	TOTALS	12,971,473		151,247

Note: Depreciation is calculated using the Half-Year convention.
 This amount goes on Comparative Statement of Income and Expense Acct. No. 403.

ULLMANN
& COMPANY P.C.
Certified Public Accountants

To the Board of Directors of
The Water Division of Johnson Utilities, L.L.C.
Scottsdale, Arizona

We have compiled the balance sheet of The Water Division of Johnson Utilities, L.L.C. as of December 31, 2002 and 2001, and the comparative statement of income and expenses for the years then ended included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation was limited to presenting in the form prescribed by the Arizona Corporation Commission information that is the representation of management. We have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements are presented in accordance with the requirements of the Arizona Corporation Commission, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

All other information contained in the accompanying prescribed form has not been audited, reviewed, or compiled by us and, accordingly, we assume no responsibility for that information.

Ullmann & Company

ULLMANN & COMPANY, P.C.
Certified Public Accountants

March 31, 2003

COMPANY NAME	YEAR ENDING <u>DECEMBER 31, 2002</u>
JOHNSON UTILITIES, LLC	

BALANCE SHEET (AS RESTATED)

Acct. No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
CURRENT AND ACCRUED ASSETS			
131	Cash	\$ 28,287	\$ 1,276,132
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	91,289	425,037
146	Notes/Receivables from Associated Companies	161,984	154,626
151	Plant Material and Supplies		
162	Prepayments	1,000	0
174	Miscellaneous Current and Accrued Assets	347,788	366,308
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 630,348	\$ 2,222,103
FIXED ASSETS			
101	Utility Plant in Service	\$ 6,849,119	\$ 12,971,473
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	334,925	575,894
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 6,514,194	\$ 12,395,579
	TOTAL ASSETS	\$ 7,144,542	\$ 14,617,682

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

COMPANY NAME JOHNSON UTILITIES, LLC	YEAR ENDING DECEMBER 31, 2002
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BALANCE SHEET (AS RESTATED) - (CONTINUED)

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT LIABILITES		
231	Accounts Payable	\$ 1,185,255	\$ 1,813,500
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	1,003,128	88,008
235	Customer Deposits	9,848	16,245
236	Accrued Taxes	299,782	344,052
237	Accrued Interest	94,233	156,407
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 2,592,246	\$ 2,418,212
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 710,240	\$ 735,415
	DEFERRED CREDITS		
251	Unamortized Premium on Debt		
252	Advances in Aid of Construction	4,014,325	5,423,496
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	2,368,201	4,809,581
272	Less: Amortization of Contributions	100,320	190,042
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 6,282,206	\$ 10,043,035
	TOTAL LIABILITIES	\$ 9,584,692	\$ 13,196,662
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ -	\$ -
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)	(2,440,150)	1,421,020
	TOTAL CAPITAL	\$ (2,440,150)	\$ 1,421,020
	TOTAL LIABILITIES AND CAPITAL	\$ 7,144,542	\$ 14,617,682

COMPANY NAME JOHNSON UTILITIES, LLC	YEAR ENDING <u>DECEMBER 31, 2002</u>
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COMPARATIVE STATEMENT OF INCOME AND EXPENSE (AS RESTATED)

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 907,502	\$ 1,792,132
460	Unmetered Water Revenue		
474	Other Water Revenues	38,434	92,967
	TOTAL REVENUES	\$ 945,936	\$ 1,885,099
	OPERATING EXPENSES		
601	Salaries and Wages	\$ -	\$ -
610	Purchased Water	209,835	328,613
615	Purchased Power	156,720	208,378
618	Chemicals		
620	Repairs and Maintenance	26,471	26,113
621	Office Supplies and Expense		
630	Outside Services	361,528	552,979
635	Water Testing	38,692	48,427
641	Rents		
650	Transportation Expenses	15,147	0
657	Insurance - General Liability	18,113	0
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	38,346	12,159
403	Depreciation Expense	110,993	151,247
408	Taxes Other Than Income		
408.11	Property Taxes	150,332	95,403
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 1,126,177	\$ 1,423,319
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	\$ 3,055	\$ 10,853
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	47,848	91,707
	TOTAL OTHER INCOME/EXP	\$ (44,793)	\$ (80,854)
	NET INCOME/(LOSS)	\$ (225,034)	\$ 380,926

COMPANY NAME JOHNSON UTILITIES, LLC

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	Various			
Source of Loan	Member			
ACC Decision No.				
Reason for Loan	Capital Impr.			
Dollar Amount Issued	\$735,415	\$	\$	\$
Amount Outstanding	\$735,415	\$	\$	\$
Date of Maturity	Demand			
Interest Rate	8%			
Current Year Interest	\$58,833	\$	\$	\$
Current Year Principle	\$0	\$	\$	\$

Meter Deposit Balance at Test Year End	<u>\$714,924</u>
Meter Deposits Refunded During the Test Year	<u>\$55,978</u>

COMPANY NAME JOHNSON UTILITIES, LLC

WATER COMPANY PLANT DESCRIPTION

WELLS

See Attached Statements for Additional Information

ADWR ID Number	Pump Horsepower	Pump Yield (Gpm)	Casing Size (inches)	Meter Size (inches)

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
10 HP	6	402	
15 HP	1		
30 HP	4		
40 HP	4		
75 HP	2		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
500,000	2	5,000	5
50,000	3		
100,000	1		
10,000	1		

COMPANY NAME JOHNSON UTILITIES, LLC

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

See Attached Statements for Additional Information

MAINS

CUSTOMER METERS

Size (in inches)	Material	Length (in feet)
2		
3		
4	PVC	233
5		
6	PVC	106,010
8	PVC	170,475
10	PVC	520
12	C900 PVC	23,243

Size (in inches)	Quantity
5/8 X 3/4	
3/4	312
1 -Double	2294
1 1/2	33
2	25
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

STRUCTURES:

OTHER:

COMPANY NAME:

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2002

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY			
FEBRUARY			
MARCH			
APRIL			
MAY			
JUNE			
JULY			
AUGUST			
SEPTEMBER			
OCTOBER			
NOVEMBER			
DECEMBER			
	TOTAL	N/A	

Is the Water Utility located in an ADWR Active Management Area (AMA)?

Yes No

Does the Company have An ADWR Gallons Per Capita Per Day (GPCPD) requirement?

Yes No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. _____ mg/l

(If more than one well, please list each separately)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

3252003

JOHNSON UTILITIES COMPANY
PLANT INVENTORY

WATER

Item	Name	ADWR #	In-Service	Lot Size	Tax Parcel	Well Depth	Casing Size	Casing Depth	Pump HP	Pump GPM	Decided to JUC?
------	------	--------	------------	----------	------------	------------	-------------	--------------	---------	----------	-----------------

WELLS

1	Johnson Ranch 1	55-827100		100x160							San Tan
2	Johnson Ranch 2	55-815284		2.07 Ac	210-28-001B						Joh. Trust
3	Johnson Ranch 3	55-827105	Yes	4.5 Ac	210-21-004B1						
4	Johnson Ranch 4	55-558445	Yes								
5	Johnson Ranch 5	55-558943	Yes								
6	Johnson Ranch 6			1.02 Ac	210-19-858D						San Tan
7	Johnson Ranch 7			1.0 Ac	210-20-001H						San Tan
8	Oasis 1	55-815286	Yes								
9	Oasis 2	55-582085	Yes								
10	Oasis 3	55-585086	Yes								
11	Oasis & Monitor	55-582087	Yes								
12	Sun Valley Farms 1			.23 Ac	210-43-031						
13	Sun Valley Farms 2			.23 Ac	210-43-031						
14	Sun Valley Farms 3			.36 Ac	210-43-029A						
15	Sun Valley Farms 4	55-580641	Yes	.36 Ac	210-47-915						
16	Sun Valley Farms 5			.36 Ac	210-47-016						
17	Edwards Road 1	55-588189	Yes								
18	Ricke 1	55-570372	Yes								
19	Ricke 2	55-574376	Yes								
20	Mystic Lake 1	55-583161									
21	Mystic Lake 2	55-593151									
22	Wood Horse 1	55-571198	Yes								
23	Skyline 1	55-821482									
24	Circle Cross 1										
25	Circle Cross 2										

Total

OPTION TO BUY WELLS

1	Ellsworth	55-827096		40X80							
2	Ellsworth	55-827097		40X81							
3	Ellsworth	55-827088		40X82							
4	Spike H Enterprises	66-827111		40X80		611	20	738		1,300	
5	Spike H Enterprises	66-827112		40X80		574	18	914		1,100	
6	Spike H Enterprises	66-827113		40X80		680	16	673		980	
7	Spike H Enterprises	66-827114		40X80		600	20	630		600	
8	Spike H Enterprises	66-827115		40X80		800	16	800		600	

OPTION TO BUY WELL SITES

1	Spike H Enterprises	Sec 27		80X100	77						Spike H
2	Spike H Enterprises	Sec 27		80X100	77						Spike H
3	Spike H Enterprises	Sec 27		80X100	77						Spike H

JOHNSON UTILITIES COMPANY
PLANT INVENTORY
WATER

WATER PLANT

Item	Plant	AI Well Site #	Lot Size	Tax Parcel	Tank	Hydra Tank	Reverse Osmosis	Boosters Number	Horse Power	Decided to JUC?
1	Johnson Ranch Water Plant	No	2.13 AC	210-20-0001J	500,000	5,000	240,000	2	400	San Tan
								1	75	
2	Ques Water Plant	No			100,000	5,000		2	40	
					500,000			1	75	
3	Wild Horse Water Plant	WH # 1			50,000	5,000		2	30	
					50,000			2	10	
4	Edward Road Water Plant	ER # 1			50,000	5,000		1	30	
					10,000		Yes	1	15	
5	San Valley Farms Water Plant	SVF # 3			50,000	5,000		2	30	
					50,000			1	30	
7	CAP Pump Station							1	30	
					1,200,000	25,000		17	355	
	Total									

PLANT HELD FOR FUTURE USE

1	Tract A		23AC	210-18-001A						San Tan
2	Tract B		23Ac	210-18-001N						San Tan
3	Tract C		62 AC	210-18-001P						San Tan
4	Elsworth 1		90X120	210-17-001B						JUC
5	Elsworth 2		40X120	210-17-001C						JUC
6	Elsworth 3		40X121	210-17-001C						JUC
7	Elsworth 4		40X122	210-21-002B						JUC

MAINS BACKBONE

Project	16" DIP	12" DIP	8" DIP	6" DIP	18" PVC	12" PVC	10" PVC	8" PVC	Total Mains
1 JUC Water Plant No 1	170	675	65						
2 CAP to Champion GC					1,850	1,190			
3 Precision GC					3,200	3,050			
4 JUC Water Sys Phase 1								1,475	
5 Wild Horse								217	
6 Edwards Road			15					217	
7 Oasis Water Plant	170	675	65						
8 San Tan Heights Water	105				11,124			256	
9 San Tan Water Jr in Oasis					4,667			25,441	
10 Oasis Water System								1,580	
11 CAP to Oasis								14,500	
12 Edwards Road Plant Line								12,360	
13 Riches Well					15,021			217	
14 Vreysen Road								60	
15 JUC West 2 & 7								100	
16 Mystic Lake Wells								11,237	
17 Cooper Road Water Line								67,650	
18 Total	325	1,350	145		30,862	4,180		87,650	112,512
								4,180	21,311

Water Plant

3/25/2003

COMPANY NAME JOHNSON UTILITIES, LLC

YEAR ENDING 12/31/2002

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2002: \$ 14,297

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled Checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain reasons below:

COMPANY NAME JOHNSON UTILITIES, LLC **YEAR ENDING** 12/31/2002

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>N/A (LLC)</u>
Estimated or Actual Federal Tax Liability	<u>N/A (LLC)</u>
State Taxable Income Reported	<u>N/A (LLC)</u>
Estimated or Actual State Tax Liability	<u>N/A (LLC)</u>
Amount of Grossed-Up Contributions/Advances:	
Amount of Contributions/Advances	<u>0</u>
Amount of Gross-Up Tax Collected	<u>0</u>
Total Grossed-Up Contributions/Advances	<u>0</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

SIGNATURE

DATE

PRINTED NAME

TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

**VERIFICATION
STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE**

COUNTY OF (COUNTY NAME) MARICOPA
NAME (OWNER OR OFFICIAL) TITLE GEORGE H. JOHNSON
COMPANY NAME JOHNSON UTILITIES - WATER DIVISION

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA COPORATION COMMISSION
FOR THE YEAR ENDING**

MONTH 12	DAY 31	YEAR 2002
-------------	-----------	--------------

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2002 WAS:

Arizona IntraState Gross Operating Revenues Only (\$) \$ <u>2,003,380</u>
--

**(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 118,281
IN SALES TAXES BILLED, OR COLLECTED**

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SIGNATURE OF OWNER OR OFFICIAL _____

TELEPHONE NUMBER _____

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS _____ DAY OF

COUNTY NAME
MONTH <u>20</u>

(SEAL)

MY COMMISSION EXPIRES _____

SIGNATURE OF NOTARY PUBLIC _____

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

(COUNTY NAME)	MARICOPA	
NAME (OWNER OR OFFICIAL)	GEORGE H. JOHNSON	TITLE PRESIDENT
COMPANY NAME	JOHNSON UTILITIES - WATER DIVISION	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2002

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2002 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ <u>872,674</u>

(THE AMOUNT IN BOX AT LEFT INCLUDES \$ 51,523 IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED.**

X _____
SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

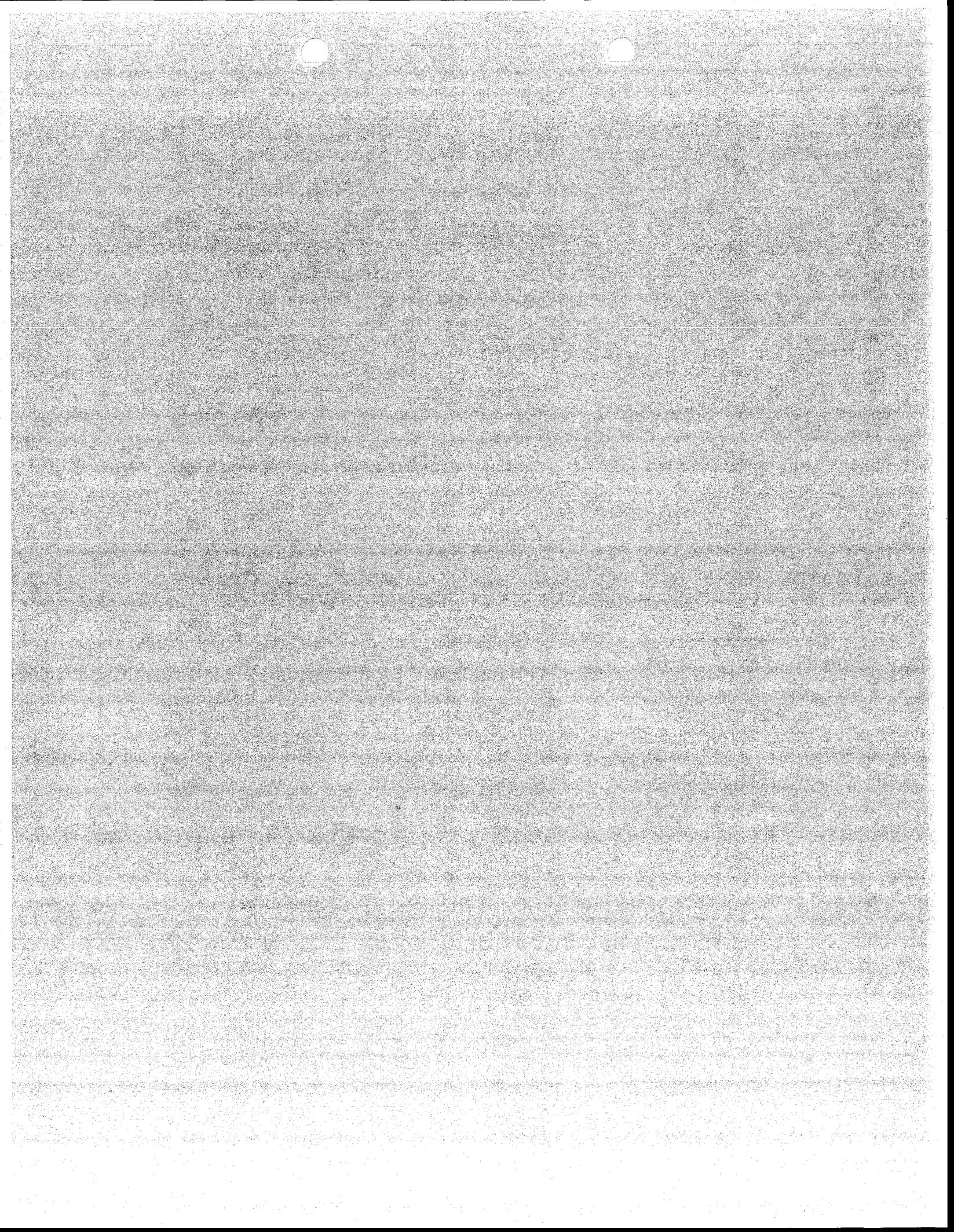
THIS **DAY OF**

(SEAL)

MY COMMISSION EXPIRES

NOTARY PUBLIC NAME	
COUNTY NAME	
MONTH	. 20

X _____
SIGNATURE OF NOTARY PUBLIC



ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

<p>WS-02987A Johnson Utilities Company 5320 E. Shea Blvd. Scottsdale AZ 85254-0000</p>	<input type="checkbox"/>
--	--------------------------

WASTE WATER

ANNUAL REPORT

FOR YEAR ENDING

12	31	2002
----	----	------

FOR COMMISSION USE

ANN05	02
-------	----

PROCESSED BY:

SCANNED

COMPANY INFORMATION

Company Name (Business Name) <u>JOHNSON UTILITIES, LLC</u>			
Mailing Address <u>5320 E. SHEA BLVD #200</u>			
<u>SCOTTSDALE</u> (City)	<u>AZ</u> (State)	<u>85254</u> (Zip)	
<u>480-998-3300</u> Telephone No. (Include Area Code)	<u>480-483-7908</u> Fax No. (Include Area Code)	<u> </u> Pager/Cell No. (Include Area Code)	
Email Address _____			
Local Office Mailing Address <u>SAME</u>			
<u> </u> (City)	<u> </u> (State)	<u> </u> (Zip)	
<u> </u> Local Office Telephone No. (Include Area Code)	<u> </u> Fax No. (Include Area Code)	<u> </u> Pager/Cell No. (Include Area Code)	
Email Address _____			

MANAGEMENT INFORMATION

Management Contact: <u>GEORGE JOHNSON</u>			
<u> </u> (Name)	<u> </u> (Title)		
<u>5320 E. SHEA BLVD #200</u> (Street)	<u>SCOTTSDALE</u> (City)	<u>AZ</u> (State)	<u>85254</u> (Zip)
<u>480-998-3300</u> Telephone No. (Include Area Code)	<u>480-483-7908</u> Fax No. (Include Area Code)	<u> </u> Pager/Cell No. (Include Area Code)	
Email Address _____			
On Site Manager: <u>BRIAN P TOMPSETT</u>			
<u> </u> (Name)			
<u>SAME</u> (Street)	<u> </u> (City)	<u> </u> (State)	<u> </u> (Zip)
<u>SAME</u> Telephone No. (Include Area Code)	<u> </u> Fax No. (Include Area Code)	<u> </u> Pager/Cell No. (Include Area Code)	
Email Address _____			

Statutory Agent: RICHARD SALLQUIST
 (Name)

2525 E. AZ BILTMORE CIR #117 PHOENIX AZ 85016
 (Street) (City) (State) (Zip)

(602)224-9222
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Attorney: SAME
 (Name)

(Street) (City) (State) (Zip)

Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

OWNERSHIP INFORMATION

Check the following box that applies to your company:

Sole Proprietor (S) C Corporation (C) (Other than Association/Co-op)

Partnership (P) Subchapter S Corporation (Z)

Bankruptcy (B) Association/Co op (A)

Receivership (R) Limited Liability Company

Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

APACHE COCHISE COCONINO

GILA GRAHAM GREENLEE

LA PAZ MARICOPA MOHAVE

NAVAJO PIMA PINAL

SANTA CRUZ YAVAPAI YUMA

STATEWIDE

COMPANY NAME	YEAR ENDING <u>DECEMBER 31, 2002</u>
JOHNSON UTILITIES, LLC	

UTILITY PLANT IN SERVICE (AS RESTATED)

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
351	Organization			
352	Franchises			
353	Land and Land Rights	910,000		910,000
354	Structures and Improvements	453,663	26,840	426,823
355	Power Generation Equipment			
360	Collection Sewers - Force			
361	Collection Sewers - Gravity			
362	Special Collecting Structures			
363	Services to Customers			
364	Flow Measuring Devices			
365	Flow Measuring Installations			
370	Receiving Wells			
380	Treatment and Disposal Equip.			
381	Plant Sewers	12,080,671	638,429	11,442,242
382	Outfall Sewer Lines			
389	Other Plant and Misc. Equipment			
390	Office Furniture and Equipment			
391	Transportation Equipment			
393	Tools, Shop and Garage Equip.			
394	Laboratory Equipment			
395	Power Operated Equipment			
398	Other Tangible Plant			
	TOTALS	13,444,334	665,269	12,779,065

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME	YEAR ENDING
JOHNSON UTILITIES, LLC	DECEMBER 31, 2002

CALCULATION OF DEPRECIATION EXPENSE (AS RESTATED)

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
351	Organization			
352	Franchises			
353	Land and Land Rights	910,000		
354	Structures and Improvements	453,663	2.5%	11,342
355	Power Generation Equipment			
360	Collection Sewers - Force			
361	Collection Sewers - Gravity			
362	Special Collecting Structures			
363	Services to Customers			
364	Flow Measuring Devices			
365	Flow Measuring Installations			
370	Receiving Wells			
380	Treatment and Disposal Equip.			
381	Plant Sewers	12,080,671	2.5%	274,802
382	Outfall Sewer Lines			
389	Other Plant and Misc. Equipment			
390	Office Furniture and Equipment			
391	Transportation Equipment			
393	Tools, Shop and Garage Equip.			
394	Laboratory Equipment			
395	Power Operated Equipment			
398	Other Tangible Plant			
	SUBTOTAL	13,444,334		286,144
	CIAC Amortization			(93,844)
	TOTALS	13,444,334		192,300

Note: Depreciation is calculated using the Half-Year convention.

This amount goes on Comparative Statement of Income and Expense Acct. 403

ULLMANN
& COMPANY P.C.
Certified Public Accountants

To the Board of Directors of
The Sewer Division of Johnson Utilities, L.L.C.
Scottsdale, Arizona

We have compiled the balance sheets (as restated) of The Sewer Division of Johnson Utilities, L.L.C. as of December 31, 2002 and 2001, and the comparative statements of income and expenses (as restated) for the years then ended included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation was limited to presenting in the form prescribed by the Arizona Corporation Commission information that is the representation of management. We have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements are presented in accordance with the requirements of the Arizona Corporation Commission, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

All other information contained in the accompanying prescribed form has not been audited, reviewed, or compiled by us and, accordingly, we assume no responsibility for that information.

Certain errors resulting in an overstatement of previously reported depreciation as of December 31, 2002 and 2001, were discovered by management of Johnson Utilities, L.L.C. subsequent to the issuance of our report on those financial statements dated March 31, 2003. Accordingly, the accompanying 2002 and 2001 financial statements have been restated to correct the error.

Ullmann & Company

ULLMANN & COMPANY, P.C.
Certified Public Accountants

June 13, 2003

COMPANY NAME JOHNSON UTILITIES, LLC	YEAR ENDING DECEMBER 31, 2002
---	--------------------------------------

BALANCE SHEET (AS RESTATED)

Acct. No.	ASSETS	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF YEAR
CURRENT AND ACCRUED ASSETS			
131	Cash	\$ 10,425	\$ 410,535
132	Special Deposits		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	33,644	136,735
146	Notes/Receivables from Associated Companies	59,699	49,743
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	128,177	117,842
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 231,945	\$ 714,855
FIXED ASSETS			
101	Utility Plant in Service	11,267,156	13,444,334
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	379,125	665,269
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 10,888,031	\$ 12,779,065
	TOTAL ASSETS	\$ 11,119,976	\$ 13,493,920

NOTE: Total Assets on this page should equal Total Liabilities and Capital on the following page.

COMPANY NAME	YEAR ENDING
JOHNSON UTILITIES, LLC	DECEMBER 31, 2002

BALANCE SHEET (AS RESTATED) - (CONTINUED)

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF YEAR
	CURRENT LIABILITES		
231	Accounts Payable	\$ 436,827	\$ 583,407
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	369,703	28,312
235	Customer Deposits		
236	Accrued Taxes	110,485	110,682
237	Accrued Interest	34,730	50,316
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 951,745	\$ 772,717
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 261,760	\$ 236,585
	DEFERRED CREDITS		
252	Advances in Aid of Construction	\$ 3,013,517	\$ 5,433,041
253	Other Deferred Credits		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	2,299,152	5,208,322
272	Less: Amortization of Contributions	73,636	167,479
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 5,239,033	\$ 10,473,884
	TOTAL LIABILITIES	\$ 6,452,538	\$ 11,483,186
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ -	\$ -
211	Other Paid in Capital		
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)	4,667,438	2,010,734
	TOTAL CAPITAL	\$ 4,667,438	\$ 2,010,734
	TOTAL LIABILITIES AND CAPITAL	\$ 11,119,976	\$ 13,493,920

COMPANY NAME	YEAR ENDING DECEMBER 31, 2002
JOHNSON UTILITIES, LLC	

COMPARATIVE STATEMENT OF INCOME AND EXPENSE (AS RESTATED)

	OPERATING REVENUES	PRIOR YEAR	TEST YEAR
521	Flat Rate Revenues	\$ 334,505	\$ 576,672
522	Measured Revenues		
536	Other Wastewater Revenues	13,775	39,700
	TOTAL REVENUES	\$ 348,280	\$ 616,372
	OPERATING EXPENSES		
701	Salaries and Wages		
710	Purchased Wastewater Treatment		
711	Sludge Removal Expense	22,228	851
715	Purchased Power	57,759	67,036
716	Fuel for Power Production		
718	Chemicals	858	661
720	Materials and Supplies	9,756	8,400
731	Contractual Services - Professional	133,242	177,894
735	Contractual Services - Testing		
736	Contractual Services - Other		
10	Rents		
750	Transportation Expense	5,583	0
755	Insurance Expense	6,676	0
765	Regulatory Commission Expense		
775	Miscellaneous Expense	14,132	3,911
403	Depreciation Expense	160,207	192,300
408	Taxes Other Than Income		
408.11	Property Taxes	55,405	30,692
409	Income Taxes		
	TOTAL OPERATING EXPENSES	\$ 465,846	\$ 481,745
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	\$ 1,126	\$ 3,492
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	17,634	29,502
	TOTAL OTHER INCOME/EXP	\$ (16,508)	\$ (26,010)
	NET INCOME/(LOSS)	\$ (134,074)	\$ 108,617

COMPANY NAME JOHNSON UTILITIES, LLC

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	Various			
Source of Loan	Member			
ACC Decision No.				
Reason for Loan	Capital Impr.			
Dollar Amount Issued	\$261,760	\$	\$	\$
Amount Outstanding	\$236,585	\$	\$	\$
Date of Maturity	Demand			
Interest Rate	8%	%	%	%
Current Year Interest	\$18,927	\$	\$	\$
Current Year Principle	\$0	\$	\$	\$

COMPANY NAME JOHNSON UTILITIES, LLC

WASTEWATER COMPANY PLANT DESCRIPTION

TREATMENT FACILITY

TYPE OF TREATMENT (Extended Aeration, Step Aeration, Oxidation Ditch, Aerobic Lagoon, Anaerobic Lagoon, Trickling Filter, Septic Tank, Wetland, Etc.)	EXTENDED AERATION, AEROBIC LAGOONS
DESIGN CAPACITY OF PLANT (Gallons Per Day)	1.6 MGD

LIFT STATION FACILITIES

Location	Quantity of Pumps	Horsepower Per Pump	Capacity Per Pump (GPM)	Wet Well Capacity (gals)
MAIN PUMP STATION	2	30	325	7500
REUSE PUMP STATION	2	30	420	1879
UNIT 4A PUMP	2	5	400	380
UNIT 4D/4F PUMP STATION	2	18	656	1184
UNIT 6 PUMP STATION	2	3	100	440
OASIS @ MAGIC RANCH PUMP STATION	2	7.5	593	887
SUPERSTITION VIEWS	2	7.5	90	440
OASIS SUNRISE	2	15	500	2162
SAN TAN PUMP STATION	2	75	500	7500
COPPER BASIN PUMP STATION	2	30	380	7780
CIRCLE CROSS PUMP STATION	2	50	500	2256
PECAN RANCH PUMP STATION	2	75	500	2162

FORCE MAINS

Size	Material	Length (Feet)
4-inch	PVC	2,704
6-inch	PVC	6,610
8-inch	PVC	71,635

MANHOLES

CLEANOUTS

Type	Quantity
Standard	771
Drop	3

Quantity
185

COMPANY NAME JOHNSON UTILITIES, LLC

WASTEWATER COMPANY PLANT DESCRIPTION CONTINUED

COLLECTION MAINS

SERVICES

Size (in inches)	Material	Length (in feet)
4		
6		7798
8		153408
10		16033
12		13212
15		167
18		1580
21		
24		
30		

Size (in inches)	Material	Quantity
4		4900
6		2
8		
12		
15		

FOR THE FOLLOWING FIVE ITEMS, LIST THE UTILITY OWNED ASSETS IN EACH CATEGORY

SOLIDS PROCESSING AND HANDLING FACILITIES	NONE
DISINFECTION EQUIPMENT (Chlorinator, Ultra-Violet, Etc.)	6 CHLORINATORS
FILTRATION EQUIPMENT (Rapid Sand, Slow Sand, Activated Carbon, Etc.)	NONE
STRUCTURES (Buildings, Fences, Etc.)	FENCES - 12 WELL SITES, 6 WATER PLANTS, 11 LIFT STATIONS. 1 WWTP.
OTHER (Laboratory Equipment, Tools, Vehicles, Standby Power Generators, Etc.)	3 GENERATORS, 1 BACKHOE, 1 BULL DOZER

STATISTICAL INFORMATION

Total number of customers _____
Total number of gallons treated _____ gallons

**JOHNSON UTILITIES COMPANY
PLANT INVENTORY
WASTEWATER**

TREATMENT PLANTS

Name	GPD	Lot Size	Deeded to JUC?	Tax Parcel
Johnson Ranch Main WWTP	1.6M	67 Acres	Gen Hunt	200-24-603D5 (?? 267 Ac ??)
Precision	3M	37 AC	? Lease to CAC	210-20-001K
Marwood	Retired	N/A		

LIFT STATIONS

Name	Location	Number Pumps	Horsepower	GPM each	Wat. Well Capacity	Deeded to JUC?	Tax Parcel
Main Station	Water Plant #1	2	30	325	7500		
Station 4A	JR Unit 4	2	7.5	156	360		
Station 6	JR Unit 6	2	3	100	440		
San Tan Station	San Tan Unit XX	2	25	500	7500		
Pecan Station	Pecan Ranch Unit XX	2	75	500	1879		
Reuse Station	Main WWTP	2	30	420			
Superstation Views	Superstation Views	2	7.5	80	440		
4D14F	JR Unit 4D14F	2	3				
Copper Basin	Copper Basin Devel	2	30	380	1888		
Copper Basin	Copper Basin Devel	2	40	380	3760		
Circle Cross	Circle Cross Devel	2	50	500	1879		
Magic Ranch Phase 1	Magic Ranch Phase 1	2	7.5	503			
Oasis Sunrise	Oasis Sunrise Devel	2	15	500	1879		

3/25/2003

Wastewater WWTP & Lift Backbone

JUC Plant Inventory.xls

**JOHNSON UTILITIES COMPANY
PLANT INVENTORY
WASTEWATER**

Subdivision	18" Mains	15" Mains	12" Mains	10" Mains	8" DIP	8" Mains	9" Mains	4" Main	Tot. Mns	4" M.H. 5' M.H.	C.O.	30" Siv
JR Unit 1			1,200			5,135				26	6	
JR Unit 2			485			4,120				18		
JR Unit 3A			2,484			4,035				20		
JR Unit 3B			710			1,996				8	1	
JR Unit 4A						9,283				35	9	
JR Unit 4B						5,839	639			19	6	
JR Unit 6						3,559	551			11	3	
JR Unit 7			1,035			8,447	1,041			56	10	
JR Unit 8			1,034			4,800	765			22	6	
JR Unit 12			1,212			6,370	1,092			35	10	
JR Unit 13						8,887	706			33	6	
Lakeview Gardens						2,273				14		
JR Units 4D & F						14,416	1,708			47	18	13
JR Unit 15						8,954				56	3	5
San Tan OS Mn Parcels 8 & 9			1,460	1,860	484	2,340					17	
San Tan Parcel 8					177	3,139				15	15	
San Tan Parcel 9						3,892				14	19	
San Tan OS Mn Parcels 5, 6, & 7	1,580					1,140				2	11	8
San Tan Parcel 5					133	4,386				11	5	16
San Tan Parcel 6					105	3,400				10	1	11
San Tan Parcel 7					242	4,207				17		17
Johnson Holdings/Tosco						634				3		
Circle Cross Parcel 2			159	1,412		2,344				10	1	
Circle Cross Parcel 3			361	2,554		3,708				26	1	
Circle Cross Parcel 5			155			2,769				14	1	
Circle Cross Parcel 8				2,615		3,500				18		
Circle Cross Parcel 1			1,471	915		2,914				11	5	1
Circle Cross Parcel 2			202	3,007		1,656				17	1	3
Circle Cross Parcel 4			361	2,211		4,489				19	8	3
Circle Cross Parcel 5			208			3,802				15	1	
Copper Basin Unit 2				1,459	326	3,775				19		
Oasis at Magic Ranch				362	7,794	5,485	669			22	5	
Oasis Sunrise										28		6
Total	1,580		12,515	16,033	1,467	153,408	6,502	Miles	191,505	670	79	174
								Total Miles	36.27			
									64.00			

JOHNSON UTILITIES COMPANY
PLANT INVENTORY
WASTEWATER

BACKBONE MAINS

Project	19" Mains	15" Mains	12" Mains	10" Mains	9" Mains	6" Main	8" F/M	6" F.M	4" F/M	Total Mains	4" M.H. 15' M.H.	C.O	30" Siv
Main Pump Station							25,600						
Main WWTP		990	1,120		805	1,870	3,300				4	2	
JR Trunk Sewer		136	3,650								13		
4A Station						4,860							
San Tan Force Ltr Sta & Force Mh							19,477						
Section 11 Reuse					510	60	6,750						
Sec 11 WWTP							29,200						288
Pecan Ranch Pump Sta & Force Mh					22				298				
Superstition Views Pump Sta & F. M.							5,104						
Circle Cove Pump Sta and force Mh							3,071						
Copper Basin Pump Sta and force Mh							5,733						
Casta al Maple Pump Sta & Force Mh							2,907						
Davis Sunrise Pump Sta & Force Mh									1,949				
404F Pump Station & Force Main													
Total		1,126	4,770		1,187	6,810	71,835		Miles	95,278	22	11	285
										16.15			

COMPANY NAME JOHNSON UTILITIES, LLC YEAR ENDING 12/31/2002

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported N/A (LLC)
Estimated or Actual Federal Tax Liability N/A (LLC)

State Taxable Income Reported N/A (LLC)
Estimated or Actual State Tax Liability N/A (LLC)

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances 0
Amount of Gross-Up Tax Collected 0
Total Grossed-Up Contributions/Advances 0

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

SIGNATURE

DATE

PRINTED NAME

TITLE

COMPANY NAME JOHNSON UTILITIES, LLC YEAR ENDING 12/31/2002

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2002 was: \$ 6,121

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

**STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE**

COUNTY OF (COUNTY NAME) MARICOPA
NAME (OWNER OR OFFICIAL) TITLE GEORGE H. JOHNSON
COMPANY NAME JOHNSON UTILITIES L.L.C. - SEWER DIVISION

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA COPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2002

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2002 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)
\$ <u>654,432</u>

**(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 38,060
IN SALES TAXES BILLED, OR COLLECTED**

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SIGNATURE OF OWNER OR OFFICIAL _____

TELEPHONE NUMBER _____

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS _____ DAY OF

COUNTY NAME	
MONTH	20__

(SEAL)

MY COMMISSION EXPIRES _____

SIGNATURE OF NOTARY PUBLIC _____

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

(COUNTY NAME)	MARICOPA	
NAME (OWNER OR OFFICIAL)	GEORGE H. JOHNSON	TITLE PRESIDENT
COMPANY NAME	JOHNSON UTILITIES L.L.C. - SEWER DIVISION	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2002

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2002 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ <u>629,518</u>

(THE AMOUNT IN BOX AT LEFT INCLUDES \$ 36,611 IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED.**

X

SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS **DAY OF**

(SEAL)

MY COMMISSION EXPIRES

X _____
SIGNATURE OF NOTARY PUBLIC

NOTARY PUBLIC NAME	
COUNTY NAME	
MONTH	. 20

RECEIVED

RECEIVED
FEB 23 2005
ARIZONA CORP. COMMISSION
CORPORATIONS DIVISION

2005 FEB 24 A 11:09

FENNEMORE CRAIG
A Professional Corporation
Jay L. Shapiro
3003 North Central Avenue
Suite 2600
Phoenix, Arizona 85012
Telephone (602) 916-5000

AZ CORP COMMISSION
DOCUMENT CONTROL

Attorneys for Johnson Utilities Company

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF JOHNSON UTILITIES COMPANY FOR
AN EXTENSION OF ITS EXISTING
CERTIFICATE OF CONVENIENCE AND
NECESSITY FOR WATER AND
WASTEWATER SERVICE.

DOCKET NO. WS-02987A-04-0288

CERTIFICATION OF PUBLICATION

Pursuant to the January 12, 2005 Procedural Order, Johnson Utilities Company ("Applicant"), an Arizona public service corporation, hereby submits this Certification of Publication in the above-captioned matter.

On February 10, 2005, legal public notice was published in The Tribune. The affidavit of Susan Pacholke of The Tribune is attached hereto as Exhibit 1.

DATED this 23rd day of February, 2005.

FENNEMORE CRAIG, P.C.

By: 
Jay L. Shapiro
Attorney for Johnson Utilities Company

ORIGINAL and 13 copies delivered this 23rd day of February, 2005, to:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

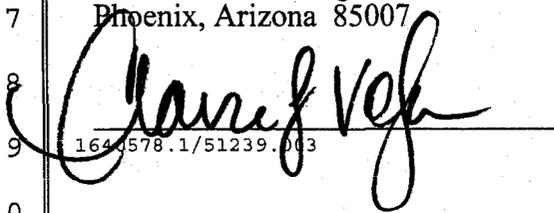
EXHIBIT
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COPY hand-delivered this 23rd day of February, 2005:

Marc Stern, Administrative Law Judge
Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Tim Sabo, Staff Attorney
Legal Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007


1640578.1/51239.003

EXHIBIT

1

Tribune

Legal Advertising
120 W. First Avenue Mesa, Arizona 85210
Phone(480) 898-6479 Fax (480) 898-6463
Affidavit of Publication

Account Number: 1471051

P.O. Number: NOTICE OF PUBLIC HEARING 51239.003

Invoice Number: 727636

Price: \$ 163.32

STATE OF ARIZONA
County of Maricopa

I, Susan Pacholke, Legal Representative, acknowledge that the attached ad was published in a newspaper of general circulation. The dates of the publication are as follows: FEB. 10, 2005.

The Tribune (East Valley & Scottsdale Editions)



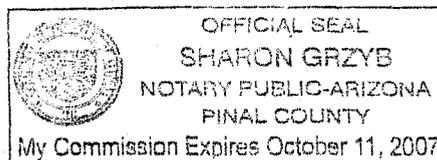
Susan Pacholke, Legal Representative

STATE OF ARIZONA
COUNTY OF MARICOPA

On FEB. 10, 2005, Susan Pacholke personally appeared before me, whom I know personally to be the person who signed the above document and he/she proved he/she signed it.



NOTARY PUBLIC



**PUBLIC NOTICE OF HEARING FOR THE
JOHNSON UTILITIES COMPANY, L.L.C.
FOR AN EXTENSION OF ITS
CERTIFICATE OF CONVENIENCE A
NECESSITY TO PROVIDE WATER /
WASTEWATER SERVICE
(WS- 02987A-04-0288)**

On April 14, 2004, Johnson Utilities Company ("Applicant") filed an application or an extension of its CC&N to various parts of Pinal County, Arizona.

The application is available for inspection during regular business hours at the offices of the Commission in Phoenix, at 1200 West Washington Street, Phoenix, Arizona, and at the Applicant's office, 5230 E. Shea Blvd. Suite 200, Scottsdale, AZ 85254.

The Commission will hold a hearing on this matter commencing on **March 24, 2005**, at 9:30 am, at the Commission's offices, 1200 West Washington Street, Phoenix, Arizona. Public comments will be taken on the first day of the hearing.

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene. Intervention shall be permitted to any person entitled by law to intervene and having a direct and substantial interest in the matter. Persons desiring to intervene must file a written motion to intervene with the Commission, which motion should be sent to the Applicants or its counsel and to all parties of record, and which, at the minimum shall contain the following:

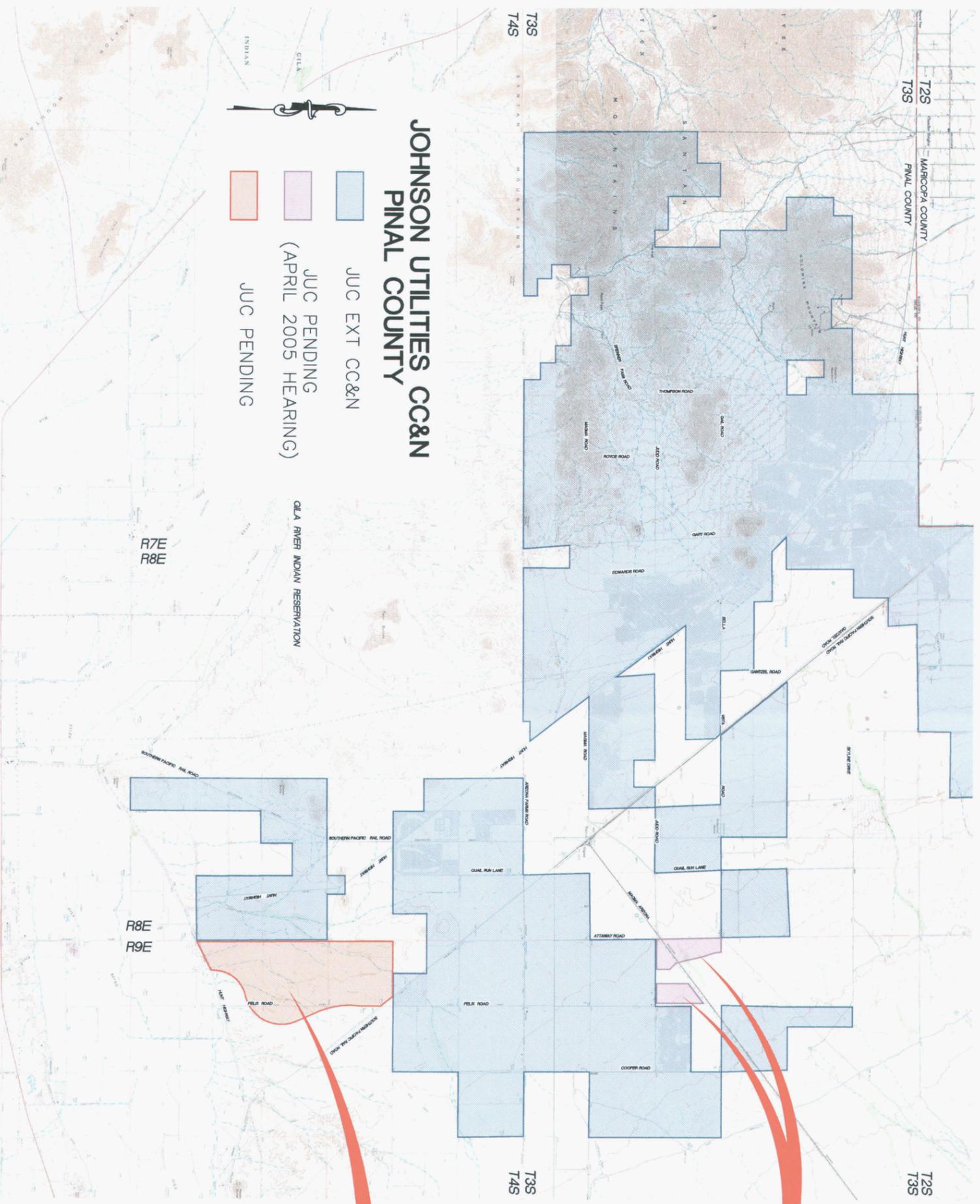
1. The name, address, and telephone number of the proposed intervenor and of any party upon whom service of documents is to be made if different than the intervenor.
2. A short statement of the proposed intervenor's interest in the proceeding (e.g., a customer of the Applicants, a shareholder of the Applicants, a competitor, etc.)
3. A statement certifying that a copy of the motion to intervene has been mailed to the Applicants or their counsel and to all parties of record in the case.

The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except that all motions to intervene must be filed on or before **March 1, 2005**. The granting of the intervention, among other things, entitles a party to present sworn evidence at hearing and to cross-examine other witnesses. However failure to intervene will not preclude any customer from appearing at the hearing and making a statement on such customer's own behalf.

If you have any questions or concerns about this application or have any objections to its approval, or wish to make a statement in support of it, you may write the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona 85007 or call 1-800-222-7000 or appear at the hearing and make a comment.

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 Linda Hogan, ADA Coordinator, voice phone number 602/542-3931, E-mail l.hogan@admin.cc.state.az.us. Requests should be made as early as possible to allow time to arrange the accommodation.

FEB. 10, 2005/727636



**JOHNSON UTILITIES CC&N
PINAL COUNTY**

- JUC EXT CC&N
- JUC PENDING
(APRIL 2005 HEARING)
- JUC PENDING

CORPORATION
COMMISSION
NUMBER
WS 02987A-01-0288

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WS 02987A-01-0288



Janet Napolitano
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

1110 West Washington Street • Phoenix, Arizona 85007
(602) 771-2300 • azdeq.gov



Stephen A. Owens
Director

APPROVAL OF CONSTRUCTION

Page 1 of 2

Project Description: Construction of new San Tan Well site with DWR #55-598836 along Hunt Highway.

Location: Pinal

Project Owner: Johnson Utilities
Address: 5230 East Shea Blvd., Ste., 200
Scottsdale, AZ 85254

The Arizona Department of Environmental Quality (ADEQ) hereby issues an Approval of Construction for the above-described facility based on the following provisions of Arizona Administrative Code (A.A.C.) R18-5-507 et seq.

On March 24, 2005, ADEQ issued a Certificate of Approval to Construct for the referenced project.

On April 13, 2005, Gregory H. Brown, P.E., certified the following:

- a final construction inspection was conducted on April 8, 2005;
- the referenced project was constructed according to the as-built plans and specifications and ADEQ's Certificate of Approval to Construct;
- water system pressure and leakage tests for the line was conducted on April 5, 2005 and the results were within the allowable leakage rates; and
- the well and piping were disinfected on April 7, 2005 according to an ADEQ-approved method.

Microbiological samples were collected on April 11, 2005 and analyzed on April 12, 2005 by Statewide Disinfection Service, ADHS License No. AZ0637. The sample results were negative for total coliform.

This Approval of Construction is subject to the provisions 1-7 on page two of this approval. Be advised that A.A.C. R18-4-124 requires the owner of a public water system to maintain and operate all water production, treatment and distribution facilities in accordance with ADEQ Safe Drinking Water Rules.

RK1

PWS No.: 11-128
LTF No.: 36105

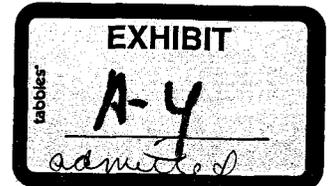

 Kwame A. Agyare, P.E., Acting Manager Date Approved 4/18/05
 Technical Engineering Unit
 Drinking Water Section

c: TEU File No.: 20050161
 DWCEU Facility File
 CRO Approval of Construction File
 Pinal County Health Department
 Pinal County Planning & Zoning Department
 AZ Corporation Commission
 Engineer

Northern Regional Office
 1515 East Cedar Avenue • Suite F • Flagstaff, AZ 86004
 (928) 779-0313

Southern Regional Office
 400 West Congress Street • Suite 433 • Tucson, AZ 85701
 (520) 628-6733

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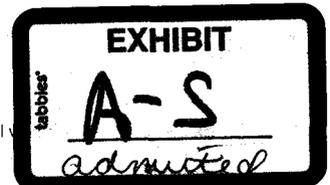


**APPROVAL OF CONSTRUCTION
WATER FACILITIES
ADEQ FILE NO. 20050161
PAGE 2 OF 2: PROVISIONS CONTINUED**

1. An initial nitrate sample taken from the well showed an MCL exceedance of 10.3mg/l. A confirmation sample taken on April 4, 2005 showed a nitrate level of 7.51mg/l. In accordance with R18-4-208(J), the average of these two samples was used to determine compliance with the MCL of 10mg/l. This result however requires that the water system shall increase monitoring frequency at the sampling point from annually to quarterly, as per R18-4-208(F).

**Johnson Utilities Co. - System #11-128
Subdivision Commitments**

P.A.D. or MASTER PLAN LOCATION	SUBDIVISION UNIT NUMBER	ADEQ FILE NO.	TOTAL NO. LOTS in Subdiv.	TOTAL NO. LOTS Committed	ESTIMATED COMMITTED FLOW REQUIREMENTS (@ 260 GPD)
Johnson Ranch	Unit 1	980270	109	109	28,340
	Unit 2	980011	138	138	35,880
	Unit 3A	980051	164	164	42,640
	Unit 3B	980443	91	91	23,660
	Unit 4A	980009	253	253	65,780
	Unit 4B	20000218	216	216	56,160
	Unit 6	980501	40	40	10,400
	Unit 7	20000164	278	278	72,280
	Unit 8	20000166	198	198	51,480
	Unit 12A&12B	20000165	210	210	54,600
	Lakeview Gardens	9904020	58	58	15,080
	Unit 13	20000469	234	234	60,840
	Superstition Views - Phase I	20010100	60	60	15,600
	Superstition Views - Phase II	20030361	68	68	17,680
	Superstition Views - Phase III		64	64	16,640
	Unit 4D&4F - Phase 1	20010574	83	83	21,580
	Unit 4D&4F - Phase 2	20010574	68	68	17,680
	Unit 4D&4F - Phase 3	20010574	92	92	23,920
	Unit 4D&4F - Phase 4		104	104	27,040
	Unit 4D&4F - Phase 5		97	97	25,220
	Unit 10	20010329	"no lots"	"no lots"	6,000
	Unit 15 - Phase 1	20010538	95	95	24,700
	Unit 15 - Phase 2	20010538	71	71	18,460
	Unit 15 - Phase 3	20010538	71	71	18,460
	Unit 16 - Phase 1		220	220	57,200
	Unit 17 - Phase 1	20020611	"no lots"	"no lots"	0
	Unit 17 - Phase 2	20020532	100	100	26,000
	Unit 17 - Phase 3	20020613	73	73	18,980
	Unit 18 - Phase 1	20020455	"no lots"	"no lots"	0
	Unit 18 - Phase 2	20020455	110	110	28,600
	Unit 18 - Phase 3	20020455	88	88	22,880
	Unit 34 - Rural Metro - onsite	20020126	"no lots"	"no lots"	1,380
	Unit 34 - Lots & offsite	20020609	194	194	50,440
	Unit 35 - Commercial		"no lots"	"no lots"	0
	Unit 36 - "Circle K"		"no lots"	"no lots"	1,380
	Unit 35 & 36 Subdivision	20030510	152	152	39,520
	Unit 52/14		135	135	35,100
	Unit 20/21 - Phase 1	20020316	38	38	9,880
	Unit 20/21 - Phase 2	20020317	68	68	17,680
	Unit 20/21 - Phase 3	20020318	80	80	20,800
	Unit 11 - Commercial		"no lots"	"no lots"	0
	Unit 19,43,44 & 45	20030010	272	272	70,720
	Unit 22A	20030499	96	96	24,960
	Unit 22B	20030500	146	146	37,960
	Unit 29	20030378	258	258	67,080
	Unit 23A	20030572	107	107	27,820
	Unit 23B	20040322	135	135	35,100
	Unit 24		195	195	50,700
	Unit 25		149	149	38,740
	Unit 27 - Phase 1		148	148	38,480
	Unit 27 -Phase 2		30	30	7,800
	Unit 28		200	200	52,000
	Unit 39,40B & 50 Phase 1		117	117	30,420
	Unit 39,40B & 50 Phase 2		33	33	8,580
	Unit 40A		2	2	520
	Unit 40A, 48&49	20030514	122	122	31,720
	Unit 42 Phase 2		66	66	17,160
	Unit 46 Phase 1		53	53	13,780
	Unit 41&47	20030513	65	65	16,900
	Unit 51		25	25	6,500
Area west of Johnson Ranch	El Pedregal/Butte Creek	20000383	24	24	6,240
	Bonanza Ranch	20010097	59	59	15,340



**Johnson Utilities Co. - System #11-128
Subdivision Commitments**

P.A.D. or MASTER PLAN LOCATION	SUBDIVISION UNIT NUMBER	ADEQ FILE NO.	TOTAL NO. LOTS in Subdiv.	TOTAL NO. LOTS Committed	ESTIMATED COMMITTED FLOW REQUIREMENTS (@ 260 GPD)	
San Tan Heights	Parcel 1 @ S.T.H.	20010355	124	124	32,240	
	Parcel 2 @ S.T.H.	20010356	109	109	28,340	
	Parcel 3 @ S.T.H.	20010357	103	103	26,780	
	Parcel 4 @ S.T.H.	20010358	102	102	26,520	
	Parcel 5 @ S.T.H.	20010359	114	114	29,640	
	Parcel 6 @ S.T.H.	20010360	114	114	29,640	
	Parcel 7 @ S.T.H.	20010361	114	114	29,640	
	Parcel 8 @ S.T.H.	20010362	110	110	28,600	
	Parcel 9 @ S.T.H.	20010363	113	113	29,380	
	Phase 2	Parcel A @ S.T.H.	20030223	110	110	28,600
		Parcel B @ S.T.H.	20030224	113	113	29,380
		Parcel C @ S.T.H.	20030225	102	102	26,520
		Parcel D @ S.T.H.	20030226	116	116	30,160
		Parcel E @ S.T.H.	20030227	100	100	26,000
Parcel F @ S.T.H.		20030228	105	105	27,300	
Parcel G @ S.T.H.				Commercial	0	0
Parcel H @ S.T.H.				School	0	0
Parcel I @ S.T.H.		20030212	153	153	39,780	
Parcel J @ S.T.H.		20030211	113	113	29,380	
Parcel K @ S.T.H.	20030213	141	141	36,660		
Parcel L @ S.T.H.	20030431	123	123	31,980		
Phase 3	Parcel A-1	20040354	91	91	23,660	
	Parcel A-2	20040355	109	109	28,340	
	Parcel A-3	20040356	143	143	37,180	
	Parcel A-4	20040357	101	101	26,260	
	Parcel A-5	20040358	82	82	21,320	
	Parcel A-6	20040359	110	110	28,600	
	Parcel A-7	20040360	144	144	37,440	
	Parcel A-8	20040361	108	108	28,080	
	Parcel A-9 & infrastructure	20040362	39	39	10,140	
Oasis Sunrise and Magic Ranch area	Oasis @ Magic Ranch - PH1	20010098	282	282	73,320	
	Oasis Sunrise Subdivision - PH 1	20020013	160	160	41,600	
	Oasis Sunrise Subdivision - PH 2	20030242	154	154	40,040	
	Oasis Sunrise Subdivision - PH 3	20040229	118	118	30,680	
	Oasis at Magic - Parcel G,K & F	20040308	530	530	137,800	
	Oasis at Magic Ranch - Phase 2	20040442	256	256	66,560	
Magic Ranch Estates	Phase 1	20040381	222	222	57,720	
Circle Cross	Parcel 1 @ C.C.	20020420	125	125	32,500	
	Parcel 2 @ C.C.	20020421	265	265	68,900	
	Parcel 3 @ C.C.	20020422	167	167	43,420	
	Parcel 4 @ C.C.	20020423	163	163	42,380	
	Parcel 5 @ C.C.	20020424	218	218	56,680	
	Parcel 6 @ C.C.	20030122	120	120	31,200	
	Phase II	Parcel 6B @ C.C.	20040646	95	95	24,700
		Parcel 7 @ C.C.		119	119	30,940
		Parcel 8 @ C.C.		115	115	29,900
		Parcel 9 @ C.C.		107	107	27,820
		Parcel 10 @ C.C.		144	144	37,440
	Parcel 11 @ C.C.		123	123	31,980	
	Parcel 14 @ C.C.		127	127	33,020	
	Parcel 15 @ C.C.	20040716	97	97	25,220	
	Phase II B	Parcel 12 @ C.C.		107	107	27,820
		Parcel 13 @ C.C.		123	123	31,980
		Parcel 16 @ C.C.		76	76	19,760
		Parcel 17 # C.C.		95	95	24,700
		Parcel 18 @ C.C.		68	68	17,680
		Parcel 19 @ C.C.		96	96	24,960
		Parcel 20 @ C.C.		113	113	29,380
Parcel 21 @ C.C.		78	78	20,280		

**Johnson Utilities Co. - System #11-128
Subdivision Commitments**

P.A.D. or MASTER PLAN LOCATION	SUBDIVISION UNIT NUMBER	ADEQ FILE NO.	TOTAL NO. LOTS in Subdiv.	TOTAL NO. LOTS Committed	ESTIMATED COMMITTED FLOW REQUIREMENTS (@ 260 GPD)
Copper Basin	Parcel A (Lots 1-98)	2002-0353	99	99	25,740
	Parcel B (Lots 413-498)	2002-0353	86	86	22,360
	Parcel C (Lots 99-217)	2002-0353	119	119	30,940
	Parcel D (Lots 218-412)	2002-0353	194	194	50,440
Phase II	Phase II (154 Lots)	2002-0529	154	154	40,040
Villages at C.B.	Unit 3A	2003-0501	322	322	83,720
	Unit 3B	2003-0501	238	238	61,880
	Unit 4		318	318	82,680
Rancho Bella Vista Phase II	Parcel A (Lots 1-171)		171	171	44,460
	Parcel A	2003-0491	150	150	39,000
	Parcel B	2003-0491	150	150	39,000
	Parcel C	2003-0491	150	150	39,000
	Parcel D	2003-0491	142	142	36,920
	Parcel E	2003-0491	150	150	39,000
	Parcel F	2003-0491	23	23	5,980
Rancho Bella Vista South	Phase 1	20040189	325	325	84,500
	Phase 2	20040190	184	184	47,840
	Phase 3	20040476	247	247	64,220
Morning Sun Farms	Model Complex		16	16	4,160
	Phase I	20030310	253	253	65,780
	Phase II		285	285	74,100
Skyline Ranch Phase II	Parcel A		122	122	31,720
	Parcel B		129	129	33,540
	Parcel C		120	120	31,200
	Parcel D		145	145	37,700
	Parcel A	20040301	181	181	47,060
	Parcel B	20040303	111	111	28,860
	Parcel C	20040305	135	135	35,100
	Parcel D	20040306	100	100	26,000
	Parcel E	20040349	146	146	37,960
	Parcel F	20040350	114	114	29,640
	Parcel G	20040351	123	123	31,980
	Parcel H	20040304	98	98	25,480
	Parcel I	20040525	114	114	29,640
Magma Ranch I	Phase 1	20040589	125	125	32,500
	Phase 2	20040590	115	115	29,900
	Phase 3	20040675	95	95	24,700
	Phase 4	20040678	95	95	24,700
	Phase 5	20040679	77	77	20,020
	Phase 6		77	77	20,020
	Phase 7		135	135	35,100
	Phase 8		116	116	30,160
	Phase 9		85	85	22,100
	Phase 10		118	118	30,680
Crestfield Manor @ Az. Farms Village	Phase 1		665	665	
TOTAL UNITS			21,108	21,108	
TOTAL ESTIMATED FLOW @ 260 GAL/UNIT/DAY					5,323,940
TOTAL UNITS AVAILABLE PER TABLE "A"				37,916	
TOTAL FLOW AVAILABLE PER TABLE "A" IN GALLONS					9,858,160

**Johnson Utilities Company
Water Plant No. 1**

Revised Well #4 plus Well #5 Blending Plan

System # 11-128 Well #4 + #5 located at Johnson Ranch	R.O. Unit Run Time with no Expansion (In Min.)	R.O. Unit		Raw from Well Source		Blended @ Storage Tank	
		Average R.O. Output in (GPD)	Average R.O. Unit output (mg/L as N)	Average Raw Water output (GPD)	Average Raw water output (mg/L as N)	Average Blended output At P.O.E. (GPD)	Average Blended output At P.O.E. (mg/L as N)
Run Time							
5 Hours	300	75,000	1.48	137,100	14.57	212,100	9.94
6 Hours	360	90,000	1.48	164,520	14.57	254,520	9.94
7 Hours	420	105,000	1.48	191,940	14.57	296,940	9.94
8 Hours	480	120,000	1.48	219,360	14.57	339,360	9.94
9 Hours	540	135,000	1.48	246,780	14.57	381,780	9.94
10 Hours	600	150,000	1.48	274,200	14.57	424,200	9.94
11 Hours	660	165,000	1.48	301,620	14.57	466,620	9.94
12 Hours	720	180,000	1.48	329,040	14.57	509,040	9.94
13 Hours	780	195,000	1.48	356,460	14.57	551,460	9.94
14 Hours	840	210,000	1.48	383,880	14.57	593,880	9.94
15 Hours	900	225,000	1.48	411,300	14.57	636,300	9.94
16 Hours	960	240,000	1.48	438,720	14.57	678,720	9.94
17 Hours	1020	255,000	1.48	466,140	14.57	721,140	9.94
18 Hours	1080	270,000	1.48	493,560	14.57	763,560	9.94
19 Hours	1140	285,000	1.48	520,980	14.57	805,980	9.94
20 Hours	1200	300,000	1.48	548,400	14.57	848,400	9.94
21 Hours	1260	315,000	1.48	575,820	14.57	890,820	9.94
22 Hours	1320	330,000	1.48	603,240	14.57	933,240	9.94
23 Hours	1380	345,000	1.48	630,660	14.57	975,660	9.94
24 Hours	1440	360,000	1.48	658,080	14.57	1,018,080	9.94

Well #4 Production Capacity	550	(GPM) Note: Well #4 "only"
Well #4 Raw Water	11.90	Nitrate+Nitrite-N (Untreated)
Well #5 Production Capacity	240	(GPM) Note: Well #5 "only"
Well #5 Raw Water	20.70	Nitrate+Nitrite-N (Untreated)
Well #4 plus Well #5 Raw Water Production Capacity	790	(GPM)
Raw Water flow to R.O. Unit	333	(GPM)

By-Pass Blended Production Capacity (Raw)	457	(GPM) "Without Flow to R.O. Unit"
R.O. Unit Production Capacity after Treatment	250	(GPM)
Well #4 plus Well #5 Blended Quality (Raw)	14.57	Nitrate+Nitrite-N (Untreated)
R.O. Unit Production Quality after Treatment	1.48	Nitrate+Nitrite-N (Treated)

Calculated Point of Entry flow:	707	(GPM)
Calculated Point of Entry Quality	9.94	Nitrate+Nitrite-N (blended)
Calculated 24 hour production capacity	1,018,080	(Gal/day)

Approx. Number of Residential Units Served	3,916	(@ 260 Gal/unit/day)
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**Johnson Utilities Company
Water Plant No. 1
Blending Option**

Revised Well, #4, #5 Blending Plan

System # 11-128 Well #4 + #5 located at Johnson Ranch	R.O. Unit Run Time with no Expansion (In Min.)	R.O. Unit		Raw from Well Source		Blended @ Storage Tank	
		Average R.O. Output in (GPD)	Average R.O. Unit output (mg/L as N)	Average Raw Water output (GPD)	Average Raw water output (mg/L as N)	Average Blended output At P.O.E. (GPD)	Average Blended output At P.O.E. (mg/L as N)
Run Time							
24 Hours	1440	360,000	0.50	960,480	13.50	1,320,480	9.96

Well #4 Production Capacity	500	(GPM) Note: Well #4 "only"
Well #4 Raw Water	13.00	Nitrate+Nitrite-N (Untreated)
Well #5 Production Capacity	500	(GPM) Note: Well #5 "only"
Well #5 Raw Water	14.00	Nitrate+Nitrite-N (Untreated)
Average Nitrate+nitrite-N (Untreated)	13.50	Nitrate+Nitrite-N (Untreated)
Well #4 & #5 Raw Water Production Capacity	1000	(GPM)
Raw Water flow to R.O. Unit	333	(GPM)

By-Pass Blended Production Capacity (Raw)	667	(GPM) "Without Flow to R.O. Unit"
R.O. Unit Production Capacity after Treatment	250	(GPM)
Well #4 & #5 Blended Quality (Raw)	13.50	Nitrate+Nitrite-N (Untreated)
R.O. Unit Production Quality after Treatment	0.50	Nitrate+Nitrite-N (Treated)

Calculated Point of Entry flow:	917	(GPM)
Calculated Point of Entry Quality	9.96	Nitrate+Nitrite-N (blended)
Calculated 24 hour production capacity	1,320,480	(Gal/day)

Approx. Number of Residential Units Served	5,079	(@ 260 Gal/unit/day)
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Johnson Utilities Company - System #11-128

PRODUCTION OPTIONS WITHIN JOHNSON UTILITIES SERVICE AREA
 Note: LOW NITRATES HAVE BEEN ASSUMED FOR ALL PRODUCTION WELLS
 EXCEPT FOR WELL #4.

Well Identification Name System # 11-128	Well Identification Number	LOCATED WITHIN THE AREA OF:	ADEQ FILE NUMBER	ESTIMATED TOTAL FLOW PER WELL including R.O. loss (gal/min)	ESTIMATED PRODUCTION CAPABILITY PER WELL IN:	Option #1 Well #4 "Untreated"	Option #2 Well #4+#5 "blended & treated" Plus Others
Production:							
J.R. Well No. 4 (untreated)	55-558445	Johnson	980006	500	720,000	0	0
J.R. Well No. 4 (Treated with R.O. Unit)	55-558445	Johnson	980006	0	0	0	0
J.R. Well #4 plus #5 (blended)	55-559843	Johnson	980006	1000	0	0	0
J.R. Well #4 plus #5 (blended & treated)	Misc.	Johnson	980006	917	0	1,320,480	0
Edwards Road Well No. 2 (untreated) (1)	55-586189	Johnson	2001037	35	50,400	50,400	50,400
Oasis Well No. 1 (untreated) (2)	55-582085	Oasis	20010611	110	158,400	158,400	158,400
Oasis Well No. 3 (untreated) (2)	55-582087	Oasis	20010611	110	158,400	158,400	158,400
Oasis Well No. 2 (untreated) (2)	55-582088	Oasis	20010611	110	158,400	158,400	158,400
Skyline (untreated) (3)	55-621462	Skyline	20020539	1000	1,440,000	1,440,000	1,440,000
Circle Cross Well #1 (untreated)	55-599026	Circle Cross	20020489	1000	1,440,000	1,440,000	1,440,000
Morning Sun Farms (4)	55-201429	Morning Sun	Pending	890	1,281,600	1,281,600	1,281,600
San Tan Heights #2 (5)	55-598836	San Tan Hts.	20050161	700	1,008,000	1,008,000	1,008,000
TOTAL ESTIMATED WELL PRODUCTION (GPD)					6,415,200	7,015,680	
TOTAL ESTIMATED WELL PRODUCTION (GPM)					4,455	4,872	

Storage:	Storage Capacity (Gallons)	Units served @ 260 Gal/unit/day
Johnson Ranch Water Plant No. 1	500,000	1,920,480
Johnson Ranch Water Plant No. 1	100,000	397,040
Oasis Water Plant No. 1	500,000	1,920,480
Edwards Road Water Plant No. 2	50,000	192,048
Circle Cross Water Plant No. 1	500,000	1,920,480
San Tan Water Plant No. 1	1,000,000	3,840,960
Production from J.R. Well #4 plus #5 (blended)	1,320,480	5,078,400
TOTAL ESTIMATED STORAGE CAPACITY (Gallons)		
		3,970,480
LESS FIRE STORAGE CAPACITY AS REQUIRED BY FIRE DISTRICT (Gallons)		
		-120,000
WELL PRODUCTION WITHOUT CIRCLE CROSS OPERATING (Gallons/day)		
		6,007,680
ESTIMATED 1 DAY SYSTEM PRODUCTION and STORAGE CAPACITY (Gallons)		
		9,858,160
Units served @ 260 Gal/unit/day		37,916

(*) Pending indicates that the improvement plans have been submitted to ADEQ.

- (1) Indicates actual maximum flow data
- (2) Indicates actual maximum flow & permitted data
- (3) Indicates actual & permitted data
- (4) Indicates anticipated flow and ADEQ domestic water source permit pending.
- (5) Indicates anticipated flow and ADEQ domestic water source permit pending.

JOHNSON UTILITIES COMPANY
SYSTEM NUMBER 11-128
WELL INVENTORY
 Revised April 2005

Domestic Wells (System #11-128)

Well Identification Number	Well Identification Name	G.P.M (Per ADEQ)	SYSTEM I.D. #	STATUS
55-558445	J.R. Well # 4 (untreated)	500	JR 11-128	Active
55-559843	J.R. Well # 5 (untreated)	500	JR 11-128	Active
55-586189	Edwards Road Well #2	35	JR 11-128	Active
55-582087	Oasis Well # 2	110	JR 11-128	Active
55-582088	Oasis Well # 3	110	JR 11-128	Active
55-582085	Oasis Well #1	110	JR 11-128	Active
55-621462	Skyline Well	1000	JR 11-128	Active
55-599026	Circle Cross Well	1000	JR 11-128	Active
55-201429	Morning Sun Farms Well	890	JR 11-128	Pending
55-598836	San Tan Heights # 2	700	JR 11-128	Pending

Estimated Existing Production Wells: 3,365 Gal/minute 4,845,600 Gal/day
 Pending Production Wells: 2,090 Gal/minute 3,009,600 Gal/day
 Total Production Wells as of June 2005: 5,455 Gal/minute 7,855,200 Gal/day

Existing Domestic Wells At Sun Valley V (System #11-116)

Well Identification Number	Well Identification Name	G.P.M (Per ADEQ)	SYSTEM I.D. #	STATUS
55-598836	Rickie Well #1	300	JR 11-116	Active
55-594071	Rickie Well #2	300	JR 11-116	Active

Estimated Existing Production Wells: 600 Gal/minute 864,000 Gal/day
 Total Production Wells after connection: 6,055 Gal/minute 8,719,200 Gal/day

Future Domestic Wells (Operational by Dec. 2005)

Well Identification Number	Well Identification Name	G.P.M (Per ADEQ)	SYSTEM I.D. #	STATUS
55-627096	Ellsworth Well #1	800	JR 11-128	Future
55-627097	Ellsworth Well #2	800	JR 11-128	Future
55-627098	Ellsworth Well #3	800	JR 11-128	Future
	Bella Vista #1	800	JR 11-128	Future
55-622013	Crestfield #1	500	JR 11-128	Future
55-622014	Crestfield #2	500	JR 11-128	Future

Estimated Existing Production Wells: 4,200 Gal/minute 6,048,000 Gal/day

Existing Construction/Irrigation Wells

Well Identification Number	Well Identification Name	G.P.M (Per ADEQ)	SYSTEM I.D. #	STATUS
55-627105	J.R. Well # 3	500	JR 11-128	Active
55-562385	J.R. Well # 7	900	JR 11-128	Active
55-615284	J.R. Well #2	360	JR 11-128	Not Connected
55-626147	San Tan Heights # 1	500	JR 11-128	Active

Estimated Existing Construction Wells: 21,610 Gal/minute 31,118,400 Gal/day

LEGAL

MEMORANDUM

RECEIVED

2005 MAR -4 A 9:34

TO: Docket Control
Arizona Corporation Commission

AZ CORP COMMISSION
DOCUMENT CONTROL

FROM: Ernest G. Johnson
Director
Utilities Division



Date: March 4, 2005

RE: JOHNSON UTILITIES COMPANY - APPLICATION FOR AN EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE WATER AND WASTEWATER SERVICE, IN PINAL COUNTY, ARIZONA (DOCKET NO. WS-02987A-04-0288)

Attached is the Staff Report for the above referenced application. Staff is recommending approval.

EGJ:JEF:red

Originator: Jim Fisher

RECEIVED

MAR 04 2005

LEGAL DIV.
ARIZ. CORPORATION COMMISSION

Service List for: Johnson Utilities Company
Docket No. WS-02987A-04-0288

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Johnson Utilities Company
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Phoenix, Arizona 85253

Mr. Jay L. Shapiro
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Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Mr. Ernest G. Johnson
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

JOHNSON UTILITIES COMPANY

DOCKET NO. WS-02987A-04-0288

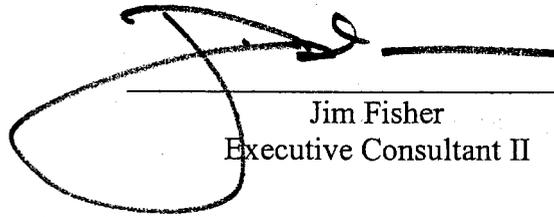
APPLICATION FOR AN EXTENSION OF
CERTIFICATE OF CONVENIENCE
AND NECESSITY TO PROVIDE
WATER AND WASTEWATER SERVICE

MARCH 2005

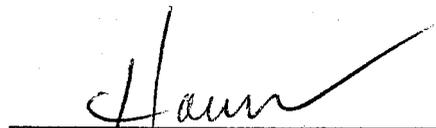
STAFF ACKNOWLEDGEMENT

The Staff Report for Johnson Utilities Company (Docket No. WS-02987A-04-0288) was the responsibility of the Staff members listed below. Jim Fisher was responsible for the review and analysis of the Company's application. Lyndon R. Hammon was responsible for the engineering and technical analysis.

Contributing Staff:



Jim Fisher
Executive Consultant II



Lyndon R. Hammon
Utilities Engineer

EXECUTIVE SUMMARY
JOHNSON UTILITIES COMPANY
DOCKET NO. WS 02987A-04-0288

On April 14, 2004, Johnson Utilities Company ("Johnson Utilities" or "Company"), an Arizona public service company, filed an application with the Arizona Corporation Commission ("ACC" or "Commission") requesting approval for an extension of its existing Certificate of Convenience and Necessity ("CC&N") in Pinal County, Arizona. On January 5, 2005, Utilities Division Staff ("Staff") informed the Company that the application was sufficient for administrative purposes.

Johnson Utilities is a public service company providing water and wastewater service to a portion of the state of Arizona. The Commission provided Johnson Utilities with its original CC&N in Decision No. 60223 (May 27, 1997), and subsequently extended the CC&Ns in Decision Nos. 61069 (August 7, 1998), 62087 (November 19, 1999), 63960 (September 4, 2001) and 64062 (October 4, 2001). According to Johnson Utilities' most recent Annual Report filing with the Commission's Utilities Division, Johnson has installed approximately \$26.3 million in water and wastewater plant to serve the current and future customers in the service area.

By this application, Johnson Utilities is seeking to extend its current water and waste CC&Ns to include two separate planned area developments, Anthem at Merrill Ranch and Sonoran Villages.

Based on the information provided in this docket, and from Staff's review of other available materials regarding Johnson Utilities, Staff concludes that the proposed water and wastewater systems have, or can reasonably be expected to develop the necessary capacity to serve the proposed CC&N extension area.

Staff recommends that the Commission approve the Johnson Utilities Company application for an Extension to its CC&N to provide water service to Sonoran Villages and Anthem at Merrill Ranch subject to compliance with the following conditions:

1. That Johnson Utilities Company be required to extend water service to the requested parcels under its currently authorized rates and charges.
2. That Johnson Utilities Company be required to file with Docket Control a copy of the Arizona Department of Environmental Quality ("ADEQ") Approval to Construct for the water systems backbone facilities within 24 months of any decision in this matter.
3. That Johnson Utilities Company be required to file with Docket Control a list of all wells in service as an approved public water supply source, with the corresponding arsenic concentration and an arsenic plan which will bring Johnson Utilities Company into compliance with the new arsenic standard of 10 parts per billion by January 1, 2006.
4. That the Commission require Johnson Utilities Company to file with Docket Control a copy of Johnson Utilities "Designation of Assured Supply" inclusive of the requested area, within 24 months of any decision in this matter.

5. That the Commission require Johnson Utilities to file a curtailment tariff for all its water systems within 60 days after the effective date of any decision and order pursuant to this application. The tariffs shall be filed within the current docket of record for this water CC&N application (Docket No. WS-02987A-04-0288).
6. That Johnson Utilities Company be required to file a quarterly report with Docket Control on the status of the pending litigation in CV2005-002692.
7. That Johnson Utilities Company be required to file Affiliate Interest reports as required under Arizona Administrative Code R-14-2-801 et al.

Staff further recommends that the Commission's Decision granting this Certificate of Convenience and Necessity to the Johnson Utilities Company be considered null and void without further order from the Commission should Johnson Utilities Company fail to comply with conditions 2, 3, 4 and 5 within the time specified.

Wastewater

Staff recommends that the Commission approve the Johnson Utilities Company application for an Extension to its CC&N to provide wastewater service to Sonoran Villages and Anthem at Merrill Ranch subject to compliance with the following conditions:

1. That the Commission require Johnson Utilities to extend wastewater service to the requested parcels under its currently authorized rates and charges.
2. That the Commission require Johnson Utilities to file with Docket Control a copy of the Central Arizona Associations of Governments ("CAAG's") approval of the §208 Plan Amendment for Anthem at Merrill Ranch within 12 months of the effective date of the final decision and order in this matter.
3. That the Commission require Johnson Utilities Company to file with Docket Control a copy of the Unified (Aquifer Protection) Water Quality Permits by the Arizona Department of Environmental Quality for both the Merrill Ranch Wastewater Treatment Facility and the Copper Basin Regional Wastewater Treatment Facility within 24 months of the effective date of the final decision and order in this matter.

Staff further recommends that the Commission's Decision granting this extension of its Certificate of Convenience and Necessity to the Johnson Utilities be considered null and void without further order from the Commission should Johnson Utilities fail to comply with conditions 2 and 3 within the time specified.

TABLE OF CONTENTS

	<u>Page</u>
Introduction	1
Background	1
The Proposed Extension Area - Sonoran Villages	1
The Proposed Extension Area - Anthem at Merrill Ranch	2
Plan 208 Approval	2
ADEQ Permits	3
Aquifer Protection Permit (“APP”)	4
Johnson Utilities Wastewater Facilities - Sonoran Villages	4
Johnson Utilities Wastewater Facilities - Anthem at Merrill Ranch	5
Johnson Utilities Water - Sonoran Villages	5
Johnson Utilities Water -Anthem at Merrill Ranch	6
Finance of Plant – Sonoran Villages	7
Finance of Plant- Merrill Ranch	7
ADEQ Compliance Wastewater	7
ADEQ Compliance Water	8
Arsenic	8
Arizona Department of Water Resources (“ADWR”) Compliance	8
ACC Compliance	9
La Osa Ranch Litigation	9
Proposed Rates	10
Pinal County Franchise	10
Recommendations	10

ATTACHMENTS

Map and Legal Description.....	Exhibit 1
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Introduction

On April 14, 2004, Johnson Utilities Company ("Johnson Utilities" or "Company"), an Arizona public service company, filed an application with the Arizona Corporation Commission ("ACC" or "Commission") requesting approval for an extension of its existing Certificate of Convenience and Necessity ("CC&N") in Pinal County, Arizona, to include Sonoran Villages and a portion of Anthem at Merrill Ranch.

On May 13, 2004, Utilities Division Staff ("Staff") informed the Company its application was insufficient for administrative processing. On April 16, 2004, November 10, 2004, and December 21, 2004, the Company provided additional information to support the application.

On January 5, 2005, Staff informed the Company that the application was sufficient for administrative purposes.

Background

Johnson Utilities is a public service company providing water and wastewater service to a portion of the state of Arizona. The Commission provided Johnson Utilities with its original CC&N in Decision No. 60223 (May 27, 1997), and subsequently extended the CC&Ns in Decision Nos. 61069 (August 7, 1998), 62087 (November 19, 1999), 63960 (September 4, 2001) and 64062 (October 4, 2001). Johnson Utilities is an Arizona Limited Liability Company.

According to Johnson Utilities' most recent Annual Report filing with the Commission's Utilities Division, Johnson has installed approximately \$26.3 million in water and wastewater plant to serve the current and future customers in the service area. Johnson Utilities reports a combined water and wastewater revenue of \$2.6 million, and reports a combined long term debt of less than \$1 million.

By this application, Johnson Utilities is seeking to extend its current CC&N to include two separate planned area developments, Anthem at Merrill Ranch and Sonoran Villages. Sonoran Villages is bounded by Johnson Utilities' current CC&N on the southern and eastern boundaries of the property. Anthem at Merrill Ranch is contiguous to Johnson Utilities' current CC&N on its western and northern border.

The Proposed Extension Area - Sonoran Villages

General Hunt Properties is the owner of approximately 402 acres comprising Sonoran Villages. George Johnson, President of Johnson Utilities, is the principle shareholder of General Hunt Properties. Sonoran Villages is located northwest of Florence, in Section 19, Range 9 East, Township 3 South. The Central Arizona Project canal runs north south through the middle of the property, and the Magma railroad crosses the property from the northeast corner to southwest corner.

Sonoran Villages is a planned area development of three phases currently zoned for medium density housing. The development is designed for 1,608 residential lots. The Pinal County Comprehensive Plan designates the land as urban. An extensive trail system is designed, with approximately fifteen percent of the property set aside for open spaces.

The Proposed Extension Area - Anthem at Merrill Ranch

Anthem at Merrill Ranch is a Planned Area Development ("PAD") by Pulte/Del Webb Development. Merrill Ranch is a 7,500 acre property north of Florence which is expected to be developed into 24,000 homes over the next thirty years. The entire 7,500 acres of Merrill Ranch was annexed by the city of Florence in 2003. By this application, Johnson Utilities is requesting authority to serve the initial phases of Anthem at Merrill Ranch. Subsequent phases (not part of this application) will be served by either Johnson Utilities or the Town of Florence.

On April 5, 2005, Vanguard Properties requested Johnson Utilities serve 1,510 acres of the proposed development. The initial phase of Anthem at Merrill Ranch is currently designed for 5,768 residential lots. The City of Florence and Johnson Utilities have agreed that, with Commission approval, Johnson Utilities will provide water and wastewater service to the requested area. Johnson Utilities has been requested to serve the East half of Section 18, all of Section 19 and 30 in Township 4 South of Range 9 East, approximately 1,510 acres.

Development of the requested parcel is planned in four (4) phases, with the initial phase of 362 acres approved for 1,523 residential homes. A golf course, recreation area trail system and riparian area will begin development in phase one. Phase two will cover 425 acres designed for 1,703 residential homes and one elementary school. Phase three of the development is planned for 407 acres for 1,381 homes and a riparian area. Phase four is planned to include 314 acres, 1,161 homes, a high school, park and trails.

The developer anticipates beginning land grading in earlier 2005 and housing production in early 2006.

Plan 208 Approval

The Federal Water Pollution Control Act as amended by the Water Quality Act of 1987 ("Clean Water Act") is a commitment by the federal government to the elimination of pollution in the nation's waters. Each state is required, under Section 208 of the Clean Water Act, to develop and implement area-wide water quality management plans for pollution control.

In Arizona, six (6) Councils of Government, ("COGs") have been designated by the Governor as "Water Quality Management Planning Agencies" under Section 208, of the Clean Water Act. The Central Arizona Associations of Governments ("CAAG") is designated by the Governor and the Environmental Protection Agency ("EPA") as the area wide water quality management planning agency for Pinal County.

The guidelines for 208 planning set forth in the Clean Water Act are fairly broad so that the various water quality issues in different areas of the nation can be addressed appropriately. Each 208 Plan must identify the water quality management needs in its planning area and provide a program to develop solutions. The CAAG 208 planning process is an ongoing effort in response to changing water resource issues, regulations, treatment technologies and changing demographics.

On the federal level, the EPA has the responsibility of overseeing the planning efforts necessary to meet the specific requirements of Section 208. The Arizona Department of Environmental Quality ("ADEQ") administers both the basin-wide planning and water quality monitoring programs. In addition, ADEQ is responsible for reviewing and enforcing water quality standards for the State. For the CAAG 208 Program, the EPA and ADEQ provides guidance in the terms of policy, procedure and review of documents to assure adherence to the requirements of the Clean Water Act.

A major effort of the 208 Plan is the Point Source Plan. Point Source Planning is primarily directed at compiling the preferred wastewater collection and treatment system for the affected area through the year 2020. Toward that end, the Point Source Plan examines population and wastewater flow projections, wastewater treatment plant siting, treatment methods, effluent disposal, reclaimed water reuse and sludge management.

ADEQ Permits

The objective of a Point Source Plan is to identify the preferred wastewater collection and treatment and effluent reuse or disposal systems for the affected area. The regulatory framework for management of water quality is comprised of permit compliance and monitoring of protected uses. The ADEQ defines, monitors and enforces water quality standards for protected uses of surface waters, aquifers and public water supplies. The ADEQ permit framework for point source management consists of three primary elements consisting of the Arizona Pollutant Discharge Elimination System ("AZPDES"), the Aquifer Protection Permit ("APP") and the reclaimed water reuse permit program.

The purpose of the AZPDES permit programs is to regulate the quality of point source discharges into the waters of the nation. Based on specific criteria, discharges to rivers, tributaries to the rivers, dry washes and various lakes and canals within the affected area are subject to the AZPDES permit program provisions.

The ADEQ has established Surface Water Quality Standards ("SWQS") as required to meet the goals of the federal Clean Water Act and to protect the quality of surface waters in the state. The EPA incorporates the SWQS and federal regulation related to surface water quality and effluent discharge quality into the AZPDES permits. Pollutant levels established by the AZPDES permit programs vary among wastewater reclamation facilities depending upon the designated use of reclaimed water. Permits are typically issued for a term of five years.

Aquifer Protection Permit ("APP")

The APP was established by the Environmental Quality Act of 1986 and implemented by rule in 1989. The purpose of the APP program is to protect the groundwater quality and public health from potential environmental risks posed by the facilities that discharge pollutants to the land surface, underlying soil, or groundwater that have a potential to reach an aquifer.

The APP permitting requirements are determined based on the type of facility or land use, capacity of the facility, and/or the type of discharges that the facility will produce. The most crucial requirements for obtaining an APP are demonstrating that the Best Available Demonstrated Control Technology ("BADCT") will be used to minimize the discharge of pollutants, Aquifer Water Quality Standards will not be violated and that the facility possesses the financial and technical capability to comply with the permit conditions.

The Environmental Quality Act requires that all domestic wastewater and disposal facilities requiring an APP use BADCT as part of their wastewater treatment process. The ADEQ adopted BADCT requirements for new sewage treatment facilities. The design review of sewage treatment facilities has been consolidated into the APP application review process. BADCT requirements are defined within the rules which require secondary treatment, removal for new facilities and expansion of existing facilities. The revision of the APP rule took effect January 2001.

The reclaimed water use permit program, established in 1985, allows the reuse of reclaimed water for a variety of applications such as agriculture, urban lakes, golf course irrigation, ponds and industrial uses. Water reclamation plants are required by rules to have a reuse permit for the release of reclaimed water for reuse purposes.

There are two main categories of reclaimed water reuse including direct non-potable reuse and indirect reuse. Direct reuse consists of irrigation and makeup water for urban lakes. Indirect reuse typically involves aquifer recharge and recovery. The indirect reuse of reclaimed water usually involves recharge to an aquifer for storage and future recovery. The reclaimed water is typically allowed to infiltrate through the dry soils above the aquifer allowing additional treatment. Recharge projects using reclaimed water are required to obtain an APP.

Johnson Utilities Wastewater Facilities - Sonoran Villages

Johnson has obtained CAAG §208 Water Quality Plan approval to construct the Copper Basin regional WWTP, which is to include the Sonoran Villages property. Johnson Utilities CAAG §208 Water Quality Plan Amendment No. 4 was approved based on projected wastewater flows, projected population densities and treatment methodologies.

The current plan is to construct a wastewater treatment plant ("WWTP") with an initial treatment capacity of 500,000 Gallons-Per-Day ("GPD"). The approved plan calls for the Copper Basin WWTP to expand capacity to 2.5 million GPD as the area increases in population

and wastewater treatment needs. The WWTP is to be constructed approximately 2 miles east of the Sonoran Villages, on Judd Road, near the proposed Bella Vista Farms development.

As discussed above, a WWTP needs to dispose of its treated effluent consistent with its ADEQ permit. Johnson Utilities anticipates reusing the treated effluent for green belts and golf courses as permitted by ADEQ.

Based on the information provided in this docket, and from Staff's review of other available materials regarding Johnson Utilities, Staff concludes that the proposed wastewater system has or can reasonably be expected to develop the necessary sewage treatment capacity to serve the proposed CC&N extension area and is consistent with the approved "CAAG 208 Water Quality Plan" for Johnson Utilities.

Johnson Utilities Wastewater Facilities - Anthem at Merrill Ranch

Johnson Utilities commissioned the consulting firm of Specific Engineering, LLC to prepare a CAAG §208 Plan Amendment for Anthem at Merrill Ranch. The plan amendment has been completed but has not received CAAG approval.

The Anthem at Merrill Ranch §208 Plan provides for the acceptance and treatment of phase I and II wastewater volumes at the Mystic Ranch wastewater treatment site. Initial process capacity will be 1.4 million gallons per day ("MGD"), expandable to 5.6 MGD in three more phases. The build out capacity of the wastewater treatment plant has been increased from 3.0 MGD to 5.6 MGD.

Effluent disposal will be accomplished by reuse on golf courses and green belts, recharge basins, and if necessary through the use of an Arizona surface water discharge permit (AZPDES). However, it is anticipated that the irrigation needs of green belts and golf course will be sufficient for the generated effluent. Aquifer protection and reuse permits from ADEQ are pending.

In addition to the necessary amendments to the wastewater treatment facility, a preliminary master report has been prepared for the design of the sewage collection mains.

Based upon the above information, Staff concludes that Johnson Utilities can reasonably be expected to develop the wastewater collection, treatment, and disposal capacity to serve the requested CC&N area of Merrill Ranch in the future.

Johnson Utilities Water - Sonoran Villages

Johnson Utilities existing water systems have a combined excess capacity of nearly 4,000 connections. While this surplus may seem excessive, the present service base of 8,500 connections has been growing at a rate of 6 percent per month. To meet these potential future impacts, Johnson Utilities has a program of well development. Three new wells have been

drilled, cased, and provided with power drops. These additional wells should be on-line prior to summer 2005 and will provide an additional 2,100 gallon per minute of water production capacity.

Planning documents for the area including Sonoran Villages indicate that Johnson Utilities will eventually develop the necessary wells, storage tanks and distribution mains in a single pressure zone within the development. Timing and sizing will depend on the actual build out and demand.

As it presently stands, Sonoran Village can be served by both the Johnson Ranch water system and the Sun Valley water system through existing water mains at the northwest and southeast corners of Section 19.

Based on the above analysis, Staff concludes that the existing water system has adequate capacity for its existing customer base and can reasonably be expected to develop the necessary capacity and infrastructure in the future for Sonoran Village (Section 19).

Johnson Utilities Water -Anthem at Merrill Ranch

Johnson Utilities plans to serve phases I and II of Anthem at Merrill Ranch through the use of five existing wells and five proposed wells. The existing wells are drilled with power drops, but are not yet equipped. Johnson Utilities engineering consultant estimated demand for phases I and II at 2,222 gallons/minute (annual average).

The 10 existing and proposed wells were assigned a pumping rate of 350 gallons/min, which is conservative (other existing wells within the Johnson Utility area typically produce 500 to 800 gal/min). Therefore the 10 future wells should be readily capable of producing 3,500 gal/min, which is more than the projected annual average demand.

Southwest Groundwater Consultants, Inc. performed a detailed hydrogeologic investigation and concluded that there are sufficient groundwater resources to meet the water demand for 100 years. This report will be used in the application to the Department of Water Resources to amend Johnson's existing "Designation of Assured Supply".

Southwest Groundwater Consultants also examined and mapped water quality for the proposed CC&N area. Data and experience suggest that groundwater quality throughout the area will not exceed the new arsenic standard of 10 µg/l. In a small fraction of the area, some groundwater may exceed the nitrate standard of 10 mg/l. If that should occur, the utility should be able to meet the nitrate standard by blending.

Based upon the above information, Staff concludes that Johnson Utilities can reasonably be expected to develop the water production and delivery capacity to serve Anthem at Merrill Ranch.

Finance of Plant – Sonoran Villages

The required utility facilities will be financed in accordance with Arizona Administrative Code. Arizona Administrative Code established the minimal acceptable criteria for line extension agreements between utilities and private parties. Main extension agreements generally require the developer to design, construct and install (or cause to be), all facilities to provide adequate service to the development. Upon acceptance of the facilities by the utility, the developer will convey the facilities by way of a warranty deed. The utility will refund a portion of the annual water revenue associated with development for a period of at least ten (10) years. Refunds for wastewater facilities are discretionary.

On October 13, 2004, the Sonoran 382, LLC, the developer of Sonoran Villages entered into a master Utility Agreement to finance the on-site and off-site water wastewater facilities consistent with Johnson Utilities approved tariffs. The developer is projected to construct 1,600 lots and is required to pay advance hook-up fees equal to 532 connections, with the remaining fees in phases.

On November 3, 2004, the developer entered into facilities construction agreements to finance the on-site and off-site wastewater facilities. The agreements require the developer to construct and convey utility facilities constructed consistent with ADEQ standards. Johnson Utilities will receive payments consistent with its approved tariffs and refund five (5) percent of the annual revenue associated with development to the developer until the advanced facility is fully refunded. Wastewater facilities agreements do not require Staff review or Commission approval per the Arizona Administrative Code.

Finance of Plant- Merrill Ranch

To date, Johnson Utilities and Vanguard Properties continue to define and negotiate the terms for a facilities construction agreement to finance the plant necessary to serve the proposed development. Staff anticipates that the developer will be required to construct the on-site facilities consistent with the ADEQ approved design plans and convey those facilities to Johnson Utilities via warranty deed. Staff also anticipates Johnson Utilities may refund the developer a portion of the revenue obtained from Anthem at Merrill Ranch until such time as all of the advanced utility facilities have been refunded.

ADEQ Compliance Wastewater

ADEQ has informed Staff that the Johnson Utilities is in compliance with the rules for operation, reporting and discharge limits for wastewater facilities.

On January 3, 2005, ADEQ informed Johnson Utilities of a Notice of Violation (“NOV”) for the Section 11 WWTP’s effluent quality. According to ADEQ, total nitrogen and fecal coliform exceeded the permit levels. ADEQ described the NOV as an informal compliance

assurance tool. On January 19, 2005, Johnson Utilities advised ADEQ of the intervention and preventative measures instituted that demonstrated compliance with ADEQ's technical criteria.

ADEQ Compliance Water

ADEQ regulates the Johnson Utilities system under ADEQ Public Water System ("PWS") I.D. Nos. 11-014, 11-128 and 11-116.

On December 15, 2004, ADEQ informed Johnson Utilities that the utility had failed to provide a calendar year 2003 consumer confidence report by July 1, 2004. By letter dated December 28, 2004, Johnson Utilities informed ADEQ that 2003 consumer confidence were included in June 30, 2004 customer billings and available on the utility's website.

Based on data received from ADEQ, ADEQ has determined that the system is currently delivering water that does not exceed any MCL and both systems meet water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.

Arsenic

The U.S. EPA has reduced the arsenic MCL in drinking water from 50 µg/l to 10 µg/l. The date for compliance with the new MCL is January 23rd, 2006.

Staff recommends that Johnson Utilities Company be required to file a list of all wells in service as an approved public water supply source, with the corresponding arsenic concentration and an arsenic plan which will bring Johnson Utilities Company into compliance with the new arsenic standard of 10 parts per billion by January 1, 2006.

Arizona Department of Water Resources ("ADWR") Compliance

The Johnson Utilities water system is within the ADWR Pinal County Active management Area. Johnson Utilities retains an ADWR "Designation of Assured Supply."

Southwest Groundwater Consultants, Inc. performed a detailed hydrogeologic investigation and concluded that there are sufficient groundwater resources to meet the water demand for 100 years. This report will be used in the application to the Department of Water Resources to amend Johnson's existing "Designation of Assured Supply."

Johnson Utilities is in compliance with ADWR's reporting and conservation rules.

Staff recommends that the Johnson Utilities be required to file with the Commission a copy of its updated or amended "Designation of Assured Supply" to include the service areas in this CC&N application within two years of the effective date of the final decision and order in this matter.

ACC Compliance

A check with the Utilities Division Compliance Unit showed no outstanding compliance issues.

La Osa Ranch Litigation

Johnson Utilities majority owner is Mr. George Johnson. In addition to ownership of a public service company, Mr. Johnson also has ownership in real estate, live stock and agriculture.

On February 14, 2005, the Arizona Attorney General's office filed a civil lawsuit against various financial affiliates of Johnson Utilities alleging trespass, breach of grazing lease, destruction of native plants on state and private land, water quality discharge violations and unlawful killing of bighorn sheep.

The litigation is primarily focused on Mr. Johnson's actions as a property owner of La Osa Ranch, a 10,000 acre property in southern Pinal County, adjacent to state trust lands and the Ironwood National Forest Monument.

According to the complaint, Mr. Johnson failed to obtain permits to clear private property, trespassed and cleared state lands of natural vegetation and destroyed archaeological sites located in the Los Robles Wash floodplain.

The State also alleges that Mr. Johnson failed to abide by the terms of the U.S. Bureau of Land Management grazing lease by allowing domestic goats in close contact with Desert Big Horn Sheep, infecting the sheep, causing 21 to die from malnutrition, falls or failure to evade predators.

The Arizona Attorney General's office filed the civil lawsuit in Maricopa County Superior Court in conjunction with the Department of Environmental Quality, the Department of Agriculture, the Land Department, the Board of Regents, and the Game and Fish Commission. The lawsuit named Mr. Johnson, his spouse, the George H. Johnson Revocable Trust, Johnson International, Inc., the Ranch at South Fork, L.L.C., General Hunt Properties, Inc., Atlas Southwest, Inc. and other individuals.

Johnson Utilities was not named in the civil lawsuit. None of the allegations include actions taken as a public service company. However, a civil lawsuit against Johnson Utilities financial affiliates by the Attorney General and five state agencies requires the Commission be provided the information necessary to protect Johnson Utilities customers from any potential adverse ruling against it financial affiliates.

Johnson Utilities has informed Staff that it intends to provide information on the financial relationship between Johnson Utilities and Johnson International at the scheduled hearing.

Johnson Utilities also proposed to Staff that, while it does not yet meet the definition of a Class A utility per revenue received, Johnson Utilities intends to meet the reporting requirements of the Affiliated Interest rules to ensure the Commission is fully informed consistent with the Arizona Administrative Code. Therefore Staff recommends that Johnson Utilities be required to file Affiliate Interest reports as required under Arizona Administrative Code R14-2-801 et al. In addition to the above, Staff also recommends that Johnson Utilities be required to file quarterly reports on the status and events in the La Osa Ranch litigation in CV2005-002692.

Proposed Rates

Johnson Utilities is proposing to extend service to the property at its tariffed rates.

Pinal County Franchise

The requested extension area is within Johnson Utilities current CC&N.

Recommendations

Staff recommends that the Commission approve the Johnson Utilities Company application for an Extension to its CC&N to provide water service to Sonoran Villages and Anthem at Merrill Ranch subject to compliance with the following conditions:

1. That Johnson Utilities Company be required to extend water service to the requested parcels under its currently authorized rates and charges.
2. That Johnson Utilities Company be required to file a copy of the ADEQ Approval to Construct with Docket Control for the water systems backbone facilities within 12 months of any decision in this matter.
3. That Johnson Utilities Company be required to file with Docket Control a list of all wells in service as an approved public water supply source, with the corresponding arsenic concentration and an arsenic plan which will bring Johnson Utilities Company into compliance with the new arsenic standard of 10 parts per billion by January 1, 2006.
4. That the Commission require Johnson Utilities Company to file with Docket Control a copy of Johnson Utilities "Designation of Assured Supply" inclusive of the requested area, within 24 months of any decision in this matter.
5. That the Commission require Johnson Utilities to file a curtailment tariff for all its water systems within 60 days after the effective date of any decision and order pursuant to this application. The tariffs shall be filed within the current docket of record for this water CC&N application (Docket No. WS-02987A-04-0288).

6. That Johnson Utilities Company be required to file a quarterly report with Docket Control on the status of the pending litigation in CV2005-002692.
7. That Johnson Utilities Company be required to file Affiliate Interest reports as required under Arizona Administrative Code R-14-2-801 et al.

Staff further recommends that the Commission's Decision granting this Certificate of Convenience and Necessity to the Johnson Utilities Company be considered null and void without further order from the Commission should Johnson Utilities Company fail to comply with conditions 2, 3, 4 and 5 within the time specified.

Wastewater

Staff recommends that the Commission approve the Johnson Utilities Company application for an Extension to its CC&N to provide wastewater service to Sonoran Villages and Anthem at Merrill Ranch subject to compliance with the following conditions:

1. That the Commission require Johnson Utilities to extend wastewater service to the requested parcels under its currently authorized rates and charges.
2. That the Commission require Johnson Utilities to file with Docket Control a copy of the CAAG's approval of the §208 Plan Amendment for Anthem at Merrill Ranch within 12 months of the effective date of the final decision and order in this matter.
3. That the Commission require Johnson Utilities Company to file with Docket Control a copy of the Unified (Aquifer Protection) Water Quality Permits by the Arizona Department of Environmental Quality for both the Merrill Ranch Wastewater Treatment Facility and the Copper Basin Regional Wastewater Treatment Facility within 24 months of the effective date of the final decision and order in this matter.

Staff further recommends that the Commission's Decision granting this extension of its Certificate of Convenience and Necessity to the Johnson Utilities be considered null and void without further order from the Commission should Johnson Utilities fail to comply with conditions 2 and 3 within the time specified.

MEMORANDUM

DATE February 15, 2005
TO: James E. Fisher
FROM: L. Hammon *L. Hammon*
RE: Water and Wastewater CC&N Extension For Johnson Utilities
Docket Number: WS-02987A-04-0288

Introduction

This application consists of two separate and distinct areas. The most northern area encompasses about 2/3 of section 19 within Township 3 South, Range 9 East and is known as "Sonoran Village".

The second area is about 5 miles straight south of Sonoran Village and encompasses 1/2 of section 18, all of section 19, and small portions of sections 20 and 30 within Township 4 South, Range 9 East. This second area is known as Merrill Ranch (or Anthem At Merrill Ranch).

Johnson Utilities (herein also "Company" or "Johnson") intend to provide both water and wastewater service to both developments. For the sake of clarity, the two areas will be treated separately in this report.

There are several concurrent Certificate of Convenience and Necessity (CC&N) applications by Johnson Utilities. Ms. Barbara S. Wells has prepared a special map which consolidates and shows the relative locations, areas, and docket numbers of these pending applications in addition to existing CC&N areas. This map is attached to the Staff Report.

Sonoran Village

Sonoran Villages will be a Planned Area Development of about 400 acres featuring single family residential housing. Land set asides, undeveloped open spaces and trail systems will account for over 15 per cent of the total land area of Sonoran Villages.

Exhibit 1 delineates a break down of the three parcels with the planned residential units and areas.

Wastewater

This area is included within the Copper Basin regional wastewater service area and is consistent with the "CAAG §208 Water Quality Plan Amendment No 4" for Johnson Utilities ("CAAG" is an acronym for the Central Arizona Association of Governments). The Copper Basin regional facility is a master planned wastewater treatment project which is matched to projected development and population densities. Treatment processes, phasing and capacities are delineated in the CAAG Plan No 4. The CAAG Plan essentially provides for the construction of a 0.5 MGD treatment plant which will be expandable to 2.5 MGD. Effluent will be reused with any excess being disposed of through an Arizona surface water discharge permit, although it is anticipated that the irrigation needs of green belts and golf courses will be sufficient for the generated effluent. The wastewater treatment plant will be constructed approximately 2 miles east of this development on Judd Road.

Water

Johnson Utilities is also requesting an extension of the water CC&N for the same areas in Section 19. As it presently stands, Sonoran Village can be served by both the Johnson Ranch water system and the Sun Valley water system through existing water mains at the northwest and southeast corners of section 19. The existing water systems have a combined excess capacity of nearly 4,000 connections. While this surplus may seem excessive, the present service base of 8,500 connections has been growing at a rate of 6% per month. To meet these potential future impacts, Johnson Utilities has a program of well development. Three new wells have been drilled, cased, and provided with power drops. They should be on-line prior to summer 2005 and will bring an additional 2,100 gallon per minute of water production capacity. Planning documents for this area indicate that Johnson Utilities will eventually develop the necessary wells, storage tanks and distribution mains in a single pressure zone within the development. Timing and sizing will depend on the actual build out and demand.

Water Quality

Staff requested the arsenic concentration for each well but has not been provided a complete list at the time of the writing of this report. The Company did provide arsenic concentrations for points of entry. All points of entry, except one, showed compliance with the new arsenic standard of 10 µg/l. However, that one problematic point of entry will necessitate some compliance efforts, such as blending or treatment. Because of the looming arsenic compliance date of January 2006, some resolution to the arsenic problem must be made relatively quickly.

Therefore, Staff recommends that within 60 days after the effective date of any decision and order pursuant to this application, Johnson Utilities shall provide:

1. a list of all wells in service with the corresponding arsenic concentration ("in service" means a well which is approved as a public water supply source and is connected to the water system, regardless of whether or not it is currently pumping), and,

2. an arsenic plan which will bring Johnson Utilites into compliance with the new arsenic standard of 10 µg/l by January 2006.

This well list and arsenic compliance plan shall be filed within the current docket of record for this water CC&N application (Docket No. WS-02987A-04-0288).

Summary and Conclusion

Based on the above analysis, Staff concludes that the existing water system has adequate capacity for its existing customer base and can reasonably be expected to develop the necessary capacity and infrastructure in the future for Sonoran Village (Section 19).

Staff also concludes that the proposed wastewater system has or can reasonably be expected to develop the necessary sewage treatment capacity to serve the proposed CC&N extension area for Sonoran Village (Section 19) and is consistent with the approved "CAAG §208 Water Quality Plan" for Johnson Utilities.

Anthem At Merrill Ranch (or Merrill Ranch)

Merrill Ranch is a Planned Area Development (PAD) by Pulte/Del Webb Development. This application is requesting a water and wastewater CC&N for about 1,200 acres, which will be part of phase I and II of the development. Johnson Utilities will provide water and sewer service to the initial phases. Subsequent phases (not part of this application) will be served by either Johnson Utilities or the Town of Florence. Merrill Ranch will be a mixed use development with low to medium-high density neighborhood housing, with several areas reserved for neighborhood businesses and commercial uses. An open space system with an extensive trail network will connect the lineal park system, natural desert spaces, community parks, and golf course. At build out for Phase I and II, it is anticipated that there will be approximately 6,000 dwelling units with an anticipated population of 13,200 people. A eventual complete project size of 8,200 acres and 25,000 homes is envisioned with the additional phases 4 through 10. There are no existing customers in this development.

Water

Johnson Utilities plans to serve phases I and II through the use of five existing wells and five proposed wells. The existing wells are drilled with power drops, but are not yet equipped. The Company's engineering consultant estimated demand for phases I and II at 2,222 gallons/minute (annual average). The 10 existing and proposed wells were assigned a pumping rate of 350 gallons/min, which is conservative (other existing wells within the Johnson Utilities area typically produce 500 to 800 gal/min). Therefore the 10 future wells should be readily capable of producing 3,500 gal/min, which is more than the projected annual average demand.

The major infrastructure components have been preliminarily sized to meet the estimated peak water demand, and also a fire flow demand of 1,000 gal/min for 2 hours (Rural Metro Standard). A node modeling methodology was performed to guarantee adequate

water main sizes. Water storage volume was sized at 48% of peak demand plus volume for fire flow.

The basin capacity of the aquifer was also evaluated. Southwest Groundwater Consultants, Inc. performed a detailed hydrogeologic investigation and concluded that there are sufficient groundwater resources to meet the water demand for 100 years. This report will be used in the application to the Department of Water Resources to amend Johnson's existing "Designation of Assured Supply".

Southwest Groundwater Consultants also examined and mapped water quality for the proposed CC&N area. Data and experience suggest that groundwater quality throughout the area will not exceed the new arsenic standard of 10 µg/l. In a small fraction of the area some groundwater may exceed the nitrate standard of 10 mg/l. If that should occur, the utility should be able to meet the nitrate standard by blending.

Based upon the above information, Staff concludes that Johnson Utilities can reasonably be expected to develop the water production and delivery capacity to serve the requested CC&N area of Merrill Ranch in the future.

Wastewater

Section 208 of the Federal Water Pollution Control Act (Public Law 92-500) provides for the preparation of "Certified Areawide Water Quality Management Plans" and the designation of entities to manage sewage treatment facilities and sewage collection systems in the respective planning area. The Central Arizona Association of Governments (CAAG) is the designated water quality planning agency for the requested (CC&N) area in this application.

Pursuant to the above planning requirement, the consulting firm of Specific Engineering, LLC was commissioned to prepare a CAAG §208 Plan Amendment for Merrill Ranch. The Merrill Ranch plan amendment, (which also amends and supplements Johnson Utilities, CAAG Amendment #4, Mystic Lake Ranch), has been completed but not yet approved by CAAG.

Specifically, the new plan provides for the acceptance and treatment of phase I and II wastewater volumes from the Merrill Ranch development, at the Mystic Ranch wastewater treatment site. The treatment process has been changed from Sequencing Batch Reactors to an Aero-Mod Extended Aeration plant with denitrification. The build out capacity of the wastewater treatment plant has been increased from 3.0 million gallons per day (MGD) to 5.6 MGD to include Merrill Ranch. Initial process capacity will be 1.4 MGD, expandable to 5.6 MGD in three more phases.

Effluent disposal will be accomplished by reuse on golf courses and green belts, recharge basins, and if necessary through the use of an Arizona surface water discharge permit (AZPDES). However, it is anticipated that the irrigation needs of green belts and golf

course will be sufficient for the generated effluent. Aquifer protection and reuse permits from DEQ are pending.

In addition to the necessary amendments to the wastewater facility, a preliminary master report has been prepared for the design of the sewage collection mains.

Based upon the above information, Staff concludes that Johnson Utilities can reasonably be expected to develop the wastewater collection, treatment, and disposal capacity to serve the requested CC&N area of Merrill Ranch in the future.

Assured Water Supply

Johnson Utilities is within the Pinal Active Management Area of the Arizona Department of Water Resources. As such, each developer will be required to obtain a "Certificate of Assured Supply", or as an alternative, the Company may obtain a "Designation of Assured Supply" from DWR for the entire development. Presently Johnson Utilities holds a "Designation of Assured Supply" for its existing service area. It is assumed that Johnson will continue to elect this alternative. Therefore, it is recommended that Johnson Utilities shall update or amend its "Designation of Assured Supply" to include the service areas in this CC&N application. Johnson Utilities shall file such an amended DWR certificate within two years of the effective date of the final decision and order in this matter.

Regulatory Compliance

Arizona Department of Environmental Quality

Compliance data supplied by DEQ indicates that Johnson Utilities is currently delivering water which meets the water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.

The wastewater treatment plants to serve Sonoran Village and Merrill Ranch have not yet been constructed. Since these are proposed utilities which have yet to become operational, there is no historical compliance data for the wastewater segment.

ACC Compliance

A check with the Utilities Division Compliance Unit showed no outstanding compliance issues.

DWR Compliance

Johnson Utilities is within the Pinal Active Management Area and DWR reported that Johnson is in compliance with its monitoring and reporting requirements.

Special Service Tariffs

A “**Curtailment Plan Tariff**” is an effective tool to allow a water company to manage its resources during periods of water shortages due to pump breakdowns, droughts, or other unforeseeable events. Since Johnson Utilities does not yet have a curtailment tariff, this CC&N application provides an opportune time to prepare and file such a tariff.

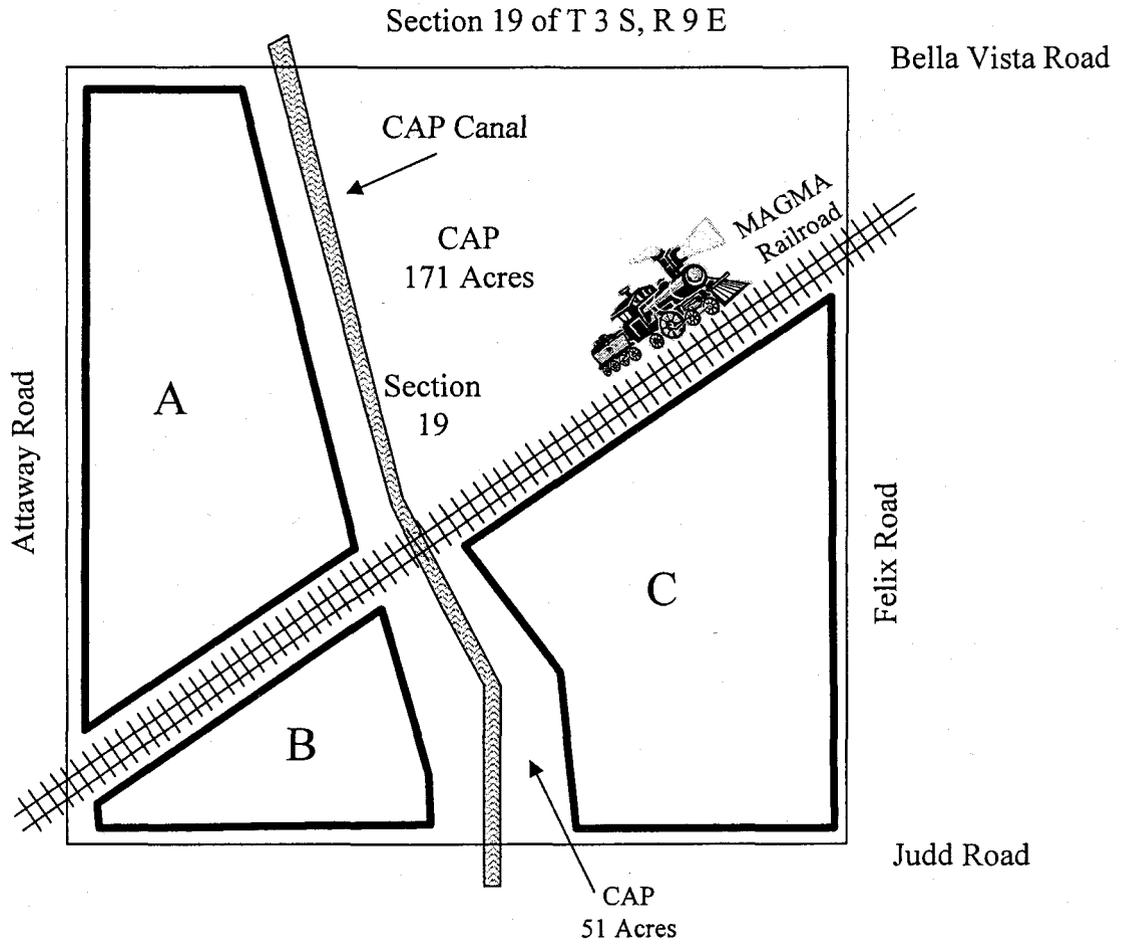
Therefore, Staff recommends that Johnson Utilities file a curtailment tariff within 60 days after the effective date of any decision and order pursuant to this application. The tariffs shall be filed within the current docket of record for this water CC&N application (Docket No. WS-02987A-04-0288). Staff also recommends that the tariffs shall generally conform to the sample tariffs found posted on the Commission’s web site (www.cc.state.az.us/utility/water/forms.htm) or available upon request from Commission Staff.

Recommendations

1. It is recommended that Johnson Utilities shall submit a copy of the ADEQ “Approval To Construct” for the initial construction phase of the water backbone plant at Merrill Ranch within two years of the effective date of the final decision and order in this matter.
2. It is recommended that Johnson Utilities shall update or amend its “Designation of Assured Supply” to include the service areas in this CC&N application. Johnson Utilities shall file such an amended DWR certificate within two years of the effective date of the final decision and order in this matter.
3. It is recommended that Johnson Utilities file a curtailment tariff for each of its water systems, or as an alternative, a single curtailment tariff applicable to all of its water systems, within 60 days after the effective date of any decision and order pursuant to this application. The tariffs shall be filed within the current docket of record for this water CC&N application (Docket No. WS-02987A-04-0288). Staff also recommends that the tariffs shall generally conform to the sample tariffs found posted on the Commission’s web site (www.cc.state.az.us/utility/water/forms.htm) or available upon request from Commission Staff.
4. Since the CAAG §208 Plan represents a fundamental authority for the designation of a wastewater service area and a wastewater provider, it is recommended that the granting of the wastewater certificate of convenience and necessity shall be conditional upon CAAG’s approval of the §208 Plan Amendment for Merrill Ranch. Johnson Utilities shall file a copy of this CAAG approval within one year from the effective date of the final decision and order relevant to this CC&N application.

5. It is recommended that the granting of the wastewater certificate of convenience and necessity shall be conditional upon the issuance of Unified (Aquifer Protection) Water Quality Permits by the Arizona Department of Environmental Quality for both the Merrill Ranch Wastewater Treatment Facility, and the Copper Basin Regional Wastewater Treatment Facility. Copies of the Unified Water Quality Permits shall be filed within 24 months from the effective date of the final decision and order relevant to this application.

Johnson Utilities
 Docket No. SW-02987A-04-0288



Parcel	Land Use	Gross Acreage	Dwelling Units
A	Med Density Residential	171	770
B	Med Density Residential	64	288
C	Med Density Residential	167	751
Total		402	1,809

Sonoran Villages

Exhibit 1

CURRENT SERVICE AREA & PENDING APPLICATIONS (02/01/05)



Diversified Water Utilities, Inc.
Docket No. W-2859-04-844
Application for Extension
Competing with Johnson for Sections 13 & 23



Johnson Utilities Company (Water)
Docket No. WS-2987-04-869
Application for Extension
Competing with Diversified for Sections 13 & 23



WS-2987
Johnson Utilities Company



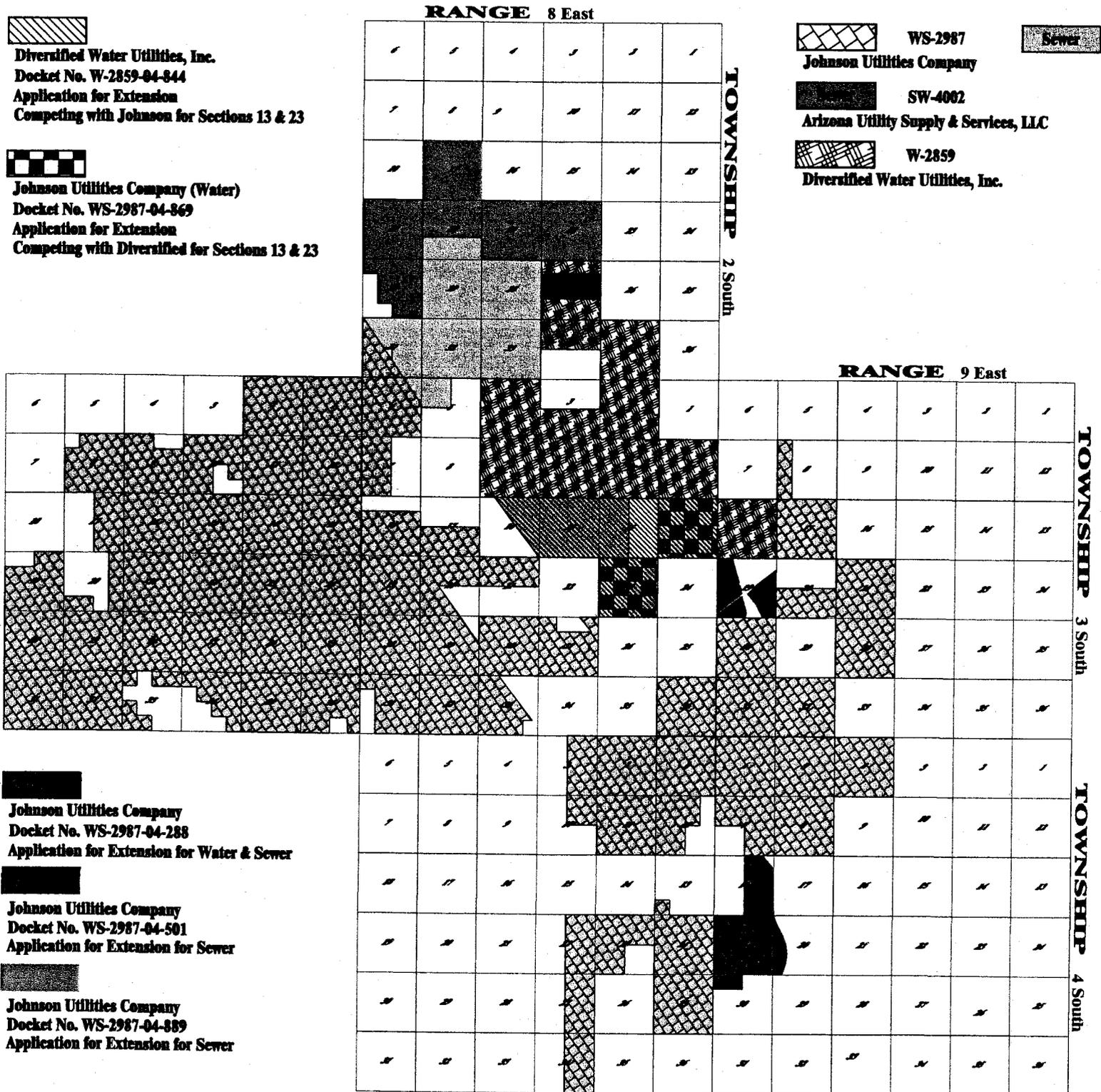
Sewer



SW-4002
Arizona Utility Supply & Services, LLC



W-2859
Diversified Water Utilities, Inc.



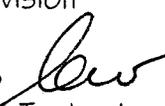
Johnson Utilities Company
Docket No. WS-2987-04-288
Application for Extension for Water & Sewer

Johnson Utilities Company
Docket No. WS-2987-04-501
Application for Extension for Sewer

Johnson Utilities Company
Docket No. WS-2987-04-889
Application for Extension for Sewer

MEMORANDUM

TO: Jim Fisher
Executive Consultant II
Utilities Division

FROM: Barb Wells 
Information Technology Specialist
Utilities Division

THRU: Del Smith 
Engineering Supervisor
Utilities Division

DATE: November 30, 2004

RE: **JOHNSON UTILITIES COMPANY (DOCKET NO. WS-02987A-04-0288)**
AMENDED LEGAL DESCRIPTION

The area requested by Johnson has been plotted using two revised legal descriptions, which have been docketed; one on November 5, 2004 and one on November 29, 2004. These legal descriptions are attached and should be used in place of the original description submitted with the application.

Also attached are copies of the maps for your files.

:bsw

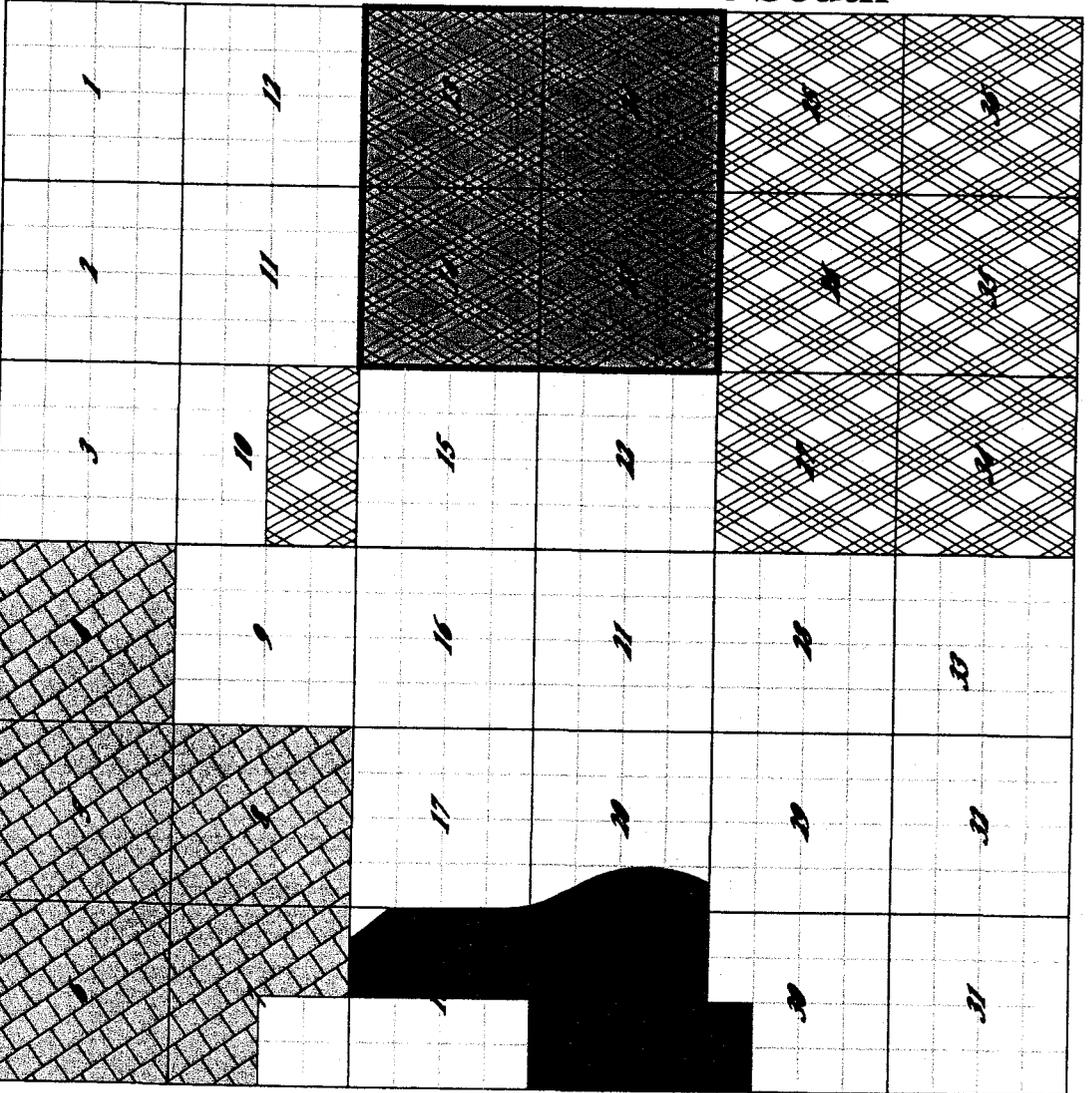
Attachments

cc: Docket Control
Mr. Jay Shapiro
Deb Person (Hand Carried)
File

COUNTY: Pinal

RANGE 9 East

TOWNSHIP 4 South



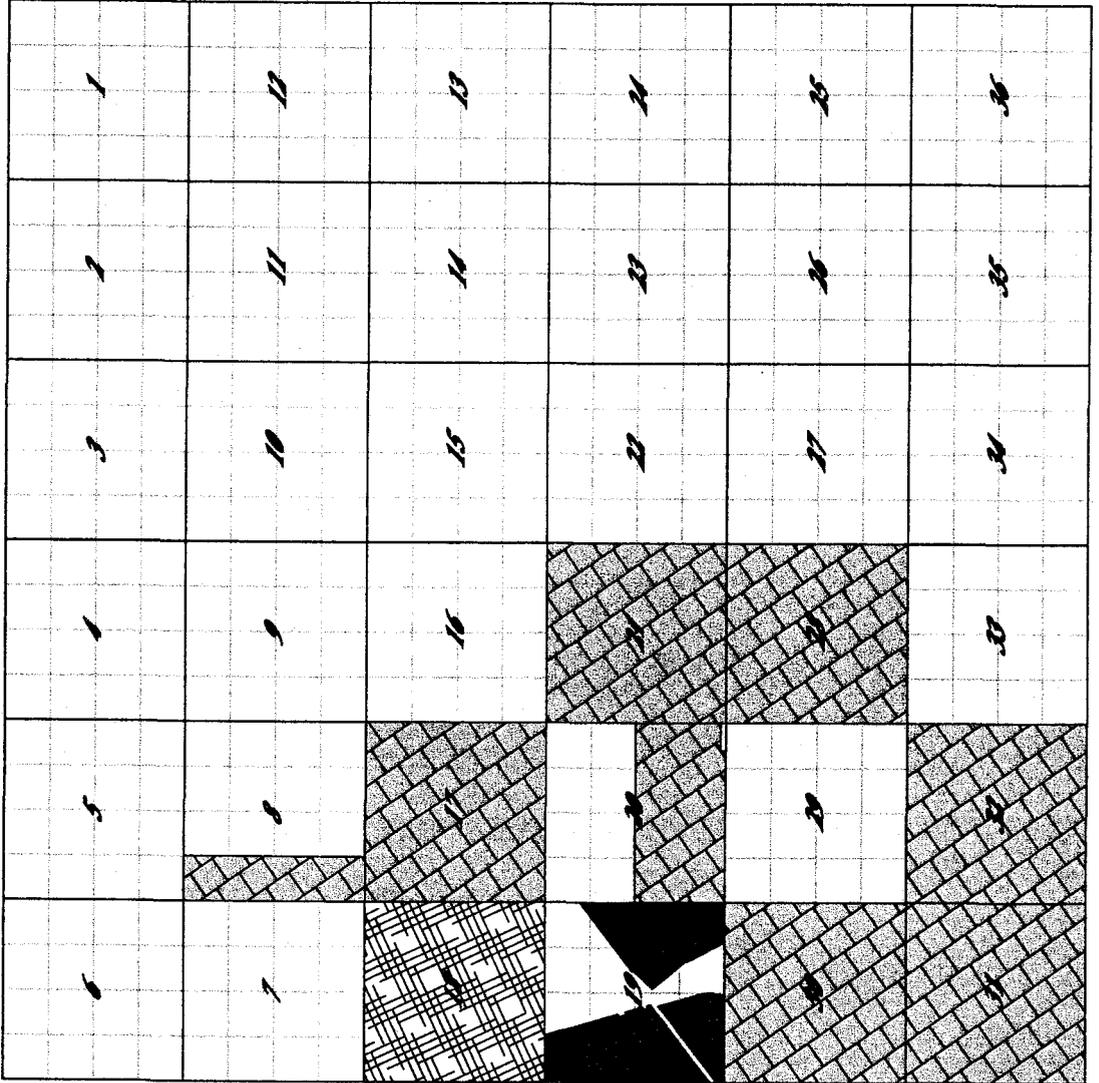
-  C-0005 (4)
City of Florence (Nonjurisdictional)
-  WS-2987 (6)
Johnson Utilities Company
-  Sewer
-  Sewer

 Johnson Utilities Company
Docket No. WS-2987-04-288
Application for Extension for Water & Sewer

COUNTY: Pinal

RANGE 9 East

TOWNSHIP 3 South



WS-2987 (6)

Johnson Utilities Company



W-2859 (3)

Diversified Water Utilities, Inc.



Johnson Utilities Company

Docket No. WS-2987-04-288

Application for Extension for Water & Sewer



Sewer



JACK JOHNSON COMPANY
Designing World Destinations

PULTE-MERRILL RANCH
Legal Description
Johnson Utilities-Expanded 208 Area

August 30, 2004

A portion of land lying within Section 19, and portions of Sections 18, 20 and 30, Township 4 South, Range 9 East of the GILA and SALT RIVER MERIDIAN, County of Pinal, Arizona, more particularly described as follows:

Beginning at the found U.S. G.L.O. 2½" Brass Cap at the North Quarter Corner of said Section 18;

Thence South 89°56'54" East along the Northerly Section Line of said Section 18, a distance of 1705.71 Feet to a point on the Southeasterly Railroad right of way line.

Thence South 39°07'29" East along said right of way line a distance of 1480.55 to the Centerline intersection of Felix Road.

Thence along said Felix Road centerline the following (4) courses.

1. South 00°34'05" East 3478.49 Feet to the beginning of a tangent curve, concave to the left and having a radius of 3000.00 Feet.
2. Thence Southeasterly along the arc of said curve through a central angle of 27°13'48" 1425.76 Feet to a point of tangency.
3. Thence South 27°47'53" East 969.69 Feet to the beginning of a tangent curve concave to right and having a radius of 4000.00 Feet.
4. Thence Southerly along the arc of said curve through a central angle of 55°24'15" a distance of 3867.95 Feet to a point of non tangency also being the point of intersection of the centerline of Felix Road and the Northerly Line of said Section 29.

Y:\742MerrillRanch\04_Design\Survey\742 - Johnson Utilities 208 Expansion 8-30-04.doc

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EXHIBIT 5C



JACK JOHNSON COMPANY

Designing World Destinations

Thence South 89°54'02" West, along the Northerly Line of said Section 29, a distance of 775.03 Feet to a found 3" Pinal County Highway Department Aluminum Cap at the SOUTHEAST Section Corner of said Section 19;

Thence North 89°55'22" West along the Southerly Section Line of said Section 19, a distance of 2622.99 Feet to a found US GLO 2 ½" Brass Cap at the Quarter Corner point common to said Sections 30 and 19.

Thence South 00°03'30" West along the North-South Mid Section Line a distance of 1321.64 Feet

Thence North 89°55'37" West a distance of 2636.01 Feet to along the South Line of the North half of the Northwest Quarter of said Section 30.

Thence North 00°26'55" West along the West Section Line of said Section 30 a distance of 1322.38 Feet to a found US GLO 2 ½" Brass Cap at the Northwest Section Corner of said Section 30.

Thence North 00°26'07" West along the Westerly Section Line of said Section 19 a distance of 2646.78 Feet to a found 3" Aluminum Cap at the West Quarter Corner of said Section 19.

Thence continuing North 00°26'00" West along the Westerly Section Line of said Section 19 a distance of 2639.63 Feet to a found US GLO 2 ½" Brass Cap, This monument being disturbed and bent to the North, its position determined at the base of the monument, at the Northwest Section Corner of said Section 19.

Thence South 89°55'13" East along the Northerly Section Line of said Section 19 a distance of 2666.33 Feet to a found US GLO 2 ½" Brass Cap at the Quarter Corner common to said Sections 18 and 19.

Thence North 00°38'49" West along the North-South MID-Section Line of said Section 18 a distance of 2642.84 Feet to a Found 1 ½" Aluminum Cap being the center Quarter Corner of said Section 18.

Thence North 00°38'34" West a distance of 2643.23 Feet to a found US GLO 2 1/2" Brass Cap at the North Quarter Corner of said Section 18, and the Point of Beginning for the herein described tract.

Said description contains 1,134.78 acres, more or less.

Y:\742MerrillRanch\04_Design\Survey\742 - Johnson Utilities 208 Expansion 8-30-04.doc

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EXHIBIT 5C

EXHIBIT "A"

PARCEL NO. 1:

The Southwest quarter of Section 19, Township 3 South, Range 9 East, of the Gila and Salt River Base and Meridian, Pinal County, Arizona, lying South and East of the MAGMA RAILROAD right-of-way as set forth in Book 51 of Deeds, Pages 648 and 650;

EXCEPT BEGINNING at a point in the South boundary of said Section 19 that bears South 89 degrees, 24 minutes, 28 seconds East, a distance of 2598.58 feet from the Southwest corner of said Section 19;

thence leaving said POINT OF BEGINNING North 01 degrees, 41 minutes, 40 seconds West, a distance of 291.97 feet;

thence North 88 degrees, 18 minutes, 57 seconds East, a distance of 50.00 feet;

thence North 01 degrees, 41 minutes, 03 seconds West, a distance of 244.62 feet;

thence North 08 degrees, 51 minutes, 01 seconds West, a distance of 188.33 feet;

thence North 16 degrees, 01 minutes, 03 seconds West, a distance of 1306.42 feet to the Southeasterly boundary of that area described in the Patent to the MAGMA-ARIZONA RAILROAD COMPANY, an Arizona corporation, recorded as Book 51 of Deeds, Page 648, Pinal County, Arizona, said point bears North 48 degrees, 57 minutes, 32 seconds East, a distance of 2974.04 feet from said Southwest corner of said Section 19;

thence along said Southeasterly boundary North 52 degrees, 36 minutes, 47 seconds East, a distance of 1217.33 feet;

thence leaving said Southeasterly boundary South 37 degrees, 23 minutes, 13 seconds East, a distance of 45.00 feet;

thence South 42 degrees, 53 minutes, 58 seconds West, a distance of 759.02 feet;

thence South 39 degrees, 12 minutes, 50 seconds East, a distance of 1142.16 feet;

thence South 27 degrees, 31 minutes, 05 seconds East, a distance of 1417.99 feet to a point in said South boundary of said Section 19 that bears North 89 degrees, 24 minutes, 28 seconds West, a distance of 1321.01 feet from the Southeast corner of said Section 19;

thence along said South boundary North 89 degrees, 24 minutes, 28 seconds West, a distance of 1499.92 feet to said POINT OF BEGINNING.

PARCEL NO. 2:

The East half of Section 19, Township 3 South, Range 9 East, of the Gila and Salt River Base and Meridian, Pinal County, Arizona, lying South and East of the MAGMA RAILROAD right-of-way as set forth as Book 51 of Deeds, Pages 648 and 650;

EXCEPT BEGINNING at a point in the South boundary of said Section 19 that bears South 89 degrees, 24 minutes, 28 seconds East, a distance of 2598.58 feet from the Southwest corner of said Section 19;

thence leaving said POINT OF BEGINNING North 01 degrees, 41 minutes, 40 seconds West, a distance of 291.97 feet;

thence North 88 degrees, 18 minutes, 57 seconds East, a distance of 50.00 feet;

thence North 01 degrees, 41 minutes, 03 seconds West, a distance of 244.62 feet;

thence North 08 degrees, 51 minutes, 01 seconds West, a distance of 188.33 feet;

thence North 16 degrees, 01 minutes, 03 seconds West, a distance of 1306.42 feet to the Southeasterly boundary of that area described in the Patent to the MAGMA-ARIZONA RAILROAD COMPANY, an Arizona corporation, recorded as Book 51 of Deeds, Page 648, Pinal County, Arizona, said point bears North 48 degrees, 57 minutes, 32 seconds East, a distance of 2974.04 feet from said Southwest corner of said Section 19;

thence along said Southeasterly boundary North 52 degrees, 36 minutes, 47 seconds East, a distance of 1217.33 feet;

thence leaving said Southeasterly boundary South 37 degrees, 23 minutes, 13 seconds East, a distance of 45.00 feet;

thence South 42 degrees, 53 minutes, 58 seconds West, a distance of 759.02 feet;

thence South 39 degrees, 12 minutes, 50 seconds East, a distance of 1142.16 feet;

thence South 27 degrees, 31 minutes, 05 seconds East, a distance of 1417.99 feet to a point in said South boundary of said Section 19 that bears North 89 degrees, 24 minutes, 28 seconds West, a distance of 1321.01 feet from the Southeast corner of said Section 19;

thence along said South boundary North 89 degrees, 24 minutes, 28 seconds West, a distance of 1499.92 feet to said POINT OF BEGINNING.

PARCEL NO. 3:

The West half of Section 19, Township 3 South, Range 9 East, of the Gila and Salt River Base and Meridian, Pinal County, Arizona, lying North and West of the MAGMA RAILROAD right-of-way as set forth as Book 51 of Deeds, Pages 648 and 650;

EXCEPT BEGINNING at a point in the North boundary of said Section 19 that bears South 89 degrees, 42 minutes, 37 seconds East, a distance of 1393.64 feet from the Northwest corner of said Section 19;

thence along said North boundary South 89 degrees, 42 minutes, 37 seconds East, a distance of 4101.11 feet to the Northeast corner of said Section 19;

thence along the East boundary of said Section 19 South 00 degrees, 19 minutes, 58 seconds East, a distance of 650.81 feet to the Northwesterly boundary of that area described in the Patent to the MAGMA-ARIZONA RAILROAD COMPANY, an Arizona corporation, recorded as Book 51 of Deeds, Page 648, Pinal County, Arizona;

thence along said Northwesterly boundary South 52 degrees, 36 minutes, 47 seconds West, a distance of 4037.77 feet to a point that bears North 45 degrees, 19 minutes, 33 seconds East, a distance of 3071.05 feet from the Southwest corner of said Section 19;

thence North 16 degrees, 01 minutes, 03 seconds West, a distance of 794.87 feet;

thence South 73 degrees, 58 minutes, 57 seconds West, a distance of 74.97 feet;

thence North 16 degrees, 01 minutes, 03 seconds West, a distance of 199.97 feet;

thence North 73 degrees, 58 minutes, 57 seconds East, a distance of 74.97 feet;

thence North 16 degrees, 01 minutes, 03 seconds West, a distance of 2254.57 feet to the said POINT OF BEGINNING, and

EXCEPT BEGINNING at a point that bears South 37 degrees, 32 minutes, 44 seconds East, a distance of 3645.04 feet from the Northwest corner of said Section 19 which point lies in the Westerly right-of-way boundary of the CENTRAL ARIZONA PROJECT CANAL as described in Declaration of Taking recorded as Docket 1112, Page 634 of the Records of Pinal County, Arizona;

thence South 16 degrees, 01 minutes, 03 seconds East, along said Westerly right-of-way boundary, a distance of 110.00 feet;

thence Southwesterly and perpendicular to said Westerly right-of-way boundary, a distance of 80.00 feet;

thence Northwesterly and parallel to said Westerly right-of-way boundary, a distance of 110.00 feet;

thence Northeasterly and perpendicular to said Westerly right-of-way boundary, a distance of 80.00 feet to said POINT OF BEGINNING.

MEMORANDUM

To: Docket Control
From: Ernest G. Johnson, Director
Utilities Division

Date: April 13, 2005



RE: **AMENDMENT TO STAFF REPORT**

JOHNSON UTILITIES COMPANY
APPLICATION FOR AN EXTENSION OF ITS CERTIFICATE
OF CONVENIENCE AND NECESSITY TO PROVIDE
WATER AND WASTEWATER SERVICE IN PINAL COUNTY
DOCKET NO. WS-02987-04-0288

Background

Pursuant to a Data Request, Johnson Utilities provided on January 21, 2005, a list of wells and the water production for each well. The data response is attached as supplemental information "A". The well list from the data request is transcribed in Table I below. ("PWS ID No." means public water system identification number, which is a state and federal designation, unique to the water system.) Based on the water use data from the January 21st response, Staff concluded that Johnson Utilities had insufficient capacity to serve the Johnson Ranch water system (PWS ID No. 11-128).

Table I
Original List of Active Johnson Utility Wells
For PWS ID No. 11-128

DWR Well #	Well Name	DEQ Approval To Construct	DEQ Approval of Construction	Production gal/min
55-599386	Circle Cross	22 Nov 02	22 Oct 04	890
55-558445	Johnson Ranch #4	21 Apr 98	18 May 99	500
55-559843	Johnson Ranch #5	21 Apr 98	24 Jan 02	500
55-621462	Skyline	4 Dec 02	20 Aug 03	650
55-582085	Oasis #1	7 Aug 02	13 Dec 02	110
55-582087	Oasis #2	7 Aug 02	13 Dec 02	110
55-582088	Oasis #3	7 Aug 02	13 Dec 02	110
TOTAL				2,870 gal/min

On January 28, 2005, Johnson Utilities responded to the insufficient capacity conclusion by explaining that the January 21st list only included wells which were actually in use, Other domestic wells, which were connected to the system but on standby due to decreased winter demand, were not reported. The additional wells were then added to the well list. That response is included as supplemental information "B".

Staff then inspected the various well sites on February 2, 2005

Johnson Utilities also responded on February 23, 2005, with a list of all the wells in service, equivalent to the January 28, 2005 list. That February 23rd data response is attached as supplemental information "C", and Table II, below, shows a list of active wells, which are transcribed from the February 23rd response. It can be readily seen that Table II is the same as Table I except for the addition of three wells. Based upon the February 23rd response, the Staff Report reflected that Johnson Utilities had sufficient well capacity in system # 11-128.

Table II
 Second List of Active Johnson Utility Wells
 For PWS ID No. 11-128

Well #	Well Name	DEQ Approval To Construct	DEQ Approval of Construction	Production gal/min
55-599386	Circle Cross	22 Nov 02	22 Oct 04	890
55-558445	Johnson Ranch #4	21 Apr 98	18 May 99	500
55-559843	Johnson Ranch #5	21 Apr 98	24 Jan 02	500
55-621462	Skyline	4 Dec 02	20 Aug 03	650
55-582085	Oasis #1	7 Aug 02	13 Dec 02	110
55-582087	Oasis #2	7 Aug 02	13 Dec 02	110
55-582088	Oasis #3	7 Aug 02	13 Dec 02	110
SUBTOTAL				2,870
55-586189	Edwards Rd #2	20 Sep 01	23 Jul 02	disconnected
55-627105	Johnson Ranch #3	21 Apr 98	not found	500
55-562385	Johnson Ranch #7	not found	not found	900
TOTAL				4,270 gal/min

In the interim, Staff had several communications with the Arizona Department of Environmental Quality (DEQ) concerning a pending inspection report. During those conversations, Staff inadvertently learned that the wells inspected in January by DEQ corresponded exactly to the well list in Table I. Additionally, DEQ personnel could not locate an "Approval of Construction" (which is essentially an authorization to operate the well), for Johnson Ranch Wells # 3 and # 7 and could not locate an "Approval To Construct" for Johnson Ranch Well #7. Copies of well approvals, which DEQ could locate, are attached as supplemental information "D".

In response to further Staff data requests, Johnson Utilities submitted a copy of an "Approval To Construct" for San Tan Heights #2 well, Arizona Department of Water Resources, ("DWR") # 55-598836. The Company's response was submitted on March 29, 2005, and the San Tan well was approved for construction on March 24, 2005. The DWR well permit indicated a maximum pumping capacity of 710 gal/min. There is yet no DEQ authorization to operate the San Tan well due to high nitrates.

Analysis

Based on initial water use data supplied by Johnson Utilities, Staff calculated that the average daily demand during the peak month was 417 gal/day-service, and estimated that the water demand on the annual peak day would be about 521 gallons/day-service. The Company reported 8,508 actual customers ending December 2004, and recent data shows a growth rate of about 6% per month. Using these numbers, the water production necessary to meet the annual peak day, is shown in Table III. This is the absolute minimum need and assumes that all wells run 24 hours per day and that no wells are out of service for pump replacements or repairs. Work papers for this calculation are included in supplemental information "E".

Table III
Johnson Utilities, PWS ID No. 11-128
Water Demand on Annual Peak Day

	Customer base (estimated beyond Dec)	Peak day demand (gal/min)	Average daily demand during peak month (gal/min)
Dec 2004	8,508	3,078	2,462
Jan 2005	9,018	3,262	2,610
Feb 2005	9,560	3,459	2,767
Mar 2005	10,133	3,666	2,933
Apr 2005	10,741	3,886	3,109
May 2005	11,386	4,119	3,295
Jun 2005	12,069	4,367	3,494

Since the approved wells only produce 2,870 gal/min, it can be seen that presently Johnson Utilities, #11-128, has insufficient capacity to meet its peak day demand, which occurs during the summer.

Recommendations

For the issuance of Certificates of Convenience and Necessity, Staff seeks to answer the question:

“Can the utility now meet the service demands of its existing customer base and the demands of the proposed customer additions, or as an alternative, can it now meet the service demands of its existing customer base and can it be reasonably expected that the utility can develop the future required resources and has the performance history to warrant belief that it will develop the future required resources?”

The appearance that Johnson Utilities has not developed water production resources to meet the pace of its growth, casts doubt on the ability and performance of the utility to meet its needs for new service areas.

Therefore Staff recommends the following (in addition to the recommendations contained in its original Staff Report):

1. Staff recommends that the Commission issue, pursuant to A.R.S. §40-282(D), an “Order Preliminary” to the issuance of the ultimate CC&N to Johnson Utilities.
2. Johnson Utilities shall not construct any water distribution mains or any sewage collection mains within the CC&N extension areas defined by this docket, nor shall Johnson Utilities provide any water and sewer services within the CC&N extension areas defined by this docket, until and after the issuance by the Commission in this Docket, of a subsequent “Final Order”, which approves a final CC&N.
3. Staff recommends that Johnson Utilities shall be required to demonstrate to the satisfaction of the Commission, and make this demonstration prior to the issuance of a final CC&N, that the company can meet the water production needs in PWS #11-128 for its current customer base at the time of the demonstration. Johnson Utilities shall also demonstrate to the satisfaction of the Commission that it can continue to develop water production resources to meet the system needs within a reasonably foreseeable future. Such a demonstration should include a list of pending or future wells, their anticipated production capacity in gal/min, and a time schedule for DEQ approval of construction and operation.

4. Under the Order Preliminary concept, after Johnson Utilities has filed proof that the conditions in recommendation #3, above, have been met, the Commission will be requested at a subsequent Open Meeting to approve the extension of Johnson Utilities CC&N in the areas defined by this docket (-04-0288)

Service List for: Johnson Utilities Company
Docket No. WS-02987A-04-0288

Mr. Brian P. Tompsett, P.E.
Johnson Utilities Company
5230 East Shea Boulevard
Scottsdale, AZ 85254

Mr. Jay L. Shapiro, Esq.
Fennemore Craig
3003 North Central Avenue – Suite 2600
Phoenix, AZ 85012

Sheryl A. Sweeney, Esq.
Ryley Carlock & Applewhite
One North Central Avenue - Suite 1200
Phoenix, AZ 85004

Mr. Christopher C. Kempley
Chief, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Mr. Ernest G. Johnson
Director, Utilities Division
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

Supplemental Information

A

(Inorganic analyses omitted)

JOHNSON UTILITIES COMPANY L.L.C

5230 East Shea Boulevard * Scottsdale, Arizona 85254
P.H. (480) 998-3300; FAX: (480) 483-7908

RECEIVED

JAN 24 2005

January 21, 2005

AZ Corporation Commission
Director Of Utilities

Mr. Lyndon Hammon
Engineering Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ. 85007

Re: Data Requests – Docket No. WS-02987A-04-0869

Dear Mr. Chelus:

Per the request of Jason D. Gellman, Attorney for Arizona Corporation Commission, we are submitting our first set of water data sheets and reports.

The reports are for three (3) ADEQ Public Water Systems. These systems are identified as follows:

- | | | |
|--------------------|--------|----------------|
| 1. Johnson Ranch | 11-128 | *Attachment I |
| 2. Sun Valley Five | 11-116 | *Attachment II |
| 3. Wild Horse | 11-245 | Attachment III |

*Note: We were unable to locate arsenic test results for well #55-573372, #55-559843 and #55-582088. We are submitting samples next week for analysis. Test results are forthcoming.

Information provided for the Water Use Data Sheet reports was provided by:

Gary Larsen, Operations Manager
Johnson Utilities
968 E. Hunt Hwy.
Queen Creek, AZ. 85242

Arizona Corporation Commission

Page 2

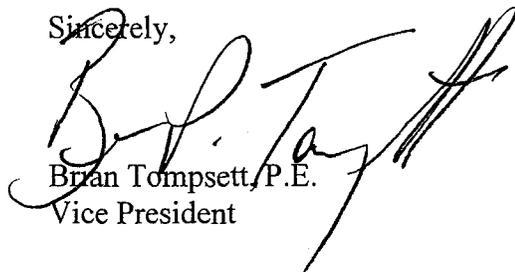
Data Requests – Docket No. WS-02987A-04-0869

Information provided for the arsenic analysis for each well was provided by:

Frederick A. Amalfi, Ph.D, Laboratory Director
Aquatic Consulting & Testing, Inc.
1525 W. University Drive, Suite 106
Tempe, AZ. 85281

If you have any questions regarding the information on the enclosed reports, please contact me.

Sincerely,



Brian Tompsett, P.E.
Vice President

BT/cg

cc: John Chelus, ACC
Jason D. Gellman, ACC

Johnson Utilities Company
Docket No. WS-02987A-04-0869
ATTACHMENT II

WATER USE DATA SHEET

NAME OF COMPANY	Johnson Utilities
ADEQ Public Water System No.	Sun Valley 5 11-116

MONTH/YEAR (Last 13 Months)	NUMBERS OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED	GALLONS PURCHASED
DEC - 2003	76	513,500	515,100	
JAN - 2004	76	535,800	536,000	
FEB - 2004	78	675,100	682,300	
MAR - 2004	78	453,200	461,200	
APR - 2004	76	628,480	643,200	
MAY - 2004	78	854,100	855,700	
JUNE - 2004	82	1,421,880	1,424,100	
JULY - 2004	85	1,234,200	1,235,000	
AUG - 2004	79	876,900	879,200	
SEPT - 2004	78	891,540	891,800	
OCT - 2004	81	972,000	972,200	
NOV - 2004	79	727,590	729,700	
DEC - 2004	71	552,200	555,000	

STORAGE TANK CAPACITY (Gallons)	NUMBER OF EACH	ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER	WELL PRODUCTION (Gallons per Minute)
500,000	1	55-573272	360
		55-594071	360

Other Water Sources in Gallons per Minute	GPM	
Fire Hydrants on System	YES	NO
Total Water Pumped Last 13 Months (Gallons in Thousands)	10,380,500	

Johnson Utilities Company
Docket No. WS-02987A-04-0869
ATTACHMENT III

WATER USE DATA SHEET

NAME OF COMPANY	Johnson Utilities
ADEQ Public Water System No.	Wild Horse 11-245

MONTH/YEAR (Last 13 Months)	NUMBERS OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED	GALLONS PURCHASED
DEC - 2003	53	122,430	122,600	
JAN - 2004	53	139,920	140,200	
FEB - 2004	52	124,800	125,200	
MAR - 2004	51	97,920	98,800	
APR - 2004	51	177,480	178,600	
MAY - 2004	54	163,620	165,100	
JUNE - 2004	57	225,720	226,200	
JULY - 2004	56	268,800	269,800	
AUG - 2004	56	206,640	207,200	
SEPT - 2004	56	178,080	179,400	
OCT - 2004	56	174,720	176,000	
NOV - 2004	56	210,000	210,000	
DEC - 2004	39	119,340	120,200	

STORAGE TANK CAPACITY (Gallons)	NUMBER OF EACH	ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER	WELL PRODUCTION (Gallons per Minute)
500,000	1	55-571198	360

Other Water Sources in Gallons per Minute	GPM	
Fire Hydrants on System	YES	NO
Total Water Pumped Last 13 Months (Gallons in Thousands)	2,219,300	

Supplemental Information

B

JOHNSON UTILITIES COMPANY L.L.C

5230 East Shea Boulevard * Scottsdale, Arizona 85254

PH: (480) 998-3300; FAX: (480) 483-7908

Mr. Lyndon Hammon
Engineering Division
Arizona Corporation Commission
1200 West Washington St.
Phoenix, AZ 85007-2927

RECEIVED

JAN 28 2005

RE: Staff's Data Requests for Johnson Utilities Company
Docket Number WS-02987A-04-0869

AZ Corporation Commission
Director Of Utilities

Dear Mr. Hammon:

Attached to this letter is a revised "Water Use Data Sheet" for the Johnson Utilities Company, System Number 11-128. We apologize for our confusion in filling out this document on the first response. When our personnel filled in the form, they only documented the domestic wells that were currently being utilized for domestic water production. The revised "Water Use Data Sheet" now includes all the wells that are connected to the system, and wells that have been drilled, but have yet to be connected to the system. Specifically the Morning Sun Farms Well, San Tan Well #1 and San Tan Well #2 have been drilled, but are not yet ADEQ approved. These three wells therefore have not yet been connected to the system, but we anticipate approval prior to June 2005. Attached to this letter is the water quality data for San Tan Well #1 and San Tan Well #2. We are still waiting for the test results of the Morning Sun Farms well.

J.R. Well #2 is not currently connected to System #11-128, and will not be connected until that area of Johnson Ranch is developed. It is anticipated that the connection will not be made until sometime after June 2005 and was not included in the flow calculations.

We anticipate that with the addition of the three new wells, we will have a well production capacity of approximately 6,405 gal/min in June 2005.

Johnson Utilities was and is enrolled in ADEQ's MAP program. Attached to this letter are the results of the MAP 2003 program. Per Mr. Scott Steinhagen, of ADEQ's MAP program, no MAP tests were performed or required in 2004. ADEQ's MAP program is scheduled to test POE2 and POE3 of Johnson Utilities System #11-128 in 2005. We have also attached the MAP 2005 schedule of tests as provided by ADEQ.

The arsenic tests for well numbers 55-559843 & 55-582088, although not required by ADEQ, were taken on 1/26/2005. The lab has indicated that we will receive the test results within 5-10 working days from that date. We will forward a copy of those results to you when they become available. We do not anticipate any arsenic problems in this area.

JOHNSON UTILITIES COMPANY L.L.C

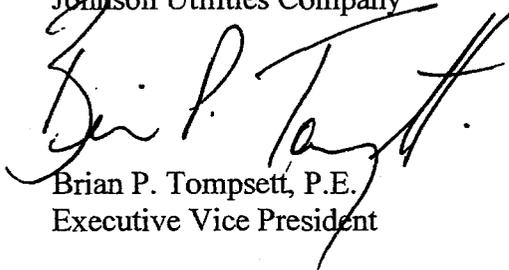
5230 East Shea Boulevard * Scottsdale, Arizona 85254

PH: (480) 998-3300; FAX: (480) 483-7908

Thank you for your consideration and time in reviewing this additional information. If you have any additional questions or concerns please feel free to contact me directly at (480) 998-3300.

Sincerely,

Johnson Utilities Company

A handwritten signature in black ink, appearing to read "Brian P. Tompsett". The signature is fluid and cursive, with a large initial "B" and "T".

Brian P. Tompsett, P.E.

Executive Vice President

Cc: Jay Shapiro (Fennimore Craig)
Jim Fisher (ACC)
Jason Gellman (ACC)

JOHNSON UTILITIES COMPANY
SYSTEM NUMBER 11-128
WELL INVENTORY
As of January, 2005

Well Identification Number	Well Identification Name	G.P.M	SYSTEM I.D. #	STATUS
55-625916	Circle Cross Well (abandon)	n/a	JR 11-128	Abandoned
55-625918	Circle Cross Well (abandon)	n/a	JR 11-128	Abandoned
55-599386	Circle Cross Well	890	JR 11-128	Active
55-621462	Skyline Well	650	JR 11-128	Active
55-586189	Edwards Road Well #2	35	JR 11-128	Active
55-627105	J.R. Well # 3	500	JR 11-128	Active
55-558445	J.R. Well # 4	500	JR 11-128	Active
55-559843	J.R. Well # 5	500	JR 11-128	Active
55-562385	J.R. Well # 7	900	JR 11-128	Active
55-615284	J.R. Well #2	360	JR 11-128	Not Connected
55-201429	Morning Sun Farms Well	800	JR 11-128	Pending
55-582087	Oasis Well # 2	110	JR 11-128	Active
55-582088	Oasis Well # 3	110	JR 11-128	Active
55-582085	Oasis Well #1	110	JR 11-128	Active
55-626147	San Tan Heights # 1	500	JR 11-128	Pending
55-598836	San Tan Heights # 2	800	JR 11-128	Pending

Estimated Existing Production Wells: 4,305 Gallons/minute (1)
Pending Production Wells: 2,100 Gallons/minute(1)

Total Production Wells as of June 2005: 6,405 Gallons/minute (1)

(1) Does not include J.R. Well #2

Johnson Utilities Company
Docket No. WS-02987A-04-0869
ATTACHMENT I

WATER USE DATA SHEET

NAME OF COMPANY	Johnson Utilities
ADEQ Public Water System No.	Johnson Ranch 11-128

MONTH/YEAR (Last 13 Months)	NUMBERS OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED	GALLONS PURCHASED
DEC - 2003	4086	30,645,000	31,103,195	
JAN - 2004	4355	20,505,595	20,513,195	
FEB - 2004	4602	31,669,970	32,429,300	
MAR - 2004	4861	25,992,100	26,045,900	
APR - 2004	5747	53,227,135	53,670,800	
MAY - 2004	5944	41,824,840	41,972,500	
JUNE - 2004	6372	81,447,892	82,553,400	
JULY - 2004	6572	81,796,357	81,808,200	
AUG - 2004	8898	35,108,120	36,834,100	
SEPT - 2004	7203	44,239,105	45,318,600	
OCT - 2004	7494	31,954,115	37,955,200	
NOV - 2004	8121	71,122,740	77,015,100	
DEC - 2004	8508	71,677,550	73,924,900	

STORAGE TANK CAPACITY (Gallons)	NUMBER OF EACH	ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER	WELL PRODUCTION (Gallons per Minute)
500,000	3	See Attached	
1,000,000	1		
100,000	1		
50,000	1		

Other Water Sources in Gallons per Minute	GPM
Fire Hydrants on System	YES NO
Total Water Pumped Last 13 Months (Gallons in Thousands)	641,444,390

SUPPLEMENTAL INFORMATION

C

JOHNSON UTILITIES COMPANY L.L.C

5230 East Shea Boulevard * Scottsdale, Arizona 85254
PH: (480) 998-3300; FAX: (480) 483-7908

February 23, 2005

RECEIVED

FEB 23 2005

AZ Corporation Commission
Director Of Utilities

Mr. Jason D. Gellman
Attorney, Legal Division
Arizona Corporation Commission
1200 West Washington St.
Phoenix, AZ. 85007-2927

RE: Staff's Second Set of Data Requests for Johnson Utilities Company
Docket Number WS-02987A-04-0869

Dear Mr. Gellman:

On February 14, 2005, we received your second set of data requests for Docket Number WS-02987A-04-0869. In response to your requests for additional information, we would like to submit the following:

1. We have attached a list of our current wells, *in service*, with the arsenic test level results. These wells are in compliance with the new arsenic standard of 10 µg/l that will be effective in January 2006.

The test results were compiled by:

Gary Larsen
Operations Manager
Johnson Utilities
968 East Hunt Highway
Queen Creek, AZ. 85242

Test results for wells marked with * were provided by:

Frederick A. Amalfi, Ph.D., Laboratory Director
Aquatic Consulting & Testing, Inc.
1525 W. University Drive, Suite 106
Tempe, AZ. 85281

Test results for wells marked with ** were provided by:

Lisa Sutherland, Client Services Representative
Legend Technical Services, Inc.
17631 N. 25th Avenue
Phoenix, AZ. 85023

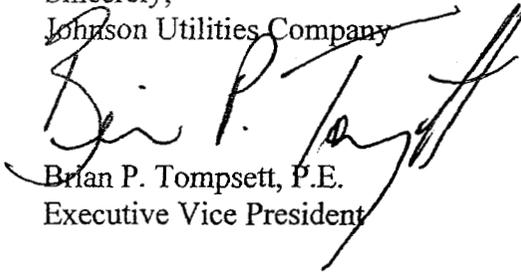
ACC - Second Set of Data Requests
page 2
February 23, 2005

Samples have been drawn for well #55-627105, #55-615286, #55-615284 and #55-582088. We anticipate results within the next 20 days. We will submit the levels upon receipt of the written results from the lab.

2. In regards to the well with the problematic point of entry that will not be in compliance with the January 2006 limits, we will be closing this well and therefore it will not necessitate compliance efforts.

Thank you for your consideration and time in reviewing this information. If you have any additional questions or concerns, please feel free to contact me directly at (480) 998-3300.

Sincerely,
Johnson Utilities Company



Brian P. Tompsett, P.E.
Executive Vice President

cc: John Chelus - (ACC)
Lyndon Hammon - (ACC)
Jim Fisher - (ACC)
Jay Shapiro (Fennimore Craig)

JOHNSON UTILITIES

WELL INVENTORY As of February, 2005

Well Identification Number	Well Identification Name	Arsenic Level mg/l	POE	SYSTEM I.D. #	STATUS
55-625916	Circle Cross Well			JR 11-128	Abandoned
55-625918	Circle Cross Well			JR 11-128	Abandoned
55-599386	*Circle Cross Well	0.002	#4	JR 11-128	Active
55-621462	*Skyline Well	0.003	#3	JR 11-128	Active
55-586189	*Edwards Road Well #2	0.002	#1	JR 11-128	Active
55-627105	J.R. Well # 3	n/a	#1	JR 11-128	Active
55-558445	**J.R. Well # 4	0.003	#1	JR 11-128	Active
55-559843	**J.R. Well # 5	0.005	#1	JR 11-128	Active
55-615286	J.R. Well # 7	n/a	#1	JR 11-128	Active
55-615284	J.R. Well #2	n/a	n/a	JR 11-128	Not Connected
55-201429	Morning Sun Farms Well			JR 11-128	Pending
55-582088	Oasis Well # 2	n/a	#2	JR 11-128	Active
55-582087	**Oasis Well # 3	0.003	#2	JR 11-128	Active
55-582085	*Oasis Well #1	0.022	#2	JR 11-128	Active
55-626147	*San Tan #1	0.007	#1	JR 11-128	Pending
55-598836	San Tan Heights # 2			JR 11-128	Pending

*Estimated Existing Production Wells: *4,305 gallons/minute (1)
 Pending Production Wells: *2,100 gallons/minute (1)

Total Production Wells as of June 2005: *6,405 gallons/minute (1)

(1) Does not include J.R. Well #2

* Test results submitted by Aquatic Consulting & Testing, Inc.

** Test results submitted by Legend Technical Services, Inc.

SUPPLEMENTAL INFORMATION

D

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
Water Quality Division
3033 N. Central Ave., Phoenix, AZ 85012

APPROVAL OF CONSTRUCTION

JR4

Project Description One new well (DWR #55-558445) and water transmission main for Johnson Ranch water system facility, Phase I, consisting of approx. 1,165 LF of 8" PVC and 5,300 LF of 12" transmission main. ADEQ File #980006

Location Hunt Highway, S. of intersection (County) Pinal with Bella Vista Rd.

Project Owner Johnson Utilities Co.
5320 E. Shea Blvd.
Scottsdale, AZ 85254

This Approval of Construction is based upon the May 12, 1999 Engineer's Certificate of Completion and accompanying test results submitted by engineer Brian P. Tompsett, P.E. (Certificate No. 27077).

Approval to operate the above described facilities as represented in the approved plan documents on file with the Arizona Department of Environmental Quality is hereby given subject to the following provisions:

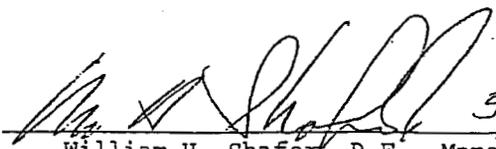
1. This approval is only for the use of well #4. Before an approval can be given for wells 3 and 5, data must be provided to show that the nitrate levels for those wells are less than 10 mg/l.
2. Nitrate monitoring shall be conducted from the well monthly for at least one year. If none of the results exceed 10 mg/l, then sampling may be reduced to quarterly.

Arizona Revised Statutes require that the operation of the project must be in accordance with the rules of the Arizona Department of Environmental Quality.

WHS:JHB

System Number not yet assigned

cc: CTEU Facility File, (not yet assigned)
TEU Approval of Construction File
ADEQ TEU File #980006
Pinal County Health Department
Planning & Zoning (Pinal County)
Arizona Corporation Commission
Engineer

 5/18/99
William H. Shafer, P.E., Manager

FIELD ENGINEERING/INSPECTION UNIT
WATER QUALITY DIVISION - DRINKING WATER SECTION

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
CERTIFICATE OF APPROVAL TO CONSTRUCT
WATER FACILITIES

PAGE 1 of 2

SYSTEM NAME: JOHNSON RANCH WSF-PHASE 1	SYSTEM NO.: NEW
PROJECT OWNER: JOHNSON UTILITIES	
ADDRESS: 5320 E. SHEA, SCOTTSDALE, AZ 85254	
PROJECT LOCATION: FLORENCE	COUNTY: PINAL

DESCRIPTION: THREE NEW WELLS AND WATER TRANSMISSION LINE FOR JOHNSON RANCH WATER SYSTEM FACILITY-PHASE 1. CONSTRUCT APPROXIMATELY 1,400 L.F. OF 8" PVC WATERLINE, 5,000 OF 12" PVC WATERLINE, WELL #3 (#55-627105), WELL #4 (#55-558445), WELL #5 (#55-559).

Approval to Construct the above-described facilities as represented in the approved documents on file with the Arizona Department of Environmental Quality is hereby given subject to provisions 1 thru 5 continued on Page 1 thru 2.

1. Notice shall be given to the Southern Regional Office located in Tucson when construction of the project begins to allow for inspection during construction per A.R.S. Section 49-104.B.10.
2. The project owner shall retain a professional engineer as soon as possible to provide detailed construction inspections of this project. Upon completion of construction, the engineer shall fill out the Engineers Certificate of Completion (attached), and forward it to the Regional Office. If all requirements have been completed the Regional Office will issue a Certificate of Approval of Construction.
3. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department.

The State law, A.R.S. Section 49-104.B.10, requires that construction of the project must be in accordance with rules and regulations of the Arizona Department of Environmental Quality. This certificate will be void if construction has not started within one year of the approval date. Upon request a written time extension may be granted by the department.

Reviewed by: KNS:cae

By:  4/21/98
Wm. H. Shafer, Jr., P.E., Manager Approval Date
Technical Engineering Unit
Water Quality Division

cc: File No.: 980006
Regional Office: Southern
County Health Department: Pinal
Owner: Johnson Utilities
Engineer: Wlb Group
Planning and Zoning/Az Corp. Commission
Engineering Review Database

CERTIFICATE OF APPROVAL

Water Facilities

ADEQ File No. 980006

Page 2 of 2: Provisions Continued

4. Wells construction shall conform with DWR regulations.
5. This Approval to Construct does not include approval for the connection of the wells to the water system. Approval to connect the wells will not be given until the water treatment (ADEQ File No. 980115) has been approved by ADEQ.

Received by NO

MAY 12 1999

ADEQ



Engineering • Planning
Surveying • Urban Design
Landscape Architecture

May 12, 1999

WLB No. 195071A001

Mr. Jeff Beimer
Arizona Department of Environmental Quality
Drinking Water Compliance & Enforcement Unit Water Quality Division
3033 N. Central Avenue
Phoenix, Arizona 85012

Re: Johnson Ranch Water System Facility - Phase I Approval of Construction

Dear Mr. Beimer:

In response to your letter dated April 15, 1999, regarding Johnson Ranch Water System Facility - Phase I (ADEQ #980006). I will briefly explain and/or supply the data you are requesting. Project No. 980115 (Water Plant No. 1) was submitted under separate cover.

Project # 980006

1. Test results for the 8" and 12" transmission main have been attached.
2. The Microbiological test results for Well #4 are attached hereto and were sampled at Well site #4 by EUS on March 2, 1999, and was tested by Aquatic Consulting & Testing, Inc. (ACTI). The nitrate/nitrite levels were at 8.5 which is below the 10.0 required by ADEQ. *→ 3/13/99 test from tank, per discussion w/ Grant on 5/14/99.*
3. Well Site No. 3 and No. 5 are not a part of this request. These wells will be submitted under separate cover when construction has been completed.

Telemetry system is not installed as yet. The system will be operated manually until the telemetry system is placed on line.

The utility can currently use any of the wells to provide groundwater for the subdivisions.

Sincerely,

THE WLB GROUP, INC.

Grant K. Hinderer
Assistant Project Manager

cc: George H. Johnson (Johnson International)
Paul Hendricks (EUS)
Sean Walters (SunBelt)

WA195071ADEQBMLTR5_6_99.wpd

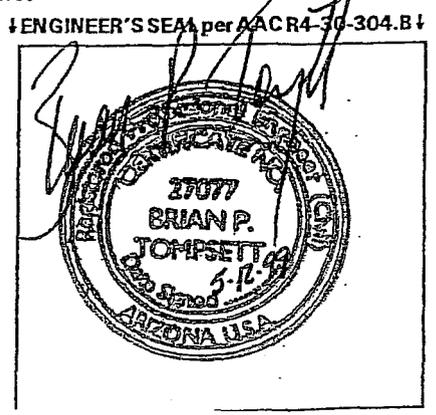
ENGINEER'S CERTIFICATE OF COMPLETION AND FINAL INSPECTION "ECC"
 ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY (ADEQ) - WATER QUALITY DIVISION 6/97

ADEQ FILE NO.: <u>980006</u> → <input checked="" type="checkbox"/> DRINKING WATER DESIGN Check only one → <input type="checkbox"/> WASTEWATER DESIGN <small>If separate Drinking Water & Wastewater Approvals to Construct were issued, separate ECCs required</small>	COUNTY: <u>PINAL</u> OWNER: <u>JOHNSON UTILITIES CO.</u>
Project Description: <u>JOHNSON RANCH - WATER SYSTEM FACILITY - PHASE I.</u> • <u>WELL SITE NO. 4 (#55-558445): DEVIATIONS AS NOTED.</u> • <u>APPROX. 1165' 8" TRANSMISSION LINE</u> • <u>APPROX. 5300' 12" TRANSMISSION LINE</u> <u>HYDROSTATIC TEST RESULTS INCLUDE A PORTION OF UNIT 4A</u> <u>ADEQ. NO. 980009, BUT IS NOT A PART OF THIS REQUEST.</u>	
* NOTE: <u>WELL SITES #3 & #5 NOT INCLUDED IN THIS A.O.C.</u> <u>REQUEST. THEY WILL BE SUBMITTED UNDER SEPERATE COVER.</u>	
<small>↑ ACCURATELY DESCRIBE COMPLETED PROJECT - USE AT LEAST SAME DETAIL AS IN APPROVAL TO CONSTRUCT "PROJECT DESCRIPTION" ↑ (Continue on Reverse, if needed)-</small>	

BRIAN P. TOMPSETT, a Professional Engineer registered in the State of Arizona, have inspected the construction of the above described project, and certify that (check all applicable boxes, complete applicable blanks):

- TEST RESULTS** ITEMS 1) THRU 4) MUST BE COMPLETED
- 1) The work on this project was completed on 5-12-1999 (date).
 - 2) On 5-12-99 (date) a final construction inspection was conducted by ~~WATSON~~ AT under MY DIRECT SUPERVISION by MORRIS REYNA & DANIEL MAY (print name). (SEE ATTACHED)
 - 3) The materials utilized and the installation and construction of those materials and equipment are in conformance with the approved plans and specifications and the Arizona Department of Environmental Quality (ADEQ) Certificate of Approval to Construct issued on 4-21-1998 (date in certificate signature block).
 - 4) All construction and preoperational tests (infiltration, exfiltration, pressure, deflection, chlorination, bacti, etc.) [circle types performed] were properly conducted, met ADEQ requirements, and are represented in attachments to this Certificate. The total number of pages of test results attached is 5.
- "AS-CONSTRUCTED"** EITHER 5A) or 5B) MUST BE CHECKED
- 5A) Any deviation from the approved plans and the ADEQ Certificate of Approval to Construct have been noted on the attached "As-Built" plans (as stipulated in the Approval to Construct provisions) prepared and sealed pursuant to A.R.S. § 32-125 on 3-31-1998 (date). Of the total 10 sheets of "As-Built" plans attached, deviations from the approved plans are shown on sheets numbered (1-10 OF 10) AS NOTED **CONSTRUCTED**. All deviations from the approved plans comply with the ADEQ minimum design and construction standards contained in statute, rule, bulletin or referenced codes, and with the key elements of the approved plans.
 - 5B) The completed project did not deviate from the plans which received the Approval to Construct.
- EITHER 6A) or 6B) MUST BE CHECKED**
- 6A) This project did not require the preparation of an Operation and Maintenance Manual.
 - 6B) An Operation and Maintenance Manual has been prepared for this project and a copy is attached. This manual meets all ADEQ minimum design and construction standards contained in statute, rule, bulletin, referenced codes, the key elements of the approved plans, and, if applicable, with Attachment B of the September 10, 1994 Engineering Advisory for Individual Alternate Systems.
- ADDITIONAL INFORMATION**
- 7) Other, see additional information on reverse side.

Engineer Address THE WLB GROUP - 333 E. OSBORNA
SUITE #380. PHX. AZ. 85012 Phone 602-334-3144



AZ DEPARTMENT OF ENVIRONMENTAL QUALITY ACCEPTANCE

EMPLOYEE SIGNATURE	(PRINTED NAME)	DATE
--------------------	----------------	------

JOHNSON RANCH - WATER SYSTEM FACILITIES-PHASE 1

WATER PLANS - A.D.E.Q. NO. 980006

ITEMS INCLUDED HEREIN:

Engineer's Certificate of Completion.

Copy of Certificate of Approval to Construct.

Hydrostatic testing

Chlorination and Bacteria Testing.



ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

Governor Jane Dee Hull

John F. Hagen, Acting Director

April 15, 1999

Brian Tompsett, P.E.
The WLB Group
333 East Osborn, Suite 380
Phoenix, Arizona 85012

RE: Approvals of Construction for ADEQ File Nos. 980006 (Well #4), 980009 (Unit 4A), 980011 (Unit 2), 980051 (Unit 3A), and 980115 (Water Plant)

Dear Mr. Tompsett:

The following outlines what is necessary before Approvals of Construction (AOC) can be issued for the above-referenced projects:

Project #980006:

1. An Engineer's Certificate of Completion, pressure test and microbiological test data for the related mains, and any additional nitrate analytical results for well #4 are needed. The AOC will only be issued for the portion of the project that includes well #4. Before an AOC can be issued for wells 3 and 5, a plan must be submitted to and approved by ADEQ which details the proposed modifications to the wells to reduce the nitrate levels below the maximum contaminant level (MCL). Upon completion of the well modifications, an Engineer's Certificate of Completion must be submitted for the balance of the project for wells 3 and 5, and must include pressure test and microbiological test data for all mains not covered by the AOC for well #4, and nitrate analyses which show that the wells comply with the nitrate MCL.

Project #980009:

2. An Engineer's Certificate of Completion and pressure test and microbiological test data for the water mains must be submitted.

Projects #980011 and #980051:

3. Please refer to my correspondence dated March 26, 1999.

Project #980115:

4. All water main pressure test data and microbiological analytical results for this project that were not included in the original AOC submittal are needed.

Brian Tompsett, P.E.

April 15, 1999

Page 2

If you have any questions, feel free to contact me at 207-4646.

Sincerely,



Jeff Beimer

Drinking Water Compliance & Enforcement Unit
Water Quality Division

JHB:jhb

cc: Pinal County

APPLICATION FOR APPROVAL TO CONSTRUCT SANITARY FACILITIES

(PLEASE SUBMIT IN DUPLICATE TO THE ADEQ ENGINEERING REVIEW DESK)

- New Public Water Supply Extension or Modification to Existing Public Water Supply Time Extension
 New Sewage System Extension or Modification to Existing Sewage System Other _____

1. SYSTEM NAME/OWNER ADDRESS/ADEQ SYSTEM NUMBERS:

WATER: Johnson Ranch Water Syst. Facility - Phase 1 SYSTEM NUMBER
 SEWER: _____ SYSTEM NUMBER
 JAN - 8

2. PROJECT LOCATION (approximate center, information is required to accept application):

LATITUDE 33° 09' 00.00" N LONGITUDE 111° 33' 00.00" W
 TOWNSHIP 35 RANGE 8E SECTION 20 QUARTER SECTION (circle most applicable) (NE) SE SW NW

Postal Zip Code at Plant Site (WWTP Only): _____

OTHER LOCATION DESCRIPTION SOUTH OF BELLA VISTA AND EAST OF HUNT HIGHWAY
 COUNTY PINAL

3. PROJECT DESCRIPTION: CONSTRUCT APPROX. 1400 LF OF 8' AND 5000 OF 12" WATER MAIN FOR TRANSMISSION OF WELL WATER TO TREATMENT AND STORAGE FACILITY.

4. PROJECT ENGINEER: WLB GROUP, 333 E DEBORN #380, PHOENIX, AZ 85012 (602) 279-1016

5. PROJECT OWNER: JOHNSON UTILITIES, 5320 E SHEA SCOTTSDALE, AZ X (602) 998-3200

6. PLAN DOCUMENTS SUBMITTED (SEE ADEQ CHECKLIST-SUBMITTAL REQUIREMENTS BY PROJECT TYPE):

Please attach a list of documents submitted with this completed application form.
 Beginning December 9, 1996, ADEQ requires a payment of initial fee for certain wastewater project types.

- NOTES:
 A. INCOMPLETE SUBMITTALS WILL NOT BE LOGGED IN;
 B. APPLICATIONS WITHOUT THE INITIAL FEE WILL NOT BE LOGGED IN.

7. AQUIFER PROTECTION PROGRAM INFORMATION (REQUIRED FOR ALL SEWAGE AND SUBDIVISION APPLICATIONS):

AGGREGATED SEWAGE FLOW FOR OVERALL PROJECT _____ GALLONS PER DAY
 APP DETERMINATION OF APPLICABILITY FORM (check one): Not Submitted Submitted DATE SUBMITTED _____
 APP APPLICATION FORM (check one): Not Submitted Submitted DATE SUBMITTED _____

8. OWNER/AGENT AGREEMENT AND SCHEDULE: AGREEMENT-The undersigned as Project Owner or as acting Agent for the Project Owner hereby (a) grants ADEQ permission to enter the site for inspections; (b) authorizes the Project Engineer to prepare and submit plan documents to the ADEQ ENGINEERING REVIEW DESK; and (c) agrees to construct the sanitary facilities according to the ADEQ Certificate of Approval and the approved plan documents.

CONSTRUCTION SCHEDULE-Estimated start date _____ Estimated completion date _____
BRIAN TOMPSETT WLB GROUP [Signature] 1.7.1998
TYPE OF PRINT NAME AFFILIATION SIGNATURE DATE

ADEQ COMPLIANCE EVALUATION:	ADEQ FILE NO. <u>780106</u>
IN-COMPLIANCE (W/WW) <u>1</u>	ADEQ SITE CODE:
NON-COMPLIANCE (W/WW) <u>1</u>	IRVNO (50000 SERIES):
COMMENTS:	INITIAL FEES \$:

APPLICATION FOR APPROVAL TO CONSTRUCT SANITARY FACILITIES

(PLEASE SUBMIT IN DUPLICATE TO THE ADEQ ENGINEERING REVIEW DESK)

- New Public Water Supply Extension or Modification to Existing Public Water Supply Time Extension
 New Sewerage System Extension of Modification to Existing Sewerage System Other _____

1. SYSTEM NAME/OWNER ADDRESS/ADEQ SYSTEM NUMBER/ENVIRONMENTAL QUALITY

WATER Johnson Ranch Water System Facility - Phase 1 SYSTEM NUMBER

SEWER _____ Engineering Review SYSTEM NUMBER

2. PROJECT LOCATION (approximate center, information is required to accept application):

LATITUDE 33° 09' 00.00" N LONGITUDE 111° 33' 00.00" W

TOWNSHIP 3S RANGE 8E SECTION 20 QUARTER SECTION (circle most applicable) NE SE SW N

Postal Zip Code at Plant Site (WWTP Only): _____

OTHER LOCATION DESCRIPTION South of Bella Vista and East of Hunt Highway COUNTY PINAL

3. PROJECT DESCRIPTION: Construct approx 1400 LF of 8" and 5000 LF of 12" water main for transmission of well water to treatment and storage facility.

4. PROJECT ENGINEER: WLB GROUP, 333 E. OSBORN #50, PHOENIX, AZ 85012 (602) 279-1016

5. PROJECT OWNER: JOHNSON UTILITIES, 5820 E. SILVA, SCOTTSDALE, AZ (602) 998-3260 DATE 12-23-

6. PLAN DOCUMENTS SUBMITTED (SEE ADEQ CHECKLIST-SUBMITTAL REQUIREMENTS BY PROJECT TYPE):
 Please attach a list of documents submitted with this completed application form.
 Beginning December 9, 1996, ADEQ requires a payment of initial fee for certain wastewater project types.

NOTES:
 A. INCOMPLETE SUBMITTALS WILL NOT BE LOGGED IN;
 B. APPLICATIONS WITHOUT THE INITIAL FEE WILL NOT BE LOGGED IN.

7. AQUIFER PROTECTION PROGRAM INFORMATION (REQUIRED FOR ALL SEWAGE AND SUBDIVISION APPLICATIONS)
 AGGREGATED SEWAGE FLOW FOR OVERALL PROJECT _____ GALLONS PER DAY

APP DETERMINATION OF APPLICABILITY FORM (check one): Not Submitted Submitted DATE SUBMITTED _____

APP APPLICATION FORM (check one): Not Submitted Submitted DATE SUBMITTED _____

8. OWNER/AGENT AGREEMENT AND SCHEDULE: AGREEMENT-The undersigned as Project Owner or as acting Agent for the Project Owner hereby (a) grants ADEQ permission to enter the site for inspections; (b) authorizes the Project Engineer to prepare and submit plan documents to the ADEQ ENGINEERING REVIEW DESK; and (c) agrees to construct the sanitary facilities according to the ADEQ Certificate of Approval and the approved plan document

CONSTRUCTION SCHEDULE-Estimated start date _____ Estimated completion date _____

BRIAN TOMPSETT WLB GROUP [Signature] 1-7-1998

TYPE OR PRINT NAME AFFILIATION SIGNATURE DATE

ADEQ COMPLIANCE EVALUATION:	ADEQ FILE NO:
IN-COMPLIANCE (W/WW) /	ADEQ SITE CODE:
NON-COMPLIANCE (W/WW) /	IRVNO (50000 SERIES):
COMPLETION:	INITIAL FEES \$:

KS

980006

PINAL COUNTY APPROVAL OF WATER AND/OR WASTEWATER PROJECT

- New Sewage Disposal System
- New Public Water Supply
- Individual Sewage Disposal System
- Extension/Addition to Existing Water Supply
- Extension or Addition to Existing Sewage Disposal System

To be filled out, signed and submitted with all Applications for Approval to Construct Water and/or Wastewater Facilities and/or Applications for Approval of Sanitary Facilities for Subdivisions.

JOHNSON RANCH WATER SYSTEM FACILITY - PHASE ONE

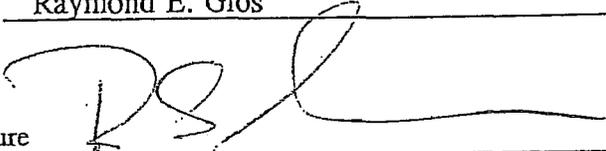
NAME OF PROJECT

Plans and data for the above named project have been reviewed by the PINAL COUNTY DEPARTMENT OF PUBLIC HEALTH and approval is hereby given for the project, except as noted below. For individual sewage disposal systems, this is an approval of method only and approval of plans, permits and inspection of individual systems by PINAL COUNTY DEPARTMENT OF PUBLIC HEALTH will be required later. **FINAL APPROVAL BY THE ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY MUST BE OBTAINED BEFORE CONSTRUCTION OF THE PROJECT CAN BEGIN.**

DEPT OF ENVIRONMENTAL QUALITY
FEB 2 1998
Engineering Review

Date January 21, 1998

Name Raymond E. Glos

Signature 

Title Environmental Health Administrator

AQUATIC CONSULTING & TESTING, INC.
 1525 W. University Drive, Suite 106 • Tempe, AZ 85281
 Phone: (602) 921-9044 • Fax: (602) 921-0049

CHAIN OF CUSTODY

Client: EUS
 Address: _____ Street
 _____ City, State, Zip
 Phone/Fax: _____
 Contact: _____

Sampler Signature: _____
 SAMPLE ID: Tank DATE TIME: 3/13/99 1000 SAMPLE TYPE: DOD
Taken after storage tanks for polychlorinated biphenyls which include well #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, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100.

AQUATIC CONSULTING & TESTING, INC.
 Phone: (602) 921-9044 Fax: (602) 921-0049

Attn: Brian Pompsett
WLB Group
3-15-99 @ 0920
Fax #: 279-7810
colliert sample
passed 3-14-99
@ 1115

Parameter	Result
Metal* / TCLP	
TDS / TSS / TS / SETT	
O+G / TPHC / MBAS	
BOD / COD	
Tol P / O-Pol	
Nitrite + Nitrate / Nitrate / Nitrite	
TKN / Ammonia	
VOC / THMs	
Tol Coliform: P/A	
Tol Coliform: MPN	
Fecal Coliform	
Coliert (24hr)	
Plate Count	
Acute	
Chronic	
AWET (SWRO)	
MPA	

COL = 0
3-14-99
@ 1115

Remarks: 2 hrs
50 miles

ACID	
NONE	
OTHER	

Laboratory Number: 99024E

1. Relinquished By: [Signature] Date/Time: 3/13/99 1115

2. Relinquished By: _____ Date/Time: _____

3. Relinquished By: _____ Date/Time: _____

Sample Receiving: Intact: Yes No Temp: Cool

Preserved: Yes No

Total # containers: _____

* Using the "Remarks:" area, please specify which metals are to be analyzed.



Acculabs Inc.

North Phoenix 2020 West Lone Cactus, Phoenix AZ 85027 ■ 602-780-4800 ■ Fax 780-7695

Environmental Utility Services, L.L.C. / Johnson Ranch
19002 N. 21ST Avenue
Phoenix, AZ 85023
Attn: Paul Hendricks

Received: 03/02/99
Reported: 03/05/99
Lab ID: 3-903-048

SAMPLE IDENTIFICATION: EUS-Johnson Ranch
SAMPLE DATE & TIME: 03-02-99/1115

METHODS AND QUALITY CONTROL:

The results in this report were generated using approved methods referenced by the U.S. EPA and the Arizona Department of Health Services.

RESULTS:

PARAMETER	METHOD	RESULT	UNITS	ANALYZED	ADHS No.
Nitrogen, Nitrate	4500NO3E	8.5	mg/L	03-02-99	AZ0562
Total Dissolved Solids	2540C	906	mg/L	03-03-99	AZ0562

Approved - David L. Fetvelt

Final Review - Erik M. Bolin

Vladimir D. Bolin - Laboratory Director



ATTACHMENT to WLB Letter
dated March 26, 1998 re:
ADEQ # 980006

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

Governor Jane Dee Hull

Russell F. Rhoades, Director

March 17, 1998

Brian P. Tompsett, P.E.
Director of Operations
The WLB Group
333 East Osborn, Ste 380
Phoenix, AZ 85012



Re: Johnson Ranch Water Treatment Plant
Application for Approval to Construct
ADEQ File No. 980115

Dear Mr. Tompsett:

We have completed a review of the project application, design report, plans, specifications, etc. While overall the project meets the approval criteria, the following comments have also been generated to which your response is requested.

1. Wells and storage tanks should be outside or above the 100-year flood elevation which may be indicated on the drawings or included in the design report.
2. ADEQ approval should be obtained for Well No. 4 (and other subsequent wells). To obtain a well approval, the following information needs to be submitted to us: (a) wellhead and site drawings, (b) a copy of the Notice of Intent to Drill, (c) pump test data, (d) inorganic, organic, volatile organic, physical, bacteriological & radiochemical analyses of the water, (e) setbacks to sewer pipes, if any, (f) an Application for Approval to Construct. For more information, Engineering Bulletin No. 10 may be consulted.
3. Well No. 4 may still need treatment for nitrate removal as the other wells in the area have shown a high nitrate content and additional sampling in Well No. 4 may show a level higher than the MCL, particularly because the current level of 9.2 mg/l is close to the MCL.
4. Bacteriological results are needed for Well No. 4.
5. Specifications for the reverse osmosis unit should be included.
6. If a blending plan is proposed in the future, that plan should meet the requirements of Arizona Administrative Code (A.A.C.) R18-4-221.

Mr. Brian P. Tompsett, P.E.

March 17, 1998

Page 2

Out review will continue after your response to the above comments is received. In the meantime if you have any questions, please call me at (602) 207-4671.

Sincerely,

Janak Desai

Janak Desai, E.E.S.

Technical Engineering Unit

Water Quality Division

JD:ce



Jane Dee Hull
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

3033 North Central Avenue • Phoenix, Arizona 85012-2809
(602) 207-2300 • www.adeq.state.az.us



Jacqueline E. Schafer
Director

APPROVAL OF CONSTRUCTION

Project Description: Construction of well site #5 (DWR #55-559843).

Location: Johnson Ranch-Pinal County

Project Owner: Johnson Utilities
Address: 5230 E. Shea Blvd.
Scottsdale, AZ 85254

JR 5

The Arizona Department of Environmental Quality (ADEQ) hereby issues an Approval of Construction for the above-described facility based on the following provisions of Arizona Administrative Code (A.A.C.) R18-4-507 et seq.

On October 11, 2000, ADEQ issued a Certificate of Approval to Construct for the referenced project.

On October 11, 2000, Brian Tompsett, P.E., certified the following:

- a final construction inspection was conducted on October 11, 2000 and also on January 16, 2002;
- the referenced project was constructed according to the as-built plans and specifications and ADEQ's Certificate of Approval to Construct;

Microbiological samples were collected on July 17, 2000, and analyzed on July 18, 2000, by Aquatic Consulting and Testing, Inc., ADHS License No. AZ0003. The sample results were negative for total coliform.

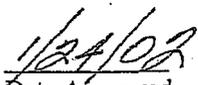
This Approval of Construction is subject to the provisions 1 thru 3 on page two of this approval. Be advised that A.A.C. R18-4-124 requires the owner of a public water system to maintain and operate all water production, treatment and distribution facilities in accordance with ADEQ Safe Drinking Water Rules.

AH:RK

PWS No.: 11-128

ADEQ Project No.: 980006
LTF No.: None


Aolad Hossain, P.E., Manager
Technical Engineering Unit
Drinking Water Section


Date Approved

- c:
- DWCEU Facility File
 - TEU Construction File
 - CRO Approval of Construction File
 - Pinal County Health Department
 - Pinal County Planning & Zoning Department
 - AZ Corporation Commission
 - Engineer: Brian P. Tompsett, P.E., The WLB Group
 - Patrick Finton, Field Engineer

**APPROVAL OF CONSTRUCTION
WATER FACILITIES
ADEQ FILE NO. 980006
PAGE 2 OF 2: PROVISIONS**

1. Well #5 (DWR #55-559843) will not be operated alone and shall be blended with well #4 (DWR #55-558451) before R.O. Unit treatment. (See blending plan ADEQ File No. 20020012). The nitrate concentration in the blended water shall not exceed 10 mg/l.
2. Certificate of completion for 100,000 gallon storage tank shall be submitted to ADEQ in order to get Approval of Construction. (ADEQ File #20000556).
3. New disinfection of well #5 and new microbiological samples will be required before placing the well in to service.



Janet Napolitano
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

1110 West Washington Street, Phoenix, Arizona 85007
(602) 771-2300 • www.adeq.state.az.us



Stephen A. Owens
Director

Water Quality Division APPROVAL OF CONSTRUCTION (AOC)

Project Description: Circle Cross Ranch Water Plant No. 1
Location: E. of the intersection of Meridian Rd. and Empire Rd., Pinal County.
Project Owner: Johnson Utility Company, 5230 E. Shea Blvd. #200, Scottsdale, AZ 85254.

The Arizona Department of Environmental Quality (ADEQ) hereby issues an AOC for the above described facility based on the following provisions of the Arizona Administrative Code (A.A.C.) R18-4-507 et seq.

On November 22, 2002, ADEQ issued a Certificate of Approval to Construct for the referenced project.

On August 30, 2004, Certificate of Completion and testing results were submitted to ADEQ.

On August 24, 2004, Robert G. Byall, P.E. certified the following:

- a final construction inspection was conducted on July 28, 2004;
- the referenced project was constructed according to the approved plans and specifications, ADEQ's Certificate of Approval to Construct, and As-built plans;
- water system pressure and leakage tests were conducted on July 09, 2004, and the results were within the allowable leakage rates;
- the water distribution system was disinfected according to an ADEQ-approved method; and
- microbiological samples were collected and sampled by Statewide Disinfection Services, ADHS License No. AZ0637. The sample results were negative for total coliform.

This Approval of Construction authorizes the owner to begin operating the above-described facilities as represented in the approved plans on file with ADEQ. Be advised that A.A.C. § R18-4-124 requires the owner of a public water system to maintain and operate all water production, treatment and distribution facilities in accordance with ADEQ Safe Drinking Water Rules.

mah

PWS No.: 11-128
ADEQ Project No.: 20020489
LTF No.: 33909

Edwin K. Acorn 10/22/04
FOR Date Approved
Technical Engineering Unit
Drinking Water Section

cc: Pinal County Health Department
Pinal County Planning and Zoning Department
Water Company: Johnson Utilities
Engineer: Robert G. Byall, P.E.
ADEQ - DWFEIU
Facility File ADEQ-DWCEU
Project File No.: 20020489, TEU
ADEQ - Pinal County Liaison
Romann Diaz, Manager, Field Service Unit

Northern Regional Office
1515 East Cedar Avenue • Suite F • Flagstaff, AZ 86004
(928) 779-0313

Southern Regional Office
400 West Congress Street • Suite 433 • Tucson, AZ 85701
(520) 628-6733

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
CERTIFICATE OF APPROVAL TO CONSTRUCT
DRINKING WATER FACILITIES

Page 1 of 2

ADEQ FILE NO.: 20020489	LTF No.: 27948
SUPPLYING SYSTEM NAME: Johnson Utilities Co. PUBLIC WATER SYSTEM NO.: 11-128	
PROJECT NAME: Johnson Utilities Circle Cross Ranch Water Plant No. 1	
PROJECT OWNER: Johnson Utilities Company, LLC	
ADDRESS: 5230 E. Shea Blvd, Ste. 200, Scottsdale, AZ 85254	
LOCATION: East of the intersection of Meridian Road and Empire Road	COUNTY: Pinal
PROJECT DESCRIPTION: Installation of new 1,000 gpm well; new 500,000 gallon storage tank; triplex booster pump station; 5,000-gallon hydropneumatic tank; 800 LF of 12-inch water lines; and related fittings.	

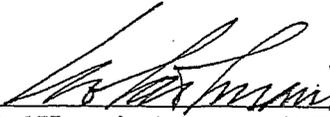
Approval to Construct the above-described facility as represented in approved plan documents on file with the Arizona Department of Environmental Quality is hereby given subject to the following provisions:

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 4, Article 5 of the Arizona Administrative Code.

Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion, and forward it to the Drinking Water Field Engineering and Inspection Unit - Phoenix. If all requirements have been completed, that unit will issue a Certificate of Approval of Construction. R18-4-507(B), Ariz. Admin. Code. At the project owner's request, the Department *may* conduct the final inspection required pursuant to R18-4-507(B); such a request must be made in writing in accordance with the time requirements of R18-4-507(C), Ariz. Admin. Code.

Provisions 3 through 14 are continued on Page 2 of 2 total pages

AH:MAH:mah
20489dbm.2bt

By: 
Aolad Hossain, Manager, P.E.
Technical Engineering Unit
Drinking Water Section
Water Quality Division

11/22/02.
Date Approved

cc: File No: 20020489, LTF No. 27948
County Health Department: Pinal
Drinking Water Field Engineering/Inspection Unit - Phoenix
Owner: Johnson Utilities Company, LLC
Planning & Zoning: Pinal County
Engineer: Jim Burke, P.E., WLB Group
Engineering Review Database

CERTIFICATE OF APPROVAL TO CONSTRUCT DRINKING WATER FACILITIES:

REQ FILE NO. 20020489; JOHNSON UTILITIES CIRCLE CROSS RANCH WATER PLANT NO. 1

PAGE 2 OF 2 PROVISIONS, CONTINUED

3. This certificate will be void if construction has not started within one year after the Certificate of Approval to Construct is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing. R18-4-505(E), Ariz. Admin. Code.
4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department.
5. The open end of each air relief pipe from automatic valves shall be extended to at least one foot above grade and shall incorporate pipe elbows to cause the opening, permanently covered with #16 mesh screen, to face downward. The "As-Built" plans shall show air relief valve details.
6. No Approval of Construction shall be issued for this project until the project owner shows that all infrastructure required to meet pressure and storage requirements are constructed and an Approval of Construction has been issued for them.
7. The following items must be submitted before approving the well as a drinking water source:
 - a. Inorganic, asbestos, radiochemical, microbiological, volatile organic compounds and synthetic organic analysis must be submitted for the well from a lab certified by the Arizona Department of Health Services,
 - b. Pump test data for the well at steady state for at least four hours,
 - c. Well driller's log, and
 - d. Department of Water Resources well registration information.
8. Water plant area must be graded 100 feet away from the water facilities.
9. Blow-off valve with a minimum diameter of 2 inches must be installed at the dead end at Station 72+16.18.
10. An air and vacuum relief valve must be installed at the high point before the dip under the channel at STA 64+00.
11. The butterfly valve (#3) at the discharge line on the well must be moved to the other side of the check valve.
12. The storage tank drawing at the lower left of Plan Sheet No. 7 must be labeled top view and not rear view.
13. The water system minimum storage capacity shall comply with A.A.C. R18-4-503.
14. The water distribution system shall maintain a minimum pressure of 20 psi at ground level at all points in the distribution system under all conditions of flow as required by A.A.C. R18-4-502.B.



ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
CERTIFICATE OF APPROVAL TO CONSTRUCT
WATER FACILITIES

Page 1 Of 2

ADEQ File No: 20020539	
System Name: Johnson Util	System Number: 11128
Project Owner: Johnson Util	
Address: 5230 E. Shea Blvd., #200, Scottsdale, AZ 85254	
Project Location: Apache Junction	County: Pinal
Description: CONSTRUCTION OF PROPOSED MODIFICATIONS TO REFIT EXISTING SYLINE WELL WITH DWR #55-621462, 1,000,000 GALLON WATER STORAGE TANK WITH RELATED TRANSMISSION LINES TO CONNECT TO DISTRIBUTION SYSTEM AND OTHER APPURTENANCES.	

Approval to construct the above-described facilities as represented in the approved documents on file with the Arizona Department of Environmental Quality is hereby given subject to provisions 1 through 7 continued on page 2 through 2

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 4, Article 5 of the Arizona Administrative Code.
2. Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion and forward it to the Central Regional Office located in Phoenix. If all requirements have been completed, that unit will issue a Certificate of Approval of Construction. R18-4-507(B), Ariz. Admin. Code. At the project owner's request, the Department may conduct the final inspection required pursuant to R18-4-507(B); such a request must be made in writing in accordance with the time requirements of R18-4-507(C), Ariz. Admin. Code.
3. This certificate will be void if construction has not started within one year after the Certificate of Approval to Construct is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing. R18-4-505(E), Ariz. Admin. Code.
4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department. R18-4-507(A), Ariz. Admin. Code.

Reviewed by RK1

By: Aolad Hossain 12/4/02
Aolad Hossain, P.E., Manager Date
Technical Engineering Unit
Water Quality Division

cc: File No: 20020539
Regional Office: Central
Owner: Johnson Util
County Health Department: Pinal
Engineer: Wlb Group
Planning and Zoning/Az Corp. Commission
Engineering Review Database - Etr021

**CERTIFICATE OF APPROVAL
WATER FACILITIES
ADEQ FILE NO. 20020539
PAGE 2 OF 2: PROVISIONS CONTINUED**

5. Water storage tank roof vent must be screened with #16 mesh screen.
6. Nitrate level in the skyline well (DWR #55-621462) of 5.98 mg/l exceeds trigger level of 5 mg/l, the water system shall increase monitoring frequency as required by A.A.C. R18-4-208 and R18-4-209.
7. During the operation if the maximum level of nitrate concentration in the skyline well exceeds maximum contaminant level of 10 mg/l, the water shall be blended as per ADEQ approved blending plan or provide treatment to reduce the level below 10 mg/l.
8. After the well modification is completed the well must be disinfected and microbiological (total coliform and E. Coli) sample shall be taken and the test results shall be negative before placing the well into service.
9. Pump test data for the well at a steady state for at least four hours must be submitted before approving the well as a drinking water source.



Janet Napolitano
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

1110 W. Washington Street Phoenix, Arizona 85007
(602) 771-2300 • www.adeq.state.az.us

APPROVAL OF CONSTRUCTION (PARTIAL)

Project Description: Partial Approval of Construction for proposed modification to refit existing Skyline well with DWR #55-621462.

Location: Pinal

Project Owner: Johnson Utilities
Address: 5230 E. Shea Blvd.
Suite 200
Scottsdale, AZ 85254

The Arizona Department of Environmental Quality (ADEQ) hereby issues an Approval of Construction for the above-described facility based on the following provisions of Arizona Administrative Code (A.A.C.) R18-4-507 et seq.

On December 4, 2002, ADEQ issued a Certificate of Approval to Construct for the referenced project.

On July 3, 2003, James Ray Burke, P.E., certified the following:

- a final construction inspection was conducted on June 12, 2003;
- the referenced project was constructed according to the as-built plans and specifications and ADEQ's Certificate of Approval to Construct;
- the well was disinfected on July 23, 2003 according to an ADEQ-approved method.

Microbiological samples were collected on July 24, 2003 and analyzed on July 25, 2003, by Aquatic Consulting and Testing Inc., ADHS License No. AZ0637. The sample results were negative for total coliform.

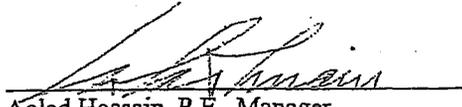
This Approval of Construction is subject to the provisions 1 through 5 on page 2 of this approval. Be advised that A.A.C. R18-4-124 requires the owner of a public water system to maintain and operate all water production, treatment and distribution facilities in accordance with ADEQ Safe Drinking Water Rules.

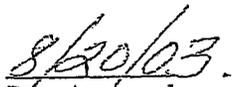
AH:RK1

PWS No.: 11-128

ADEQ Project No.: 20020539

LIF No.: 30444


Aolad Hossain, P.E., Manager
Technical Engineering Unit
Drinking Water Section


Date Approved

- c: DWCEU Facility File
TEU Construction File
CRO Approval of Construction File
Pinal County Health Department
Pinal County Planning & Zoning Department
AZ Corporation Commission
Engineer

APPROVAL OF CONSTRUCTION
ADEQ FILE NO. 20020539
PAGE 2 OF 2: PROVISIONS

1. This partial Approval of Construction is issued for the Skyline well only.
2. Approval of Construction for 1,000,000 gallon water storage tank and related transmission lines to connect to distribution system will be submitted later to obtain Approval of Construction.
3. Nitrate level in the Skyline well (DWR #55-621462) of 5.98 mg/l exceeds trigger level of 5 mg/l, the water system shall increase monitoring frequency as required by A.A.C. R18-4-208 and R18-4-209.
4. During the operation if the maximum level of nitrate concentration in the Skyline well exceeds maximum contaminant level of 10 mg/l , the water shall be blended as per ADEQ approved blending plan or provided treatment to reduce the level below.
5. If the provisions in this Approval of Construction are not implemented, this Approval of Construction will be **Null and Void**.



Janet Napolitano
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

1110 W. Washington Street Phoenix, Arizona 85007

APPROVAL OF CONSTRUCTION

Project Description: Construction of 1,000,000 gallon San Tan water storage tank with related transmission lines to connect to distribution system and other appurtenances.

Location: Pinal

Project Owner: Johnson Utilities
Address: 5230 E. Shea Blvd.
Suite 200
Scottsdale, AZ 85254

The Arizona Department of Environmental Quality (ADEQ) hereby issues an Approval of Construction for the above-described facility based on the following provisions of Arizona Administrative Code (A.A.C.) R18-4-507 et seq.

On December 4, 2002, ADEQ issued a Certificate of Approval to Construct for the referenced project.

On February 24, 2004,, James Ray Burke, P.E., certified the following:

- a final construction inspection was conducted on January 28, 2004;
- the referenced project was constructed according to the as-built plans and specifications and ADEQ's Certificate of Approval to Construct;
water system pressure and leakage tests were conducted on November 24, 2003, and the results were within the allowable leakage rates; and
the water distribution lines were disinfected on December 2, 2003 and the water storage tank was disinfected on February 17, 2004, according to an ADEQ-approved method.

Microbiological samples were collected (lines/storage tank) on December 4, 2003 and February 20, 2004, and analyzed on December 5, 2003 and February 21, 2004, by Aquatic Consulting and Testing Inc., ADHS License No. AZ0637. The sample results were negative for total coliform.

This Approval of Construction is subject to the provisions 1 through 2 on page 2 of this approval. Be advised that A.A.C. R18-4-124 requires the owner of a public water system to maintain and operate all water production, treatment and distribution facilities in accordance with ADEQ Safe Drinking Water Rules.

AH:RK1

PWS No.: 11-128

ADEQ Project No.: 20020539
LTF No.: 32382


Aolad Hossain, P.E., Manager
Technical Engineering Unit
Drinking Water Section

3/30/04
Date Approved

c: DWCEU Facility File
TEU Construction File
CRO Approval of Construction File
Pinal County Health Department
Pinal County Planning & Zoning Department
AZ Corporation Commission
Engineer

APPROVAL OF CONSTRUCTION

ADEQ FILE NO. 20020539

PAGE 2 OF 2: PROVISIONS

1. This Approval of Construction is issued for transmission lines and 1,000,000 gallon San Tan water storage tank only.
2. The Approval of Construction of proposed modifications to refit existing Skyline well with DWR #55-621462 which was originally submitted under this project was approved on August 20, 2003.



Jane Dee Hull
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

3033 North Central Avenue • Phoenix, Arizona 85012-2809
(602) 207-2300 • www.adeq.state.az.us



Jacqueline E. Schafer
Director

February 13, 2002

Brian Tompsett, P.E.
The WLB Group
333 E. Osborn Rd., Ste 380
Phoenix, AZ 85012

Re: Revised Nitrate Blending Plan for Well #4 (DWR #55-558445) & Well #5 (DWR #55-559843) at Johnson Utilities Plant #1 Excluding Three Oasis Wells
ADEQ File No. 20020012
Johnson Ranch Public Water System #11-128

Dear Mr. Tompsett:

A review has been conducted of the revised nitrate blending plan for wells #4 and #5 dated January 7, 2002 that you submitted to this office. The revised blending is approved only for wells #4 and #5 excluding three Oasis wells and is subject to the following conditions:

- 1). The approved blending plan should produce at least 1,018,080 gallons per day of blended water meeting the nitrate MCL. The 1,018,080 gallons per day may be sufficient to provide water up to 3915 residential dwelling units, and is based on master design report/subdivision commitments which was submitted by WLB Group on January 29, 2002. Assuming no commercial demands, and the average flow per residential service during the peak month does not exceed 260 gallons per day. If the usage of water per service connection increases, then the capacity, operation and blending has to be reevaluated by ADEQ.
- 2). The approved nitrate blending plan is based on the following information that was submitted to ADEQ by WLB Group:
 - a. The average flow per residential service during peak month is 260 gallons per day based on actual meter readings by Johnson Utilities.
 - b. The nitrate concentration in raw water from well #4 will not exceed 11.9 mg/l.
 - c. The nitrate concentration in raw water from well #5 will not exceed 20.7 mg/l.
 - d. The raw water production from well #4 will be at least 550 gpm and well #5 will be operated at 240 gpm for blending purposes.

Northern Regional Office
1515 East Cedar Avenue • Suite F • Flagstaff, AZ 86004
(520) 779-0313

Southern Regional Office
400 West Congress Street • Suite 433 • Tucson, AZ 85701
(520) 628-6733

- e. The R.O. unit will deliver 250 gpm of treated water with nitrate concentration of 1.48 mg/l.
 - f. The average day use in the peak month storage capacity is at least 1,150,000 gallons, which was submitted on February 1, 2002, excluding commercial demands.
 - g. Subdivision commitment list dated January 29, 2002.
- 3). ADEQ understands that actual demand will be less than the approved design capacity during the construction of full build out of the development and the actual demand will lag behind approved demand. However, ADEQ recommends to increase design capacity of average day demand in the peak month including storage capacity from 260 gallons/day to 338 gallons/day per residential service plus fire demand and commercial demand.
- 4). Based on the information submitted for master plan design, additional sources of water supply will be needed to support all the commercial developments. Any expansion of residential/all commercial service connections will require submittal of revised residential and commercial commitment lists including master design report for ADEQ approval.
- 5). Whenever the water treatment plant and blending protocol is changed, the monitoring requirements shall be as follows:
- a. During the first month of operation weekly monitoring for NITRATE, shall be collected from the following 4 locations. The untreated water (well water/raw water from each well), treated water (directly out of the reverse osmosis unit), and the blended water at the Point of Entry (POE) into the distribution system.
 - b. After a minimum of four (4) weekly NITRATE samples have been collected and analyzed, monthly NITRATE monitoring shall be conducted from the untreated water (each well), treated water and blended water at POE for the next five (5) months.
 - c. If after the first six (6) months of operation, analytical results from the osmosis unit indicate that the nitrate removal efficiency of the reverse osmosis unit is consistent with levels indicated in the submitted blending plan and analytical results from the POE are below the maximum contaminant level of 10 mg/l the Department may reduce the monitoring frequency to quarterly.

Brian Tompsett, P.E.

February 13, 2002

Page 3

- 6). All required NITRATE samples collected from analyses from the POE shall be designated as "routine monitoring" and shall be submitted as compliance samples on analytical forms suitable for entry into the ADEQ Drinking Water database and the NITRATE analyses from the untreated water and the treated water shall be designated as "non-regulatory".
- 7). Whenever a new source of water is added to the system or an existing source is removed from service, or the relative flow rates and/or concentration of nitrate from existing sources which are being blended are changed in such a way that the blend is changed, an amended blending plan shall be submitted to the Department to confirm that the new blend also meets the NITRATE MCL.
- 8). When the reverse osmosis unit reads high conductivity levels, both the reverse osmosis unit and the raw water pumped from the 100,000 gallon storage/wells will be shut down so the raw water will not pump directly into the 500,00 gallon mixing storage tank without treatment.
- 9). As-built plans shall show all the flow controls, automatic or electronic devices which will be incorporated to ensure that the blend remains in the desired range or else shuts off the offending source or triggers an alarm when the blend fall out of the desired range.
- 10). The operation and maintenance manual shall be revised to include the following blending operation:
 - a. 240 gpm from well #5 will be blended with 550 gpm from well #4.
 - b. Nitrate concentration in well #5 shall not exceed 20.7 mg/l and well #4 shall not exceed 11.9 mg/l.
 - c. Blended nitrate concentration from wells 4 & 5 shall not exceed 14.57 mg/l.
 - d. The R.O. Unit is operated by raw water supplied from the 100,000 G. storage tank with a flow of 333 GPM. The treated water from R.O. unit (250 gpm) is blended with 457.GPM of blended raw water from wells 4 and 5.
 - e. The operation of R.O. Unit with the wells #4 and 5 shall be as follow:
 1. The 100,000 gallon tank at Johnson Utilities Plant #1 should be filled with blended water from wells 4 and 5 at 790 gpm with blended nitrate concentration of 14.57 mg/l.

2. R.O. Unit should draw 333 gpm from 100,000 G. water tank and deliver 250 gpm with nitrate concentration of 1.48 mg/l to the 500,000 G. blending storage (Plant #1) tank to be blended with 457 gpm of blended water from wells 4 and 5 with concentration of nitrate of 14.57 mg/l to provide 707 gpm of blended water with concentration of 9.94 mg/l.
 3. Anticipated total water production capacity from this operation should be able to produce 1,018,080 gallons per day and should serve at least 3915 residential service connections.
- f. During the operation the maximum level of nitrates concentration in the blended water at POE shall be below the maximum contaminant of 10mg/l, otherwise the blending plan shall be reevaluated by ADEQ.
- g. All other information pertaining to the operation of the R.O. system.
- 11). The maintenance and operation of the reverse osmosis unit shall be in accordance with manufacturers recommendations.
 - 12). All backwashing shall be manual and conducted in accordance with manufacturers recommendations.
 - 13). All backwashing and reject water shall be discharged in accordance with ADEQ permits.
 - 14). All chemicals stored or used on-site shall be labeled with their common name such as acid or anti-scalant and comply with applicable safety measures.
 - 15). If the nitrate concentration in the wells changes, then the blending plan has to be reevaluated by ADEQ.
 - 16). If any additional service connections is supplied by the water system in the future, the operation, blending and supply shall be reevaluated by ADEQ.
 - 17). The three Oasis wells with DWR No.'s 55-582085, 55-582086 and 55-582087 submitted under ADEQ File No. 20010611 are not part of this blending plan. If the water system chooses to consider these wells part of blending plan, the following shall be submitted.
 - a. Plans to show the connection of these wells to the 500,000 gallon blending storage.
 - b. Complete water quality analysis for well with DWR #55-582087.

Brian Tompsett, P.E.
February 13, 2002
Page 5

- c. For wells with DWR No.'s 55-582085 and 55-582086 please submit the following:
 - 1. From SOC's contaminant #2105, 2110, 2326, 2041, 2040 and 2031.
 - 2. Microbiological analysis.
 - d. Respond to all review comments dated December 17, 2001 sent by Katrin Stukov of Technical Engineering Unit for the three Oasis wells (ADEQ File #20010611).
 - e. Pump test data for all the three wells.
 - f. Approval to Construct and Approval of Construction have to be obtained from ADEQ for these three Oasis wells.
- 18). a. Approval of Construction have to be obtained from ADEQ for File No. 20010377 and File No. 20000349.
- b. The interconnections of these projects to the distribution system.
19. The water supplier shall develop an emergency operation plan in order to assure continuation of service when there is failure in R.O. system as required by A.A.C. R18-4-116.
- 20). Provide a procedure which addresses how Johnson Utilities Water Company will conduct public notices if a Maximum Contaminant Level (MCL) for Nitrate or Nitrite occurs. Please include in this procedure, exact time frames to follow, information regarding how the public (such as radio and/or television stations) and ADEQ will be notified and the specific information to be indicated in the notices as per A.A.C. R18-4-104 and 105. All analyses required by this approval shall be reported to the Department within 10 days of sampling. All analytical reports related to this blending plan shall be submitted to:

Arizona Department of Environmental Quality
Water Quality Division
Drinking Water Section, Technical Engineering Unit
Attn: Raffi Karamian
3033 N. Central Ave.
Phoenix, AZ 85012

Brian Tompsett, P.E.

Brian Tompsett, P.E.

February 13, 2002

Page 6

If you have any questions, please call me at (602) 207-4650.

Sincerely,



Raffi Karamian, E.E.S.
Technical Engineering Unit
Water Quality Division

RK:ce

cc: Johnson Utilities
Pinal County Health Department
Facility File No. 11-128
Bill DePaul, Compliance and Enforcement Unit
Linda Cheney, CMX Group, Inc.
Aolad Hossain, TEU
Greg Brown
ADEQ File No. 20020012



ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

Governor Jane Dee Hull

Jacqueline E. Schafer, Director

March 8, 2001

Brian Tompsett, P.E.
The WLB Group
333 E. Osborn Rd., Ste 380
Phoenix, AZ 85012

Re: Revised Nitrate Blending Plan for Well #4 and Emergency Blending Plan for Well #5 as back-up.
Johnson Ranch
Public Water System #11-128

Dear Mr. Tompsett:

A review has been conducted of the revised nitrate blending plan you submitted for wells #4 and #5 dated January 23, 2001 together with subsequent revisions. While the data submitted contained several blending scenarios, a blending plan as required by the Arizona Administrative Code R18-4-221.A.1.a/b was not included. (See attachment).

ADEQ has identified a blending scenario that will produce up to 720,000 gallons per day of blended water meeting the nitrate MCL. 720,000 gallons per day is sufficient to approve 2130 dwelling units, assuming no commercial demands, that the average flow per residential service connection is 260 gallons per day and that the average flow during the peak month is 338 gallons per day, that the raw water from Well #4 will not exceed a nitrate concentration of 13.1 mg/l and that the RO unit would be operated 15 hours per day. The blending plan approved March 13, 2000 produced 672,480 gallons per day with 24 hour operation of the RO unit and a raw water concentration not exceeding 19 mg/l. The blending plan was modified January 3, 2001 to add a 100,000 gallon storage tank prior to the RO unit and produced up to 672,480 gallons per day with increased operational flexibility. 672,480 gallons per day would meet the revised demands for 1989 residential service connections.

The revised blending plan has been approved with the assumptions that storage provides the needed fire flow and does not have to be part of the daily demand and that actual demand will be less than the approved capacity during the construction of full build out of the development area. Because, actual demand will lag behind approved demand, the various approved treatment and blending scenarios do not need to be constructed or implemented until the demand is actually realized.

The revised blending is approved subject to the following conditions:

1. Whenever, the actual demand reaches 90 percent of the capacity of the existing blending scenario, the approved treatment-blending scenario producing greater production should be implemented and ADEQ should be advised of the proposed operating changes.
2. Whenever the treatment plant and blending protocol is changed the monitoring requirements shall be as follows:
 - a. During the first month of operation weekly monitoring for NITRATE, shall be collected from the following 3 locations. The untreated water (well water/raw water), treated water (directly out of the reverse osmosis unit), and the blended water at the Point of Entry (POE) into the distribution system.
 - b. After a minimum of four (4) weekly NITRATE samples have been collected and analyzed, monthly NITRATE monitoring shall be conducted from the untreated water, treated water and the blended water at POE for the next five (5) months.
 - c. If after the first six (6) months of operation, analytical results from the reverse osmosis unit indicate that the nitrate removal efficiency of the reverse osmosis unit is consistent with levels indicated in the submitted blending plan and analytical results from the POE are below the maximum contaminant level of 10 mg/l the Department may reduce the monitoring frequency to quarterly.
3. All required NITRATE samples collected from analyses from the POE shall be designated as "routine monitoring" and shall be submitted as compliance samples on analytical forms suitable for entry into the ADEQ Drinking Water database and the NITRATE analyses from the untreated water and the treated water shall be designated as "non regulatory".
4. Whenever a new source of water is added to the system or an existing source is removed from service, or the relative flow rates from existing sources which are being blended are changed in such a way that the blend is changed, an amended blending plan shall be submitted to the Department to confirm that the new blend also meets the NITRATE MCL.
5. When the reverse osmosis unit reads high conductivity levels, both the reverse osmosis unit and the raw water pumped from the 100,000 g. storage tank/well will be shut down so the raw water will not pump directly into the 500,000 g. mixing storage tank without treatment.

6. As-built plans shall show all the flow controls, automatic or electronic devices which will be incorporated to ensure that the blend remains in the desired range or else shuts off the offending source or triggers an alarm when the blend fall out of the desired range.
7. The operation and maintenance manual shall be revised to include the following new treatment-blending option:
 - a. The R.O. Unit is operated by raw water supplied from the 100,000 G. storage tank with a flow of 333 GPM. The treated water from R.O. unit is blended with 500 GPM of raw water from wells 4 or in an emergency with well #5
 - b. The operation of R.O. Unit with the wells #4 and #5 shall as be follow:
 1. The R.O. Unit and well #4 shall be operated at the same time for 5 hours three times daily with maximum water supply of 800 GPM with maximum daily output of 720,000 G. when operating 15 hours/day.
 2. Well #5 shall be operated 1.5 hours to every 5 hours of R.O. Unit operation three times daily with maximum water supply of 259 GPM with maximum daily output of 373500 G. when operating 15 hours/day.
 3. Well #5 shall be operated in an emergency situation only without well #4 .
 4. If the raw water from wells #4 and #5 and treated water from R.O. Unit are blended, a new blending plan shall be submitted to ADEQ for evaluation. By blending wells 4 and 5, the water system can increase blended water daily output.
 - c. Every 5 hours of R.O. Unit operation, the 100,000 gallon water tank shall be refilled with 550 GPM for duration of 3 hours regardless of which well is operated.
 - d. During the refilling of 100,000 gallon tank, direct raw water from the well #4 or #5 shall not be used to fill up the 500,000 gallon storage tank.
 - e. During the refilling of the 100,000 gallon tank, the flanged butter fly valve on the transmission main shall be closed to prevent any raw water flow to the 500,000 gallon storage tank which may impact the blending process.

- f. Necessary alarm and control devices shall be provided in the existing 500,000 gallon storage tank, 100,000 gallon storage tank and the well pump. During the filling of the 500,000 gallon storage tank the R.O. Unit shall be in normal operation.
- g. This revised blending plan is based on the reverse osmosis unit which is designed to treat 333 GPM of raw water, which produces 250 GPM of treated water which in turn is blended with 550 GPM of raw water from wells #4 or in an emergency from well #5.
- h. This evaluation for a production of 720,000 gallons per day is based on a maximum nitrate concentration of 13.1 mg/l in the raw water from well #4 and with the R.O. Unit producing a nitrate concentration of 1.20 mg/l. The evaluation also is based on a maximum nitrate concentration of 20.1 mg/l in the raw water from well #5 and that when it is to be used in an emergency the nitrate output from the R.O. Unit will not exceed 2.75 mg/l. If the concentration changes, the blending plan shall be reevaluated.
- i. During the operation the maximum level of nitrates concentration in the blended water at POE shall be below the maximum contaminant of 10 mg/l otherwise the blending plan shall be reevaluated.
- j. This evaluation is based on the information provided by the Engineer and is approximate. It is based on each residential unit using an average of 260 GPD and an average during the peak month not to exceed 338 GPD. If the usage of the water increases, then the operation and blending has to be reevaluated.
- k. During the first year of operation the maintenance of the reverse osmosis unit shall be conducted by U.S. Filter.
- l. All backwashing shall be manual and conducted by U.S. Filter.
- m. All backwashing and reject water shall be discharged directly to a sewer through the approved air gap located immediately south of the slab at the reverse osmosis unit.
- n. All chemicals stored or used on-site shall be labeled with their common name such as acid or anti-scalant.

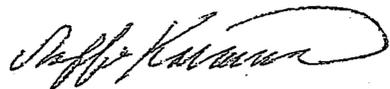
- o. If the nitrate concentration in the well changes, then the blending plan has to be reevaluated.
- 9. Until such time as the additional capacity is needed the facility can be operated by supplying water for both treatment and blending from the 100,000 gallon storage tank if the butterfly valve on the transmission main is closed and treated water and raw water are delivered at the same time to the 500,000 gallon storage tank for mixing.
 - 1. When using well #4, 333 GPM of raw water is sent to the RO treatment unit which produces 250 GPM of treated water which is then blended with 217 GPM of raw water. This produces 467 GPM or 672,480 gallons per day of blended water.
 - 2. When using well #5, 333 GPM of raw water is sent to the RO treatment unit which produces 250 GPM of treated water which is then blended with 176 GPM of raw water. This produces 426 GPM or 613,440 gallons per day of blended water.
 - 3. If wells #4 and #5 are to be blended together, a new blending plan is required.
- 10. If any additional units is supplied by the water system in the future, the operation and blending and supply shall be reevaluated.
- 11. Provide a procedure which addresses how Johnson Ranch will conduct public notices if a Maximum Contaminant Level (MCL) for Nitrate or Nitrite occurs. Please include in this procedure, exact time frames to follow, information regarding how the public (specify radio and/or television stations) as well as ADEQ will be notified and the specific information to be supplied in the notices as per A.A.C. R18-4-104 and 105. All analyses required by this approval shall be reported to the Department within 10 days of sampling. All analytical reports related to this blending plan shall be submitted to:

Arizona Department of Environmental Quality
Water Quality Division
Drinking Water Section, Technical Engineering Unit
3033 N. Central Avenue
Phoenix, Arizona 85012

If you have any questions, please contact me at (602) 207-4650.

Brian Tompsett, P.E.
Johnson Utility
Nitrate Blending Plan
Page 6 of 6

Sincerely,



Raffi Karamian, E.E.S.
Technical Engineering Unit
Water Quality Division

RK:ce

Enclosure

cc: Central Regional Office
Johnson Utilities
Pinal County Health Department
Facility File #11-128



ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

Governor Jane Dee Hull

Jacqueline E. Schafer, Director

March 13, 2000

George Johnson
Johnson Utilities
5230 East Shea Blvd.
Scottsdale, AZ 85254

RE: Blending Plan Approval
Johnson Ranch
Public Water System (PWS) #11-128

Dear Mr. Johnson,

This letter is in response to the Engineer's Certificate of Completion forms for ADEQ Project Number 980115 regarding the implementation of a blending plan for the Reverse Osmosis Unit for PWS #11-128 (Johnson Ranch). The purpose of this letter is to inform you that the blending plan submitted for the Johnson Ranch water system, dated March 9, 2000, is approved subject to the following conditions:

1. During the first month of operating the blending plan, weekly monitoring for NITRATE, NITRITE, and the combination of NITRATE/NITRITE shall be conducted from the untreated water (well water/raw water), treated water (directly out of the reverse osmosis unit), and the blended water at the Point of Entry (POE) POE #001 into the distribution system.
2. After a minimum of four (4) weekly NITRATE, NITRITE, and the combination of NITRATE/NITRITE samples have been collected and analyzed, monthly NITRATE, NITRITE, and the combination of NITRATE/NITRITE shall be conducted from the untreated water, treated water and the blended water at POE #001 for the next five (5) months.
3. If after the first six (6) months of operation, analytical results out of the reverse osmosis unit indicate that the nitrate removal efficiency of the reverse osmosis unit is consistent with levels indicated in the submitted blending plan and analytical results from POE #001 are below the maximum contaminant level of 10 mg/l the Department may reduce the monitoring frequency to quarterly.

4. All required NITRATE analyses from POE #001 shall be submitted as compliance samples on analytical forms suitable for entry into the ADEQ Drinking Water database. The NITRATE analyses from the untreated water and the treated water as well as all NITRITE and the combination of NITRATE/NITRITE samples taken directly from the untreated water, treated water and POE #001 shall not be designated as compliance samples.
5. All analyses required by this approval shall be reported to the Department within 10 days of sampling. All analytical reports related to this blending plan shall be submitted to:

Arizona Department of Environmental Quality
Water Quality Division
Drinking Water Section, Technical Engineering Unit
Attn: Stephanie Koes
3033 North Central Avenue
Phoenix, AZ 85012

6. Approval of the blending plan and operation of the reverse osmosis unit is based on the following criteria as submitted.
 - During operation the reverse osmosis unit will remove a minimum of 94% of the nitrates in the untreated water.
 - During operation the maximum level of nitrates in the untreated water may not exceed 19 mg/l.
 - During operation of the reverse osmosis unit a maximum of 217 gpm of untreated water will be fed into the storage tank and mixed with the treated water from the reverse osmosis unit which is fed 333 gpm of untreated water.
 - When the reverse osmosis unit reads high conductivity levels, both the reverse osmosis unit and Well #4 will shut down so the well will not pump directly into the storage tank without treatment.
 - During the first year of operation (March 1, 2000 through February 28, 2001) the maintenance of the reverse osmosis unit shall be conducted by U.S. Filter, as indicated in the signed contract form signed on March 3, 2000.
 - All backwashing shall be manual and conducted by U.S. Filter.
 - All backwashing and reject water shall be discharged directly to a sewer through the approved air gap located immediately south of the slab at the reverse osmosis unit.
 - All chemicals stored or used on-site shall be labeled with their common name such as acid or anti-scalant.

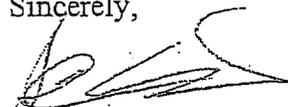
George Johnson
March 13, 2000
Page 3 of 3

In accordance with Arizona Administrative Code (A.A.C.) R18-4-221.B, should Johnson Ranch wish to adjust any flow rates an amendment to the blending plan shall be submitted and reviewed prior to operation.

In addition to this approved blending plan, please submit a standard operating procedure which addresses how Johnson Ranch will conduct public notices if a Maximum Contaminant Level (MCL) for Nitrate or Nitrite occurs. Please include in this procedure, exact time frames to follow, information regarding how the public (specify radio and/or television stations) as well as ADEQ will be notified and the specific information to be supplied in the notices as per A.A.C. R18-4-104 and 105.

If you have any questions, please contact me at (602) 207-4659 or 1-800-234-5677 ext. 4659.

Sincerely,



Stephanie Koes
Field Engineer
Drinking Water Compliance Section

cc: Brian Tompsett, P.E., The WLB Group, Inc., 333 E. Osborn Ave., Phoenix, AZ 85012
Jerry Beeler, Operator, P.O. Box 114, Chandler Heights, AZ 85227
Patrick Finton, Field Engineer
Facility File #11-128

FAX TRANSMISSION

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

DRINKING WATER SECTION

3033 NORTH CENTRAL AVENUE

PHOENIX, AZ 85012

To: George Johnson

Date: March 13, 2000

Fax #: 480-483-7908

Pages: 5, including this cover sheet.

From: Stephanie Koes
(602) 207-4659

Subject: Reverse Osmosis Unit

COMMENTS: Approval of Construction for the Reverse Osmosis Unit and Blending Plan provisions attached.

MESSAGE CONFIRMATION

03/13/00 16:16

ID=DEQ 3033 5TH FLOOR CUBE542

DATE	TIME	S,R-TIME	DISTANT STATION ID	MODE	PAGES	RESULT	
03/13	16:13	01'29"	4804837908	CALLING	05	OK	0000

MESSAGE CONFIRMATION

03/13/00 16:18

ID=DEQ 3033 5TH FLOOR CUBE542

DATE	TIME	S,R-TIME	DISTANT STATION ID	MODE	PAGES	RESULT
03/13	16:17	00'57"	6022797810	CALLING	05	OK 0000



ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

Governor Jane Dee Hull

Jacqueline E. Schafer, Director

Water Quality Division

APPROVAL OF CONSTRUCTION

Project Description: New well (ADWR #55-586189), hydropneumatic tank of 5,000 gallons capacity, and water storage tank of 50,000 gallons capacity comprising Edwards Road Water Plant or Johnson Utilities Water Plant No. 2.

Location: Edwards and West Magma Roads, Pinal County

Project Owner: Johnson Utilities
Address: 5230 East Shea Blvd.
Phoenix, Arizona 85253

The Arizona Department of Environmental Quality (ADEQ) hereby issues an Approval of Construction for the above described facility based on the following provisions of the Arizona Administrative Code (A.A.C.) R18-4-507 et seq.

On September 20, 2001, ADEQ issued a Certificate of Approval to Construct for the referenced project.

On June 19, 2002, as-built plans, specifications, Engineer's Certificate of Completion, and test results were received by ADEQ.

On June 12, 2002, Brian Tompsett, P.E., certified the following:

- a final construction inspection was conducted on May 10, 2002;
- the referenced project was constructed according to the as-built plans and specifications and ADEQ's Certificate of Approval to Construct.

This Approval of Construction is subject to provision 1 on page two of this Certificate. Be advised that A.A.C. § R18-4-124 requires the owner of a public water system to maintain and operate all water production, treatment and distribution facilities in accordance with ADEQ Safe Drinking Water Rules.

AH2:jd1

PWS No.: 11-128

ADEQ Project No.: 20010377

LTF No.: 27360


Aolad Hossain, P.E., Manager
Technical Engineering Unit
Drinking Water Section

7/23/02
Date Approved

cc: The WLB Group, Inc.
Pinal County Health Department
Pinal County Planning and Zoning Department
Facility File ADEQ-DWCEU
Project File No.: 20010377, TEU

APPROVAL OF CONSTRUCTION

ADEQ FILE No. 20010377

Provisions Continued.

Page 2

1. Nitrate shall be monitored at least quarterly as required by Arizona Administrative Code (A.A.C.) R18-4-208.F.



**ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
 CERTIFICATE OF APPROVAL TO CONSTRUCT
 WATER FACILITIES**

ADEQ File No: 20010611	
System Name: Johnson Util	System Number: 11128
Project Owner: Johnson Util	
Address: 5230 E. Shea Blvd., Ste. 200, Scottsdale, AZ 85254	
Project Location: Queen Creek	County : Pinal
Description: INSTALL THREE NEW WELLS (#55-582085, #55-582087, #55-582088) AND WATERMANS FROM THE WELLS TO THE OASIS WATER PLANT WATER STORAGE TANK. APPROXIMATELY 100 L.F. OF 12" WATERLINE, 3,550 L.F. OF 8" WATERLINE AND 650 L.F. OF 6" WATERLINE.	

Approval to construct the above-described facilities as represented in the approved documents on file with the Arizona Department of Environmental Quality is hereby given subject to provisions 1 through 11 continued on page 2 through 2

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 4, Article 5 of the Arizona Administrative Code.
2. Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion and forward it to the Central Regional Office located in Phoenix. If all requirements have been completed, that unit will issue a Certificate of Approval of Construction. R18-4-507(B), Ariz. Admin. Code. At the project owner's request, the Department may conduct the final inspection required pursuant to R18-4-507(B); such a request must be made in writing in accordance with the time requirements of R18-4-507(C), Ariz. Admin. Code.
3. This certificate will be void if construction has not started within one year after the Certificate of Approval to Construct is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing. R18-4-505(E), Ariz. Admin. Code.
4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department. R18-4-507(A), Ariz. Admin. Code.

Reviewed by KNS

By: *Aolad Hossain* 8/7/02
 Aolad Hossain, P.E., Manager Date
 Technical Engineering Unit
 Water Quality Division

cc: File No : 20010611
 Regional Office: Central
 Owner: Johnson Util
 County Health Department: Pinal
 Engineer: Wlb Group
 Planning and Zoning/Az Corp. Commission
 Engineering Review Database - Etr021

**CERTIFICATE OF APPROVAL TO CONSTRUCT
WATER FACILITIES
ADEQ FILE NO. 20010611
PAGE 2 OF 2: PROVISIONS CONTINUED**

5. Microbiological analysis report for each well shall be submitted before Approval of Construction can be issued.
6. Well construction shall conform with DWR regulations.
7. Well grout seal must be at least 20 feet.
8. Well setbacks shall be in accordance with A.A.C. R18-4-502.D.
9. All materials and products used in the drinking water system shall conform to NSF Standard 61.
10. Construction materials used in the water system shall be lead free as defined at R18-4-504 and R18-1-101.
11. Water lines shall be pressure and leakage tested in accordance with AWWA C605 Standard.



Jane Dee Hull
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

1110 W. Washington Street Phoenix, Arizona 85007
(602) 771-2300 • www.adeq.state.az.us

APPROVAL OF CONSTRUCTION

Project Description: Installation of three new wells (#55-582085, #55-582087, #55-582088) and water mains from the wells to the Oasis Water Plant water storage tank. Approximately 25 L.F. of 12" waterline; 4,153 L.F. of 8" waterline, 89 L.F. of 6" waterline, and 74 L.F. of 4" waterline.

Location: Queen Creek

Project Owner: Johnson Utility Co.
Address: 5230 E. Shea Blvd. Ste. 200
Scottsdale, AZ 85254

The Arizona Department of Environmental Quality (ADEQ) hereby issues an Approval of Construction for the above-described facility based on the following provisions of Arizona Administrative Code (A.A.C.) R18-4-507 et seq.

On August 7, 2002, ADEQ issued a Certificate of Approval to Construct for the referenced project.

On October 11, 2002, Brian Tompsett, P.E., certified the following:

- a final construction inspection was conducted on October 8, 2002;
- the referenced project was constructed according to the as-built plans and specifications sealed on October 11, 2002 and ADEQ's Certificate of Approval to Construct;
- water system pressure and leakage tests were conducted on August 19, 2002 and the results were within the allowable leakage rates; and
- the water distribution system was disinfected according to an ADEQ-approved method.

Microbiological samples were collected on June 28, 2002 and August 21, 2002 and analyzed on June 29, 2002 and August 22, 2002, by Statewide Disinfection Service, ADHS License No. AZ0637 and by Aquatic Consulting & Testing, Inc., ADHS License NO. AZ0003. The sample results were negative for total coliform.

This Approval of Construction authorizes the owner to begin operating the above-described facilities as represented in the approved plan on file with the ADEQ. Be advised that A.A.C. R18-4-124 requires the owner of a public water system to maintain and operate all water production, treatment and distribution facilities in accordance with ADEQ Safe Drinking Water Rules.

AH:KNS

PWS No.:11-128

ADEQ Project No.:20010611
LTF No.:28269


Aolad Hossain, P.E., Manager
Technical Engineering Unit
Drinking Water Section

12/13/02
Date Approved

c: DWCEU Facility File
TEU Construction File
CRO Approval of Construction File
Pinal County Health Department
Pinal County Planning & Zoning Department
AZ Corporation Commission
Engineer

SUPPLEMENTAL INFORMATION

E

SUPPLEMENTAL INFORMATION

E

Johnson Utilities

Docket No. WS-02987A-04-0288

Calculate water needed on peak day. Assume ratio of average monthly day to peak monthly day is 1.25.

Use gallons sold from original water use data sheet submitted to ACC. From Water Use Data Sheet, peak month/service usage was June 2004.

$$\text{Demand} = \frac{(81,447,892 \text{ gal}) (\text{month}) (1.25 \text{ peak})}{(\text{month}) (30 \text{ days}) (6372 \text{ customers})}$$

$$\text{Demand} = 532.6 \text{ gal/day-service on peak day or} \\ 426 \text{ gal/day-service daily average during peak month}$$

As an alternative, use gallons billed from water use summary in March 29th data request.

$$\text{Demand} = \frac{(95,627,599 \text{ gal}) (\text{bill period}) (1.25 \text{ peak})}{(\text{bill period}) (36 \text{ days}) (6372 \text{ customers})}$$

$$\text{Demand} = 521 \text{ gal/day-service on peak day or} \\ 417 \text{ gal/day-service daily average during peak month}$$

Calculate demand on peak day based on present customer base (8508). Use March 29th data.

$$\text{Demand} = \frac{521 \text{ gal} (8508 \text{ services})}{(\text{day-service})} = 4,432,668 \text{ gallons/day} \\ \text{or} \\ 3,078 \text{ gal/min}$$

2,464 gal/min needed for daily average during peak month

Total well production is 2870 gal/min - not enough for peak day.

Calculate monthly growth rate during past year (12 months).

$$4086 (1 + \text{growth rate})^{12} = 8508$$

$$1 + \text{growth rate} = e^{(1/12 \ln (8605/4086))} = 1.063$$

rate = 6 % per month

Calculate new well production needed summer of 2005 based on 6%/month growth rate, and 521 gal/day-service on peak day in June.

	<u>Customers For month ending</u>	<u>Water Demand, peak day in June 2005 (gal/min)</u>
Dec 2004	8508	3,078
Jan 2005	9018	3,262
Feb 2005	9560	3,459
Mar 2005	10133	3,666
Apr 2005	10741	3,886
May 2005	11386	4,119
Jun 2005	12069	4,367

Calculate needed well production in summer of 2005 based on projected growth

$$Q = \frac{12069 \text{ services (521 gal)}}{\text{day-service}} = 6,287,940 \text{ gal/day}$$

or
4,367 gal/min on peak day, or

3,495 gal/min daily average during peak month.

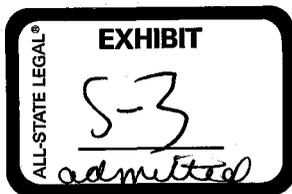


Exhibit "1"

JUC and Staff Joint Replacement for Staff Condition No. 5 ⁷

That JUC file with Docket Control, within 60 days of a Commission order, a statement which includes the following:

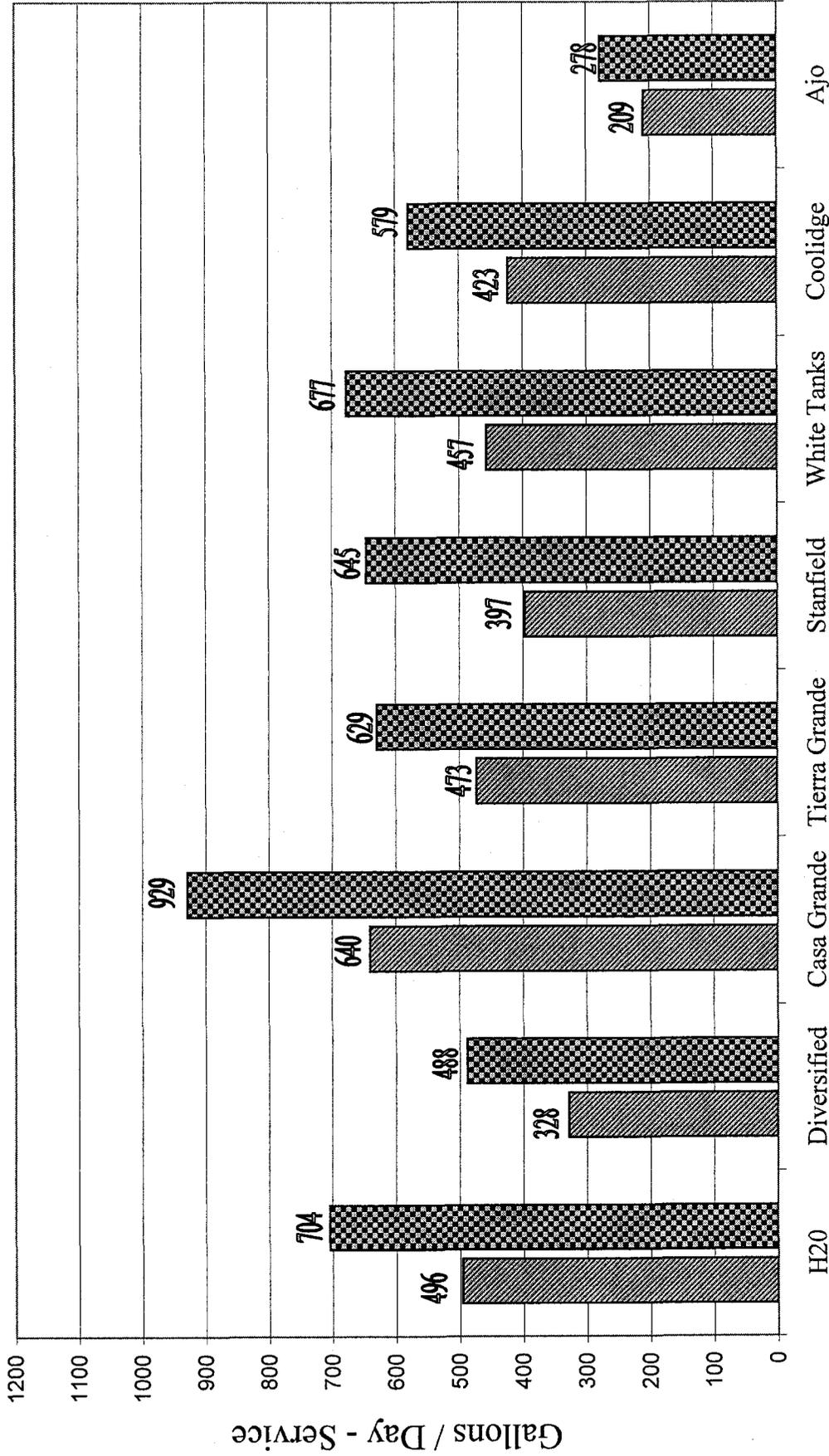
1. The name, home office location and description of any of the entities that are named as defendants State of Arizona v. Johnson International, et al, Maricopa County Superior Court case No. CVCV2005002692 (the "lawsuit"), their relationship to each other and JUC.
2. A brief description of the business activities conducted by any entity identified in number 1 above.
3. A description of plans for the entities identified in number 1 above to modify or change business activities, enter into a new business venture or to acquire, merge or otherwise establish a new business entity.
4. An assessment of the effect of current and planned affiliated activities by each entity identified in number 1 on JUC's capital structure and its ability to attract capital at fair and reasonable rates.
5. The dollar amount transferred between JUC and each of entities identified in number 1 during the previous 12 months and the purpose of each transfer. JUC shall prepare and submit to Staff an update to this report every six months.
6. Copies of contracts or agreements to receive, or provide management, engineering, accounting, legal, financial or other similar services between JUC and any of the entities identified in number 1. JUC shall prepare and submit to Staff an update to this report every six months.
7. Copies of contracts or agreements to purchase or sell goods or real property between JUC and any of the entities identified in number 1.
8. Contracts or agreements to lease goods or real property between JUC and any of the entities identified in number 1.

In addition, JUC would agree to be bound by the following conditions:

1. That any transactions between JUC and any of the defendants in the lawsuit would be subject to Commission scrutiny, including allowing Staff to see books and records of JUC and/or the defendant with whom business was transacted.
2. That JUC will not obtain a financial interest in any of the defendants in the lawsuit or make any loans to, or guarantees for, any of the defendants without prior Commission approval.
3. That JUC will not make any dividend payments if such payments would have the effect of impairing its financial status, prevent it from attracting capital on fair and reasonable terms or impair JUC's ability to provide safe, reasonable and adequate service.

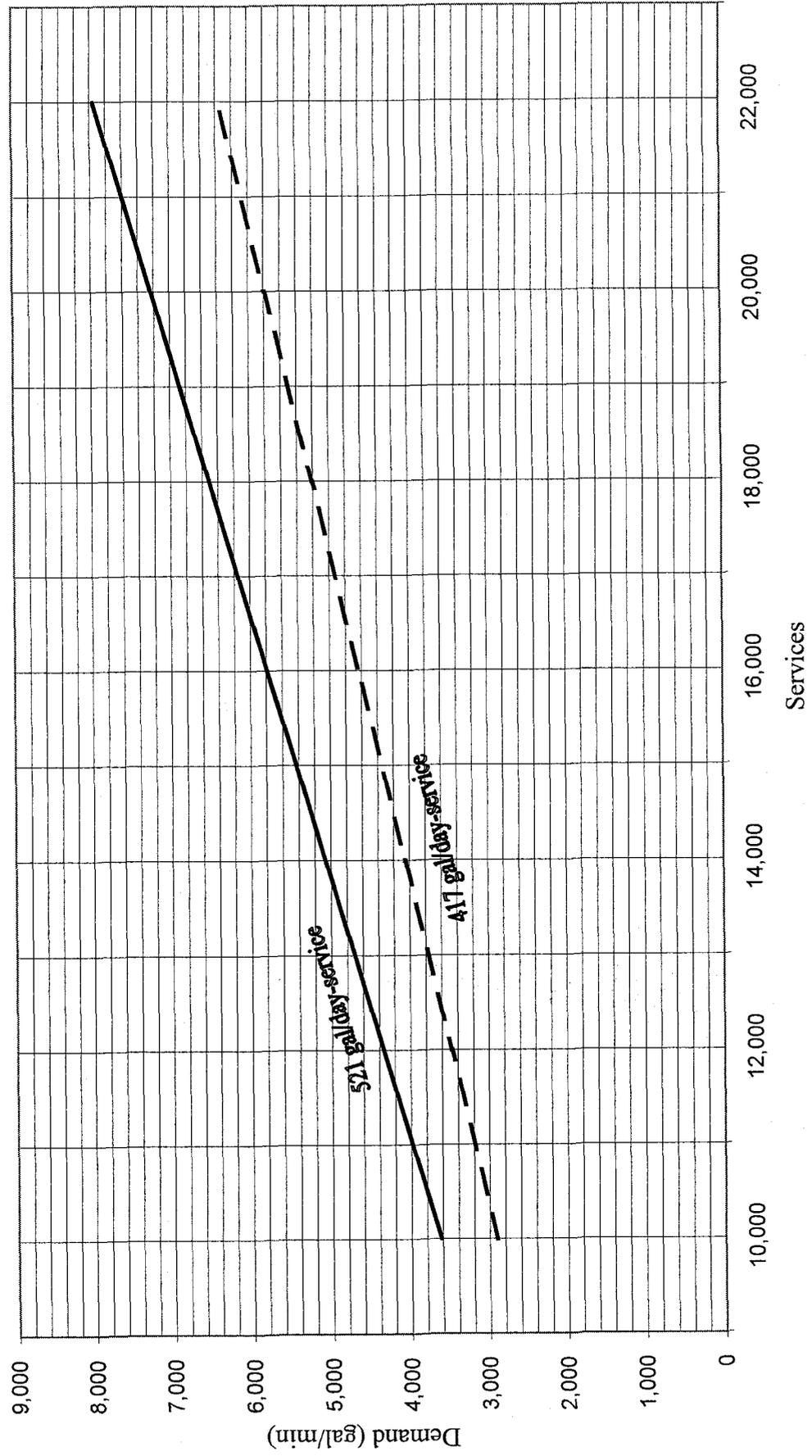
Water Use By Company

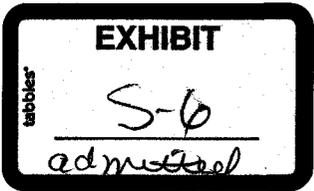
■ Annual Avg. ■ Avg. during Peak Month



Demand Versus Services

— based on avg day, peak month — based on peak day, peak month

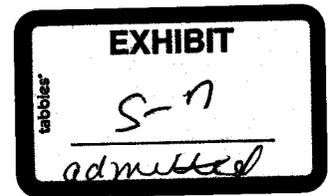




DATE
WATER COMPANY

Arizona American
Agua Fria

PEAK MONTH	Aug-02	
DAYS IN PEAK MONTH		31
WATER USE DURING PEAK MONTH (GAL)		248,172,000
NUMBER OF SERVICE CONNECTIONS IN PEAK MONTH.....		13,909
NUMBER OF SERVICE CONNECTIONS AT PRESENT.....		14,915
EXISTING STORAGE (GAL)		8,900,000
LARGEST PRODUCING WELL/SOURCE (GAL/MIN).....		1,200
TOTAL WELL/SOURCE PRODUCTION (GAL/MIN).....		13,800
FIRE FLOW (GAL/MIN)		500
DURATION (HOURS)		1
AVERAGE DAILY WATER USE DURING PEAK MONTH (GAL/DAY-SERVICE)		576
IS ADDITIONAL STORAGE REQUIRED?		no
AMT OF ADDITIONAL STORAGE REQ'D (GAL)		none
DEMAND ON PEAK DAY (GALLONS) (PEAK DAY= 1.25x MONTH AVG)		10,730,710
TOTAL DAILY SOURCE PRODUCTION (GAL)		19,872,000
IS ADDITIONAL PRODUCTION REQUIRED?		no
AMT OF ADD'L PRODUCTION REQ'D (GAL/MIN)		none
ADDITIONAL CONNECTIONS ALLOWABLE BASED ON STORAGE		32,020
ADDITIONAL CONNECTIONS ALLOWABLE BASED ON PRODUCTION		12,706



spreadsheet file: wtrchk.xls

LETTER FILE NAME
 DATE 15-Jul-03
 WATER COMPANY Sun City West Main

MAIN EXTENSION AGREEMENT WITH

PEAK MONTH Sep-02
 DAYS IN PEAK MONTH 30
 WATER USE DURING PEAK MONTH (GAL) 220,531,000
 NUMBER OF SERVICE CONNECTIONS
 IN PEAK MONTH..... 15,212
 NUMBER OF SERVICE CONNECTIONS
 AT PRESENT..... 15,212
 EXISTING STORAGE (GAL) 4,016,000
 LARGEST PRODUCING WELL/SOURCE
 (GAL/MIN)..... 1,200
 TOTAL WELL/SOURCE PRODUCTION
 (GAL/MIN)..... 10,650
 FIRE FLOW (GAL/MIN) 1,000
 DURATION (HOURS) 2
 AVERAGE DAILY WATER USE DURING
 PEAK MONTH (GAL/DAY-SERVICE) 483

IS ADDITIONAL STORAGE REQUIRED? no
 AMT OF ADDITIONAL STORAGE REQ'D (GAL) none

DEMAND ON PEAK DAY (GALLONS) 9,188,792
 (PEAK DAY= 1.25x MONTH AVG)
 TOTAL DAILY SOURCE PRODUCTION (GAL) 15,336,000
 IS ADDITIONAL PRODUCTION REQUIRED? no
 AMT OF ADD'L PRODUCTION REQ'D (GAL/MIN) none

ADDITIONAL CONNECTIONS ALLOWABLE
 BASED ON STORAGE 21,010
 ADDITIONAL CONNECTIONS ALLOWABLE
 BASED ON PRODUCTION 10,177

Analysis of Anthem (Merrill Ranch) Water Master Planning [West of Felix Road]

Prepared by ARICOR Water Solutions
1/31/2005
Analysis of water system needs by Existing Certificate and Proposed Expansion area - Johnson Utilities Standards

Table 1	Demand Factors	Johnson Utilities Master Planning Factors
100 = gpd per person	Avg Day = Lots * Population * Demand	48% = Equalization Factor Fire = Fire Flow * Duration Commercial Fire Flow = 1,000 gpm Residential Fire Flow = 1,000 gpm Commercial Duration = 2 hours Residential Duration = 2 hours
2.6 = persons/D.U. (Family)	Peak Day = Peak Day Factor * Avg Day	
1.8 = persons/D.U. (Active Adult)	Peak Hour = Peak Hr Factor * Avg Day	
1,500 = gpd per acre (Commercial)		
2.0 = Peak Day Factor		
3.0 = Peak Hour Factor		

Anthem (Merrill Ranch) - Water System Demand and Storage															
Parcel	Name	Land Use	Lots/Acres	Pop Density (capita/DU)	Demand (gpd)	Demands (gpd)			Demands (gpm)			Storage (gallons)			
						Avg Day	Peak Day	Peak Hour	Avg Day	Peak Day	Peak + Fire	Peak Hour	Operational	Fire	Total
1	Family	Res	423	2.6	100	109,980	219,960	329,940	76.4	152.8	229.1	105,581			
2	Family	Res	140	2.6	100	36,400	72,800	109,200	25.3	50.6	75.8	34,944			
3	Family	Res	260	2.6	100	67,600	135,200	202,800	46.9	93.9	140.8	64,896			
4	Family	Res	102	2.6	100	26,520	53,040	79,560	18.4	36.8	55.3	25,459			
5	Family	Res	116	2.6	100	30,160	60,320	90,480	20.9	41.9	62.8	28,954			
6	Family	Res	284	2.6	100	73,840	147,680	221,520	51.3	102.6	153.8	70,886			
7	High School	Comm	40.001	N/A	1500	60,002	120,003	180,005	41.7	83.3	125.0	57,601			
8	Family	Res	271	2.6	100	70,460	140,920	211,380	48.9	97.9	146.8	67,642			
9	Family	Res	160	2.6	100	41,600	83,200	124,800	28.9	57.8	86.7	39,936			
10	Family	Res	151	2.6	100	39,260	78,520	117,780	27.3	54.5	81.8	37,690			
11	Family	Res	137	2.6	100	35,620	71,240	106,860	24.7	49.5	74.2	34,195			
16	Family	Res	193	2.6	100	50,180	100,360	150,540	34.8	69.7	104.5	48,173			
17A	Family	Res	52	2.6	100	13,520	27,040	40,560	9.4	18.8	28.2	12,979			
18A	Family	Res	25	2.6	100	6,500	13,000	19,500	4.5	9.0	13.5	6,240			
35	Active Adult	Res	278	1.8	100	50,040	100,080	150,120	34.8	69.5	104.3	48,038			
36	Active Adult	Res	132	1.8	100	23,760	47,520	71,280	16.5	33.0	49.5	22,810			
37	Active Adult	Res	192	1.8	100	34,560	69,120	103,680	24.0	48.0	72.0	33,178			
38	Active Adult	Res	165	1.8	100	29,700	59,400	89,100	20.6	41.3	61.9	28,512			
39A	Active Adult	Res	148	1.8	100	26,640	53,280	79,920	18.5	37.0	55.5	25,574			
41A	Active Adult	Res	7	1.8	100	1,260	2,520	3,780	0.9	1.8	2.6	1,210			
TOTAL					3,236	827,602	1,655,203	2,482,805	575	1,149	2,149	1,724	794,497	120,000	914,497

tabbles
EXHIBIT
P-2
admitted

Analysis of Anthem (Merrill Ranch) Water Master Planning [West of Felix Road]
 Prepared by ARCOR Water Solutions 1/31/2005
 Analysis of water system needs by Existing Certificate and Proposed Expansion area - Johnson Utilities Standards

Table 3 Proposed Expansion Area										Anthem (Merrill Ranch) - Water System Demand and Storage									
Parcel	Name	Land Use	Lots	Pop Density (capita/DU)	Demand (gpcd)	Demands			Demands			Storage							
						Avg Day	Peak Day	Peak Hour	Avg Day	Peak Day	Peak + Fire	Peak Hour	Operational	Fire	Total				
12	Family	Res	132	2.6	100	34,320	68,640	102,960	23.8	47.7	71.5	32,947							
13	Recreation Center	Comm	20,0077	N/A	1500	30,012	60,023	90,035	20.8	41.7	62.5	28,811							
14	Family	Res	71	2.6	100	18,460	36,920	55,380	12.8	25.6	38.5	17,722							
15	Family	Res	134	2.6	100	34,840	69,680	104,520	24.2	48.4	72.6	33,446							
17B	Family	Res	120	2.6	100	31,200	62,400	93,600	21.7	43.3	65.0	29,952							
18B	Family	Res	99	2.6	100	25,740	51,480	77,220	17.9	35.8	53.6	24,710							
19	Elementary School	Comm	15,0218	N/A	1500	22,533	45,065	67,598	15.6	31.3	46.9	21,631							
20	Family	Res	130	2.6	100	33,800	67,600	101,400	23.5	46.9	70.4	32,448							
21	Family	Res	139	2.6	100	36,140	72,280	108,420	25.1	50.2	75.3	34,694							
22	Family	Res	310	2.6	100	80,600	161,200	241,800	56.0	111.9	167.9	77,376							
23	Worship	Comm	16,0038	N/A	1500	24,006	48,011	72,017	16.7	33.3	50.0	23,045							
39B	Active Adult	Res	80	1.8	100	14,400	28,800	43,200	10.0	20.0	30.0	13,824							
40	Active Adult	Res	109	1.8	100	19,620	39,240	58,860	13.6	27.3	40.9	18,835							
41B	Active Adult	Res	136	1.8	100	24,480	48,960	73,440	17.0	34.0	51.0	23,501							
42	Active Adult	Res	288	1.8	100	51,840	103,680	155,520	36.0	72.0	108.0	49,766							
43	Active Adult	Comm	21,7398	N/A	1500	32,610	65,219	97,829	22.6	45.3	67.9	31,305							
44	Active Adult	Res	27	1.8	100	4,860	9,720	14,580	3.4	6.8	10.1	4,666							
45	Active Adult	Res	25	1.8	100	4,500	9,000	13,500	3.1	6.3	9.4	4,320							
46	Active Adult	Res	437	1.8	100	78,660	157,320	235,980	54.6	109.3	163.9	75,514							
47	Active Adult	Res	180	1.8	100	32,400	64,800	97,200	22.5	45.0	67.5	31,104							
48	Active Adult	Res	90	1.8	100	16,200	32,400	48,600	11.3	22.5	33.8	15,552							
49	Active Adult	Res	169	1.8	100	30,420	60,840	91,260	21.1	42.3	63.4	29,203							
51	Active Adult	Res	180	1.8	100	32,400	64,800	97,200	22.5	45.0	67.5	31,104							
55	Active Adult	Res	140	1.8	100	25,200	50,400	75,600	17.1	35.0	52.5	24,192							
56	Active Adult	Res	137	1.8	100	24,660	49,320	73,980	17.1	34.3	51.4	23,674							
66	Golf Pro Shop	Comm	2,6756	N/A	1500	4,013	8,027	12,040	2.8	5.6	8.4	3,853							
67	Fire	Comm	1,9742	N/A	1500	2,961	5,923	8,884	2.1	4.1	6.2	2,843							
					TOTAL	770,874	1,541,749	2,312,623	535	1,071	2,071	740,039	120,000	860,039					

Table 4 Anthem (Merrill Ranch) - Water System Demand and Storage											
	Avg Day	Demands (gpd)			Avg Day	Demands (gpm)			Storage (gallons)		
		Peak Day	Peak Hour	Peak + Fire		Peak Day	Peak + Fire	Peak Hour	Operational	Fire	Total
Existing Certificated Area	827,602	1,655,203	2,482,805	575	1,149	2,149	1,724	794,497	120,000	914,497	
Proposed Expansion Area	770,874	1,541,749	2,312,623	535	1,071	2,071	1,606	740,039	120,000	860,039	
TOTAL Anthem (Merrill Ranch)	1,598,476	3,196,952	4,795,428	1,110	2,220	4,220	3,330	1,534,537	240,000	1,774,537	

Analysis of Anthem (Merrill Ranch) Water Master Planning [West of Felix Road]

Prepared by ARICOR Water Solutions 1/31/2005
 Analysis of water system needs by Existing Certificate and Proposed Expansion area - Comparing Johnson Utilities Standards to ARICOR Recommended Standards

Table 5 Demand Factors		American Water Master Planning Factors	
1.40 = gpd per person 2.6 = persons/D.U. (Family) 1.8 = persons/D.U. (Active) 1.500 = gpd per acre (Comme) 2.0 = Peak Day Factor 3.0 = Peak Hour Factor	Avg Day = Lots * Pop Density * Demand Peak Day = Peak Day Factor * Avg Day Peak Hour = Peak Hour Factor * Avg Day	40% = Equalization Factor Operational = Equalization Factor * Peak Day Fire = Fire Flow * Duration	Storage Factors Fire Flows Commercial Fire Flow = 3,000 gpm Residential Fire Flow = 1,750 gpm Commercial Duration = 3 hours Residential Duration = 2 hours

Table 5 Existing Certificated Area (Rancho Sendero)															
Parcel	Name	Land Use	Lots/Acres	Pop Density (capitol/DU)	Demand (gpcd)	Demands			Demands			Storage			
						Avg Day	Peak Day	Peak Hour	Avg Day	Peak Day	Peak + Fire	Peak Hour	Operational	Fire	Total
1	Family	Res	423	2.6	140	153,972	307,944	461,916	106.9	213.9	320.8	123,178			
2	Family	Res	140	2.6	140	50,960	101,920	152,880	35.4	70.8	106.2	40,768			
3	Family	Res	280	2.6	140	94,640	189,280	283,920	65.7	131.4	197.2	75,712			
4	Family	Res	102	2.6	140	37,128	74,256	111,384	25.8	51.6	77.4	29,702			
5	Family	Res	116	2.6	140	42,224	84,448	126,672	29.3	58.6	88.0	33,779			
6	Family	Res	284	2.6	140	103,376	206,752	310,128	71.8	143.6	215.4	82,701			
7	High School	Comm	40,001	N/A	1500	60,002	120,003	180,005	41.7	83.3	125.0	48,001			
8	Family	Res	271	2.6	140	98,644	197,288	295,932	68.5	137.0	205.5	78,915			
9	Family	Res	160	2.6	140	56,240	112,480	174,720	40.4	80.9	121.3	46,592			
10	Family	Res	151	2.6	140	54,964	109,928	164,892	38.2	76.3	114.5	43,971			
11	Family	Res	137	2.6	140	49,868	99,736	149,604	34.6	69.3	103.9	39,994			
16	Family	Res	193	2.6	140	70,252	140,504	210,756	48.8	97.6	146.4	56,202			
17A	Family	Res	52	2.6	140	18,928	37,856	56,784	13.1	26.3	39.4	15,142			
18A	Family	Res	25	2.6	140	9,100	18,200	27,300	6.3	12.6	18.0	7,280			
35	Active Adult	Res	278	1.8	140	70,056	140,112	210,168	48.7	97.3	146.0	56,045			
36	Active Adult	Res	192	1.8	140	33,264	66,528	99,792	23.1	46.2	69.3	26,611			
37	Active Adult	Res	185	1.8	140	48,984	97,968	146,952	33.6	67.2	100.8	38,707			
38	Active Adult	Res	155	1.8	140	41,580	83,160	124,740	28.9	57.8	86.6	33,264			
39A	Active Adult	Res	148	1.8	140	37,296	74,592	111,888	25.9	51.8	77.7	29,857			
41A	Active Adult	Res	7	1.8	140	1,764	3,528	5,292	1.2	2.5	3.7	1,411			
TOTAL						1,134,642	2,269,283	3,403,926	788	1,576	3,326	2,364	907,713	120,000	1,027,713

Analysis of Anthem (Merrill Ranch) Water Master Planning [West of Felix Road]

Prepared by ARICOR Water Solutions
1/31/2005

Analysis of water system needs by Existing Certificate and Proposed Expansion area - Comparing Johnson Utilities Standards to ARICOR Recommended Standards

Table 7 Anthem (Merrill Ranch) - Water System Demand and Storage

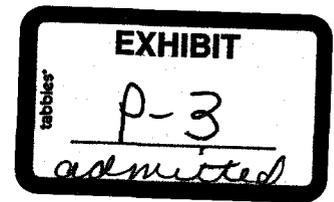
Parcel	Name	Land Use	Lots	Pop Density (capita/DU)	Demand (gpcd)	Demands				Demands				Storage	
						Avg Day	Peak Day	Peak Hour	Avg Day	Peak Day	Peak + Fire	Peak Hour	Operational	Fire	Total
12	Family	Res	132	2.6	140	48,048	96,096	144,144	33.4	66.7	100.1	38,438			
13	Recreation Center	Comm	20,077	N/A	1500	30,012	60,023	90,035	20.8	41.7	62.5	24,009			
14	Family	Res	71	2.6	140	25,844	51,688	77,532	17.9	35.9	53.8	20,675			
15	Family	Res	134	2.6	140	48,776	97,552	146,328	33.9	67.7	101.6	39,021			
17B	Family	Res	120	2.6	140	43,680	87,360	131,040	30.3	60.7	91.0	34,944			
18B	Family	Res	99	2.6	140	36,036	72,072	108,108	25.0	50.1	75.1	28,829			
19	Elementary School	Comm	15,0218	N/A	1500	22,533	45,065	67,598	15.6	31.3	46.9	18,026			
20	Family	Res	130	2.6	140	47,320	94,640	141,960	32.9	65.7	98.6	37,856			
21	Family	Res	139	2.6	140	50,596	101,192	151,788	35.1	70.3	105.4	40,477			
22	Family	Res	310	2.6	140	112,840	225,680	338,520	78.4	156.7	235.1	90,272			
23	Worship	Comm	16,0038	N/A	1500	24,006	48,011	72,017	16.7	33.3	50.0	19,205			
39B	Active Adult	Res	80	1.8	140	20,160	40,320	60,480	14.0	28.0	42.0	16,128			
40	Active Adult	Res	109	1.8	140	27,468	54,936	82,404	19.1	38.2	57.2	21,974			
41B	Active Adult	Res	136	1.8	140	34,272	68,544	102,816	23.8	47.6	71.4	27,418			
42	Active Adult	Res	288	1.8	140	72,576	145,152	217,728	50.4	100.8	151.2	58,061			
43	Recreation Center	Comm	21,7398	N/A	1500	32,610	65,219	97,829	22.6	45.3	67.9	26,088			
44	Active Adult	Res	27	1.8	140	6,804	13,608	20,412	4.7	9.5	14.2	5,443			
45	Active Adult	Res	25	1.8	140	6,300	12,600	18,900	4.4	8.8	13.1	5,040			
46	Active Adult	Res	437	1.8	140	110,124	220,248	330,372	76.5	153.0	229.4	88,099			
47	Active Adult	Res	180	1.8	140	45,360	90,720	136,080	31.5	63.0	94.5	36,288			
48	Active Adult	Res	90	1.8	140	22,680	45,360	68,040	15.8	31.5	47.3	18,144			
49	Active Adult	Res	169	1.8	140	42,588	85,176	127,764	29.6	59.2	88.7	34,070			
51	Active Adult	Res	180	1.8	140	45,360	90,720	136,080	31.5	63.0	94.5	36,288			
55	Active Adult	Res	180	1.8	140	35,280	70,560	105,840	24.5	49.0	73.5	28,224			
56	Active Adult	Res	137	1.8	140	34,524	69,048	103,572	24.0	48.0	71.9	27,619			
66	Golf Pro Shop	Comm	2,6756	N/A	1500	4,013	8,027	12,040	2.8	5.6	8.4	3,211			
67	Fire	Comm	1,9742	N/A	1500	2,961	5,923	8,884	2.1	4.1	6.2	2,369			
TOTAL					1,032,770	2,065,541	3,098,311	717	1,434	4,434	2,152	826,216	540,000	1,366,216	

Table 8 Anthem (Merrill Ranch) - Water System Demand and Storage

Parcel	Name	Land Use	Lots	Pop Density (capita/DU)	Demand (gpcd)	Demands				Demands				Storage	
						Avg Day	Peak Day	Peak Hour	Avg Day	Peak Day	Peak + Fire	Peak Hour	Operational	Fire	Total
Existing Certificated Area					1,134,642	2,269,283	3,403,925	788	1,576	3,326	2,364	907,713	120,000	1,027,713	
Proposed Expansion Area					1,032,770	2,065,541	3,098,311	717	1,434	4,434	2,152	826,216	540,000	1,366,216	
TOTAL Anthem (Merrill Ranch)					2,167,412	4,334,824	6,502,236	1,505	3,010	7,760	4,516	1,733,929	660,000	2,393,929	

Table 9 Anthem (Merrill Ranch) - Water System Demand and Storage - Difference Johnson Utilities and Aricor Recommended Standards

Parcel	Name	Land Use	Lots	Pop Density (capita/DU)	Demand (gpcd)	Demands				Demands				Storage	
						Avg Day	Peak Day	Peak Hour	Avg Day	Peak Day	Peak + Fire	Peak Hour	Operational	Fire	Total
Existing Certificated Area					307,040	614,080	921,120	213	426	1,176	640	113,216		113,216	
Proposed Expansion Area					261,896	523,792	785,688	182	364	2,384	546	86,177	420,000	506,177	
TOTAL Anthem (Merrill Ranch)					568,936	1,137,872	1,706,808	395	790	3,560	1,186	199,393	420,000	619,393	



**MASTER UTILITY AGREEMENT
FOR
WATER AND WASTEWATER FACILITIES**

BETWEEN

**JOHNSON UTILITIES, L.L.C.
dba JOHNSON UTILITIES COMPANY**

AND

PULTE HOME CORPORATION

FOR

**ANTHEM AT MERRILL RANCH
TOWN OF FLORENCE, ARIZONA**

April 12, 2005

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MASTER UTILITY AGREEMENT

THIS MASTER UTILITY AGREEMENT, entered into this 12 day of April, 2005, by and between JOHNSON UTILITIES, L.L.C., dba JOHNSON UTILITIES COMPANY (hereinafter referred to as the "Company") and PULTE HOME CORPORATION, a Michigan corporation, or its successors or assigns, (hereinafter referred to as the "Developer"), is regarding the provision of water and wastewater utility services to a portion of Anthem at Merrill Ranch located in the Town of Florence, Arizona (hereinafter referred to as the "Development").

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WHEREAS, the Company owns and operates a public service corporation and holds a certificate of convenience and necessity ("Certificate") authorizing it to provide water and wastewater utility services to certain properties in Pinal County, Arizona; and

WHEREAS, the Developer is building residential and commercial improvements within the Development and desires the Company to provide water and wastewater service to the property described on **Attachment A** hereto; and

WHEREAS, the Company's Certificate includes the property immediately adjacent to the Development. Such adjacent property formerly was known as Rancho Sendero (hereinafter referred to as the "Rancho Sendero Property"). The Rancho Sendero Property is subject to that certain Master Utility Agreement for Water and Wastewater Facilities dated August 4, 2004, between Developer and Company (hereinafter referred to as the "Rancho Sendero Agreement"); and

WHEREAS, the Developer intends to develop the Rancho Sendero Property and the Development in a coordinated manner and as a single master-planned community known as Anthem at Merrill Ranch; and

WHEREAS, the Company has filed an application with the Arizona Corporation Commission (hereinafter referred to as the "Commission") to extend its Certificate to include the Development; and

WHEREAS, Developer intends to develop a total of approximately 3,133 residential units and related commercial property within the Development; and

WHEREAS, Developer intends to develop an 18-hole golf course and related lakes (hereinafter referred to as the "Golf Course") and an approximately 55-acre community park and related lakes (hereinafter referred to as the "Park") within the Development and extending into the Rancho Sendero Property; and

WHEREAS, the Developer must obtain certain zoning authorizations and approvals (hereinafter referred to as the "Approvals") for the Development on a community-wide basis; and

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WHEREAS, for the Developer to obtain the Approvals for the Development, it is necessary at this time for the Developer to have certain assurances regarding the provision of water and wastewater services and facilities within the entire Development; and

WHEREAS, in connection with providing utility services, the Company is authorized and required to assess Off-Site Facilities Hook-Up Fees (hereinafter referred to as the "HUFs") for water and wastewater service pursuant to Commission Tariffs authorized for the Company; and

WHEREAS, in areas such as the Development in which the Company does not presently own and operate water distribution and/or wastewater collection systems, the Commission Rules and Regulations contemplate the Company and the Developer entering into Line Extension Agreement(s) more particularly described below; and

WHEREAS, for the Developer to obtain Arizona Department of Real Estate (hereinafter referred to as "ADRE") approval for the various subdivisions within the Development, it is necessary for the Developer to obtain either a Certificate of Assured Water Supply from the Arizona Department of Water Resources (hereinafter referred to as "ADWR") for each subdivision or the written commitment of water service for the Development from a water provider designated as having an assured water supply; and

WHEREAS, the Company has applied to ADWR for a Designation of Assured Water Supply applicable to the Company's CC&N covering the Rancho Sendero Property that may be sufficient to meet the above requirement for both the Rancho Sendero Property and the Development; and

WHEREAS, the Company currently has, or will have at the time each phase or subdivision within the Development connects to the Company's system, adequate water production, storage, booster pumping, and transmission main facilities and related appurtenances necessary to provide adequate water service, and adequate wastewater treatment plant, lift station, force main, and trunk collector main facilities and related appurtenances adequately sized to receive and treat all wastewater for that phase or subdivision in accordance with applicable Arizona Department of Environmental Quality (hereinafter referred to as "ADEQ") and Pinal County requirements. These facilities, hereinafter referred to as the "Backbone Facilities", are described on **Attachment B** hereto; and

WHEREAS, the Developer needs certain assurances as to the timing of construction of certain utility facilities and the adequacy of utility services for the subject subdivisions.

NOW, THEREFORE, as mutually covenanted and agreed to by and between the parties hereto as follows:

1. Application to Commission. Company will diligently pursue Commission approval of its application to extend its Certificate to include the Development, and Developer will do whatever is reasonably necessary to assist Company in obtaining Commission approval of the application.

2. Consent of Town of Florence. Company will apply to the Town of Florence for a franchise, operating agreement, license, easement or other right to use the public rights-of-way within the Town of Florence. Company will diligently pursue Town of Florence approval of its application, and Developer will do whatever is reasonably necessary to assist Company in obtaining Town of Florence approval of the application.

3. Assured Water Supply. It is the intent of the Company and Developer that the requirement for an assured water supply for the Development will be satisfied by the Company obtaining a Designation of Assured Water Supply. To that end, the Company will diligently pursue ADWR approval of its pending application for a Designation of Assured Water Supply, and Developer will do whatever is reasonably necessary to assist Company in obtaining the designation. Company and Developer acknowledge that a Designation of Assured Water Supply issued by ADWR may not provide sufficient authorization to meet the build-out water demands of both the Rancho Sendero Property and the Development. Upon approval of its application for a Designation of Assured Water Supply, provided payment of the initial block of HUFs by the Developer has been made, the Company will, subject to the amount of authorization granted by ADWR, allocate units of its Designation of Assured Water Supply to the Development equal to the service requirements associated with the entire Development, shall provide a written commitment of water service for the Development, and shall take all reasonable actions to assist the Developer with plat approval. The Company shall, as may be required and at the appropriate time in the future, make application to ADWR to modify its Designation of Assured Water Supply to provide sufficient assured water supply designation and authorization for build-out of the Development, and Developer will do whatever is reasonably necessary to assist Company in obtaining the modification. Upon ADWR approval of any modification of its Designation of Assured Water Supply that increases its assured water supply authorization, Company will allocate such additional units of its Designation of Assured Water Supply to the Development as may be required to meet the build-out needs of the Development. Should Company be unable to obtain or maintain a Designation of Assured Water Supply, Developer must seek and obtain Certificates of Assured Water Supply as a condition of subdividing and developing the property. Company will take all reasonable steps to assist Developer in connection with applications by Developer for Certificates of Assured Water Supply including, but not limited to, (a) executing Notices of Intent to Serve required by ADWR in connection with such applications; and (b) entering into such contracts and recording such declarations as may be reasonably be required by the Central Arizona Groundwater Replenishment District which are required for a subdivision to qualify as a member land.

4. GRIC Settlement. The Gila River Indian Community has entered into a tentative settlement with the United States, the State of Arizona and numerous other entities regarding its water rights claims (hereinafter referred to as the "GRIC Settlement"). The GRIC Settlement has been approved by Congress and will become effective upon the completion of several other conditions including the enactment of state legislation. Should the GRIC Settlement become effective, groundwater pumping near the Development will be subject to restrictions, effectively preventing Company from importing groundwater to the Development from certain existing and planned wells in its service area outside of the Development. In order to allow compliance with the GRIC Settlement, should it become effective, the Company agrees to master plan its water system considering the groundwater pumping restrictions in the GRIC Settlement and build

sufficient water production, storage and booster pumping facilities within the Development to allow Company to comply with the GRIC Settlement groundwater pumping restrictions in connection with providing water service to the Development and the Rancho Sendero Property.

5. Initial HUFs. To permit the Company to provide wastewater treatment plant capacity, lift stations, transmission mains, an effluent delivery system, and sludge disposal facilities, as well as the water wells, treatment if necessary, storage, pressure and the transmission facilities, necessary to meet the Company's requirements and to serve the Development and comply with the GRIC Settlement groundwater pumping restrictions, Developer agrees to advance HUFs payments for One Thousand (1,000) units, all in accordance with the Commission approved Tariff for the Company. For this Development, the advances are \$ 900,000.00 for water facilities and \$ 1,000,000.00 for wastewater facilities. Payment of the advances for said HUFs shall be made within thirty (30) days of execution of this Agreement. The HUFs advanced under this paragraph shall be applied to the first phase(s) or subdivision(s) of the Development. Any applicable Gross-Up Tax associated with the HUFs shall be assessed and refunded under the Line Extension Agreement(s) described below. All funds collected by the Company as HUFs, whether initial or subsequent, shall be deposited into an interest bearing account and used for the purpose of paying for the costs of off-site facilities serving the Development. Notwithstanding any provision of this Agreement, or by the payment of any HUF, the Developer shall have no right, title or interest in, or claim to service from, any specific plant of the Company.

6. Subsequent HUFs. Notwithstanding the terms and conditions set forth in Company's tariff schedules, subsequent HUFs shall be due and payable in installments, within thirty (30) days of the time a representative of the Company signs each Final Plat for the Development and prior to recording said Final Plat, in an amount equal to the number of lots in the subdivision on said Final Plat. In the event the Commission repeals or disallows Company's authority to assess the HUFs under the tariff, it is agreed that the Developer will enter into agreements with Company for off-site facilities required to serve the Development. Under such agreements, the Developer will provide funds not to exceed an amount equal to the existing HUFs in effect at the time of such repeal or disallowance by the Commission.

7. Backbone Facilities. The Company will obtain permits for and construct the Backbone Facilities as described on **Attachment B** no later than the dates indicated therein. To the extent that the Backbone Facilities described on Attachment B are oversized to a capacity greater than that needed for service to the Development and the Rancho Sendero Property, the Company shall be responsible for the cost of such oversizing. In addition to the HUFs, Developer shall pay Company \$100,000 as payment in full for the cost of installing the aesthetic measures described in **Attachment B**. At the Developer's option, the Developer may design, permit, and construct walls and gates around the Well and Reservoir Site, and the three well sites, provided pursuant to Paragraph 17, provided that the plans for the walls and gates are submitted to the Company for review and approval, which approval will not be unreasonably withheld, and further provided, that upon completion the Developer provided as-built plans and invoices for the completed project to the Company. In the event the Developer does not elect to construct said walls and gates, the Company shall install ADEQ mandated fencing.

8. Commencement of Services. It is understood and agreed that at the time a water meter installation request has been executed for a lot, the wastewater service to that lot shall start, and the tariffed charges for water and sewer service to that lot shall commence, whether that service is utilized or not. Notwithstanding the foregoing, the parties acknowledge and agree that the model home parks located on both the Rancho Sendero Property and the Development initially may utilize septic systems. The model home parks will be designed and constructed in such a manner to allow the connection of the models to the permanent wastewater facilities as soon as available. The parties agree that the tariffed charges for sewer service to such model home lots shall not begin until the model homes are provided wastewater service by Company.

9. Development Schedule. Commencing September 1, of the year first following the Company's service to the first customer within the Development, Developer shall provide the Company with a schedule indicating, to the best of Developer's knowledge, the projected development schedule for the Development, including the numbers and types of residential units expected to be constructed, any commercial and industrial development, the phasing of the projects within the Development, and the estimated number of units constructed annually until build-out is reached. Developer shall thereafter provide the Company updated projections on or before September 1 of each succeeding calendar year through build-out.

10. Service Outside of Subdivision. The HUFs and applicable Line Extension Agreement costs, if any, for any service established outside of a subdivision (i.e. irrigation, commercial, multi-family or industrial) shall be based on the Tariff charges and shall be paid at the time the service is requested.

11. Nonrefundability of HUFs. All HUFs under this Agreement are nonrefundable advances pursuant to the Company's approved Tariff.

12. Company Obligations. The Company will supply water and wastewater service to the Development that meets all applicable ADEQ, Pinal County, and Town of Florence requirements concerning domestic water and wastewater service as provided in this Agreement, as and when requested, to the planned approximately 3,133 residential units, and related commercial property, provided that the Developer has paid the HUFs in accordance with this Agreement; and further provided that Developer has given no less than nine (9) months written notice of that required service to the Company for all phases subsequent to the initial phase (it being understood by Developer and Company that the Developer executing a Line Extension Agreement for such phase shall constitute notice). Said services shall be provided to the Development at service standards no less than the standards provided to other utility customers within the Company's service area. Upon payment of the HUFs for each phase or subdivision, the Company shall undertake such advance planning, process all government approvals and permits, and undertake construction so as to timely serve potential customers as and when service to such customers is requested and needed. Developer may, upon reasonable request, review the Company's Master Plan for serving the Development.

13. Water for Turf Facilities. The Company will supply treated wastewater effluent as the primary water supply for the Golf Course and the Park (including the related lakes). All

treated wastewater effluent supplied by the Company shall be treated to meet the requirements for Class A+ reclaimed water as defined in Arizona Administrative Code R18-11-303. Developer will have the first priority right to the use of the effluent produced from wastewater discharged from the Development or the Rancho Sendero Property to meet the water demands of the Golf Course and the Park. Should Company be unable to supply sufficient effluent to meet the combined water demand of the Golf Course and the Park, or if the Company is unable to supply effluent that meets the requirements for Class A+ reclaimed water, (a) Developer may supplement the water supply to the Golf Course and/or the Park from Developer's wells located within the Development; and/or (b) Company will, upon Developer's request, supply other water to meet the remaining water demands of the Golf Course and the Park.

14. Construction Water. Developer may supply water for construction use and for temporary watering of trees, shrubs and plants awaiting planting or transplanting within the Development from Developer's wells located within the Development.

15. Developer Provided Information and Data. Upon execution of this Agreement, Developer shall provide to the Company, in a digital format (i.e.; AutoCad, MicroStation or .dxf format or as otherwise specified by the Company), all available data for the Development, including ALTA surveys, topographical, aerials, tentative plats, engineering plans, and final plats, but excluding any confidential or proprietary data as reasonably determined by Developer. Company acknowledges that Developer does not warrant or represent the accuracy or completeness of any data or other information provided by Developer, and Developer shall have no liability to Company in connection therewith.

16. Wastewater Service Conditions. Wastewater service to the Development shall be conditioned on the Developer constructing, pursuant to the Rancho Sendero Agreement, appropriate wastewater collection mains across the Rancho Sendero Property necessary to deliver wastewater from the Development to the Company's wastewater treatment plant property located in the southwest quarter of Section 25, T4S, R8E.

17. Water Service Conditions. Initial water service to the Development shall be provided by Company owned water production, storage and booster pumping facilities located on the Rancho Sendero Property, and initial water service is conditioned on the Developer constructing, pursuant to the Rancho Sendero Agreement, appropriate water distribution mains across the Rancho Sendero Property necessary to provide initial water service to the Development. Developer shall convey to the Company, by Special Warranty Deed, substantially in the form of **Attachment C** hereto, one (1) Well and Reservoir Site and three (3) well sites as mutually agreed, all of which must include appropriate maintenance, ingress and egress easements substantially in the form of **Attachment D** hereto. Said parcels and sites shall be conveyed by the Developer to the Company through a mutually acceptable Title Company, free and clear of all liens and encumbrances. Company shall pay all Title Company escrow fees and title insurance premiums on said transfers.

18. Extinguishment of Grandfathered Water Rights. Developer acknowledges that it holds certain Irrigation Grandfathered Groundwater Water Rights and Type 1 Non-Irrigation Grandfathered Groundwater Rights (the "Right") associated with approximately 528 acres of the Development. The Parties agree that Developer may use said Right to the extent permissible by

law for the purpose of providing construction water, and initial golf course and park turf watering within the Development prior to the time sufficient effluent is otherwise available to the Developer for those purposes; provided however, at the time a plat for a subdivision to which the Rights are applicable is recorded, Developer shall extinguish the portion of said Right associated with such plat, and pledge the resulting extinguishment credits to the Company for inclusion in the Designation or Certificate of Assured Water Supply for the Development. The Parties agree they shall cooperate and execute any and all documents necessary for said extinguishment and pledge of the Right. Notwithstanding the foregoing, if all or a portion of the golf course or a park is included in a recorded subdivision plat, the Right associated with such golf course and park areas is not required to be extinguished and pledged to the Company.

19. Additional Assurances. All facilities constructed under this Agreement will be operated and maintained in accordance with good utility practice including, but not limited to, the use of qualified operators and engineers. All services shall be subject to the Provisions of Service regulations set forth in Commission and applicable ADEQ Regulations. The election to build a new plant or expand any existing water or wastewater facilities to meet the demands of the Development or the Company's system, and the decision as to which water or wastewater facilities shall be used to serve the Development, shall be at the sole discretion of the Company. The Company represents and warrants to Developer that sufficient capacity does and shall exist in the Company's existing and future mains, water and wastewater treatment facilities, and any and all appurtenant pipes, lift stations, or other facilities, whether or not owned by the Company, such that adequate water service will be provided to the Development and sewage and wastewater of the Development shall be fully treated and the effluent therefrom shall be fully and properly disposed of in accordance with all pertinent County, State and Federal regulations and requirements without further obligation of Developer. The Company shall be responsible for obtaining and maintaining all required permits for the necessary water and wastewater facilities including the Aquifer Protection Permit and for complying with the GRIC Settlement groundwater pumping restrictions. The Company represents that it has and will maintain sufficient capacity to satisfy the requirements of ADEQ and other governmental entities for approval of the residential subdivisions in the Development. The Company represents that the quality of water provided by the Company for domestic usage shall be in accordance with an applicable laws and regulations and no less than the quality required by ADEQ, Pinal County, Arizona, and the Town of Florence, Arizona.

20. Line Extension Agreements. For each phase or subdivision within the Development, the Developer shall enter into a separate Line Extension Agreement for water and wastewater service in accordance with the Commission's Rule and Regulations, and the Company's Tariff. Under the terms of those agreements, the Developer shall construct, or cause to be constructed, all on-site facilities consistent with the Company's engineering requirements and specifications, and thereafter, convey all right, title and interest in and under those facilities, and any easements if necessary, to the Company. The Company shall annually refund five percent of the total gross revenue from water and wastewater sales to each bona fide customer whose service is connected to the main lines covered by the line extension agreements, less all applicable sales, transaction and privilege taxes and regulatory assessments and surcharges, until such time as the entire advance has been fully refunded. The form of the agreement shall be substantially in the form of **Attachments E and F** hereto.

21. Governing Standards. Water and wastewater service, as applicable, shall be provided to the Developer, builder, or the ultimate occupants of the buildings in accordance with the Commission's Orders, Rules, Regulations, Rates, Charges, Tariffs, Terms and Conditions as applicable to the Company which are currently on file with the Commission. Developer hereby acknowledges that at the time the ultimate occupant/customer requests service, certain additional charges may be payable to the Company by the customer. The present effective rates and charges are set forth on **Attachment G**. All rates, charges, terms and conditions are subject to change from time to time as approved by the Commission.

22. Indemnification by Company. The Company shall indemnify and hold the Developer harmless for, from and against any and all claims, demands, causes of action, or liability of any kind by any third party, including but not limited to judgments, determinations, fines, assessments, damages (whether compensatory, punitive, exemplary, or of any other nature), and attorneys' fees and expert witness fees, arising directly or indirectly out of the Company's performance or nonperformance of its obligations hereunder. In addition to any other remedies available in law or equity to Developer, if Company fails to construct the Backbone Facilities in a timely manner, Developer may construct such facilities for Company and receive a credit against any remaining HUFs payable, up to the cost of such facilities.

23. Assignment. Developer may assign its rights under this Agreement to a third-party developer or homebuilder buying property from Developer, or partially assign its rights under this Agreement with respect to any part of the Development sold by Developer to a third-party developer or homebuilder. A copy of the written Assignment and Assumption shall be delivered to the Company as provided in Paragraph 16. Upon assignment of this Agreement to a third-party developer or homebuilder, and the Company's approval of that assignment which approval shall not be unreasonably withheld, the Developer shall be relieved of all liabilities under this Agreement.

24. Notices. Except as otherwise required by law, any notice required or permitted under this Agreement must be in writing and must be given by either: (i) personal delivery; (ii) United States certified mail, return receipt requested, with all postage prepaid and properly addressed; (iii) any reputable, private overnight delivery service with delivery charges prepaid and proof of receipt; or (iv) by facsimile machine or telecopier. Notice sent by any of the foregoing methods must be addressed or sent to the party to whom notice is to be given, as the case may be, at the addresses or facsimile numbers set forth below:

Developer: PULTE HOME CORPORATION
15111 North Pima Road
Scottsdale, Arizona 85260
Attn: Phillip Cross
Phone: (480) 391-6000
Facsimile: (480) 391-6109

With a copy to: PULTE HOME CORPORATION
15111 North Pima Road
Scottsdale, Arizona 85260
Attn: Jeff Romaine

Company: JOHNSON UTILITIES, L.L.C.
5230 East Shea Boulevard
Scottsdale, Arizona 85254
Attn: George H. Johnson
Facsimile: (480) 783-7908

Any party may change its address or telecopy number for purposes of delivery and receipt of notices by advising the other parties in writing of the change. Notice provided by the methods described above will be deemed to be received: (i) on the day of delivery, if personally delivered; (ii) on the date which is three (3) days after deposit in the United States mail, if given by certified mail; (iii) on the next regular business day after deposit with an express delivery service for overnight, "same day", or "next day" delivery service; or (iv) on the date of transmittal, if given on a regular business day and during regular business hours by facsimile machine or telecopy. No notice will be effective unless provided by one of the methods described above.

25. Severability. In the event that any provision of this Agreement, or portion thereof, is held by an arbitrator(s) or court of competent jurisdiction to be unenforceable or invalid, the validity and enforceability of the enforceable portion of any such provision and of the remaining provisions shall not be adversely affected.

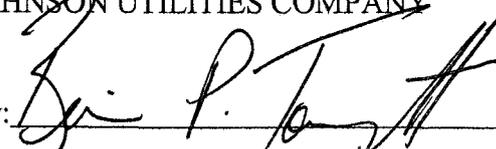
26. Parties' Cooperation. The Company shall take all reasonable actions requested by the Developer to assist the Developer with final plat, ADEQ and ADRE approvals, and the Developer shall take all reasonable actions requested by the Company to assist the Company in obtaining all regulatory approvals necessary to serve the Development. Each party shall reimburse the other for all reasonable costs it incurs in providing such assistance; provided that nothing in this Paragraph shall be interpreted to shift the burden or costs of obtaining necessary county, state and federal approvals for the water and wastewater treatment and service from the Company to the Developer.

27. Time. Time is of the essence of this Agreement.

28. Headings. Headings in this Agreement are included for the convenience of the parties and shall not be construed as substantive provisions of the Agreement or as an indication of the intent of the parties with respect to any part hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

JOHNSON UTILITIES COMPANY

By: 

Its: EXECUTIVE VICE PRESIDENT
"Company"

PULTE HOME CORPORATION

By: 

Its: Attorney In-Fact 7/12/05
"Developer"



ATTACHMENTS

- A. Legal Description of the Development.
- B. Description of the Backbone Facilities.
- C. Special Warranty Deed Form with Legal Descriptions of Well and Reservoir Site and three Well Sites.
- D. Utility Easement.
- E. On-Site Line Extension Agreement for Developer Installed Water Facilities.
- F. On-Site Line Extension Agreement for Developer Installed Wastewater Facilities.
- G. Schedule of Rates and Charges.

ATTACHMENT B
Schedule of Backbone Plant and Completion Dates

Backbone Wastewater Facilities

Section 25 Lift Station – March 1, 2006
Force Main to Section 11 Wastewater Treatment Facility - March 1, 2006

Section 25 Wastewater Treatment Facility and related appurtenances, permits and approvals:

CAAG 208 amendment for Development – November 30, 2005
Aquifer Protection Permit – November 30, 2005
Phase I Facilities (1 mgd capacity) – November 30, 2006
Subsequent Phases – Prior to actual flow reaching 90% of capacity

Required Aesthetic Measures:

All treatment, power production and other equipment shall be enclosed in a manufactured enclosure designed to control noise or building designed to be architecturally complementary to the Development.

Backbone Water Facilities

Franklin Road Storage and Booster Facility

Phase I – January 31, 2006
Storage Tank, 1,000,000 gallon capacity
Booster Pumps, 3,750 gpm firm pumping capacity
Piping, Controls and Appurtenances

Phase II – Prior to Phase I reaching 90% of Capacity
Storage Tank, 1,000,000 gallon capacity
Booster Pumps, 750 gpm additional firm pumping capacity
Piping, Controls and Appurtenances

Well No. 1, 725 gpm – January 31, 2006
Well No. 2, 725 gpm – January 31, 2006
Well No. 3, 725gpm – Prior to peak day demand reaching 90% of constructed firm well capacity

Required Aesthetic Measures

Water storage tanks shall have maximum sidewall heights of 16 feet (16'). Power production equipment shall be enclosed in a manufactured enclosure designed to control noise. To the extent practicable, site lay-out shall reduce visual and noise impacts on adjacent residential properties. All wells shall be equipped with submersible motors.