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THIS AMENDMENT:

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HEARING DIVISION PROPOSED AMENDMENT #3

AZ CORP COMMISSION
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DATE PREPARED: September 23, 2005

COMPANY: Johnson Utilities Co.

AGENDA ITEM NO.: U-12

DOCKET NO.: WS-02987A-04-0889

OPEN MEETING DATE: Sept. 27 and 28, 2005

Page 2, Line 12, INSERT:

“On May 9, 2005, a Recommended Opinion and Order was issued and Exceptions were due to be filed by May 18, 2005. The Recommended Order was tentatively scheduled for the May 24 and 25, 2005 Open Meeting agenda.

On May 12, 2005, counsel for Johnson, Jay Shapiro of Fennemore Craig, P.C., filed a “Notice of Withdrawal as Counsel of Record” (“Notice of Withdrawal”). The Notice of Withdrawal stated that Richard Sallquist would be taking over representation of Johnson and all future correspondence should be directed to Mr. Sallquist.

On May 13, 2005, Mr. Sallquist filed, on behalf of Johnson, a pleading entitled “Substitution of Counsel and Motion to Continue Open Meeting Matter.” As requested by the Company, the matter was pulled from the May 24 and 25, 2005 agenda.

On June 2, 2005, Staff filed a Proposed Legal Description for the requested CC&N area.

By Procedural Order issued June 3, 2005, Johnson was directed to file an Application for Withdrawal of Counsel, pursuant to the requirements of A.A.C. R14-3-104(E).

By Procedural Order issued June 8, 2005, this matter was tentatively rescheduled for the Commission’s July 12 and 13, 2005 Open Meeting agenda. The June 8, 2005 Procedural Order also directed that Exceptions to the Recommended Opinion and Order should be filed by no later than June 24, 2005. The Recommended Order was subsequently rescheduled for consideration

at the Commission's August 9, 10 and 11, 2005 Open Meeting.

On June 8, 2005, Fennemore Craig filed an Application for Withdrawal of Counsel, in accordance with A.A.C. R14-3-104(E).

On June 13, 2005, Sallquist & Drummond filed an Application for Substitution of Counsel.

On June 21, 2005 a Procedural Order was issued granting Fennemore Craig permission to withdraw as counsel, and authorizing Sallquist & Drummond to appear as counsel for Johnson in this proceeding.

On June 24, 2005, Johnson filed Exceptions to the Recommended Opinion and Order.

On June 29, 2005, Johnson filed a Master Services Agreement and a Line Extension Agreement between itself and Milagro Investors, LLC.

At the Commission's August 11, 2005 Open Meeting, the Recommended Opinion and Order was discussed. During the course of those discussions, Johnson was directed to late-file additional information regarding insurance coverage in place for George Johnson and various Johnson affiliates that are parties to pending litigation in Maricopa County Superior Court.

On August 24, 2005, Johnson filed a cover letter and a number of insurance documents that the Company claims supports its contention that a performance bond for Johnson Utilities is not necessary."