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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS
JEFF HATCH-MILLER - Chairman
WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTEN MAYES

2006 APR 21 A 11:02
AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION) DOCKET NO. WS-02987A-05-0088
OF JOHNSON UTILITIES COMPANY, LLC)
FOR AN EXTENSION OF ITS) STAFF'S RESPONSE TO MOTION
CERTIFICATE OF CONVENIENCE AND) TO AMEND DECISION NO. 68235
NECESSITY FOR WATER AND)
WASTEWATER SERVICE.)
_____)

On March 14, 2006, Johnson Utilities, LLC, (the "Company") docketed an Application to Amend in the above captioned matter involving an extension of Johnson's Certificate of Convenience and Necessity ("CC & N") to provide water and wastewater services. On October 25, 2005, the Commission granted the Company's requested extension of CC & N. The Commission added a condition to that Opinion and Order "... that Johnson Utilities Company shall procure a \$500,000 performance bond, with proof of such performance bond filed in Docket Control, as a compliance item in this case, prior to retail service being provided to any customers in the CC & N extension area." (Decision No. 68235 Page 11, Line 24).

The Company docketed an Irrevocable Letter of Credit in this matter on January 23, 2006. The terms of the Irrevocable Letter of Credit are in substance conforming to the Performance Bond form provided by Staff.

The Utilities Division Staff ("Staff") of the Arizona Corporation Commission ("Commission") hereby responds to the Company's Application to Amend Decision No. 68235.

First, Staff is satisfied that the Irrevocable Letter of Credit obtained by the Company conforms sufficiently to the ordered Performance Bond to be acceptable.

1 Second, Staff would propose amending the Ordering Paragraph of Decision No.
2 68235 beginning at Page 11, Line 24, the sentence reading "...that Johnson Utilities Company
3 shall procure a \$500,000 performance bond..." to state the following:

4 "IT IS FURTHER ORDERED that Johnson Utilities Company shall procure a \$500,000
5 performance bond, third-party surety bond, surety bond, or irrevocable letter of credit, with proof
6 of such bond or letter of credit filed in Docket Control as a compliance item in this docket, prior
7 to retail service being provided to any customers in the CC & N extension area."

8 Third, Staff would propose deleting the word "performance" from the sentence beginning
9 at Page 11, Line 28 reading, "The performance bond shall remain..."

10 Fourth, Staff would propose inserting "or letter of credit" immediately following the word
11 "bond" in the sentence beginning at Page 11, Line 27 reading, "If Johnson Utilities Company is
12 named as a defendant..." and after each occurrence of the word in the sentence at Page 11, Line
13 28 reading, "The performance bond shall remain...". Thus, the amended sentences would read,
14 "If Johnson Utilities Company is named as a defendant in either the La Osa or Sonoran lawsuits,
15 the required bond or letter of credit amount shall be increased to \$1 million. The bond or letter of
16 credit shall remain in place until further Order of the Commission and maintenance of the
17 required bond or letter of credit shall be evidenced by a quarterly filing (by January 15, April 15,
18 July 15, and October 15) of a letter of bond or letter of credit confirmation."

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21 RESPECTFULLY SUBMITTED this 21st day of April, 2006.

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25 *for* Christopher C. Kangley
26 David M. Ronald
27 Attorney, Legal Division
28 Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007
(602) 542-3402

1 AN ORIGINAL and thirteen (13) copies
2 were filed this 21st day of April, 2006 with:

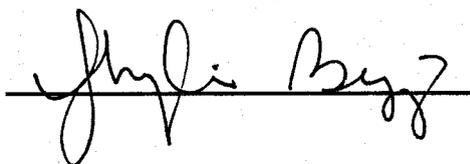
3 Docket Control
4 Arizona Corporation Commission
5 1200 West Washington Street
6 Phoenix, Arizona 85007

7 COPIES of the foregoing document
8 was filed this 21st day of April, 2006 to:

9 William P. Sullivan, Esq.
10 2712 North Seventh Street
11 Phoenix, Arizona 85006-1090
12 Attorneys for Diversified Water
13 Utilities, Inc.

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25 Phoenix, Arizona 85012
26 Attorneys of Record for Johnson Utilities Company and
27 Standard Pacific Corporation
28

A handwritten signature in black ink, appearing to read "John B. Beyer", is written over a horizontal line. The signature is cursive and somewhat stylized.