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SALLQUIST, DRUMMOND & O'CONNOR, P.C.

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ATTORNEYS AT LAW
TEMPE OFFICE

4500 S. LAKESHORE DRIVE

SUITE 339

TEMPE, ARIZONA 85282

AZ CORP COMMISSION
DOCUMENT CONTROL

RICHARD L. SALLQUIST

PHONE (480) 839-5202
FACSIMILE (480) 345-0412
E-MAIL dick@sd-law.com

April 28, 2006

Ms. Blessing N. Chukwu
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007

Re: Johnson Utilities, L.L.C. - Application for Extension of Certificate of Convenience and Necessity (CC&N) Docket No. WS-02987A-06-0077

Dear Ms. Chukwu:

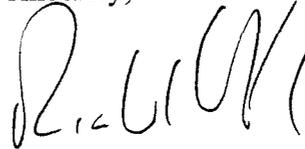
This letter is in response to your Insufficiency Letter dated March 9, 2006 regarding the above captioned matter. We will respond serially to your requests without restating them.

1. The Application included as Attachment 4 the then-most recent Balance Sheet and Income Statement for December 31, 2004. The Company recently received the 2005 Statements which are attached hereto as Exhibit 1.
2. The Company will charge only the rates and fees in the expansion area which are authorized by the Commission in the Company's current Sewer Tariff.
3. The Request for Service letter from the Church of Jesus Christ of Later Day Saints is attached here to as Exhibit 2.
4. The Parties will enter into line extension agreement(s) for each individual subdivision within this Master Planned Community when those on-site costs for each subdivision are known, and once the CC&N has been approved. The form of the line extension agreement(s) is substantially that contained in the exhibits attached to the Master Utility Agreement included as Attachment 9 to the Application.
5. The Town of Queen Creek was notified by Mr. Brian Tompsett, Executive Vice President of the Company during several meetings with the Town. His Affidavit to that effect is included as Exhibit 3.

Ms. Blessing Chukwu
April 28, 2006
Page 2

In the event Staff needs additional information or clarification, please feel free to contact me at 480-839-5202

Sincerely,

A handwritten signature in black ink, appearing to read "Richard Sallquist". The signature is stylized with large, flowing letters.

Richard Sallquist

Cc: Docket Control (15 copies)
Del Smith
Lyn Farmer
Brian Bozzo
Brian Tompsett

 **ULLMANN**
& COMPANY P.C.
Certified Public Accountants

To The Members of
Johnson Utilities, L.L.C.
Scottsdale, Arizona

We have compiled the accompanying balance sheet of Johnson Utilities, L.L.C. as of December 31, 2005 and the related statement of income for the year then ended, in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by generally accepted accounting principles. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The Company is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable by, or provided for, the Company. Members are taxed individually on their shares of the Company's earnings. The Company's net income or loss is allocated among the members in accordance with the operating agreement of the Company.

This report is intended solely for the information and use of the owners, management, and others within the company and is not intended to be and should not be used by anyone other than these specified parties.

Ullmann & Company

Ullmann & Company, P.C.
Certified Public Accountants

March 24, 2006

Johnson Utilities, L.L.C.
Balance Sheet
December 31, 2005

ASSETS

Utility Plant

Plant in Service	\$ 77,405,052
Less: Accumulated Depreciation	(4,491,559)
<u>Net Utility Plant in Service</u>	\$ 72,913,493

Construction Work in Progress	9,616,560
<u>Net Utility Plant</u>	\$ 82,530,053

Current Assets

Cash	\$ 18,382,586
Accounts Receivable	1,660,226
Other Receivables	38,000
<u>Total Current Assets</u>	\$ 20,080,812

Other Assets

Deferred Legal Fees	\$ 672,263
Deferred Engineering Fees	242,235
Prepaid Liability Insurance	31,075
SRP Deposit	65,120
<u>Total Other Assets</u>	\$ 1,010,693

<u>Total Assets</u>	\$ 103,621,558
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MEMBER'S CAPITAL & LIABILITIES

<u>Member's Capital</u>	\$ 7,260,129
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<u>Contributions in Aid of Construction</u>	\$ 48,092,863
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<u>Long-Term Debt</u>	\$ 772,000
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Current Liabilities

Accounts Payable	\$ 2,433,137
Current Portion of Advances in Aid of Construction	326,000
Due to Member	5,132,494
Customer Deposits	296,564
Accrued Taxes	528,581
Accrued Interest	30
<u>Total Current Liabilities</u>	\$ 8,716,806

Deferred Liabilities

Advances in Aid of Construction, Less Current Portion	\$ 38,779,760
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<u>Total Member's Capital & Liabilities</u>	\$ 103,621,558
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See Accountants' Compilation Report

Johnson Utilities, L.L.C.
Statement of Income
December 31, 2005

<u>Operating Revenue</u>	
Water Sales	\$ 7,193,403
Sewer Fees	5,379,633
Other Revenue	771,444
<u>Total Revenue</u>	\$ 13,344,480
<u>Operating Expenses</u>	
Purchased Water	\$ 915,377
Purchased Power	624,190
Repairs & Maintenance	255,715
Outside Services	6,278,875
Water Testing	84,945
Rents	13,107
Insurance	62,856
Sludge Removal	68,242
Wastewater Treatment	34,592
Miscellaneous Operating Expense	208,874
Depreciation and Amortization	396,098
Taxes Other Than Income	14,220
Property Taxes	242,910
<u>Total Operating Expenses</u>	\$ 9,200,001
<u>Net Operating Income</u>	\$ 4,144,479
<u>Other Income (Expenses)</u>	
Interest Income	\$ 433,931
Non-Utility Income	1,575
Interest Expense	(66,741)
<u>Total Other Income (Expenses)</u>	\$ 368,765
<u>Net Income</u>	\$ 4,513,244

See Accountants' Compilation Report

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
OFFICE OF THE FIRST PRESIDENCY
SALT LAKE CITY, UTAH 84150

April 25, 2006

Mr. Daniel Hodges
Johnson Utilities Company, LLC
5230 East Shea Boulevard
Scottsdale, AZ 85254

RE: Extension of Certificate of Convenience and Necessity.

Dear Mr. Hodges:

This letter confirms the consent of the Corporation of the Presiding Bishop of the Church of Jesus Christ of Latter-day Saints, ("CPB") for property owned by it within (describe by Section, Base and Meridian) to be included into the certificated sewer service area of Johnson Utilities Company, LLC.

The exact legal description of the areas for which we are consenting to such service is attached to this letter. We recognize that the Arizona Corporations Commission must approve the extension of your certificated service area and you are authorized to use this letter in your submittal to the Commission as our consent for service from you within the expanded service area. We also recognize that the extension of service and rates and charges for such service are governed by a tariff approved by the Commission and you are hereby further authorized to advise the Commission that we will accept service on the basis of that tariff.

If we may be of any further assistance in this matter, please contact the undersigned at your convenience.

Very truly yours,

Corporation of the Presiding Bishop of the
Church of Jesus Christ of Latter-day Saints

BY: Mark B. Gibbons
Mark B. Gibbons
Authorized Agent DGC

1 Richard L. Sallquist
Sallquist, Drummond & O'Connor, P.C.
2 4500 S. Lakeshore Drive, Suite 339
Tempe, Arizona 85282
3 Phone: (480) 839-5202
Fax: (480) 345-0412
4 Attorneys for Applicant

5
6 **BEFORE THE ARIZONA CORPORATION COMMISSION**

7 IN THE MATTER OF THE APPLICATION OF)
JOHNSON UTILITIES, L.L.C., dba JOHNSON) DOCKET NO. WS-02987A-06-0077
UTILITIES, FOR AN EXTENSION OF ITS)
8 EXISTING WASTEWATER CERTIFICATE OF) **AFFIDAVIT**
CONVENIENCE AND NECESSITY.)
9)
10)

11 STATE OF ARIZONA)
12)ss
County of Maricopa)

- 13
- 14 1. I am Brian P. Tompsett, Executive Vice President of Johnson Utilities, L.L.C. My
15 business address is 5230 E. Shea Blvd, Suite 200, Scottsdale, Arizona 85254.
 - 16 2. By correspondence dated March 9, 2006, Staff requested confirmation that the
17 Company had provided notice of the subject Application to the Town of Queen
18 Creek.
 - 19 3. On January 26, 2006 and February 10, 2006, I met with representatives of Queen
20 Creek to discuss, among other things, this extension Application. My meetings were
21 with Cynthia Seelhammer, the Town Manager, and John Kross, the Assistant Town
22 Manager, at which the Town was informed of the Company's application to serve the
23 subject area.

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4. Further affiant sayeth naught

DATED this 21st day of April 2006.

JOHNSON UTILITIES L.L.C.

By: *Brian P. Tompsett*
Brian P. Tompsett

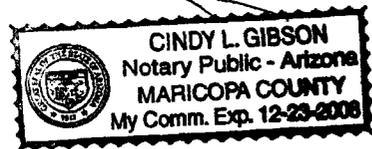
The foregoing instrument was acknowledged before me this 21 day of April 2006, by

Brian P. Tompsett

Cindy L. Gibson
Notary Public

My Commission Expires:

12-23-2008



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Original and fifteen copies of the foregoing filed this 29th day of April, 2006 with:

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

A copy of the foregoing filed this 29th day of April, 2006 to:

Hearing Division
Arizona Corporation Commission
1200 W. Washington
Phoenix, Arizona 85007

Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Legal Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Shelley G/4
