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Transcript Exhibit(s)

Docket #(s): WS-02987A-04-0869

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Exhibit #: A-1, A-2, A-3, A-4, A-5, A-6

S-1  
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\_\_\_\_\_

MEMORANDUM

TO: Docket Control Center

FROM: Ernest G. Johnson  
Director  
Utilities Division

DATE: March 17, 2006

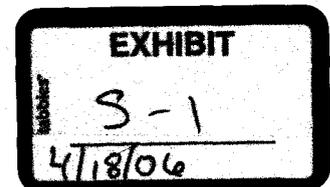
RE: JOHNSON UTILITIES COMPANY - APPLICATION FOR AN EXTENSION  
OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY (DOCKET  
NO. WS-02987A-04-0869)

Attached is the Staff Report for Johnson Utilities Company. Staff recommends approval with conditions.

EGJ:LAJ:tdp

Originator: Linda A. Jaress

Attachment: Original and Thirteen Copies



Service List for: Johnson Utilities Company  
Docket No. WS-02987-04-0869

Mr. Richard L. Sallquist  
Sallquist, Drummond & O'Connor, P.C.  
4500 S. Lakeshore Drive, Suite 339  
Tempe, Arizona 85282

Mr. Brian Tompsett  
Executive Vice President  
Johnson Utilities Company  
5230 East Shea Blvd.  
Scottsdale, Az. 85254

Mr. Christopher C. Kempley  
Chief, Legal Division  
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

Ms. Lyn Farmer  
Chief, Hearing Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

STAFF REPORT  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION

JOHNSON UTILITIES COMPANY

DOCKET NO. WS-02987-04-0869

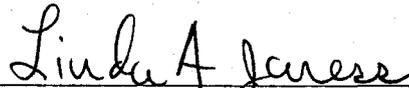
APPLICATION FOR AN EXTENSION OF ITS  
CERTIFICATE OF CONVENIENCE AND NECESSITY

MARCH 17, 2006

## STAFF ACKNOWLEDGEMENT

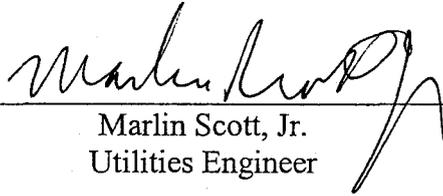
The Staff Report for Johnson Utilities Company, Docket No. WS-02987-04-0869, was prepared by the Staff members listed below. Linda Jaress performed the review and analysis of the Company's application and Marlin Scott, Jr. performed the engineering analysis.

Contributing Staff:



---

Linda A. Jaress  
Executive Consultant III



---

Marlin Scott, Jr.  
Utilities Engineer

**EXECUTIVE SUMMARY  
JOHNSON UTILITIES COMPANY  
DOCKET NO. WS-02987A-04-0869**

On December 3, 2005, Johnson Utilities Company ("Johnson") filed an application for approval to extend the area of its Certificate of Convenience and Necessity ("CC&N").

Johnson has outstanding compliance issues with the Arizona Corporation Commission. On March 14, 2006, Johnson filed an application to amend Decision Nos. 68235, 68236 and 68237 to address some of those issues. Pending resolution of all compliance issues and Johnson's March 14<sup>th</sup> filing, Staff recommends that a decision approving the extension at issue, be withheld. In the meantime; Staff is preparing an Order to Show Cause to address the non-compliance issues.

Staff believes that once the issues related to non-compliance with previous Commission decisions are resolved, Johnson could be found to be a fit and proper entity to serve the extension area and it would be in the public interest for the Commission to approve this application and adopt certain requirements of the Company. Staff recommends that the Company be ordered to charge its current rates to the customers in the extension area until otherwise changed by Commission order.

Staff recommends that the Commission require Johnson to file the following as compliance items in this docket and by the recommended dates, if and when the Commission approves the extension:

1. A copy of the Franchise for the proposed service territory within 365 days of the date of the decision in this case.
2. A copy of its Designation of Assured Water Supply from Arizona Department of Water Resources ("ADWR") to include the service area at issue within one year of the effective date of the final decision in this matter.

Staff further recommends that if Johnson does not comply with the recommendations listed above, that the decision approving this extension, after due process, be null and void.

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## **Introduction**

Johnson Utilities Company ("Johnson") provides water and wastewater service in various portions of Pinal County to approximately 8,500 customers. On December 3, 2005, Johnson filed an application for approval to extend the area of its Certificate of Convenience and Necessity ("CC&N"). The requested area was comprised of two sections of land; Sections 23 and 13, Range 8 east and Township 3 south. Diversified Water Utilities, Inc. ("Diversified") provides water service to approximately 350 customers in the vicinity of Johnson's certificated area. Diversified's application for approval to extend its CC&N into the same Sections 23 and 13 was pending when Johnson filed its application. Ultimately, Johnson and Diversified came to an agreement and signed and filed a "Joint Settlement Statement" which, among other issues, resolved the dispute over Sections 23 and 13. Based upon the agreement in the Joint Settlement Statement, on October 7, 2005, Johnson amended its application by the deletion of Section 13 from its request, but is continuing with this application to extend into section 23.

A development known as Bella Vista is planned in the extension area. The development is comprised of approximately 2,200 lots. Exhibit 1 is a map showing section 23 and illustrating the proximity of Diversified's service territory to Johnson's. Johnson's application includes requests for service in Section 23 from Wolfcor, LLC and Centrex Homes.

## **The Water System**

Johnson has nine wells in the vicinity of the extension area. The total production capacity of the wells is 5,082 gallons per minute. Johnson's water system is also comprised of booster pumps, pressure tanks, a distribution system and approximately 4 million gallons of storage capacity. The Company is in the process of interconnecting three of its water systems which will provide flexibility and improve reliability. Staff concludes that the existing system has adequate production and storage capacity to serve the existing and proposed CC&N area. Attached as Exhibit 2 is Staff's Engineering Report which describes Johnson's system and capacity in further detail.

## **Financing**

The Company anticipates that the cost of additional plant to serve the extension area will reach \$1,0521,939. The water facilities for this extension will be funded by advances in aid of construction and offsite facility hookup fees.

## **Arizona Department of Environmental Quality ("ADEQ")**

ADEQ has determined that Johnson's water system is currently delivering water that meets water quality standards required by the Arizona Administrative Code, Title 18, Chapter 4. All of Johnson's wells, except one, delivered water which is in compliance with the new arsenic standard of 10 parts per billion. Johnson intends to abandon the non-compliant well.

### **Arizona Department of Water Resources (“ADWR”)**

Johnson is within the Phoenix Active Management Area. Each developer in the proposed extension area will be required to demonstrate an Assured Water Supply to ADWR. Staff recommends that Johnson update or amend its Demonstration of Assured Water Supply to include the service area at issue within two years of the effective date of the final decision in this matter.

### **Arizona Corporation Commission (“ACC” or “the Commission”)**

The 14 complaints logged by the ACC’s Consumer Services Section in 2005 and 2006 against Johnson have been resolved.

Johnson is currently out of compliance with Commission decisions. In Decision No. 65840, dated April 22, 2003, the Commission ordered Johnson to file with the Commission a copy of any Notice Of Violation (“NOV”) issued against it by ADEQ within seven days from receipt of such notice. The Decision goes on to state that if the ADEQ notice is not timely filed, “...the Director shall, upon becoming aware of such failure, commence an Order to Show Cause Proceeding against JUC forthwith, seeking such sanctions and Orders as the Director deems appropriate.” On January 10, 2006 Staff was made aware of a late filing of a NOV by Johnson. Staff further researched the docket and found three similar violations. In each case, Johnson’s filing of their NOV exceeded the timeframe directed in this order. Johnson has offered its explanation, nonetheless, in consistence with the order, Staff is preparing an Order to Show Cause to be filed as soon as possible.

Also, Decision No. 68235, Decision No. 68236 and Decision No. 68237, all dated October 25, 2005 contained language requiring Johnson to file a \$500,000 bond. In substitution for the bond, Johnson has filed evidence of a letter of credit for the same amount. The late filing of notices of violation from ADEQ along with the substitution of a letter of credit for the bond causes Johnson to be out of compliance with Commission decisions. On March 14, 2006, Johnson filed an application to amend Decision Nos. 68235, 68236 and 68237. Pending resolution of the compliance issues and Johnson’s March 14<sup>th</sup> filing, Staff recommends that a decision approving the extension at issue, be withheld.

### **Tariff Amendment**

In its October 7, 2005 Amended Application, Johnson also requested approval of a tariff which would apply to water utilities providing water service in areas where Johnson provides wastewater service. The proposed tariff would allow the water utility to terminate water service to a water customer in the event that the water customer fails to pay Johnson for wastewater service. Staff believes that it is not procedurally appropriate for Johnson to request this tariff as it is the water utility which will have to enforce it. The water utility should be filing the tariff. On this basis, Staff recommends denial of the tariff.

The previously mentioned Decision Nos. 68235 and 68237 contained language requiring Johnson to file quarterly reports relating to the status of the pending La Osa and Sonoran Litigation and to file Affiliate Interest reports and a rate case. The decisions also required a \$500,000 performance bond to be increased to \$1.0 million if Johnson is named as a defendant in either the La Osa or Sonoran lawsuits. Staff does not believe it necessary to repeat those requirements in this docket as the result would be duplicative filing in an additional docket. However, Staff believes that those requirements, or any others set forth in previous decisions, should remain in place even if not imposed as a specific condition for approval of this application.

### **Conclusions and Recommendations**

Staff believes that once the issues related to non-compliance with previous Commission decisions are resolved, Johnson could be found to be a fit and proper entity to serve the extension area and it would be in the public interest for the Commission to approve this application and adopt certain requirements of the Company. Staff recommends that the Company be ordered to charge its current rates to the customers in the extension area until otherwise changed by Commission order.

Staff recommends denial of the request for approval of a water service shut-off tariff as requested in Johnson's October 7, 2005 filing.

Staff recommends that the Commission require Johnson to file the following as compliance items in this docket and by the recommended dates if and when the Commission approves the extension:

1. A copy of the Franchise for the proposed service territory within 365 days of the date of the decision in this case.
2. A copy of its Designation of Assured Water Supply from ADWR to include the service area at issue within one year of the effective date of the final decision in this matter.

Staff further recommends that if Johnson does not comply with the two recommendations listed above, that the decision approving this extension, after due process, be null and void.

**MEMORANDUM**

TO: Linda Jaress  
Executive Consultant III  
Utilities Division

FROM: Barb Wells *bw*  
Information Technology Specialist  
Utilities Division

THRU: Del Smith *DS*  
Engineering Supervisor  
Utilities Division

DATE: October 17, 2005

RE: **JOHNSON UTILITIES COMPANY (DOCKET NO. WS-02987A-04-0869)**  
**AMENDED LEGAL DESCRIPTION**

The area requested by Johnson for an extension for water service has been plotted with no complications using an amended legal description, which has been docketed. This legal description is attached and should be used in place of the original description submitted with the application.

Also attached is a copy of the map for your files.

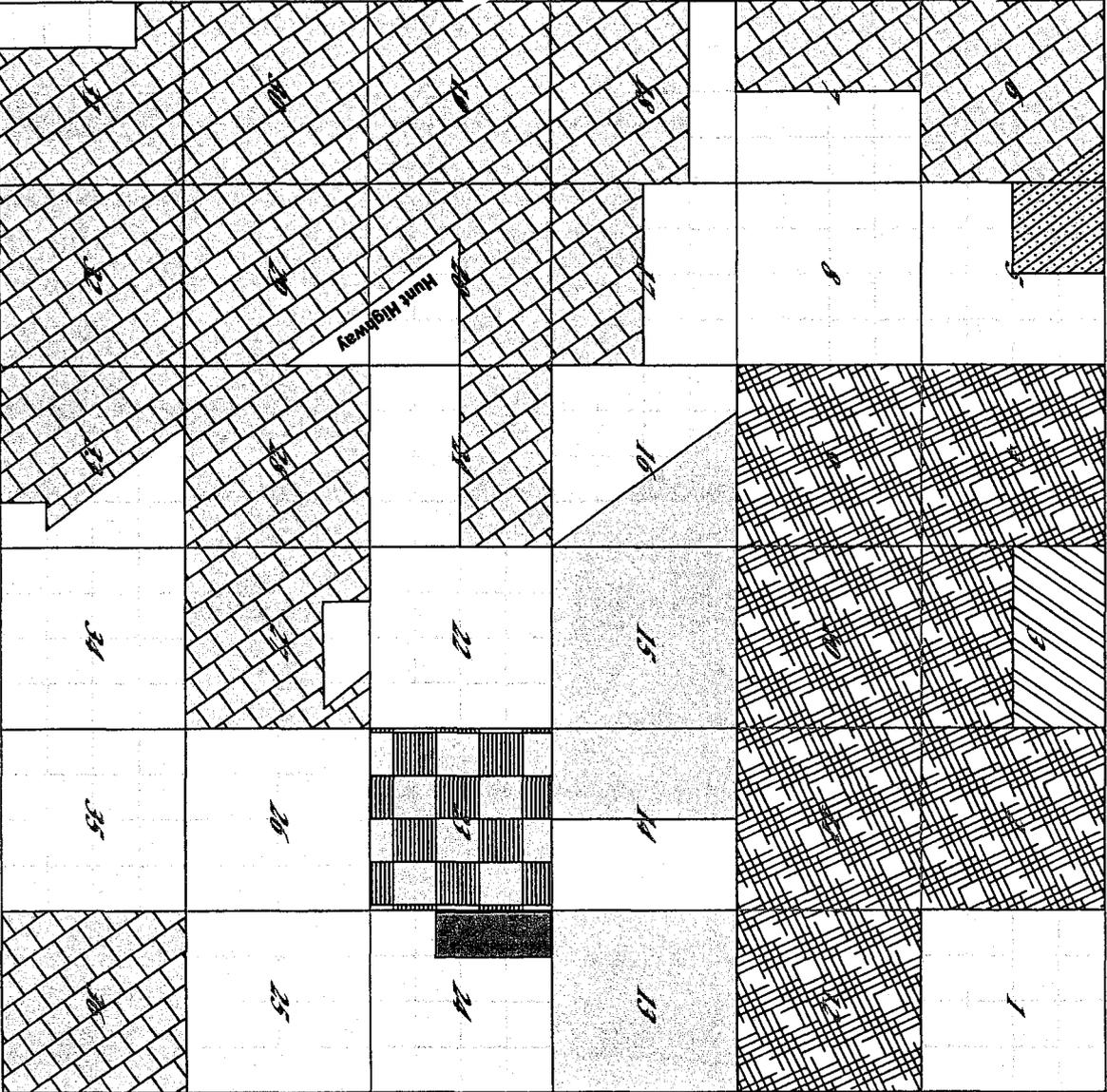
:bsw

Attachments

cc: Docket Control  
Mr. Richard Sallquist  
Mr. John Chelus  
Ms. Deb Person (Hand Carried)  
File

# COUNTY: Pinal

## RANGE 8 East



## TOWNSHIP 3 South

-  W-2859 (3)  
Diversified Water Utilities, Inc.
-  W-2234 (2)  
H<sub>2</sub>O, Inc.
-  WS-2987 (6)  
Johnson Utilities Company
-  W-2425 (2)  
Sun Valley Farms Unit VI Water Company
-  Johnson Utilities Company (Water)  
Docket No. WS-2987-04-869  
Application for Extension
-  Johnson Utilities Company (Water)  
Docket No. WS-2987-05-088  
Application for Extension
-  Sewer

**Legal Description**  
**Bella Vista Farms**

**Section 23, Township 3 South, Range 8 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona**

**REVISED EXHIBIT 2**

MEMORANDUM

DATE: December 30, 2005

TO: Linda Jaress  
Executive Consultant III

FROM: John A. Chelus   
Utilities Engineer

RE: Johnson Utilities Company  
CC&N Extension – Water  
Docket No. WS-02987A-04-0869

---

**Introduction**

Johnson Utilities Company (“Johnson or Company”) has applied to extend its Certificate of Convenience and Necessity (“CC&N”) for water service in Pinal County. The requested service area includes Section 23 of Township 3 South, Range 8 East. This will add approximately one square mile or 640 acres to its existing certificated area for water service. The area will cover a portion of the development known as Bella Vista and will contain approximately 2,200 lots. The Company anticipates approximately 767 new connections within five years.

**Capacity**

The development will be served by the Johnson Utilities public water system number 11-128. Johnson has in existence nine well(s) with a total production capacity of 5,082 gal/min, 3,970,480 gallons of storage capacity, booster pumps, pressure tanks, and a distribution system serving approximately 14,000 connections. The Crestfield Well No. 1 is completed and ready to go on-line with a flow of 1,000 gpm. The Hardison Well No. 1 is under construction and should produce 1,000 gallons per minute when done. The Company is in the process of interconnecting three of their water systems into one which will provide more flexibility and improve reliability. Based on historical growth rates, it is anticipated that the existing service area could have 35,000 total customers at the end of five years. The existing production and storage can adequately serve approximately 18,000 connections under peak conditions. Staff concludes that the existing system has adequate production and storage capacity to serve the existing and proposed CC&N area and can reasonably be expected to develop additional storage and production as required in the future.

### **Cost Analysis**

The Company anticipates the cost to serve the new area in the next five years to reach \$1,051,939 including service meters. The water facilities for this area will be constructed as needed. The development will be funded through advances in aid of construction and offsite facility hookup fees.

### **ACC Compliance**

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

### **Arizona Department of Environmental Quality ("ADEQ") Compliance**

ADEQ regulates the water system under ADEQ Public Water System I.D. No. 11-128. ADEQ has determined that this system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.

### **Arizona Department of Water Resources ("ADWR") Compliance**

Johnson is within the Phoenix Active Management Area. As such, each developer will be required to demonstrate an Assured Water Supply" from ADWR for the entire development. Presently Johnson Utilities holds a "Designation of Assured Water 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 Water Supply" to include the service areas in this CC&N application. Johnson Utilities shall file such an amended ADWR certificate within two years of the effective date of the final decision and order in this matter.

### **Arsenic**

The Company provided arsenic concentrations for their wells. All wells except one showed compliance with the new arsenic standard of 10 µg/l. Well No. 55-582085, Oasis Well No. 1 has an arsenic concentration of 22 µg/l. The Company plans to abandon this well. The remainder of the wells ranged from 2.0 to 8.0 µg/l.

### **Curtailment Tariff**

The Company has a curtailment tariff on file with the Utilities Division.

### **Comments**

1. Staff concludes that the existing Johnson water system has adequate production and storage capacity to serve the existing and proposed CC&N area.

2. ADEQ has determined that this system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.
3. A check with the Utilities Division Compliance Section showed no outstanding compliance issues.

**Recommendations**

1. Staff recommends that Johnson Utilities shall update or amend its "Designation of Assured Water Supply" to include the service areas in this CC&N application. Johnson Utilities shall file such an amended ADWR certificate within one year of the effective date of the final decision and order in this matter.

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

5 **BEFORE THE ARIZONA CORPORATION COMMISSION**

7 \_\_\_\_\_ )  
IN THE MATTER OF DIVERSIFIED )  
8 WATER UTILITIES, INC. TO EXPAND ITS )  
CERTIFICATE OF CONVENIENCE AND )  
9 NECESSITY TO INCLUDE ALL OF )  
SECTION 13, 14, 15, 23 AND THAT )  
10 PORTION OF SECTION 16 EAST OF )  
RAILROAD TRACKS ALL IN T3S, R8E, )  
11 PINAL COUNTY, ARIZONA )

DOCKET NO. W-02859A-04-0844

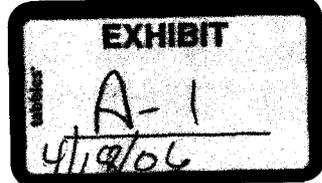
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IN THE MATTER OF THE APPLICATION )  
13 OF JOHNSON UTILITIES COMPANY FOR )  
AN EXTENSION OF ITS EXISTING )  
14 CERTIFICATE OF CONVENIENCE AND )  
NECESSITY FOR WATER SERVICE. )  
15 \_\_\_\_\_ )

DOCKET NO. WS-02987A-04-0869

**AMENDED APPLICATION AND  
REQUEST FOR TARIFF  
APPROVAL**

16  
17 Johnson Utilities Company ("Johnson") by and through undersigned counsel, hereby  
18 amends its water Certificate of Convenience and Necessity Application as filed on December 3,  
19 2004 (the "Application") as follows:

20 1. Johnson amends this Application consistent with the Letter of Mutual  
21 Understanding, Cooperation and Settlement (the "LMU") entered into between Johnson and  
22 Diversified Water Utilities, Inc. ("Diversified") dated the June 20, 2005, and which was filed  
23 with the Commission as Exhibit A-7 in Docket No. WS-02987A-05-0088 on August 1, 2005.



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2. Paragraph 2 of the Application, the legal description of the requested area, is hereby amended to include only Section 23, Township 3 South, Range 8 East, G&SRB&M Pinal County, Arizona. A **Revised Exhibit 2** is attached hereto. Diversified will file the appropriate Pleading in this Docket requesting to serve areas consistent with this Amended Application and the LMU.

3. **Exhibit 4** to the Application, the map of the extension area, indicates the location of the amended area vis-à-vis Johnson's existing certificate and the adjacent utilities approved or requested areas.

4. Paragraph 14 of the Application is hereby amended to read as follows:

Residential	
Year	
1	100
2	200
3	325
4	521
5	767

5. Paragraph 15 of the Application is hereby amended to read as follows:

Year	Operating Revenues	Operating Expenses
1	\$ 26,500	\$21,970
2	\$73,375	\$59,634
3	\$129,125	\$99,377
4	\$221,190	\$169,380
5	\$339,270	\$258,626

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6. Paragraph 16 of the Application is hereby amended to read as follows:

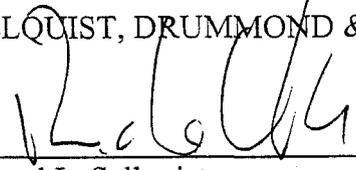
Plant Cost Projection	
Year	
1	\$331,127
2	\$399,652
3	\$477,302
4	\$898,124
5	\$1,051,939

7. Pursuant to the LMU, Johnson hereby files a requested amendment to its Tariff which provision permits the water provider (in this case, Diversified in the Section 13 requested area and similarly situated joint service areas) to terminate water service in the event its customer does not pay Johnson for the wastewater service provided by Johnson, all in accordance with the proposed Tariff. Attached hereto as **Exhibit 8**, is the proposed Johnson Tariff (Attachment C to the LMU). Diversified will file a companion tariff in this consolidated docket.

8. All other provisions of the Johnson Application remain as contained in the original December 3, 2004 Application.

RESPECTFULLY submitted this 7<sup>th</sup> day of October 2005.

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

By:   
Richard L. Sallquist  
4500 South Lakeshore Drive, Suite 339  
Tempe, Arizona 85282  
Phone: (480) 839-5202  
Fax: (480) 345-0412

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Original and fifteen copies of the foregoing filed this 7<sup>th</sup> day of October 2005:

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

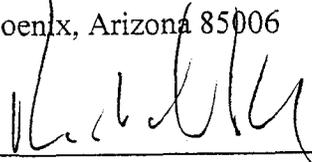
A copy of the foregoing mailed/hand delivered this 7<sup>th</sup> day of October 2005, to:

Hearing Division  
Arizona Corporation Commission  
1200 West 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

William P. Sullivan  
Curtis, Goodwin, Sullivan, Udall & Schwab  
2712 N. 7<sup>th</sup> St.  
Phoenix, Arizona 85006



---

**Legal Description**  
**Bella Vista Farms**

**Section 23, Township 3 South, Range 8 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona**

**REVISED EXHIBIT 2**

JOHNSON UTILITIES L.L.C. dba JOHNSON UTILITIES COMPANY  
TARIFF REVISION

PART FOUR- SECTION III. TERMINATION OF WATER SERVICE FOR NON-  
PAYMENT OF WASTEWATER BILL

- III. Those Company customers who also receive water service from either H2O, Inc. ("H2O") or Diversified Water Utilities, Inc ("Diversified") are hereby notified that the Companies have been authorized by the Commission that in the event the wastewater bill of the Company is not paid in a timely fashion, and following notice by both Companies, the water service from H2O or Diversified may be terminated. Water service will not be restored until the customer pays to the Company the delinquent balance, plus all Reconnection of Service and Deposit Requirements pursuant to PART THREE, SECTION III of this Tariff, and the payment to H2O or Diversified of the applicable H2O or Diversified Reconnection of Service charges. Please see the H2O or Diversified Tariff, as applicable, in this regard.

Renumber to conform

**MEMORANDUM**

A-2

TO: Linda Jaress  
Executive Consultant III  
Utilities Division

FROM: Barb Wells  
Information Technology Specialist  
Utilities Division

THRU: Del Smith  
Engineering Supervisor  
Utilities Division

DATE: October 17, 2005

RE: **JOHNSON UTILITIES COMPANY (DOCKET NO. WS-02987A-04-0869)**  
**AMENDED LEGAL DESCRIPTION**

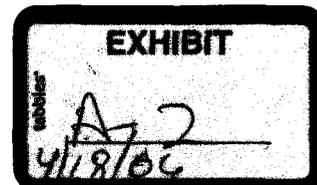
The area requested by Johnson for an extension for water service has been plotted with no complications using an amended legal description, which has been docketed. This legal description is attached and should be used in place of the original description submitted with the application.

Also attached is a copy of the map for your files.

:bsw

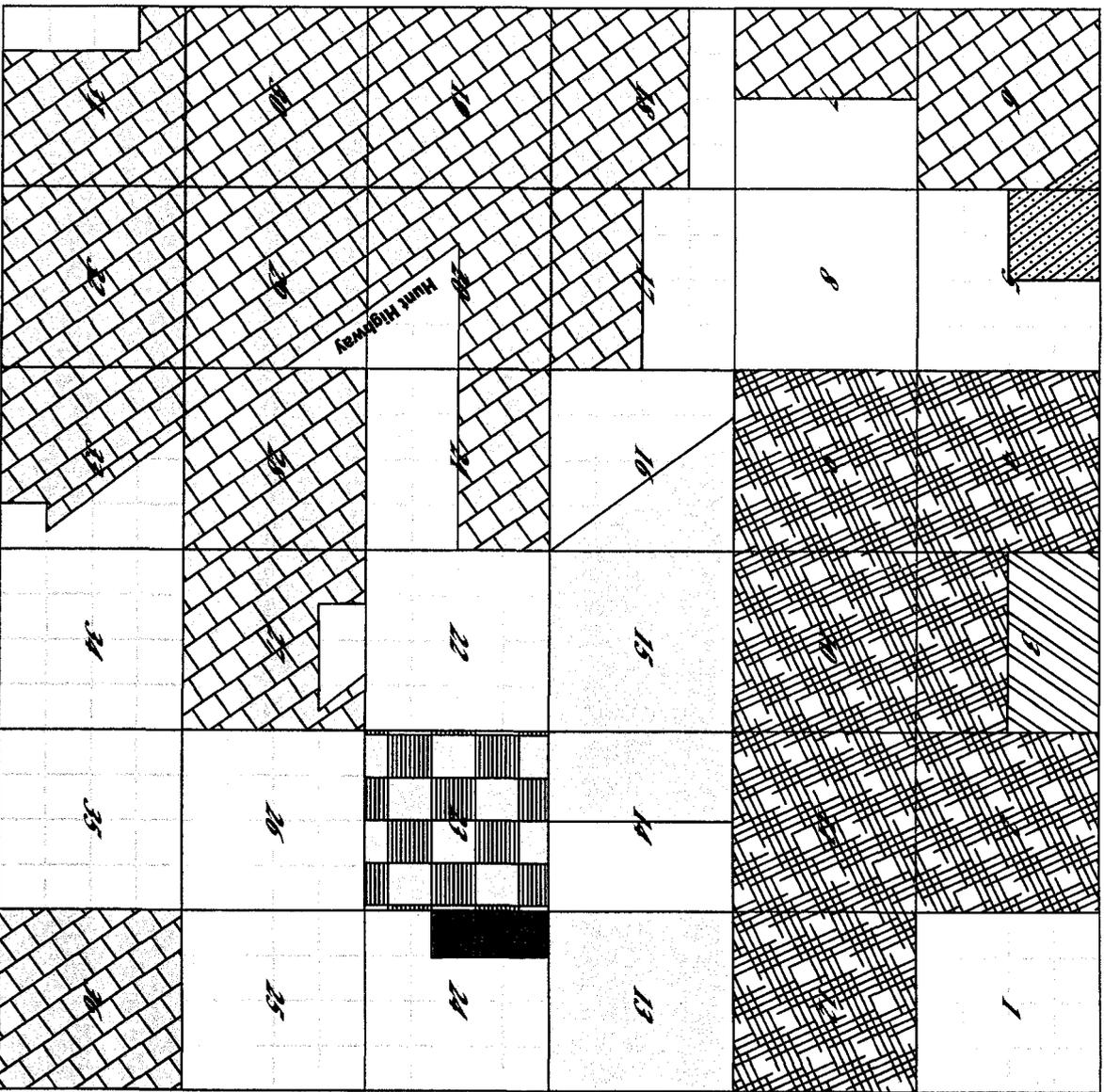
Attachments

cc: Docket Control  
Mr. Richard Sallquist  
Mr. John Chelus  
Ms. Deb Person (Hand Carried)  
File



# COUNTY: Pinal

## RANGE 8 East



## TOWNSHIP 3 South

-  W-2859 (3)  
Diversified Water Utilities, Inc.
-  W-2234 (2)  
H<sub>2</sub>O, Inc.
-  W-S-2987 (6)  
Johnson Utilities Company
-  W-2425 (2)  
Sun Valley Farms Unit VI Water Company
-  Sewer
-  Johnson Utilities Company (Water)  
Docket No. WS-2987-04-869  
Application for Extension
-  Johnson Utilities Company (Water)  
Docket No. WS-2987-05-088  
Application for Extension

**Legal Description**  
Bella Vista Farms

Section 23, Township 3 South, Range 8 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona

**REVISED EXHIBIT 2**

A-3

SALLQUIST, DRUMMOND & O'CONNOR, P.C.  
ATTORNEYS AT LAW  
TEMPE OFFICE  
4500 S. LAKESHORE DRIVE  
SUITE 339  
TEMPE, ARIZONA 85282

RICHARD L. SALLQUIST

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

February 17, 2006

**HAND DELIVERY**

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

Re: Johnson Utilities Company; Docket No. WS-02987A-04-0869; Affidavit of Publication

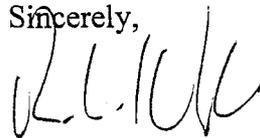
Dear Ms. Ryan:

The Procedural Order in this Docket requires the Company to file an Affidavit of Publication by February 17, 2006.

Enclosed please find 15 copies of that Affidavit.

If we can provide additional information, please do not hesitate to call.

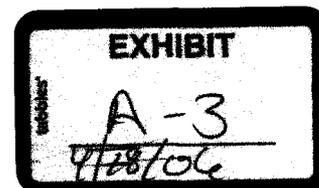
Sincerely,



Richard L. Sallquist

Enclosures

Cc: Hearing Division  
Legal Division  
Utilities Division  
Brian Tompsett



# Affidavit of Publication

STATE OF ARIZONA

COUNTY OF PINAL

} ss.

## PUBLIC NOTICE

PUBLIC NOTICE OF HEARING  
ON THE AMENDED APPLICATION  
OF JOHNSON UTILITIES COMPANY  
FOR AN EXTENSION OF ITS  
CERTIFICATE OF CONVENIENCE  
AND NECESSITY TO PROVIDE  
WATER SERVICE  
(WS-02987A-04-0869)

On December 3, 2004, as amended on October 7, 2005, Johnson Utilities Company ("Company") filed an application with the Arizona Corporation Commission ("Commission") for an extension of its Certificate of Convenience and Necessity ("CC&N") to provide water service to an area in Pinal County more specifically identified in the application. If the application is granted, the Company would be the exclusive provider of water to the proposed area, and would be required by the Commission to provide service under rates and charges and terms and conditions established by the Commission. 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 offices of the Company, 5230 E. Shea Blvd., Suite 200, Scottsdale, Arizona 85254.

The Commission will hold a hearing on this matter beginning on April 18, 2006, at 10:00 a.m., at the Commission's offices, 1200 West Washington Street, Phoenix, Arizona. Public comment 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 shall 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, 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 17, 2006. The granting of intervention, among other things, entitles a party to present sworn evidence at hearing and to cross-examine other witnesses. Failure to intervene will not preclude any potential customer from appearing at the hearing and making a statement on such person's own behalf. You will not, however, receive any further notice of the proceeding unless requested by you.

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 Lhogan@admin.cc.state.az.us. Requests should be made as early as possible to allow time to arrange the accommodation. No. of publications: 3; dates of publications: Jan. 19, 26, Feb. 2, 2006.

DONOVAN M. KRAMER SR. first being duly sworn deposes and says: That he is a native born citizen of the United States of America, over 21 years of age, that he is publisher of the Florence Reminder and Blade-Tribune, a weekly newspaper published at Florence, Pinal County, Arizona, on Thursday of each week; that a notice, a full, true and complete printed copy of which is hereunto attached, was printed in the regular edition of said newspaper, and not in a supplement thereto, for THREE consecutive issues the first publication thereof having been on the 19TH

day of JANUARY A.D., 2006

Second publication JANUARY 26, 2006

Third publication FEBRUARY 2, 2006

Fourth publication \_\_\_\_\_

Fifth publication \_\_\_\_\_

Sixth publication \_\_\_\_\_

## FLORENCE REMINDER AND BLADE-TRIBUNE

By Donovan M. Kramer Sr. / RK  
DONOVAN M. KRAMER SR., Publisher

Sworn to before me this 6th  
day of February A.D., 2006  
Armenia M Sanchez

Notary Public in and for the County  
of Pinal, State of Arizona  
Armenia M Sanchez  
My Commission Expires  
09/30/2009



A-4

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

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AZ CORP COMMISSION  
DOCUMENT CONTROL

5 **BEFORE THE ARIZONA CORPORATION COMMISSION**

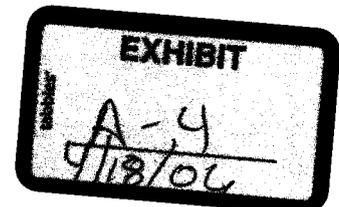
6 \_\_\_\_\_ )  
7 IN THE MATTER OF THE APPLICATION )  
OF JOHNSON UTILITIES COMPANY FOR )  
8 AN EXTENSION OF ITS EXISTING )  
CERTIFICATE OF CONVENIENCE AND )  
9 NECESSITY FOR WATER SERVICE. )

) DOCKET NO. WS-02987A-04-0869  
)  
) **APPLICANT'S COMMENTS AND**  
) **OBJECTIONS TO THE STAFF**  
) **REPORT**  
)

10 \_\_\_\_\_ )  
11 Johnson Utilities Company ("Johnson" or the "Company") by and through undersigned  
12 counsel, hereby provides its Comments and Objections to the Staff Report (the "Staff Report")  
13 dated March 17, 2006 as follows:

14 1. The Staff Report contains recommendations regarding two approvals that the  
15 Company should provide as compliance items in this Docket; namely, (1) the Pinal County  
16 Franchise for the subject area, and (2) the Designation of Assured Water Supply from the  
17 Arizona Department of Water Resources.

18 2. The Company received its original Pinal County Franchise on October 12, 1995,  
19 and has since received eight Expansions to that Franchise, which collectively covered the  
20 Company's entire Certificate of Convenience and Necessity ("CC&N") area. Attached hereto are  
21 15 copies of the November 4, 1998 Franchise that covers the subject area.  
22  
23



1           3.       Also attached is the Arizona Department of Water Resources Decision in Docket  
2 No 2003-004, Decision and Order No. 26-400665, dated August 12, 2003, confirming the  
3 availability of 52,250 Acre Feet of water. That is sufficient to serve in excess of 150,000  
4 customers.

5           4.       The Staff Report recommends denial of the Tariff Amendment attached to the  
6 Amended Application and Request for Tariff Approval, dated November 7, 2005. Please recall  
7 that this Docket was originally consolidated with Diversified Water Company ("Diversified")  
8 Docket No. W-02859A-04-0844, which was subsequently bifurcated by the Administrative Law  
9 Judge in Procedural Order dated December 13, 2005.

10          5.       Johnson was granted the Wastewater CC&N to serve the area in both dockets  
11 pursuant to Decision No 64062 dated October 4, 2001, and includes substantial additional area  
12 within Diversified's CC&N. Johnson and Diversified agreed in the Joint Settlement Statement  
13 that was docketed in the consolidated proceeding and referenced in the Staff Report, that each  
14 would file respective tariffs designed to assist in collection of Johnson's wastewater only  
15 customers monthly billings for services provided by Johnson in Diversified's water CC&N.  
16 Those Tariffs were appended to the Joint Settlement Statement.

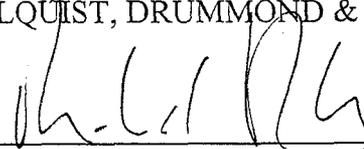
17          6.       Johnson is of the opinion that Diversified has filed that companion Tariff with the  
18 Commission.

19          7.       The Company is of the further opinion that it is appropriate that those Tariffs,  
20 which refer to the other company's companion Tariff in their respective Tariffs, should be  
21 approved by the Commission in this Docket to assure a timely effective date of those Tariff.  
22  
23

1           WHEREFORE, the Company respectfully requests that the Decision in this Docket  
2 acknowledge the docketing of the Staff's recommended compliance items, and further requests  
3 that the Commission approve the Tariffs as discussed above.

4                                   RESPECTFULLY submitted this 31<sup>st</sup> day of March 2006.

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

6                                   By:   
7                                   Richard L. Sallquist  
8                                   4500 South Lakeshore Drive, Suite 339  
9                                   Tempe, Arizona 85282  
                                  Phone: (480) 839-5202  
                                  Fax: (480) 345-0412

10  
11  
12  
13           Original and fifteen copies of the  
14           foregoing filed this 2<sup>nd</sup> day  
                  of March 2006:

15           Docket Control  
16           Arizona Corporation Commission  
17           1200 West Washington  
18           Phoenix, Arizona 85007

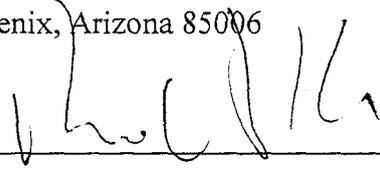
1 A copy of the foregoing  
mailed/hand delivered this  
2 4 day of March 2006, to:

3 Hearing Division  
Arizona Corporation Commission  
4 1200 West Washington  
Phoenix, Arizona 85007

5 Utilities Division  
6 Arizona Corporation Commission  
1200 West Washington  
7 Phoenix, Arizona 85007

8 Legal Division  
Arizona Corporation Commission  
9 1200 West Washington  
Phoenix, Arizona 85007

10 William P. Sullivan  
11 Curtis, Goodwin, Sullivan, Udall & Schwab  
2712 N. 7<sup>th</sup> St.  
12 Phoenix, Arizona 85006

13   
14 \_\_\_\_\_



*2nd Amended*  
OFFICIAL RECORDS OF  
PINAL COUNTY RECORDER

KATHLEEN C. FELIX

DATE: 12/08/98      TIME: 1636  
FEE :            0.00  
PAGES:           6  
FEE NO: 1998-050223

**Expansion and Amendment Of The Johnson Utility Water and Sewer Franchise**

**WHEREAS**, Johnson Utilities L.L.C. had received a water and sewer franchise from Pinal County to establish and maintain water and sewer services on Johnson Utilities L.L.C., see document number 1995-033065 in the Office of the Pinal County Recorder (hereinafter "Original Franchise").

**WHEREAS**, Johnson Utilities L.L.C., a(n) Arizona corporation, duly authorized to conduct business in the State of Arizona, has duly filed and presented to the Board of Supervisors of the County of Pinal, State of Arizona, its application for expansion of the Original Franchise for the purpose of constructing, operating and maintaining water and sewer lines and related appurtenances along, under and across the public streets, alleys and highways, except federal and state highways, within the unincorporated area of Pinal County, Arizona, as described in Exhibit "A" attached hereto (hereinafter "Expansion").

**WHEREAS**, upon filing of Johnson Utilities L.L.C.'s application for the Expansion, the Board of Supervisors of Pinal County ordered a public notice of its intent to consider the granting of the Expansion to be published in a newspaper of general circulation, in Pinal County, Arizona, stating the time and place for consideration of the Expansion was set for 10: 00 A.M. on November 4, 1998, at the Pinal County Board of Supervisors' Hearing Room, Administration Building No. 1, Florence, Arizona.

**WHEREAS**, said application for the Expansion and Amendment having come on regularly for hearing at 11:30 A.M. on November 4, 1998; and it appearing from the affidavit of the publisher of the Casa Grande Valley Newspaper that due and regular notice of said time and place set for the consideration of such action has been published for at least once a week for three consecutive weeks prior to said hearing date, to-wit: in the issues of the Florence Reminder and Blade-Tribune published on October 15, 1998, October 22, 1998, and October 29, 1998; and the matter being called for hearing at 11:30 A.M., and an opportunity having been given to all interested parties to be heard.

**WHEREAS**, the Board of Supervisors of Pinal County has the power to amend an existing franchise under its general police powers in such matters.

Second Amended  
Johnson Utility Water and Sewer Franchise

**NOW, THEREFORE,**

**Section 1: DEFINITIONS**

The following terms used in this expansion and amendment of the Original Franchise shall have the following meanings:

- A. County: Pinal County, Arizona
- B. Board: Board of Supervisors of Pinal County, Arizona.
- C. Grantor: Pinal County, by and through its Board of Supervisors
- D. Grantee: Johnson Utilities L.L.C., a(n) Arizona corporation, its successors and assigns
- E. Grantee's Facilities: water and sewer lines and related appurtenances

**Section 2: GRANT**

Grantor, on November 4, 1998, hereby grants to Grantee, for a period of time not to exceed the Original Franchise, this expanded and amended franchise (hereinafter "Second Amended Franchise") for the purpose of constructing, operating and maintaining water and sewer lines and related appurtenances along, under and across public streets, alleys and highways, except federal and state highways, under the terms and conditions set forth herein within the unincorporated area of Pinal County, Arizona, as described in the Expansion and the Original Franchise (hereinafter "Franchise Area").

**Section 3: ACCEPTANCE BY GRANTEE / EFFECTIVE DATE FRANCHISE**

The Second Amended Franchise shall be accepted by Grantee by written instrument in the form attached hereto as Exhibit "B" (hereinafter "Acceptance"), executed and acknowledged by it as a deed is required to be, and filed with the Clerk of the Pinal County Board of Supervisors within thirty days after the date this Second Amended Franchise is accepted by County. This Second Amended Franchise shall be effective upon delivery of the Acceptance to the Clerk of the Pinal County Board of Supervisors in the form required and within the time specified above.

**Section 4: LIMITS ON GRANTEE'S RECOURSE**

- A. Grantee by its acceptance of the Second Amended Franchise acknowledges such acceptance relies upon grantee's own investigation and understanding of the power and authority of the County to grant said franchise. Grantee by its acceptance of the Second Amended Franchise accepts the validity of the terms and conditions of the Second Amended Franchise in their entirety and agrees it

will not, at any time, proceed against County in any claim or proceeding challenging any term or provision of the Second Amended Franchise as unreasonable, arbitrary or void, or that County did not have the authority to impose such term or condition.

B. Grantee by accepting the Second Amended Franchise acknowledges that it has not been induced to accept the same by any promise, verbal or written, by or on behalf of County or by any third person regarding any term or condition of the Second Amended Franchise not expressed therein. Grantee by its acceptance of the Second Amended Franchise further pledges that no promise or inducement, oral or written, has been made to any employee or official of County regarding receipt of the Second Amended Franchise.

C. Grantee by its acceptance of the Second Amended Franchise further acknowledges that it has carefully read the terms and conditions of the Second Amended Franchise and accepts without reservation the obligations imposed by the terms and conditions herein.

D. In case of conflict or ambiguity between the Second Amended Franchise and the Original Franchise, the provision which provides the greatest benefit to County, as determined solely by County, shall prevail.

E. The Board's decision concerning its selection and awarding of the Second Amended Franchise shall be final.

#### **Section 5: SEVERABILITY**

If any section, provision, term or covenant or any portion of any section, provision, term or covenant of the Second Amended Franchise is determined to be illegal, invalid or unconstitutional, by any court of competent jurisdiction or by any state or federal regulatory agency having jurisdiction thereof, such determination shall have no effect on any remaining portion of such section, provision, term or covenant or the remaining sections, provisions, terms or covenants of the Second Amended Franchise, all of which will remain in full force and effect for the term of the Second Amended Franchise or any renewal or renewals thereof.

#### **Section 6: NOTICE**

Notices required under the Second Amended Franchise shall be delivered or sent by certified mail, postage prepaid to:

Grantor:

Clerk of the Pinal County Board of Supervisors  
P.O. Box 827  
31 N. Pinal  
Florence, Arizona 85232

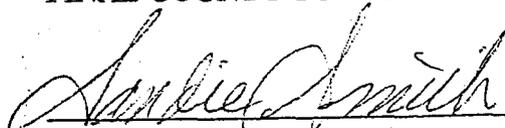
Grantee:

Johnson Utilities L.L.C.  
5320 E. Shea Blvd.  
Scottsdale, Arizona 85254

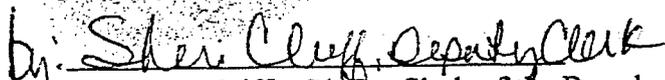
The delivery or mailing of such notice shall be equivalent to direct personal notice and shall be deemed to have been given at the time of delivery. Either party may change its address under this section by written notice to the other party.

IN WITNESS WHEREOF, the Board of Supervisors of Pinal County, Arizona, by its Chairman and its Clerk, thereunto duly authorized, has hereunto set its hand and cause its official seal to be affixed on November 4, 1998.

PINAL COUNTY BOARD OF SUPERVISORS

  
\_\_\_\_\_  
Sandie Smith, Chairman 11-4-98



by:   
Stanley D. Griffis, Ph.D., Clerk of the Board

APPROVED AS TO FORM:

ROBERT CARTER OLSON  
PINAL COUNTY ATTORNEY

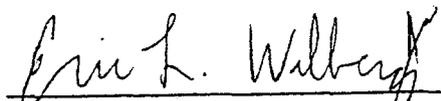
  
\_\_\_\_\_  
Eric L. Walberg, Deputy County Attorney

Exhibit A

JOHNSON UTILITIES  
FRANCHISE EXTENSION APPLICATION

All areas within the following described Sections not previously franchised to the Applicant:

Sections 35 and 36, all in Township 3 South Range 7 East

Sections 13 through 36, all in Township 3 South Range 8 East

Sections 16 through 21 and 28 through 33, all in Township 3 South Range 9 East

Sections 1 through 4, 10 through 14 and 23 through 26, all in Township 4 South Range 8 East

Sections 4 through 9, all in Township 4 South Range 9 East

Exhibit B

**SAMPLE ACCEPTANCE OF EXPANDED AND AMENDED FRANCHISE**

To: Board of Supervisors Pinal County, Arizona

Grantee, Johnson Utilities L.L.C., a(n) Arizona corporation, does hereby accept the \_\_\_\_\_ grant of an Second Amended Franchise from Pinal County, Arizona, to construct, operate, and maintain water and sewer lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, as described in the Application, a copy of which is attached to the Second Amended Franchise, which is made a part hereof.

Grantee unconditionally accepts the franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the Second Amended Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of the County of Pinal to impose the same.

Grantee declares that the statements and recitals in said Second Amended Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in said Second Amended Franchise recited to have been or to be made by Grantee.

attyciv\franchise\19981799 E&A Franchise Final



RAHILLER OFFICE

DATE: 12/08/98      TIME: 1636  
FEE :            0.00  
PAGES:          2  
FEE NO: 1998-050224

ail to:

rd of Supervisors

a 85232

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(The above space reserved for recording information)

**CAPTION HEADING**

---

Acceptance of Expanded and Amended Franchise

---

ACCEPTANCE OF EXPANDED AND AMENDED FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Johnson Utilities L.L.C., a(n) Arizona corporation, does hereby accept the November 4, 1998 grant of an Second Amended Franchise from Pinal County, Arizona, to construct, operate, and maintain water and sewer lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, as described in the Application, a copy of which is attached to the Second Amended Franchise, which is made a part hereof.

Grantee unconditionally accepts the franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the Second Amended Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of the County of Pinal to impose the same.

Grantee declares that the statements and recitals in said Second Amended Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in said Second Amended Franchise recited to have been or to be made by Grantee.

Dated this 16 day of November, 1998.

Johnson Utilities L.L.C.

By:

Title:

*[Handwritten signature]*  
*Manager*

STATE OF ARIZONA )  
 ) ss.  
County of )

The foregoing instrument was acknowledged before me this 16 day of November, 1998, by George H Johnson, Manager of Johnson Utilities, a(n) Arizona corporation, and being authorized to do so, executed the foregoing instrument on behalf of the corporation for the purposes therein stated.

*Christine M Dermody*  
Notary Public

My Commission Expires:

June 9, 2002



1 DEPARTMENT OF WATER RESOURCES  
2 BEFORE THE DIRECTOR  
3

4 **IN THE MATTER OF THE APPLICATION )**  
5 **OF JOHNSON UTILITIES )**  
6 **FOR A DESIGNATION AS HAVING AN )**  
7 **ASSURED WATER SUPPLY )**  

---

**AWS No. 2003-004**  
**DECISION AND ORDER**  
**No. 26-400665**

8 On December 26, 2001, the Department of Water Resources (Department) received an  
9 application from Johnson Utilities, L.L.C. requesting that the Department modify Johnson Utilities'  
10 designation of assured water supply pursuant to A.R.S. § 45-576(D) and A.A.C. R12-15-701 *et seq.* for  
11 Johnson Utilities' municipal water delivery system. On January 28, 2003, the Department determined the  
12 application to be complete.

13 After receiving Johnson Utilities' request to modify its designation of assured water supply, and  
14 after reviewing relevant information regarding the modification request, including: 1) the hydrologic study  
15 of the proposed source of supply on file with the Department, 2) information submitted regarding Johnson  
16 Utilities' consistency with the management plan and management goal, 3) information provided by the  
17 Arizona Department of Environmental Quality regarding the quality of the proposed source of water, and  
18 4) information regarding Johnson Utilities' financial capability to construct the necessary delivery system,  
19 treatment works and storage facilities, the Department finds the following:

- 20 1. Johnson Utilities is a private water company regulated by the Arizona Corporation  
21 Commission.
- 22 2. Johnson Utilities has the legal authority, as granted by the Arizona Corporation  
23 Commission, to deliver water to its customers located within the boundaries of its  
24 Certificate of Convenience and Necessity as indicated on maps on file with the  
25 Department.
- 26 3. Johnson Utilities has the right to withdraw and deliver groundwater to its customers  
27 pursuant to service area right #56-002346.0000.
- 28 4. Johnson Utilities currently serves 100 percent groundwater to its customers.
5. Johnson Utilities' current and committed demand is 1,232 acre-feet per year, as of 2003.

6. Johnson Utilities' groundwater supply proven to be physically available is 52,250 acre-feet per year.
7. Johnson Utilities' total groundwater supply which was proven to be physically, continuously and legally available is 18,154 acre-feet per year, which is greater than Johnson Utilities' projected demand for the calendar year 2011 of approximately 5,633 acre-feet per year.
8. Historic hydrologic information demonstrates that groundwater levels in the service area currently range from approximately 300 to 700 feet with a minimal regional decline.
9. After one hundred years of pumping at 5,633 acre-feet per year, the depth-to-water inside Johnson Utilities' service area is expected to range from 400 to 550 feet below land surface and not expected to exceed 1,000 feet below land surface.
10. Johnson Utilities is regulated as a large provider under the Department's Third Management Plan for the Phoenix Active Management Area. Johnson Utilities is in compliance with the Third Management Plan requirements as of the date of this decision and order.
11. The groundwater supply that Johnson Utilities intends to provide its customers currently meets all federal and state water quality standards, based on compliance information provided by the Arizona Department of Environmental Quality.
12. On June 9, 2000 Johnson Utilities became a member service area of the Central Arizona Groundwater Replenishment District ("CAGRDR").
13. The June 9, 2000 replenishment agreement between Johnson Utilities and the CAGRDR limits the replenishment obligation of the CAGRDR to 5,967 acre-feet per year, which is more than Johnson Utilities projected 2011 demand of 5,633 acre-feet per year.
14. On February 24, 1995, the Director designated that the CAGRDR Plan of Operation was consistent with achieving the management goal of the Phoenix Active Management Area.
15. As of the date of this decision and order, the CAGRDR is in compliance with its groundwater replenishment obligation for the Phoenix Active Management Area.
16. In accordance with Arizona Corporation Commission Rules and Regulations, Johnson Utilities finances extension of its distribution system through line extension agreements

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1 with owners of new developments. Any owner of a new subdivision served by Johnson  
2 Utilities must prove financial capability to construct the necessary water infrastructure to  
3 the appropriate platting entity and the Arizona Department of Real Estate pursuant to  
4 Titles 9, 11, and 32 of the Arizona Revised Statutes.

5 **Having reviewed the Findings of Fact, the Department makes the following**

6 **Conclusions of Law:**

- 7 1. The annual volume of water was found to be physically, continuously and legally available  
8 to Johnson Utilities for a minimum of 100 years as prescribed in A.A.C. R12-15-703, and  
9 exceeds Johnson Utilities' projected demand of 5,633 acre-feet for the year 2011.
- 10 2. The water supply served by Johnson Utilities currently meets the water quality  
11 requirements specified in A.A.C. R12-15-704.
- 12 3. Pursuant to A.R.S. § 45-576.01(B), 5,967 acre-feet of Johnson Utilities projected use of  
13 groundwater, as a member service area of the CAGR, is consistent with achieving the  
14 management goal of the Phoenix Active Management Area.
- 15 4. In accordance with A.A.C. R12-15-706, Johnson Utilities proposed use of water is  
16 consistent with the Phoenix Active Management Area Third Management Plan  
17 requirements.
- 18 5. Johnson Utilities satisfies the financial capability criteria prescribed in A.A.C. R12-15-707.
- 19 6. Johnson Utilities satisfied all the requirements for a designation of an assured water  
20 supply.

21 **Having reviewed the Conclusions of Law, the Department hereby issues this Order**  
22 **designating Johnson Utilities as having an assured water supply, subject to the following**  
23 **conditions:**

- 24 1. The Department reserves the right under A.A.C. R12-15-709 (A) to periodically review  
25 and modify this designation as conditions warrant.
- 26 2. Pursuant to A.A.C. R12-15-709, the Department may, at any time, review, modify or  
27 revoke this designation if the findings of fact or the conclusions of law upon which the  
28 designation are based change or are invalid.

- 1 3. The Department's determination that an assured water supply exists for Johnson Utilities  
2 is based on its analysis of the groundwater supplies pledged by Johnson Utilities.
- 3 4. Pursuant to A.A.C. R12-15-704, Johnson Utilities shall satisfy any state water quality  
4 requirements established for its proposed use after the date of this designation.
- 5 5. Johnson Utilities shall annually provide to the Department the following information in the  
6 manner prescribed in A.A.C. R12-15-711:
- 7 a. The estimated future demand of platted, undeveloped lots located in Johnson  
8 Utilities' service area.
  - 9 b. The projected demand at build-out for customers with which Johnson Utilities has  
10 entered into a notice of intent to serve agreement in the calendar year.
  - 11 c. A report regarding Johnson Utilities' compliance with water quality requirements.
  - 12 d. The depth-to-static water level of all wells from which Johnson Utilities withdrew  
13 water during the calendar year.
  - 14 e. Any other information requested by the Director to determine whether Johnson  
15 Utilities is continuing to meet all the requirements necessary to maintain this  
16 designation of assured water supply.

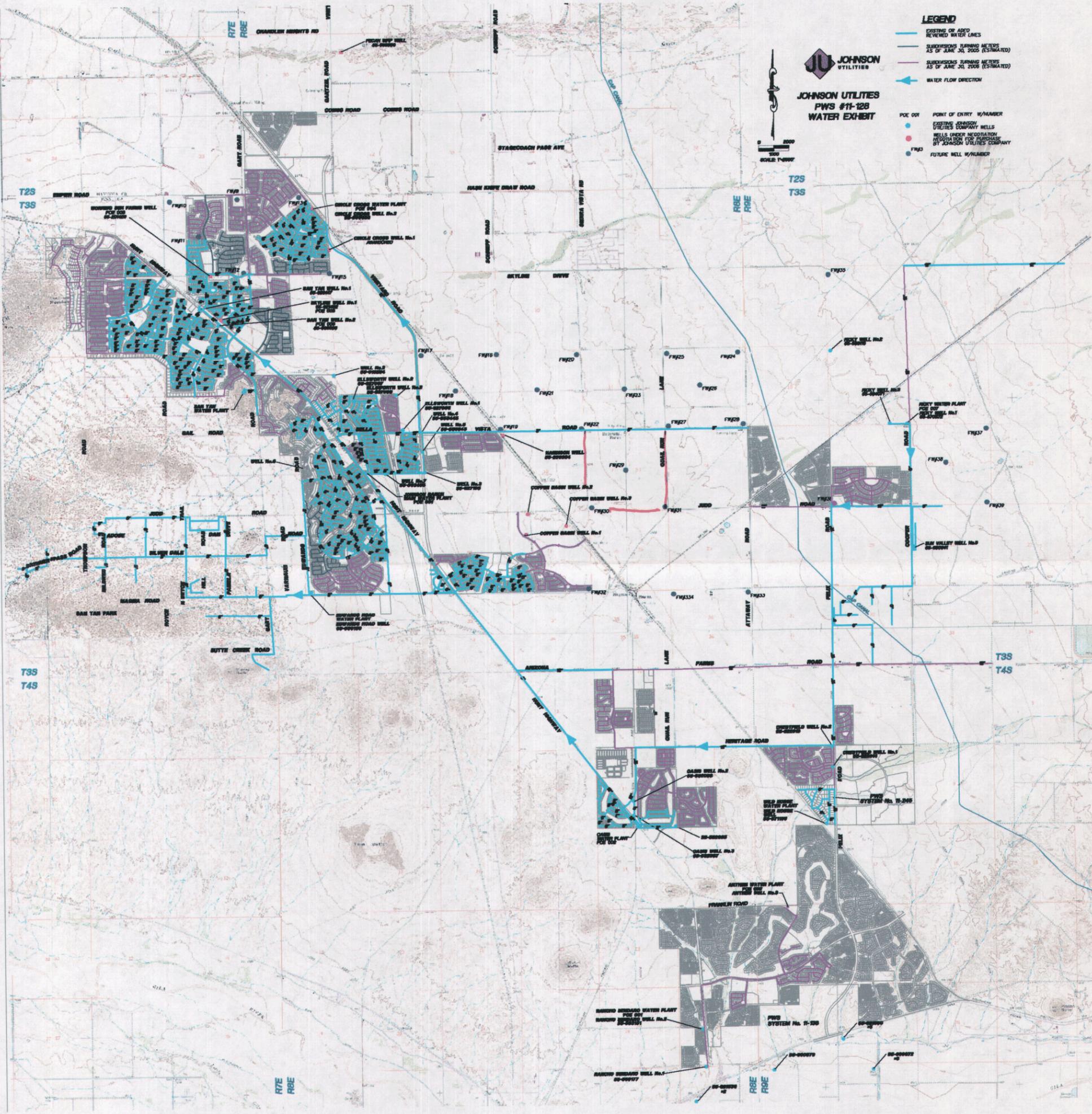
17 **IT IS HEREBY ORDERED THAT JOHNSON UTILITIES BE DESIGNATED AS HAVING AN  
18 ASSURED WATER SUPPLY:**

19 DATED this 12 day of August, 2003.

20 

21 Herb R. Guenther  
22 Director  
23  
24  
25  
26  
27  
28

EXHIBIT  
 A-5  
 4/18/06



**JOHNSON UTILITIES**  
 PWS #11-128  
 WATER EXHIBIT

- LEGEND**
- EXISTING OR ADD REVERSED WATER LINES
  - - - SUBDIVISIONS TURNING METERS AS OF JUNE 30, 2005 (ESTIMATED)
  - SUBDIVISIONS TURNING METERS AS OF JUNE 30, 2006 (ESTIMATED)
  - WATER FLOW DIRECTION
- POE 001 POINT OF ENTRY #/NUMBER
- EXISTING JOHNSON UTILITIES COMPANY WELLS
  - WELLS UNDER NEGOTIATION OR PURCHASE BY JOHNSON UTILITIES COMPANY
  - FUTURE WELL #/NUMBER

**Johnson Utilities Company - System #11-128**

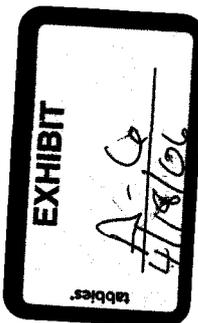
**PRODUCTION OPTIONS WITHIN JOHNSON UTILITIES SERVICE AREA  
Note: LOW NITRATES HAVE BEEN ASSUMED FOR ALL PRODUCTION WELLS  
EXCEPT FOR WELL #4.**

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)	Option #1 Well #4 "Untreated" ESTIMATED PRODUCTION CAPABILITY PER WELL IN: (gal/day)	Option #2 Well #4+#5 "blended & treated" Plus Others ESTIMATED PRODUCTION CAPABILITY PER WELL IN: (gal/day)
<b>Production:</b>						
J.R. Well No. 4 (untreated)	55-558445	Johnson	980006	500	720,000	0
J.R. Well No. 4 (Treated with R.O. Unit)	55-558445	Johnson	980006	0	0	0
J.R. Well #4 plus #5 (blended)	55-558443	Johnson	980006	1000	0	0
J.R. Well #4 plus #5 (blended & treated)	Misc.	Johnson	980006	917	0	1,320,480
Edwards Road Well No. 2 (untreated) (1)	55-586189	Johnson	2001037	35	50,400	50,400
Oasis Well No. 1 (untreated) (2)	55-582085	Oasis	20010611	110	158,400	158,400
Oasis Well No. 3 (untreated) (2)	55-582087	Oasis	20010611	110	158,400	158,400
Oasis Well No. 2 (untreated) (2)	55-582088	Oasis	20010611	110	158,400	158,400
Skyline (untreated) (3)	55-621462	Skyline	20020539	1000	1,440,000	1,440,000
Circle Cross Well #1 (untreated)	55-599026	Circle Cross	20020489	1000	1,440,000	1,440,000
Morning Sun Farms (4)	55-201429	Morning Sun	20050258	1000	1,584,000	1,584,000
San Tan Heights #2 (5)	55-598836	San Tan Hts.	20050161	700	1,008,000	1,008,000
Hardison Well #1 (6)	55-209384	Johnson	20050621	1000	COMPLETED	COMPLETED
Ellsworth Well #1	55-627089	Johnson	20050622	1000	COMPLETED	COMPLETED
Crestfield Well #1 (6)	55-622014	Johnson	20050506	1000	COMPLETED	COMPLETED
Crestfield Well #2	55-622013	Johnson	20050506	1000	COMPLETED	COMPLETED
Rickie Well #1	55-570372	SunValley	20010431	360	518,400	518,400
Rickie Well #3	55-594071	SunValley	20030384	360	518,400	518,400
<b>TOTAL ESTIMATED WELL PRODUCTION (GPD)</b>					<b>7,754,400</b>	<b>8,354,880</b>
<b>TOTAL ESTIMATED WELL PRODUCTION (GPM)</b>					<b>5,385</b>	<b>5,802</b>

Storage:	Storage Capacity (Gallons)	Units served @ 260 Gal/unit/day
Johnson Ranch Water Plant No. 1	500,000	1,923
Johnson Ranch Water Plant No. 1	100,000	385
Oasis Water Plant No. 1	500,000	1,923
Edwards Road Water Plant No. 2	50,000	192
Circle Cross Water Plant No. 1	500,000	1,923
San Tan Water Plant No. 1	1,000,000	3,846
Production from J.R. Well #4 plus #5 (blended)	1,320,480	5,078
Rickie Water Plant No.	50,000	192
<b>TOTAL ESTIMATED STORAGE CAPACITY (Gallons)</b>		<b>4,020,480</b>
<b>LESS FIRE STORAGE CAPACITY AS REQUIRED BY FIRE DISTRICT (Gallons)</b>		<b>-120,000</b>
<b>WELL PRODUCTION WITHOUT CIRCLE CROSS OF WELLS #4 &amp; #5 OPERATING (Gallons/day)</b>		<b>5,594,400</b>
<b>ESTIMATED 1 DAY SYSTEM PRODUCTION AND STORAGE CAPACITY (Gallons)</b>		<b>9,494,880</b>
<b>Units served @ 260 Gal/unit/day</b>		<b>36,519</b>

**TOTAL ESTIMATED STORAGE CAPACITY (Gallons) 4,020,480**  
**LESS FIRE STORAGE CAPACITY AS REQUIRED BY FIRE DISTRICT (Gallons) -120,000**  
**WELL PRODUCTION WITHOUT CIRCLE CROSS OF WELLS #4 & #5 OPERATING (Gallons/day) 5,594,400**  
**ESTIMATED 1 DAY SYSTEM PRODUCTION AND STORAGE CAPACITY (Gallons) 9,494,880**

- (\*) 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) ADEQ approval of construction issued June 3, 2005.
- (5) ADEQ approval of construction issued April 18, 2005.



A-6

Table "A"

Johnson Utilities Company - System #11-128

Well Identification Name System # 11-128	Well Identification Number	LOCATED WITHIN THE AREA OF:	ADEQ FILE NUMBER	ARSENIC LEVEL MG/L	POE
<b>Production:</b>					
J.R. Well No. 4 (untreated)	55-558445	Johnson	980006	0.003	#1
J.R. Well No. 4 (Treated with R.O. Unit)	55-558445	Johnson	980006		#1
J.R. Well #4 plus #5 (blended)	55-559843	Johnson	980006	0.005	#1
J.R. Well #4 plus #5 (blended & treated)	Misc.	Johnson	980006	0.005	#1
Edwards Road Well No. 2 (untreated)	55-586189	Johnson	2001037	0.002	#7
Skyline (untreated)	55-621462	Skyline	20020539	0.003	#3
Circle Cross Well #1 (untreated)	55-599026	Circle Cross	20020489	0.002	#4
Morning Sun Farms	55-201429	Morning Sun	20050258	0.004	#6
San Tan Heights #2	55-598836	San Tan Hts.	20050161	0.004	#5
Oasis Well #1 plus#2 plus #3 (blended)	Misc.	Oasis	20000349	0.003	#2
Rickie Water Plant	Misc.	Sun Valley	20020333	0.003	#8