

ORIGINAL
JOHNSON UTILITIES, L.L.



0000054864

5230 East Shea Boulevard * Scottsdale, Arizona 8525.
PH: (480) 998-3300; FAX: (480) 483-7908

June 16, 2006

Director Ernest Johnson
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007

RE: Johnson Utilities, L.L.C.: Compliance with Decision No. 68236
RE: Bond vs. Letter of Credit
WS-02987A-04-0889

Dear Mr. Johnson:

With the Bond vs. Letter of Credit issue soon to be heard in an Open Meeting, Johnson Utilities wanted to provide further testimony by requesting National Bank of Arizona to provide a letter explaining the benefits of the Letter of Credit the Commission is recipient to. Attached hereto as Attachment A, please find a letter to your attention from Mr. Larry Davis the Chief Credit Officer for National Bank listing these benefits.

If you would like any additional information in regards to the Letter of Credit, please do not hesitate to contact me. Thank you for your time and consideration in this matter.

Sincerely,

Daniel Hodges
Johnson Utilities, LLC

Cc: Brian Bozzo, Compliance Manager
Dick Sallquist, Sallquist, Drummond, & O'Connor
Docket Control, 15 copies

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ATTACHMENT A



National Bank
O F A R I Z O N A

Director Ernest Johnson
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007

June 14, 2006

Re: Johnson Utilities, L.L.C.

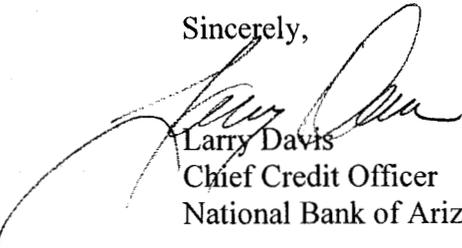
Dear Mr. Johnson:

Johnson Utilities asked National Bank of Arizona to comment on a bank issued Irrevocable Standby Letter of Credit (L/C) vs. a Performance Bond. Due to the simplicity of an L/C, my comments will be brief and to the point;

- The instrument is Irrevocable.
- Partial draws are allowed.
- Draws are allowed if recipient feels competitive water and wastewater services are not provided.
- The L/C is automatically renewable, unless the bank by certified mail notices recipient, 30 days prior to maturity, that the L/C will not be renewed.

This communiqué is for information purposes only and is not intended to amend or alter the terms and/or conditions of the original Letter of Credit being discussed. Should you have any questions concerning the simplicity of this instrument please contact me directly at 602-212-5440.

Sincerely,



Larry Davis
Chief Credit Officer
National Bank of Arizona

Cc: Richard L. Sallquist esq.