

ORIGINAL

JOHNSON UTILITIES, L.L.C.



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July 10, 2006

Mr. Brian Bozzo  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, Arizona 85007

AZ CORP COMMISSION  
DOCUMENT CONTROL

Arizona Corporation Commission  
**DOCKETED**

JUL 10 2006

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RE: Johnson Utilities, L.L.C.: Compliance with Decision No. 68237  
RE: Quarterly Reports on the status of the pending La Osa and Sonoran litigation  
WS-02987A-04-0288

Dear Mr. Bozzo:

Pursuant to the above referenced decision, Johnson Utilities hereby submits this compliance filing in accordance with the Commission's orders. As stated in my last report the Sonoran litigation has been settled with all Johnson defendants and this matter is closed. The La Osa litigation is still ongoing and the quarterly report is attached hereto as Attachment 1.

If staff would like to see any of the court documents listed on the summary or would like any additional information in regards to this compliance item, please let me know and it will be provided. Thank you for your time and consideration in this matter.

Sincerely,

Daniel Hodges  
Johnson Utilities, LLC

Cc: Ernest Johnson, Director  
Richard Sallquist, Sallquist, Drummond & O'Connor  
Docket Control

# ATTACHMENT 1

Status Report for State of Arizona v. Johnson et al., CV2005-002692

April 1, 2006 – June 30, 2006

Depositions: Depositions taken in this case from April 1, 2006 through June 30, 2006 were:

May 5, 2006	Edgar Suarez Olivio
May 8, 2006	Jack McCall
May 9, 2006	William Woehlecke
June 19, 2006	William Woehlecke (continued)
June 28, 2006	Octavio Olivio

Mediation: Mediation is scheduled for August 18, 2006 – August 21, 2006 with Thomas L. Toone serving as mediator. The parties are scheduled to submit their mediation memoranda to the mediator no later than August 14, 2006.

Court Dates: The parties are scheduled to appear before Judge Kenneth Fields on September 5, 2006 for a quarterly Status Conference.

Pending Motions: The following motions are pending:

On May 23, 2006, Counterdefendants Terry Goddard, Monica Goddard, and the Arizona Attorney General's Office filed a Petition for Special Action with the Arizona Court of Appeals (1 CA-SA 06-0114). Oral argument was heard on June 14, 2006. The Court granted the requested stay and accepted jurisdiction on June 14, 2006. The Case is currently under advisement.

On June 1, 2006, Counterdefendants Arizona Department of Environmental Quality and Stephen A. Owens and Karen Owens filed a Motion for Summary Judgment.

On June 21, 2006, Third-Party Plaintiffs ("Johnson Parties") and Third-Party Defendant 3F Contracting, Inc. filed a Joint Motion for Voluntary Dismissal of Third-Party Defendant 3F Contracting, Inc.

On July 3, 2006, Plaintiff State of Arizona filed a Motion to Stay Dismissal of Third-Party Defendant 3F Contracting, Inc. and Request for Disclosure of Third Party Settlement Agreement.

On July 10, 2006, Third-Party Plaintiffs ("Johnson Parties") and Third-Party Defendant 3F Contracting, Inc. filed a Joint Memorandum Responding to Motion to Stay Dismissal of Third-Party Defendant 3F Contracting, Inc.