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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

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COMMISSIONERS

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JEFF HATCH-MILLER, Chairman  
WILLIAM A. MUNDELL  
MIKE GLEASON  
KRISTIN K. MAYES  
BARRY WONG

AZ CORP COMMISSION  
DOCUMENT CONTROL

DOCKETED BY [Signature]

IN THE MATTER OF THE APPLICATION OF  
JOHNSON UTILITIES COMPANY FOR AN  
EXTENSION OF ITS CERTIFICATE OF  
CONVENIENCE AND NECESSITY FOR  
WASTEWATER SERVICE.

DOCKET NO. WS-02987A-04-0889

PROCEDURAL ORDER

BY THE COMMISSION:

On October 25, 2006, the Arizona Corporation Commission ("Commission") issued Decision No. 68326 which granted Johnson Utilities Company ("JUC") an application for an extension of its Certificate of Convenience and Necessity to provide wastewater service.

Decision No. 68236 required JUC, among other things, to "procure a \$500,000 performance bond, with proof of such performance bond filed in Docket Control, as a compliance item in this docket, prior to retail service being provided to any customers in the CC&N extension area."

On March 14, 2006, JUC filed an Application to Amend Decision No. 68236. In its Application, JUC states that it has obtained a Letter of Credit for \$500,000 in lieu of a performance bond and therefore seeks an amendment to Decision No. 68236 to allow substitution of the Letter of Credit for the Performance Bond.

On April 21, 2006, the Commission's Utilities Division Staff ("Staff") filed a Response to Motion to Amend Decision No. 68236. Staff indicated that the Irrevocable Letter of Credit obtained by JUC "conforms sufficiently to the ordered Performance Bond to be acceptable." Staff therefore recommended that Decision No. 68236 be amended to permit substitution of the Letter of Credit for the Performance Bond.

JUC's request to substitute a Letter of Credit for the required Performance Bond was discussed during the Commission's May 31/June 1, 2006 Open Meeting. During its discussion, the Commission determined that a hearing on JUC's request should be conducted at a subsequent Open

1 Meeting.

2 On July 27, 2006, Commissioner Mundell filed a letter in the docket stating that he believed  
3 an evidentiary hearing should be conducted by an Administrative Law Judge in order to advance the  
4 decision making process regarding this issue. Commissioner Mundell also stated that it would  
5 benefit the decision making process if JUC and Staff filed briefs prior to the hearing addressing the  
6 differences between a performance bond and an irrevocable letter of credit.

7 On July 31, 2006, Commissioner Mayes filed a letter expressing agreement with  
8 Commissioner Mundell's request to conduct a hearing and take briefs from JUC and Staff.

9 On August 9, 2006, Chairman Hatch-Miller's policy advisor filed a letter indicating that the  
10 Chairman takes no issue with sending these matters to hearing for development of an evidentiary  
11 record.

12 IT IS THEREFORE ORDERED that a **hearing shall be scheduled to commence on August**  
13 **25, 2006, at 9:30 a.m.**, at the offices of the Commission, 1200 West Washington, Phoenix, Arizona.

14 IT IS FURTHER ORDERED that **JUC and Staff shall file simultaneous Direct Testimony**  
15 **by no later than noon on August 21, 2006.** Oral rebuttal may be permitted in the discretion of the  
16 Administrative Law Judge.

17 IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend,  
18 or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at  
19 hearing.

20 DATED this 11<sup>th</sup> day of August, 2006

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24 DWIGHT D. NODES  
ASSISTANT CHIEF ADMINISTRATIVE LAW JUDGE

25 Copies of the foregoing mailed/delivered  
26 this 11 day of August, 2006 to:

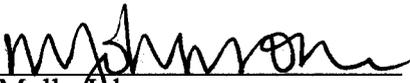
27 Richard Sallquist  
SALLQUIST & DRUMMOND  
4500 S. Lakeshore Drive, Ste. 339  
28 Tempe, AZ 85282  
Attorneys for Johnson Utilities Company, LLC

1 Brian Tompsett, Exec. Vice President  
2 Johnson Utilities Company, LLC  
3 5230 East Shea Blvd.  
4 Scottsdale, AZ 85254

3 Christopher Kempley, Chief Counsel  
4 Legal Division  
5 ARIZONA CORPORATION COMMISSION  
6 1200 West Washington Street  
7 Phoenix, Arizona 85007

6 Ernest G. Johnson, Director  
7 Utilities Division  
8 ARIZONA CORPORATION COMMISSION  
9 1200 West Washington Street  
10 Phoenix, Arizona 85007

9 ARIZONA REPORTING SERVICE, INC.  
10 2627 N. Third Street, Ste. Three  
11 Phoenix, Arizona 85004-1126

11 By:   
12 Molly Johnson  
13 Secretary to Dwight D. Nodes

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