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JOHNSON UTILITIES, L.L

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October 10, 2006

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

RE: Johnson Utilities, L.L.C.: Compliance with Decision No. 68235
RE: Quarterly Reports on the status of the pending La Osa and Sonoran litigation
WS-02987A-05-0088

Dear Mr. Bozzo:

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

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

Arizona Corporation Commission
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OCT 10 2006

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Cc: Docket Control (1 original, 13 copies)
Richard Sallquist, Sallquist, Drummond & O'Connor

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ATTACHMENT 1

Status Report for State of Arizona v. Johnson et al., CV2005-002692
July 1, 2006 – October 9, 2006

Depositions: Depositions taken in this case from July 1, 2006 through October 9, 2006 were:

| | |
|--------------------|----------------------|
| September 22, 2006 | Adil Morales Vasquez |
| September 27, 2006 | Thorry Smith |
| October 3, 2006 | Richard Ockenfels |
| October 5, 2006 | Lane Beck |
| October 5, 2006 | John McClellan |

Mediation: took place on August 18, 2006.

Court Dates: The parties are scheduled to appear before Judge Kenneth Fields on January 9, 2007 for an Interim Pretrial Management Conference and for Oral Argument on Defendants' Motion for Summary Judgment on Counts 6 and 10.

Pending Motions: The following motions are pending:

Defendants' Motion for Summary Judgment regarding Plaintiffs' Clean Water Act Claims (Counts Six and Ten). On October 6, 2006 the Court granted Defendants' Motion for Leave to File a Motion for Summary Judgment on Counts Six and Ten. Oral Argument on this Motion will be held on January 9, 2007.

On August 29, 2006, the State filed a Motion for Leave of the Court to File a Third Amended Complaint to add additional Defendants 3F Contracting, Inc., Jack McCall and Preston Well Drilling. The court granted the Motion during the Court hearing held on October 2, 2006. The State must file its Third Amended Complaint by October 16, 2006.