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2006 DEC -4 P 4: 41

AZ CORP COMMISSION
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Arizona Corporation Commission

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BEFORE THE ARIZONA CORPORATION COMMISSION

7 _____)
IN THE MATTER OF THE APPLICATION)
8 OF JOHNSON UTILITIES COMPANY FOR)
AN EXTENSION OF ITS CERTIFICATE OF)
9 CONVENIENCE AND NECESSITY FOR)
WASTEWATER SERVICE.)
10 _____)

DOCKET NO. WS-02987A-04-0288

NOTICE OF FILING BOND

11 Johnson Utilities, LLC, ("Johnson" or the "Company") hereby notifies the Commission
12 of the filing of the Performance Bond as required by Decision No. 68236 dated October 25,
13 2005.

14 1. On March 14, 2006, Johnson filed an Application to Amend Decision No. 68236
15 (the "Decision") requesting authority to file a Letter of Credit for \$500,000 in lieu of filing a
16 Performance Bond as required by the Decision.

17 2. On April 21, 2006 the Commission Staff filed Staff's Respond to Motion to
18 Amend Decision No. 68236 indicating that the Letter of Credit "conforms sufficiently to the
19 ordered Performance Bond to be acceptable".

20 3. Subsequently the Commission determined that an evidentiary hearing was
21 necessary to discuss the differences between Letters of Credit and Performance Bonds. During
22 the course of that hearing, the Company's Executive Vice President, Brian P. Tompsett, testified,
23

1 among other things, that the Company was having difficulty obtaining a Performance Bond and
2 that due to that difficulty and the higher cost, the Company had filed the subject Letter of Credit.
3 Also during that hearing, expert witnesses for both parties testified that the Letter of Credit was
4 in many ways superior to the Performance Bond, but suggested certain revisions to the form of
5 the Letter of Credit.

6 4. At the conclusion of the hearing, the Administrative Law Judge directed the
7 parties to meet off the record and to submit recommended forms of language for the Letter of
8 Credit and the ordering paragraphs in the requested Amended Decision. The parties did in fact
9 meet, but Johnson and Staff could not agree upon the language. Therefore, the Company and
10 Staff submitted separate recommendations on October 5, 2006, and October 10, 2006,
11 respectively. The Administrative Law Judge issued his Recommended Opinion and Order (the
12 "ROO") on October 19, 2006 adopting, in concept, the Staff's recommendations.

13 5. In response to the ROO, on October 30, 2006 the Company filed a "Motion
14 Requesting a Procedural Conference" seeking clarification of certain issues raised in the ROO.
15 That Motion was set for the Commission's consideration at the November 21, 2006 Open
16 Meeting, but was subsequently "pulled" from that Agenda.

17 6. On November 28, 2006, the Administrative Law Judge issued a Procedural Order
18 setting a Procedural Conference on this matter for December 12, 2006.

19 7. In the interim, and in an effort to expedite and simplify this matter, the Company
20 has pursued the Performance Bond as originally contemplated by the Decision. Immediate
21 posting of this bond will permit the Company to more timely serve the areas in the expanded
22 Certificated areas. On November 30, 2006, the Company was able to obtain the Performance
23 Bond. That original Performance Bond was provided directly to the Director of the Utilities

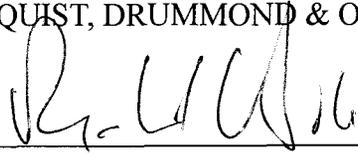
1 Division as required by the Decision. A copy of that bond is attached hereto as Attachment 1.
2 That filing meets the compliance requirements in accordance with the Decision.

3 8. The Company is aware of the Commission's interest in using performance
4 bonds/or letters of credit as security vehicles to assure performance in certain instances.
5 Therefore, the Company is willing and able to appear at the scheduled Procedural Conference to
6 further discuss these matters. It is the desire of the Company to come to a resolution of using
7 performance bonds/or letters of credit in the generic context. However, the Company believes it
8 is in the best interest of the Company and its customers to commence direct billing to these new
9 customers as soon as possible. The bond filing places the Company in compliance so that billing
10 can start as of December 1, 2006.

11 WHEREFORE, the Company hereby notifies the Commission of the filing of the
12 Performance Bond with the Director of the Utilities Division and docketing copies thereof. The
13 Company further notifies the Commission of its intent to bill the customers within the subject
14 area directly, and not as receiving wholesale service, commencing December 1, 2006.

15 RESPECTFULLY submitted this 4th day of December 2006.

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

17
18 By: 

19 Richard L. Sallquist
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21 Tempe, Arizona 85282
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Original and fifteen copies of the foregoing filed this 4th day of December 2006:

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

A copy of the foregoing mailed/hand delivered this 4th day of December 2006, to:

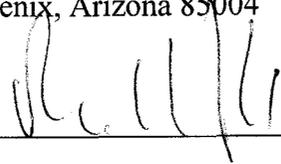
Brian C. McNeil
Arizona Corporation Commission
Executive Secretary
1200 West Washington Street
Phoenix, Arizona 85007

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

Sheryl Sweeney
Ryley, Carlock & Applewhite, P.A.
One North Central, Suite 1200
Phoenix, Arizona 85004



Accredited

A Property & Casualty Insurer Since 1971

Bond No. 10054804

Bond

Know All Men By These Presents, That we, Johnson Utilities, L.L.C., as Principal and Accredited Surety and Casualty Company, Inc, A Florida corporation authorized to do business in the State of Arizona, as Surety are held and firmly bound unto the Arizona Corporation Commission in the amount of Five Hundred Thousand and 00/100 (\$500,000), lawful money of the United States of America for the payment of which the Principal and Surety are hereby jointly and severally bound.

Now Therefore, if the said Principal, or any assigns of his fails to provide competitive water and sewer services so furnished and fails to cure the fault within 30 days of the notice from the Arizona Corporation Commission, the said Surety will pay the same to the users of the Principal with the consent of the Arizona Corporation Commission as Trustee, an amount not exceeding the sum hereinabove specified, then this obligation shall be null and void; otherwise it shall remain in full force and effect.

Provided Further, that regardless of the number of years this bond shall continue in force and the number of premiums which shall be payable or paid, the Surety shall not be liable thereunder for a larger amount, in the aggregate, than the amount of the bond.

Provided Further, that should the Surety so elect, this bond may be cancelled by the Surety as to subsequent liability by giving thirty (30) days notice in writing by certified mail to Obligee.

Signed, sealed and dated this 30th day of November 2006.

Johnson Utilities, L.L.C.

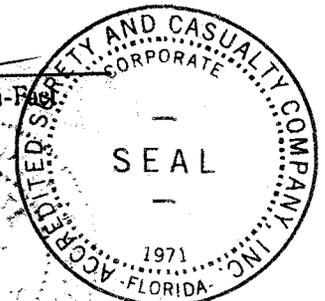
Accredited Surety and Casualty Company, Inc

By: _____

By: _____

Rosita Ciccolini

Attorney-In-Fact



Accredited Surety and Casualty Company, Inc.
400 South Park Avenue, Suite 320 . Winter Park, FL 32789
P. O. Box 1630, Winter Park, FL 32790-1630

(888) 668 2791
(407) 629 2562
Fax (407) 629 4553

ACCREDITED SURETY AND CASUALTY COMPANY, INC.

WINTER PARK, FLORIDA

CERTIFIED POWER OF ATTORNEY No. 10054804

KNOW ALL MEN BY THESE PRESENTS: That Accredited Surety And Casualty Company, Inc. herein after referred to as "Accredited" a Florida corporation, having its principal office at 400 Park Avenue South Suite 320, Winter Park, Florida, does hereby make, constitute and appoint:

ROSITA CICCOLINI

JAMES R. OLSEN

HOPE EAVES OLSEN

Its true and lawful Attorney(s)-in-fact, with full power and authority hereby conferred to each in their separate capacity if more than one is named above, to sign, execute and deliver on its behalf surety bonds and other instruments of similar nature excluding bail bonds not to exceed:

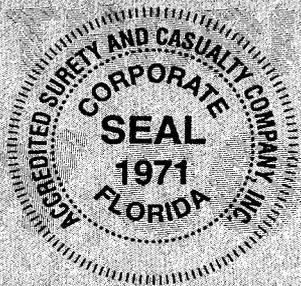
Five Hundred Thousand Dollars (\$500,000)

The acknowledgment and execution of any such document by the said Attorney-in-Fact shall be as binding upon this company as if such bond has been executed and acknowledged by the regularly elected officers of this company. Accredited further certifies that the power is a true and exact copy of the resolution of the Board of Directors of Accredited duly adopted and now in force, to wit: "ALL bonds of the corporation shall be executed in the corporate name of the company by the President, Vice-President, Secretary, or any Assistant Secretary and they may appoint Attorneys-in-fact or agents, who shall have authority to issue bonds in the name of the Company."

IN WITNESS WHEREOF, the said ACCREDITED SURETY AND CASUALTY COMPANY, INC. has caused these presents to be executed by its authorized officer the 30 day of November, 2006

ACCREDITED SURETY AND CASUALTY COMPANY, INC.

Corporate Seal



By:

L. Samir Jallad

L. Samir Jallad, Vice-President

State of Florida } SS
County of Orange } SS

On this 30 day of November, 2006, before me, a Notary Public, personally appeared the above named officer who is personally known to me, and being duly sworn, acknowledged that he signed the above Power of Attorney as President or Vice-President of the said ACCREDITED SURETY AND CASUALTY COMPANY, INC., and acknowledged said instrument to be the voluntary act of said corporation.

SARA RUSSELL
NOTARY PUBLIC - STATE OF FLORIDA
COMMISSION # DD324595
EXPIRES 5/31/2008
BONDED THRU 1-888-NOTARY1

Sara Russell

Notary Public, State of Florida

I, the undersigned, officer of Accredited, do hereby certify that this is a true, correct and Certified copy of Power of Attorney, In testimony whereof, I have hereunto set my hand and the seal of Accredited which is still in full force effective this * 30th day of November, 2006. Signed and sealed at the City of Winter Park, Florida.

ACCREDITED SURETY AND CASUALTY COMPANY, INC.

By:

L. Samir Jallad

L. Samir Jallad, Vice-President



*IMPORTANT: This date must be filled in before it is attached to the bond and it must be the same date as the bond.
NOTE: For confirmation of this authority, please contact our underwriting Department at 1 888 668 2791.
NOTICE: Originals of this power of attorney are printed on security paper.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

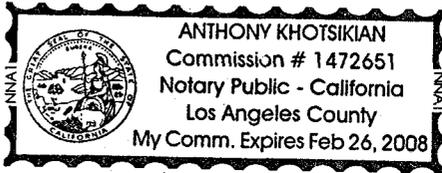
State of CALIFORNIA } ss.

County of LOS ANGELES } ss.

On 11/30/2006, before me, Anthony Khotsikian - NOTARY PUBLIC,
Date Name and Title of Officer (e.g., "Jane Doe, NOTARY PUBLIC")

personally appeared Rosita Ciccolini - ATTORNEY-IN-FACT,

- personally known to me
- proved to me on the basis of satisfactory evidence



to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

[Handwritten Signature]

 Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Bond #: 10054804

Document Date: 11/30/2006 Number of Pages: -02-

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer

Signer's Name: _____

- Individual
- Corporate Officer – Title(s): _____
- Partner – Limited General
- Attorney in fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER
Top of Thumb here

Signer is Representing: ACCREDITED SURETY AND CASUALTY CO.