



ORIGINAL

FENNEMORE CRAIG

A PROFESSIONAL CORPORATION

RECEIVED
2003 JUN 27 P 4: 14

PATRICK J. BLACK
Direct Phone: (602) 916-5400
Direct Fax: (602) 916-5600
pblack@fclaw.com

AZ CORP COMMISSION
DOCUMENT CONTROL

OFFICES IN:
PHOENIX, TUCSON,
NOGALES, AZ; LINCOLN, NE
3003 NORTH CENTRAL AVENUE
SUITE 2600
PHOENIX, ARIZONA 85012-2913
PHONE: (602) 916-5000
FAX: (602) 916-5999

June 27, 2003

Arizona Corporation Commission

DOCKETED

JUN 27 2003

BY HAND DELIVERY

Ms. Nancy Cole
Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, Arizona 85007

DOCKETED BY 

Re: Docket Nos. W-02234A-00-0371, WS-02987A-99-0583, WS-02987A-00-
(618) 0168, W-02859A-00-0774, W-01395A-00-0748 0784
Compliance with Decision No. 64062

Dear Ms. Cole:

On behalf of Johnson Utilities Company, L.L.C. ("JUC"), enclosed please find an original and 21 copies of JUC's current water and wastewater utility franchise originally granted by Pinal County on October 12, 1995. Since that time, the franchise has been amended on eight separate occasions due to growth and expansion of JUC's service area within the county. Therefore, also enclosed are the eight subsequent amendments which, along with the original grant, represent the entirety of JUC's Pinal County franchise.

This filing is made in compliance with Commission Decision No. 64062, which granted JUC's request for an extension of its certificate of convenience and necessity ("CC&N") on October 4, 2001. Finding of Fact No. 153 requires JUC to file a copy of its franchise from Pinal County with the Arizona Corporation Commission by October 4, 2003.

Should you have any questions, please do not hesitate to call. Thank you for your time and consideration in this matter.

Very truly yours,

Patrick J. Black

Enclosure

cc: Brian Tompsett, JUC (w/o encl.)
Brian Bozzo, Compliance (w/encl.)



Office of the Pinal County Attorney

Gilberto V. Figueroa
P.O. Box 887
Florence, Arizona 85232



William H. McLean
Chief Civil Deputy

Robert Carter Olson
Chief Deputy

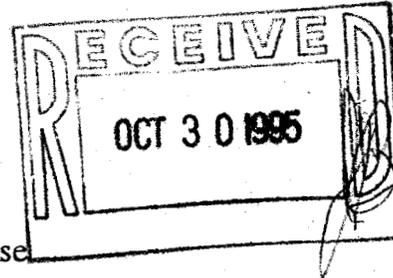
William E. Perry III
Chief Criminal Deputy

Writer's Direct Line:
(520) 868-6279

October 27, 1995

COPY

Mr. Richard L. Sallquist
SALLQUIST & DRUMMOND, P.L.C.
2525 East Arizona Biltmore Circle, Suite 117
Phoenix, AZ 85016-2129



RE: Johnson Utility Water and Sewer Franchise

Enclosed please find the recorded conformed copies of the **Creation Of The Johnson Utility Water and Sewer Franchise** and the **Acceptance Of The Johnson Utility Water and Sewer Franchise** for your files.

If you have any questions or comments, please do not hesitate to contact me.

Sincerely,

GILBERTO V. FIGUEROA
PINAL COUNTY ATTORNEY

Eric L. Walberg
Deputy County Attorney

ELW:alv

- Enc.: 1. Conformed Copy/Creation Of The Johnson Utility Water and Sewer Franchise
- 2. Conformed Copy/Acceptance Of The Johnson Utility Water and Sewer Franchise

cc: Jay Bateman, Assistant County Manager, Special Services

spec-tax\ltr-233.2

Date 10-27-95
Date 1995-033065

When recorded mail to:

Clerk of the Board
P.O. Box 827
Florence, Arizona 85232

COPY

(The above space reserved for recording information)

Creation Of The Johnson Utility Water and Sewer Franchise

Creation Of The Johnson Utility Water and Sewer Franchise

WHEREAS, Johnson Utilities L.L.C., an Arizona limited liability company, duly authorized to conduct business in the State of Arizona, has duly filed and presented to the Board of Supervisors of the County of Pinal, State of Arizona, its application for a new public utility franchise for the purpose of constructing, operating and maintaining sewer and water lines and related appurtenances along, under and across the public streets, alleys and highways, except federal and state highways, within the unincorporated area of Pinal County, Arizona, as described in Exhibit "A" attached hereto (hereinafter "Application").

WHEREAS, upon filing of the Application for the public utility franchise, the Board of Supervisors of Pinal County ordered a public notice of its intent to consider the granting of the public utility franchise to be published in a newspaper of general circulation, in Pinal County, Arizona, stating the time and place for consideration of the Application was set for 2:00 p.m. on October 5, 1995, at the Pinal County Board of Supervisors' Hearing Room, Administration Building No. 1, Florence, Arizona.

WHEREAS, said Application having come on regularly for hearing at 2:00 p.m. on October 5, 1995; and it appearing from the affidavit of the publisher of the Florence Reminder-Blade Tribune that due and regular notice of said time and place set for the consideration of such action has been published for at least once a week for three consecutive weeks prior to said hearing date, to-wit: in the issues of the Florence Reminder-Blade Tribune published on September 14, 1995, September 21, 1995, and September 18, 1995; and the matter being called for hearing at 2:00 p.m., and an opportunity having been given to all interested parties to be heard.

WHEREAS, the Board of Supervisors of Pinal County has the power to create a water and sewer franchise under its general police powers in such matters.

NOW, THEREFORE,

Section 1: DEFINITIONS The following terms used in this expansion and amendment of the Original Franchise shall have the following meanings:

- A. County: Pinal County, Arizona
- B. Board: Board of Supervisors of Pinal County, Arizona.
- C. Grantor: Pinal County, by and through its Board of Supervisors
- D. Grantee: Johnson Utilities L.L.C., an Arizona limited liability company, its successors and assigns
- E. Grantee's Facilities: Sewer and water lines and related appurtenances

Section 2: GRANT

A. Grantor, on October 12, 1995, hereby grants to Grantee, for a period of 25 years, this new public utility franchise (hereinafter "Franchise") for the purpose of constructing, operating and maintaining sewer and water lines and related appurtenances along, under and across public streets, alleys and highways, except federal and state highways, under the terms and conditions set forth herein within the unincorporated area of Pinal County, Arizona, as described in the Application (hereinafter "Franchise Area").

B. Nonexclusive Franchise.

(1) The Franchise granted hereby shall not be exclusive and shall not restrict in any manner the right of County in the exercise of any regulatory power which it now has or which may hereafter be authorized or permitted by the laws of the State of Arizona. Nothing herein shall be construed to prevent County from granting other like or similar franchises to any other person, firm or corporation. County retains and shall ever be considered as having and retaining the right and power to allow and to grant to any other person, firm, corporation or other companies, franchise rights and privileges to be exercised in and upon its public streets, alleys, highways and public places, and such of the same and parts thereof as County may deem best or choose to allow, permit, give or grant.

(2) Nothing herein shall be construed to prevent County and its proper authorities from constructing and installing water lines, sewers, gutters, or improvements to its public highways, streets and alleys, and for that purpose, to require the Grantee at Grantee's own expense to remove Grantee's facilities to conform thereto and facilitate the same.

C. Reservation of Rights.

(1) County reserves the right to alter and amend the Franchise at any time and in any manner necessary for the safety or welfare of the public or to protect the public interests, and County reserves the right to impose at any time restrictions and limitations upon the use of the public streets, alleys and highways as County deems best for the public safety or welfare.

(2) County expressly reserves the right, after due notice to grantee, to modify, amend, alter, change or eliminate any of the provisions of the Franchise which may become obsolete or impractical; and to impose such additional conditions upon the grantee as may be just and reasonable, such conditions to be those deemed necessary for the purpose of insuring adequate service to the public; provided however, County shall not modify, amend, alter, change or eliminate any of said provisions until after a public hearing, if such is legally required or requested by grantee.

Section 3: RENEWAL/SUBSEQUENT APPLICATION/REMOVAL OF SYSTEM

A. The Franchise herein granted shall expire on the October 11, 2020; and upon its termination, Grantee shall cease to exercise under the terms of the Franchise the privileges herein granted. In the event Grantee desires a renewal of the Franchise herein granted, or a new franchise for a subsequent period, Grantee shall apply to and open negotiations with County for that purpose at least six (6) months before the expiration of the Franchise herein granted; but nothing herein shall be construed to bind County to grant such renewal or subsequent franchise.

B. Upon termination of the Franchise the grantee shall remove its facilities from the streets, alleys, ways, highways and bridges within the Franchise Area and shall restore the areas to their original condition. If such removal is not completed within six months of such termination, County may deem any property not removed as having been abandoned.

Section 4: REGULATION

Grantee, its successors and assigns shall be subject to reasonable regulations for the maintenance by grantee, its successors and assigns, of such portion of the public streets, alleys and highways altered, damaged or destroyed by Grantee, its agents or employees in exercising the privileges granted by the Franchise.

Section 5: CONSTRUCTION, INSTALLATION AND REPAIRS

A. Prior to the beginning of any construction for installation of sewer and water lines and related appurtenances, the Grantee, its successors and assigns will submit a plan of proposed construction to the Pinal County Engineer and will not commence any construction until the plan of construction is approved by the County Engineer or his designate.

B. All work performed by Grantee under the Franchise shall be done in the manner prescribed by County and subject to the supervision of County, and in strict compliance with all laws, ordinances, rules and regulations of federal, state and local governments.

C. No construction, reconstruction, repair, or relocation under the Franchise shall be commenced until written permits have been obtained from the proper county officials. In any permit so issued, such officials may impose such conditions and regulations as a condition of the granting of the same as are necessary for the purpose of protecting any structures in the highways or streets and for the proper restoration of such highways, streets and structures, and for the protection of the public and the continuity of pedestrian and vehicular traffic.

D. No construction under the Franchise by grantee shall impose upon County the duty to maintain any public street, alley or highway unless County accepts said public street, alley or highway into the county maintenance system as provided by law.

Section 6: INSPECTION

County shall, if it deems it necessary, have the right to inspect the construction, operation and maintenance of Grantee's facilities to insure the proper performance of the terms of the Franchise granted herein.

Section 7: SUFFICIENCY, LOCATION AND MAINTENANCE

All of Grantee's Facilities shall be in all respects adequate, efficient, substantial and permanent in design and workmanship, and shall be so located, erected and maintained so as not to interfere with the use and enjoyment of the public streets, alleys and highways. All of Grantee's Facilities erected by Grantee shall be maintained in a safe, suitable, substantial condition and in good order and repair.

Section 8: EXPANSION

Grantee will, from time to time, during the term of the Franchise make such enlargements and extensions of its water and sewer system as are necessary to adequately provide for the requirements of County and the inhabitants of the Franchise Area; provided that nothing herein shall compel Grantee to expand or enlarge its system beyond the economic and operating limits thereof. Such enlargements and extensions shall be made in accordance with company rules and regulations.

Section 9: RELOCATION

A. During the term of the Franchise whenever County or any qualified authority having jurisdiction in the Franchise Area alters, repairs, improves, or changes the grade of, any public streets, alleys and highways in the Franchise Area during the term of the Franchise, then and in such event, Grantee, its successors or assigns, at its own expense, shall promptly, upon reasonable notice, make such changes in the location, structure or alignment of its sewer and water lines and related appurtenances as the public officials in charge of such work may deem necessary.

B. After thirty (30) days notice to Grantee, of needed changes or corrections and upon the failure of Grantee, to make such changes set forth in Section 9(A) above or to correct any damage to the right-of-way of any public street, alley or highway within the Franchise Area caused directly or indirectly by Grantee, its agents, successors or assigns, County or its successors shall have the right to make such changes or corrections at the expense of said Grantee, its successors or assigns, and such expenses shall be due and payable upon written demand by County or its successors to Grantee, its successors or assigns.

Section 10: LIABILITY

A. If any streets, highways, alleys, ways, bridges, sidewalks, public place, or other public facility should be disturbed, altered, damaged or destroyed by Grantee, its employees, contractors, subcontractors or agents in the construction, installation, operation and maintenance of Grantee's Facilities under the Franchise, the same shall be promptly

repaired, reconstructed, replaced or restored by Grantee, without cost to County, as soon as practicable and in as good condition as before Grantee's entry and to the satisfaction of County. If Grantee fails to make such restoration and repairs within a reasonable time as determined by County, then County may fix a reasonable time for such restoration and repairs and shall notify Grantee in writing of the restoration and repairs required and the time fixed for the performance thereof. Upon failure of Grantee to comply within the time specified, County may cause proper restoration and repairs to be made, and the expense of such work shall be paid by Grantee upon demand by County.

B. Grantee shall be responsible to every owner of property which shall be injured by the work of construction, installation, operation or maintenance of Grantee's Facilities under the Franchise, all physical damage which shall be done to such injured property through any act or omission of Grantee, its employees, contractors, subcontractors or agents arising out of said construction, installation, operation or maintenance.

C. It is a condition of the Franchise that County shall not and does not by reason of the Franchise assume any liability of the Grantee whatsoever for injury to persons or damage to property.

Section 11: INDEMNIFICATION

Grantee by its acceptance of the Franchise agrees for itself, its successors and assigns that throughout the entire term of this franchise, Grantee, its successors and assigns, at its sole cost and expense, shall indemnify, defend, save and hold harmless Pinal County, its elected officers, employees and agents from any and all lawsuits, judgments and claims for injury, death and damage to persons and property, both real and personal, caused by the construction, design, installation, operation or maintenance of any structure, equipment, sewer and water lines or related appurtenances by Grantee within the Franchise Area. Indemnified expenses shall include, but not be limited to, litigation and arbitration expenses, and attorneys' fees.

Section 12: ACCEPTANCE BY GRANTEE / EFFECTIVE DATE FRANCHISE

The Franchise shall be accepted by Grantee by written instrument in the form attached hereto as Exhibit "B" (hereinafter "Acceptance"), executed and acknowledged by it as a deed is required to be, and filed with the Clerk of the Pinal County Board of Supervisors within thirty days after the date this Franchise is accepted by County. This Franchise shall be effective upon delivery of the Acceptance to the Clerk of the Pinal County Board of Supervisors in the form required and within the time specified above.

Section 13: LIMITS ON GRANTEE'S RECOURSE

A. Grantee by its acceptance of the Franchise acknowledges such acceptance relies upon grantee's own investigation and understanding of the power and authority of the County to grant said franchise. Grantee by its acceptance of the Franchise accepts the validity of the terms and conditions of the Franchise in their entirety and agrees it will not, at any time, proceed against County in any claim or proceeding challenging any term or provision of the

Franchise as unreasonable, arbitrary or void, or that County did not have the authority to impose such term or condition.

B. Grantee by accepting the Franchise acknowledges that it has not been induced to accept the same by any promise, verbal or written, by or on behalf of County or by any third person regarding any term or condition of the Franchise not expressed therein. Grantee by its acceptance of the Franchise further pledges that no promise or inducement, oral or written, has been made to any employee or official of County regarding receipt of the Franchise.

C. Grantee by its acceptance of the Franchise further acknowledges that it has carefully read the terms and conditions of the Franchise and accepts without reservation the obligations imposed by the terms and conditions herein.

D. The Board's decision concerning its selection and awarding of the Franchise shall be final.

Section 14: FAILURE TO ENFORCE FRANCHISE

Grantee shall not be excused from complying with any of the terms and conditions of the Franchise by any failure of County, upon any one or more occasions, to insist upon the Grantee's performance or to seek Grantee's compliance with any one or more of such terms or conditions.

Section 15: COMPLIANCE WITH THE LAW

Grantee shall at all times, conduct its business under the Franchise in accordance with all federal, state and local laws, rules and regulations, as amended, including any future amendments thereto as may, from time to time, be adopted.

Section 16: INTERPRETATION/GOVERNING LAW

The interpretation and performance of the Franchise and of the general terms and conditions shall be in accordance with and governed by the laws of the State of Arizona.

Section 17: VENUE

Exclusive venue for any legal action to enforce the provisions, terms and conditions of the Franchise shall be the Superior Court of the State of Arizona in and for the County of Pinal, Florence, Arizona..

Section 18: SEVERABILITY

If any section, provision, term or covenant or any portion of any section, provision, term or covenant of the Franchise is determined to be illegal, invalid or unconstitutional, by any court of competent jurisdiction or by any state or federal regulatory agency having jurisdiction thereof, such determination shall have no effect on any remaining portion of such

section, provision, term or covenant or the remaining sections, provisions, terms or covenants of the Franchise, all of which will remain in full force and effect for the term of the Franchise or any renewal or renewals thereof.

Section 19: FORFEITURE OF FRANCHISE

A. If Grantee fails to comply with any of the provisions of this agreement or defaults in any of its obligations hereunder, except for causes beyond the reasonable control of Grantee; and shall fail within thirty (30) days after written notice from County to commence, and within a reasonable time, complete the correction of such default or noncompliance, County shall have the right to revoke this agreement and all rights of Grantee hereunder. In the event Grantee makes a general assignment or general arrangement for the benefit of creditors; or a trustee or receiver is appointed to take possession of substantially all of Grantee's Facilities within the Franchise Area or of Grantee's interest in this Franchise, where possession is not restored to Grantee within thirty (30) days; or Grantee's Facilities within the Franchise Area are subject to an attachment, execution or other seizure of substantially all of the Grantee's Facilities within the Franchise Area or this Franchise, where such seizure is not discharged within thirty (30) days, County may declare the Franchise, along with the Original Franchise, forfeited and terminated.

B. Nothing herein contained shall limit or restrict any other legal rights that County may possess arising from such violations.

Section 20: REVOCATION OF FRANCHISE

The Franchise may after due notice and hearing, be revoked by County for any of the following reasons:

- A. For false or misleading statements in, or material omissions from the application for the Franchise.
- B. For any transfer or assignment of the Franchise or control thereof without County's written consent.
- C. For failure to comply with any of the terms and conditions of the Franchise.

Section 21: ASSIGNMENT/TRANSFER

- A. Grantee shall not assign or transfer any interest in the Franchise without the prior written consent of County.
- B. The Franchise shall inure to the benefit of, and the provisions hereof made obligatory upon the grantee and shall inure to the benefit of and the provisions thereof be made obligatory upon any successors and assigns of the grantee; provided however, Grantee shall not sell or transfer its facilities or system to another, or transfer to another any right, privilege, permission or authority granted under the Franchise, whether such transfer is effected by purchase or acquisition of control of the stock shares of

Grantee or otherwise, without the prior written consent of the Pinal County Board of Supervisors, and provided further that no such sale or transfer shall be effective after the approval of said Board, as herein provided, unless and until the vendee or assignee of Grantee has filed with the Clerk of the Pinal County Board of Supervisors an instrument duly executed reciting the fact of such transfer and accepting without condition the terms of the Franchise and agreeing to perform all conditions hereof. Said Board shall not unreasonably withhold its consent to a proposed transfer.

Section 22: NOTICE

Notices required under the Franchise shall be delivered or sent by certified mail, postage prepaid to:

Grantor:

Clerk of the Pinal County Board of Supervisors
P.O. Box 827
31 N. Pinal
Florence, Arizona 85232

Grantee:

Johnson Utilities L.L.C.
5320 E. Shea Blvd.
Scottsdale, AZ 95224

The delivery or mailing of such notice shall be equivalent to direct personal notice and shall be deemed to have been given at the time of delivery. Either party may change its address under this section by written notice to the other party.

Section 23: REMEDIES

Rights and remedies reserved to the parties by the Franchise are cumulative and shall be in addition to and not in derogation of any other rights or remedies which the parties may have with respect to the subject matter of the Franchise and a waiver thereof at any time shall not affect any other time.

Section 24: RIGHT OF INTERVENTION

County hereby reserves to itself, and Grantee hereby grants to County, the right to intervene in any suit, action or proceeding involving any provision in the Franchise.

Section 25: BOOKS AND RECORDS

Grantee shall maintain books and records that identify all of Grantee's underground facilities by type and location within the Franchise Area. Grantee will make such books and records available to County upon County's request and without cost to County.

Section 26: RESERVATION OF OWNERSHIP

Nothing in this Franchise shall operate to vest ownership in the County, or its successors, of any of Grantee's property which Grantee, or its successors continues to operate for the benefit of the public, and which property Grantee, or its successors, has not abandoned for a period exceeding six months.

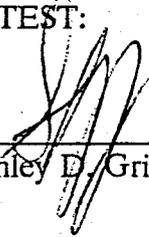
IN WITNESS WHEREOF, the Board of Supervisors of Pinal County, Arizona, by its Chairman and its Clerk, thereunto duly authorized, has hereunto set its hand and cause its official seal to be affixed on October 12, 1995.

PINAL COUNTY BOARD OF SUPERVISORS



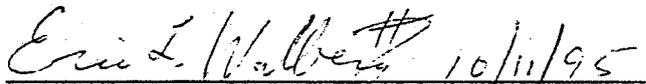
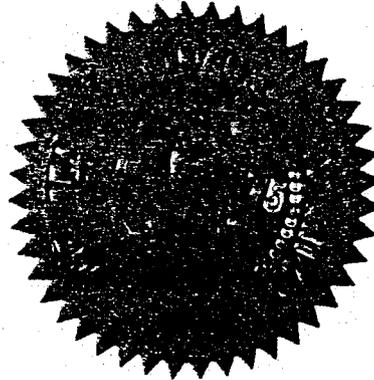
Lionel D. Ruiz, Chairman 10-12-95

ATTEST:


Stanley D. Griffis, Ph.D., Clerk of the Board

APPROVED AS TO FORM:

GILBERTO V. FIGUEROA
PINAL COUNTY ATTORNEY


Eric L. Walberg, Deputy County Attorney

1 Richard L. Sallquist (002677)
2 Sallquist & Drummond, P.L.L.C.
3 2525 E. Arizona Biltmore Circle, Suite 117
4 Phoenix, Arizona 85016
5 (602) 224-9222

6
7 BEFORE THE BOARD OF SUPERVISORS
8 OF
9 COUNTY OF PINAL, STATE OF ARIZONA

10 IN THE MATTER OF THE APPLICATION)
11 OF JOHNSON UTILITIES, L.L.C., dba)
12 JOHNSON UTILITY COMPANY, TO) APPLICATION FOR
13 OBTAIN A WATER AND WASTEWATER) NEW PUBLIC UTILITY FRANCHISE
14 FRANCHISE.)

15 TO THE HONORABLE BOARD OF SUPERVISORS:

16 COMES NOW the above-named Applicant and petitions the PINAL COUNTY BOARD
17 OF SUPERVISORS AS FOLLOWS:

18 I.

19 That petitioner, JOHNSON UTILITIES L.L.C. dba JOHNSON UTILITIES COMPANY
20 (Johnson), is an Arizona limited liability company with its principal place of business in the
21 County of Pinal, State of Arizona. The current address of Johnson is 5320 E. Shea Blvd.,
22 Scottsdale, Arizona 85254.

23 II.

24 That Johnson, hereinafter designated as the Grantee, doing business in Pinal County,
25 Arizona, hereby petitions your body for a Public Utility Franchise to maintain and operate a
26 water and wastewater system, including effluent transmission lines, to serve in portions of Pinal
County. The full legal description is attached hereto as Exhibit A.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

III.

That your petitioner has made application to the Arizona Corporation Commission for a Certificate of Public Convenience and Necessity to exercise the functions of a public utility to provide water and wastewater service to persons living within this said territory, subject to the laws of the State of Arizona.

IV.

That your petitioner, if granted the franchise for this territory, proposes to engage in and carry on the business of a water and wastewater company.

V.

That your petitioner is financially able to undertake installation of said services and provide water and wastewater service within the said territory for which this franchise is requested.

VI.

That the Board of Supervisors may impose such restrictions and limitations upon the public roads as it deems best for the public safety or welfare.

VII.

That petitioner submits herewith the required \$200.00 filing fee with this Application.

VIII.

That by reason of the facts already stated herein and because of the fact that no adequate and safe supply of water and no wastewater collection, treatment and disposal system are now available to persons now living, or who may live, within the said territory hereinbefore described, and because of the further fact that water and wastewater service promptly supplied to waiting customers and prospective applicants will do much to develop and improve the area described, and to increase the population of the communities within which services are supplied, your petitioner respectfully petitions your Honorable Board of Supervisors to grant this Application for a right and franchise from the County of Pinal, State of Arizona, to construct, maintain and operate their

1 pipelines and appurtenances for a water and wastewater system in, over, under, across and upon the
2 County owned Rights-of-Way for a period twenty-five (25) years.

3 K

4 That public Notice be given in a newspaper of general circulation published within the
5 County of Pinal, as may be required by law, prior to the date set for the consideration by the Board
6 of Supervisors of its intention to grant said Franchise application.

7 X

8 All correspondence regarding this Application should be addressed to:

9 George H. Johnson, Managing Member
10 Johnson Utilities, L.L.C.
11 5320 E. Shea Blvd.
12 Scottsdale, Arizona 85254

13 with a copy to:

14 Richard L. Sallquist
15 Sallquist & Drummond, P.L.L.C.
16 2525 E. Arizona Biltmore Circle
17 Suite 117
18 Phoenix, Arizona 85016

19 DATED this 15th day of August, 1995.

20 SALLQUIST & DRUMMOND, P.L.L.C.

21 By 
22 Richard L. Sallquist
23 2525 E. Arizona Biltmore Circle, Suite 117
24 Phoenix, Arizona 85016
25 Attorneys for Johnson Utility L.L.C.
26

LEGAL DESCRIPTION

SE 1/4 OF SEC. 18

S 1/2 OF NE 1/4 OF SEC 18

S 1/2 OF NW 1/4 OF SEC. 18

N 1/2 OF SW 1/4 OF SEC. 18

SE 1/4 OF SW 1/4 OF SEC. 18

E 1/2 OF SEC. 19

ALL PORTIONS OF SEC. 20, 28 AND 29 THAT ARE SOUTH AND WEST OF THE HUNT
HIGHWAY ALIGNMENT AS OF JUNE 12, 1995,

E 1/2 OF SEC. 30 AND 31

SEC. 32

ALL PORTIONS OF SEC. 33 SOUTH AND WEST OF THE HUNT HIGHWAY ALIGNMENT
AS OF JUNE 12, 1995, EXCEPT THE SE 1/4 OF SE 1/4

ALL IN T3S, R3E, GSRB&M, PINAL COUNTY, ARIZONA

EXHIBIT A

Exhibit B

ACCEPTANCE OF FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Johnson Utilities L.L.C., an Arizona limited liability company, does hereby accept the October 12, 1995 grant of a new public utility franchise from Pinal County, Arizona, (hereinafter "Franchise"), to construct, operate, and maintain sewer and water lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, as stated in its application for a new public utility franchise attached hereto as Exhibit "A" and made a part hereof.

Grantee unconditionally accepts the franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of the County of Pinal to impose the same.

Grantee declares that the statements and recitals in said Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in said Franchise recited to have been or to be made by Grantee.

Dated this _____ day of _____, 19__.

Johnson Utilities L.L.C.

By: _____

Title: _____

STATE OF ARIZONA)
) ss.
County of)

The foregoing instrument was acknowledged before me this _____ day of _____, 19__, by _____, of _____, an Arizona limited liability company, and being authorized to do so, executed the foregoing instrument on behalf of the corporation for the purposes therein stated.

Notary Public

My Commission Expires:



Office of the Pinal County Attorney

CIVIL DIVISION

Administration Building #2
Post Office Box 887
Florence, Arizona 85232

ROBERT CARTER OLSON

Pinal County Attorney

WILLIAM H. MCLEAN

Chief Civil Deputy

September 18, 1997

TELEPHONE

Main Line: (520) 868-6269

FAX: (520) 868-6521

TDD: (520) 868-6379

Writer's Direct Line:

(520) 868-6279

Richard L. Sallquist
Sallquist & Drummond, P.C.
2525 East Arizona Biltmore Circle
Suite 117
Phoenix, AZ 85016-2129

COPY

RE: Johnson Utilities Company Franchise

Dear Mr. Sallquist:

Enclosed for your files please find copies of the recorded **Expansion and Amendment Of The Johnson Utilities Company Water and Sewer Franchise and Acceptance of Expanded and Amended Franchise**. If you have any questions or comments, please do not hesitate to contact me.

Sincerely,

ROBERT CARTER OLSON
PINAL COUNTY ATTORNEY

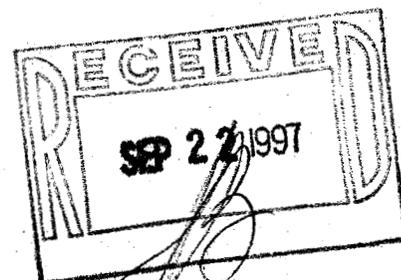
Eric L. Walberg
Deputy County Attorney

ELW:

Enclosure

cc: Jay Bateman, Assistant County Manager

spec-tax\ltr-1860.2





KATHLEEN C. FELIX

DATE: 09/04/97 TIME: 0843
FEE : 0.00
PAGES: 5
FEE NO: 1997-030624

Expansion and Amendment Of The Johnson Utilities Company
Water and Sewer Franchise

WHEREAS, Johnson Utilities L.L.C. had received a water and sewer franchise from Pinal County to establish and maintain water and sewer services on Johnson Utilities L.L.C., approved by Pinal County on October 12, 1995, and recorded in the Pinal County Recorder's Office at document number 1995-033065 (hereinafter "Original Franchise").

WHEREAS, Johnson Utilities L.L.C., an Arizona limited liability company, duly authorized to conduct business in the State of Arizona, has duly filed and presented to the Board of Supervisors of the County of Pinal, State of Arizona, its application for expansion of the Original Franchise for the purpose of constructing, operating and maintaining water and sewer lines and related appurtenances along, under and across the public streets, alleys and highways, except federal and state highways, within the unincorporated area of Pinal County, Arizona, described as Section 34, T3S, R8E, G&SRB&M, Pinal County, Arizona, and Sections 3, 4, 10 and 11, T4S, R8E, G&SRB&M, Pinal County, Arizona (hereinafter "Expansion").

WHEREAS, upon filing of Johnson Utilities L.L.C.'s application for the Expansion, the Board of Supervisors of Pinal County ordered a public notice of its intent to consider the granting of the Expansion to be published in a newspaper of general circulation, in Pinal County, Arizona, stating the time and place for consideration of the Expansion was set for 10:00 A.M. on July 9, 1997, at the Pinal County Board of Supervisors' Hearing Room, Administration Building No. 1, Florence, Arizona.

WHEREAS, said application for the Expansion and Amendment having come on regularly for hearing at 10:00 A.M. on July 9, 1997; and it appearing from the affidavit of the publisher of the Florence Reminder and Blade-Tribune that due and regular notice of said time and place set for the consideration of such action has been published for at least once a week for three consecutive weeks prior to said hearing date, to-wit: in the issues of the Florence Reminder and Blade-Tribune published on June 9, 1997, June 26, 1997, and July 3, 1997; and the matter being called for hearing at 10:00 A.M., and an opportunity having been given to all interested parties to be heard.

WHEREAS, the Board of Supervisors of Pinal County has the power to amend an existing franchise under its general police powers in such matters.

First Amended Johnson Utilities Company
Water and Sewer Franchise

NOW, THEREFORE,

Section 1: DEFINITIONS

The following terms used in this expansion and amendment of the Original Franchise shall have the following meanings:

- A. County: Pinal County, Arizona
- B. Board: Board of Supervisors of Pinal County, Arizona
- C. Grantor: Pinal County, by and through its Board of Supervisors
- D. Grantee: Johnson Utilities L.L.C., an Arizona limited liability company, its successors and assigns
- E. Grantee's Facilities: Water and sewer lines and related appurtenances

Section 2: GRANT

A. Grantor, on July 9, 1997, hereby grants to Grantee, for a period of time not to exceed the Original Franchise, this expanded and amended franchise (hereinafter "First Amended Franchise") for the purpose of constructing, operating and maintaining water and sewer lines and related appurtenances along, under and across public streets, alleys and highways, except federal and state highways, under the terms and conditions set forth herein within the unincorporated area of Pinal County, Arizona, as described in the Expansion and the Original Franchise (hereinafter "Franchise Area").

B. Nonexclusive Franchise.

(1) The First Amended Franchise granted hereby shall not be exclusive and shall not restrict in any manner the right of County in the exercise of any regulatory power which it now has or which may hereafter be authorized or permitted by the laws of the State of Arizona. Nothing herein shall be construed to prevent County from granting other like or similar franchises to any other person, firm or corporation. County retains and shall ever be considered as having and retaining the right and power to allow and to grant to any other person, firm, corporation or other companies, franchise rights and privileges to be exercised in and upon its public streets, alleys, highways and public places, and such of the same and parts thereof as County may deem best or choose to allow, permit, give or grant.

(2) Nothing herein shall be construed to prevent County and its proper authorities from constructing and installing sewers, gutters, or improvements to its public highways, streets

and alleys, and for that purpose, to require the Grantee at Grantee's own expense to remove Grantee's facilities to conform thereto and facilitate the same.

C. Reservation of Rights.

(1) County reserves the right to alter and amend the First Amended Franchise at any time and in any manner necessary for the safety or welfare of the public or to protect the public interests, and County reserves the right to impose at any time restrictions and limitations upon the use of the public streets, alleys and highways as County deems best for the public safety or welfare.

(2) County expressly reserves the right, after due notice to grantee, to modify, amend, alter, change or eliminate any of the provisions of the First Amended Franchise which may become obsolete or impractical; and to impose such additional conditions upon the grantee as may be just and reasonable, such conditions to be those deemed necessary for the purpose of insuring adequate service to the public; provided however, County shall not modify, amend, alter, change or eliminate any of said provisions until after a public hearing, if such is legally required or requested by grantee.

Section 4: AMENDMENTS TO THE ORIGINAL FRANCHISE

In reference to the Original Franchise document, the following amendments are made:

A. Insert a new Paragraph in Section 2, Page 2: "D. Other Required Approvals. The granting of this First Amended Franchise does not obligate any county official to support, recommend, or otherwise authorize or vote for any other license, permit or authority that the Grantee may seek which is required to construct and install any facilities within or related to the County's right-of-way."

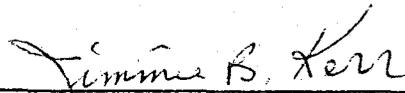
B. Insert a new sentence at the end of Section 5, Paragraph C on Page 3: "Grantee shall be authorized to construct facilities within the County's right-of-way only if the Grantee has obtained approval from all federal, state and local authorities having jurisdiction over said facilities."

Section 5: ACCEPTANCE BY GRANTEE / EFFECTIVE DATE FRANCHISE

The First Amended Franchise shall be accepted by Grantee by written instrument in the form attached hereto as Exhibit "A" (hereinafter "Acceptance"), executed and acknowledged by it as a deed is required to be, and filed with the Clerk of the Pinal County Board of Supervisors within thirty days after the date this First Amended Franchise is accepted by County. This First Amended Franchise shall be effective upon delivery of the Acceptance to the Clerk of the Pinal County Board of Supervisors in the form required and within the time specified above.

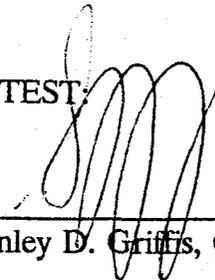
IN WITNESS WHEREOF, the Board of Supervisors of Pinal County, Arizona, by its Chairman and its Clerk, thereunto duly authorized, has hereunto set its hand and caused its official seal to be affixed on July 30, 1997.

PINAL COUNTY BOARD OF SUPERVISORS



Jimmie B. Kerr, Chairman

ATTEST:



Stanley D. Griffis, Clerk of the Board

APPROVED AS TO FORM:

ROBERT CARTER OLSON
PINAL COUNTY ATTORNEY



Eric L. Walberg, Deputy County Attorney

Exhibit A

ACCEPTANCE OF EXPANDED AND AMENDED FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Johnson Utilities L.L.C., an Arizona limited liability company, does hereby accept the July 30, 1997 grant of an First Amended Franchise from Pinal County, Arizona, to construct, operate, and maintain water and sewer lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona.

Grantee unconditionally accepts the franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the First Amended Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of the County of Pinal to impose the same.

Grantee declares that the statements and recitals in said First Amended Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in said First Amended Franchise recited to have been or to be made by Grantee.

Dated this _____ day of _____, 19__.

Johnson Utilities L.L.C.

By: _____

Title: _____

STATE OF ARIZONA)
) ss.
County of)

The foregoing instrument was acknowledged before me this _____ day of _____, 19__, by _____, of _____, an Arizona limited liability company, and being authorized to do so, executed the foregoing instrument on behalf of the company for the purposes therein stated.

Notary Public

My Commission Expires:

5



PINAL COUNTY RECORDER
KATHLEEN C. FELIX

When recorded return to:
Clerk of the Board
P.O. Box 887
Florence, AZ 85232

DATE: 08/06/98 TIME: 1551
FEE : 1.00
PAGES: 5
FEE NO: 1998-031193

Expansion and Amendment Of The Johnson Utility Water and Sewer Franchise

WHEREAS, Johnson Utilities L.L.C. had received a water and sewer franchise from Pinal County to establish and maintain water and sewer services on Johnson Utilities L.L.C., see document number 1995-033065 in the Office of the Pinal County Recorder (hereinafter "Original Franchise").

WHEREAS, Johnson Utilities L.L.C., a(n) Arizona limited liability company, duly authorized to conduct business in the State of Arizona, has duly filed and presented to the Board of Supervisors of the County of Pinal, State of Arizona, its application for expansion of the Original Franchise for the purpose of constructing, operating and maintaining water and sewer lines and related appurtenances along, under and across the public streets, alleys and highways, except federal and state highways, within the unincorporated area of Pinal County, Arizona, as described in Exhibit "A" attached hereto (hereinafter "Expansion").

WHEREAS, upon filing of Johnson Utilities L.L.C.'s application for the Expansion, the Board of Supervisors of Pinal County ordered a public notice of its intent to consider the granting of the Expansion to be published in a newspaper of general circulation, in Pinal County, Arizona, stating the time and place for consideration of the Expansion was set for 10:00 A.M. on May 20, 1998, at the Pinal County Board of Supervisors' Hearing Room, Administration Building No. 1, Florence, Arizona.

WHEREAS, said application for the Expansion and Amendment having come on regularly for hearing at 10:00 A.M. on May 20, 1998; and it appearing from the affidavit of the publisher of the Casa Grande Valley Newspaper that due and regular notice of said time and place set for the consideration of such action has been published for at least once a week for three consecutive weeks prior to said hearing date, to-wit: in the issues of the Florence Reminder and Blade-Tribune published on April 30, 1998, May 7, 1998, and May 14, 1998; and the matter being called for hearing at 10:00 A.M., and an opportunity having been given to all interested parties to be heard.

WHEREAS, the Board of Supervisors of Pinal County has the power to amend an existing franchise under its general police powers in such matters.

First Amended
Johnson Utility Water and Sewer Franchise

NOW, THEREFORE,

Section 1: DEFINITIONS

The following terms used in this expansion and amendment of the Original Franchise shall have the following meanings:

- A. Country: Pinal County, Arizona
- B. Board: Board of Supervisors of Pinal County, Arizona.
- C. Grantor: Pinal County, by and through its Board of Supervisors
- D. Grantee: Johnson Utilities L.L.C., a(n) Arizona limited liability company, its successors and assigns.
- E. Grantee's Facilities: water and sewer lines and related appurtenances

Section 2: GRANT

Grantor, on May 20, 1998, hereby grants to Grantee, for a period of time not to exceed the Original Franchise, this expanded and amended franchise (hereinafter "First Amended Franchise") for the purpose of constructing, operating and maintaining water and sewer lines and related appurtenances along, under and across public streets, alleys and highways, except federal and state highways, under the terms and conditions set forth herein within the unincorporated area of Pinal County, Arizona, as described in the Expansion and the Original Franchise (hereinafter "Franchise Area").

Section 3: ACCEPTANCE BY GRANTEE / EFFECTIVE DATE FRANCHISE

The First Amended Franchise shall be accepted by Grantee by written instrument in the form attached hereto as Exhibit "B" (hereinafter "Acceptance"), executed and acknowledged by it as a deed is required to be, and filed with the Clerk of the Pinal County Board of Supervisors within thirty days after the date this First Amended Franchise is accepted by County. This First Amended Franchise shall be effective upon delivery of the Acceptance to the Clerk of the Pinal County Board of Supervisors in the form required and within the time specified above.

Section 4: LIMITS ON GRANTEE'S RECOURSE

A. Grantee by its acceptance of the First Amended Franchise acknowledges such acceptance relies upon grantee's own investigation and understanding of the power and authority of the County to grant said franchise. Grantee by its acceptance of the First Amended Franchise accepts the validity of the terms and conditions of the First Amended Franchise in their entirety and agrees it will not, at

any time, proceed against County in any claim or proceeding challenging any term or provision of the First Amended Franchise as unreasonable, arbitrary or void, or that County did not have the authority to impose such term or condition.

B. Grantee by accepting the First Amended Franchise acknowledges that it has not been induced to accept the same by any promise, verbal or written, by or on behalf of County or by any third person regarding any term or condition of the First Amended Franchise not expressed therein. Grantee by its acceptance of the First Amended Franchise further pledges that no promise or inducement, oral or written, has been made to any employee or official of County regarding receipt of the First Amended Franchise.

C. Grantee by its acceptance of the First Amended Franchise further acknowledges that it has carefully read the terms and conditions of the First Amended Franchise and accepts without reservation the obligations imposed by the terms and conditions herein.

D. In case of conflict or ambiguity between the First Amended Franchise and the Original Franchise, the provision which provides the greatest benefit to County, as determined solely by County, shall prevail.

E. The Board's decision concerning its selection and awarding of the First Amended Franchise shall be final.

Section 5: SEVERABILITY

If any section, provision, term or covenant or any portion of any section, provision, term or covenant of the First Amended Franchise is determined to be illegal, invalid or unconstitutional, by any court of competent jurisdiction or by any state or federal regulatory agency having jurisdiction thereof, such determination shall have no effect on any remaining portion of such section, provision, term or covenant or the remaining sections, provisions, terms or covenants of the First Amended Franchise, all of which will remain in full force and effect for the term of the First Amended Franchise or any renewal or renewals thereof.

Section 6: NOTICE

Notices required under the First Amended Franchise shall be delivered or sent by certified mail, postage prepaid to:

Grantor:

Clerk of the Pinal County Board of Supervisors
P.O. Box 827
31 N. Pinal
Florence, Arizona 85232

First Amended
Johnson Utility Water and Sewer Franchise

Grantee:

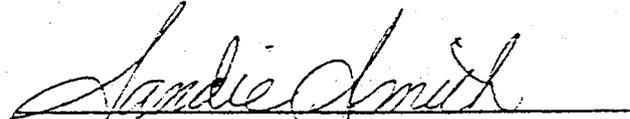
Johnson Utilities L.L.C.
5320 E. Shea Blvd.
Scottsdale, Arizona 85254

The delivery or mailing of such notice shall be equivalent to direct personal notice and shall be deemed to have been given at the time of delivery. Either party may change its address under this section by written notice to the other party.

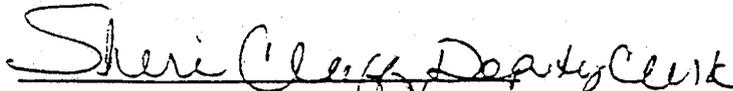
IN WITNESS WHEREOF, the Board of Supervisors of Pinal County, Arizona, by its Chairman and its Clerk, thereunto duly authorized, has hereunto set its hand and cause its official seal to be affixed

on the 20th day of May, 1998.

PINAL COUNTY BOARD OF SUPERVISORS


Sandie Smith, Chairman

ATTEST:


Stanley D. Griffis, Ph.D., Clerk of the Board

APPROVED AS TO FORM:

ROBERT CARTER OLSON
PINAL COUNTY ATTORNEY


Eric L. Walberg, Deputy County Attorney

JOHNSON UTILITIES L.L.C.

First Amended Franchise

South 1/4 of Section 17, that portion of the N 1/4 of Section 20 East of Hunt Highway, North 1/4 of Section 21, Southeast 1/4 of the Southeast 1/4 of Section 33 all in T3S, R8E, G&SRB&M, Pinal County, Arizona

Section 2, West 1/2 of Section 12, West 1/2 of the Northeast 1/4 of Section 12, all in T4S, R8E, G&SRB&M, Pinal County, Arizona

Exhibit B

SAMPLE ACCEPTANCE OF EXPANDED AND AMENDED FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Johnson Utilities L.L.C., a(n) Arizona limited liability company, does hereby accept the _____ grant of an First Amended Franchise from Pinal County, Arizona, to construct, operate, and maintain water and sewer lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, for the Original Franchise, a copy of which is attached hereto as Exhibit "A" and as described in "B" attached hereto, both of which are made a part hereof.

Grantee unconditionally accepts the franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the First Amended Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of the County of Pinal to impose the same.

Grantee declares that the statements and recitals in said First Amended Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in said First Amended Franchise recited to have been or to be made by Grantee.

attyciv\franchise\19981404 E&A Franchise Final



OFFICIAL RECORDS OF
PINAL COUNTY RECORDER
KATHLEEN C. FELIX

DATE: 08/06/98 TIME: 1551
FEE : 0.00
PAGES: 2
FEE NO: 1998-031194

②
When recorded mail to:

PC Board of
Supervisors w/c

(The above space reserved for recording information)

CAPTION HEADING

Acceptance of expanded & Amended Franchise

ACCEPTANCE OF EXPANDED AND AMENDED FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Johnson Utilities L.L.C., a(n) Arizona limited liability company, does hereby accept the May 20, 1998 grant of an First Amended Franchise from Pinal County, Arizona, to construct, operate, and maintain water and sewer lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona.

Grantee unconditionally accepts the franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the First Amended Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of the County of Pinal to impose the same.

Grantee declares that the statements and recitals in said First Amended Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in said First Amended Franchise recited to have been or to be made by Grantee.

Dated this 30 day of June, 1998.

Johnson Utilities L.L.C.

By: [Signature]

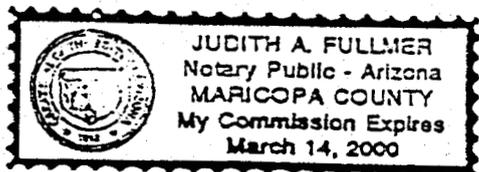
Title: Manager

STATE OF ARIZONA)
) ss.
County of)

The foregoing instrument was acknowledged before me this 30 day of June, 1998, by George H Johnson, MANAGER of Johnson Utilities L.L.C., a(n) Arizona limited liability company, and being authorized to do so, executed the foregoing instrument on behalf of the corporation for the purposes therein stated.

[Signature]
Notary Public

My Commission Expires:





OFFICIAL RECORDS OF
PINAL COUNTY RECORDER

KATHLEEN C. FELIX

DATE: 12/08/98 TIME: 1636
FEE : 0.00
PAGES: 6
FEE NO: 1998-050223

Expansion and Amendment Of The Johnson Utility Water and Sewer Franchise

WHEREAS, Johnson Utilities L.L.C. had received a water and sewer franchise from Pinal County to establish and maintain water and sewer services on Johnson Utilities L.L.C., see document number 1995-033065 in the Office of the Pinal County Recorder (hereinafter "Original Franchise").

WHEREAS, Johnson Utilities L.L.C., a(n) Arizona corporation, duly authorized to conduct business in the State of Arizona, has duly filed and presented to the Board of Supervisors of the County of Pinal, State of Arizona, its application for expansion of the Original Franchise for the purpose of constructing, operating and maintaining water and sewer lines and related appurtenances along, under and across the public streets, alleys and highways, except federal and state highways, within the unincorporated area of Pinal County, Arizona, as described in Exhibit "A" attached hereto (hereinafter "Expansion").

WHEREAS, upon filing of Johnson Utilities L.L.C.'s application for the Expansion, the Board of Supervisors of Pinal County ordered a public notice of its intent to consider the granting of the Expansion to be published in a newspaper of general circulation, in Pinal County, Arizona, stating the time and place for consideration of the Expansion was set for 10: 00 A.M. on November 4, 1998, at the Pinal County Board of Supervisors' Hearing Room, Administration Building No. 1, Florence, Arizona.

WHEREAS, said application for the Expansion and Amendment having come on regularly for hearing at 11:30 A.M. on November 4, 1998; and it appearing from the affidavit of the publisher of the Casa Grande Valley Newspaper that due and regular notice of said time and place set for the consideration of such action has been published for at least once a week for three consecutive weeks prior to said hearing date, to-wit: in the issues of the Florence Reminder and Blade-Tribune published on October 15, 1998, October 22, 1998, and October 29, 1998; and the matter being called for hearing at 11:30 A.M., and an opportunity having been given to all interested parties to be heard.

WHEREAS, the Board of Supervisors of Pinal County has the power to amend an existing franchise under its general police powers in such matters.

Second Amended
Johnson Utility Water and Sewer Franchise

NOW, THEREFORE,

Section 1: DEFINITIONS

The following terms used in this expansion and amendment of the Original Franchise shall have the following meanings:

- A. County: Pinal County, Arizona
- B. Board: Board of Supervisors of Pinal County, Arizona.
- C. Grantor: Pinal County, by and through its Board of Supervisors
- D. Grantee: Johnson Utilities L.L.C., a(n) Arizona corporation, its successors and assigns
- E. Grantee's Facilities: water and sewer lines and related appurtenances

Section 2: GRANT

Grantor, on November 4, 1998, hereby grants to Grantee, for a period of time not to exceed the Original Franchise, this expanded and amended franchise (hereinafter "Second Amended Franchise") for the purpose of constructing, operating and maintaining water and sewer lines and related appurtenances along, under and across public streets, alleys and highways, except federal and state highways, under the terms and conditions set forth herein within the unincorporated area of Pinal County, Arizona, as described in the Expansion and the Original Franchise (hereinafter "Franchise Area").

Section 3: ACCEPTANCE BY GRANTEE / EFFECTIVE DATE FRANCHISE

The Second Amended Franchise shall be accepted by Grantee by written instrument in the form attached hereto as Exhibit "B" (hereinafter "Acceptance"), executed and acknowledged by it as a deed is required to be, and filed with the Clerk of the Pinal County Board of Supervisors within thirty days after the date this Second Amended Franchise is accepted by County. This Second Amended Franchise shall be effective upon delivery of the Acceptance to the Clerk of the Pinal County Board of Supervisors in the form required and within the time specified above.

Section 4: LIMITS ON GRANTEE'S RECOURSE

- A. Grantee by its acceptance of the Second Amended Franchise acknowledges such acceptance relies upon grantee's own investigation and understanding of the power and authority of the County to grant said franchise. Grantee by its acceptance of the Second Amended Franchise accepts the validity of the terms and conditions of the Second Amended Franchise in their entirety and agrees it

will not, at any time, proceed against County in any claim or proceeding challenging any term or provision of the Second Amended Franchise as unreasonable, arbitrary or void, or that County did not have the authority to impose such term or condition.

B. Grantee by accepting the Second Amended Franchise acknowledges that it has not been induced to accept the same by any promise, verbal or written, by or on behalf of County or by any third person regarding any term or condition of the Second Amended Franchise not expressed therein. Grantee by its acceptance of the Second Amended Franchise further pledges that no promise or inducement, oral or written, has been made to any employee or official of County regarding receipt of the Second Amended Franchise.

C. Grantee by its acceptance of the Second Amended Franchise further acknowledges that it has carefully read the terms and conditions of the Second Amended Franchise and accepts without reservation the obligations imposed by the terms and conditions herein.

D. In case of conflict or ambiguity between the Second Amended Franchise and the Original Franchise, the provision which provides the greatest benefit to County, as determined solely by County, shall prevail.

E. The Board's decision concerning its selection and awarding of the Second Amended Franchise shall be final.

Section 5: SEVERABILITY

If any section, provision, term or covenant or any portion of any section, provision, term or covenant of the Second Amended Franchise is determined to be illegal, invalid or unconstitutional, by any court of competent jurisdiction or by any state or federal regulatory agency having jurisdiction thereof, such determination shall have no effect on any remaining portion of such section, provision, term or covenant or the remaining sections, provisions, terms or covenants of the Second Amended Franchise, all of which will remain in full force and effect for the term of the Second Amended Franchise or any renewal or renewals thereof.

Section 6: NOTICE

Notices required under the Second Amended Franchise shall be delivered or sent by certified mail, postage prepaid to:

Grantor:

Clerk of the Pinal County Board of Supervisors
P.O. Box 827
31 N. Pinal
Florence, Arizona 85232

Grantee:

Johnson Utilities L.L.C.
5320 E. Shea Blvd.
Scottsdale, Arizona 85254

The delivery or mailing of such notice shall be equivalent to direct personal notice and shall be deemed to have been given at the time of delivery. Either party may change its address under this section by written notice to the other party.

IN WITNESS WHEREOF, the Board of Supervisors of Pinal County, Arizona, by its Chairman and its Clerk, thereunto duly authorized, has hereunto set its hand and cause its official seal to be affixed on November 4, 1998.

PINAL COUNTY BOARD OF SUPERVISORS



Sandie Smith

Sandie Smith, Chairman 11-4-98

by: *Stanley D. Griffis*

Stanley D. Griffis, Ph.D., Clerk of the Board

APPROVED AS TO FORM:

ROBERT CARTER OLSON
PINAL COUNTY ATTORNEY

Eric L. Walberg

Eric L. Walberg, Deputy County Attorney

Exhibit A

JOHNSON UTILITIES
FRANCHISE EXTENSION APPLICATION

All areas within the following described Sections not previously franchised to the Applicant:

Sections 35 and 36, all in Township 3 South Range 7 East

Sections 13 through 36, all in Township 3 South Range 8 East

Sections 16 through 21 and 28 through 33, all in Township 3 South Range 9 East

Sections 1 through 4, 10 through 14 and 23 through 26, all in Township 4 South Range 8 East

Sections 4 through 9, all in Township 4 South Range 9 East

Exhibit B

SAMPLE ACCEPTANCE OF EXPANDED AND AMENDED FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Johnson Utilities L.L.C., a(n) Arizona corporation, does hereby accept the _____ grant of an Second Amended Franchise from Pinal County, Arizona, to construct, operate, and maintain water and sewer lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, as described in the Application, a copy of which is attached to the Second Amended Franchise, which is made a part hereof.

Grantee unconditionally accepts the franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the Second Amended Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of the County of Pinal to impose the same.

Grantee declares that the statements and recitals in said Second Amended Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in said Second Amended Franchise recited to have been or to be made by Grantee.

attyciv\franchise\19981799 E&A Franchise Final



KATHLEEN C. FELIX

DATE: 12/08/98 TIME: 1636
FEE : 0.00
PAGES: 2
FEE NO: 1998-050224

mail to:

Board of Supervisors

ra 85232

(The above space reserved for recording information)

CAPTION HEADING

Acceptance of Expanded and Amended Franchise

ACCEPTANCE OF EXPANDED AND AMENDED FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Johnson Utilities L.L.C., a(n) Arizona corporation, does hereby accept the November 4, 1998 grant of an Second Amended Franchise from Pinal County, Arizona, to construct, operate, and maintain water and sewer lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, as described in the Application, a copy of which is attached to the Second Amended Franchise, which is made a part hereof.

Grantee unconditionally accepts the franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the Second Amended Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of the County of Pinal to impose the same.

Grantee declares that the statements and recitals in said Second Amended Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in said Second Amended Franchise recited to have been or to be made by Grantee.

Dated this 16 day of November, 1998.

Johnson Utilities L.L.C.

By:

Title:

[Handwritten signature]
Manager

STATE OF ARIZONA)

) ss.

County of)

The foregoing instrument was acknowledged before me this 16 day of November, 1998, by George H Johnson, Manager

of Johnson Utilities, a(n) Arizona corporation, and being authorized to do so, executed the foregoing instrument on behalf of the corporation for the purposes therein stated.

Christine M Dermody
Notary Public

My Commission Expires:

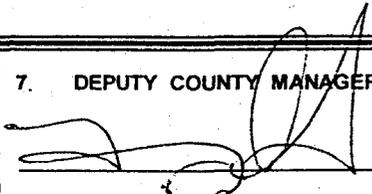
June 9, 2002



**AGENDA FORM
FOR
PINAL COUNTY BOARD of SUPERVISORS**

Budgeted: N/A
 Generates Revenue for County: No
 Revenue Generated: N/A
 Uses County Funds: No
 Source of Funds: N/A
 Cost to County: N/A
 Reduces/Contains: N/A
 Expenditure Reduced:/Contained: N/A

Competitive negotiations (PC1-347 D1) N/A
 Two step competitive negotiation (PC1-347 D2) N/A
 Review of Qualifications (PC1-347D3) N/A
 Multi step sealed bidding (PC1-326) N/A
 Intergovernmental Agreement (PC1-1003) N/A
 Competitive sealed proposals RFP (PC1-329) N/A
 Expenditures for County: Other (PC1-____) N/A

1. REQUESTED BY: Fund No: 10 Dept No: 1039 Dept. Name: Special Services Director: Gary Medina	
2. BRIEF DESCRIPTION OF AGENDA ITEM AND REQUESTED BOARD ACTION: Agenda Item for November 17, 1999 10:00 a.m. PUBLIC HEARING to consider the petition from Johnson Utilities Company for an expansion of its water and sewer utility franchise.	
3. MOTION: It is moved that the Pinal County Board of Supervisors ... <u>SUGGESTED MOTION:</u> Approve the Fourth Amended Johnson Utility Water and Sewer Franchise expansion/amendment document as presented.	
4. DEPARTMENT: <i>Gary J. Medina</i> 10/25/99 Action recommended by Date	7. DEPUTY COUNTY MANAGER:  11/2/99 Date Approve <input checked="" type="checkbox"/> Disapprove <input type="checkbox"/>
5. GRANTS AND CONTRACTS ADMINISTRATOR: _____ Date Approve <input type="checkbox"/> Disapprove <input type="checkbox"/>	8. PURCHASING DEPARTMENT: _____ Date Approve <input type="checkbox"/> Disapprove <input type="checkbox"/>
6. COUNTY ATTORNEY'S OFFICE: <i>Eric P. Walby</i> 10-26-99 _____ Date <input checked="" type="checkbox"/> Approved as to form and within the powers and authority granted under the laws of the State of Arizona to the Pinal County Board of Supervisors.	9. FINANCE OFFICE: _____ Date Approve <input type="checkbox"/> Disapprove <input type="checkbox"/>
10. COUNTY MANAGER: _____ Date APPROVE <input type="checkbox"/> DISAPPROVE <input type="checkbox"/>	
11. BOARD OF SUPERVISORS: Action Taken: <input checked="" type="checkbox"/> Approve <input type="checkbox"/> Amend <input type="checkbox"/> Disapprove <input type="checkbox"/> Delete <input type="checkbox"/> _____ CHAIRMAN: _____ 11/17/99 Date CLERK OF THE BOARD: _____ 11/17/99 Date	



OFFICIAL RECORDS OF
PINAL COUNTY RECORDER
LAURA DEAN-LYTLE

DATE: 11/30/99 TIME: 1314
FEE : 0.00
PAGES: 13
FEE NO: 1999-053478

w/c

When recorded mail to:

Pinal County Board of Supervisors
P.O. Box 827
Florence, Arizona 85232

(The above space reserved for recording information)

CAPTION HEADING

Expansion and Amendment of Johnson Utilities Company

Expansion and Amendment Of The Johnson Utility Water and Sewer Franchise

WHEREAS, Johnson Utilities L.L.C. had received a water and sewer franchise from Pinal County to establish and maintain water and sewer services on October 12, 1995 (1995-033065), amended on July 9, 1997 (1997-030624), May 20, 1998 (1998-031193), and November 4, 1998 (1998-050223), (hereinafter "Existing Franchise").

WHEREAS, Johnson Utilities L.L.C., an Arizona limited liability corporation, duly authorized to conduct business in the State of Arizona, has duly filed and presented to the Board of Supervisors of the County of Pinal, State of Arizona, its application for expansion of the Existing Franchise for the purpose of constructing, operating and maintaining water and sewer lines and related appurtenances along, under and across the public streets, alleys and highways, except federal and state highways, within the unincorporated area of Pinal County, Arizona, as described in Exhibit "A" attached hereto (hereinafter "Expansion").

WHEREAS, upon filing of Johnson Utilities L.L.C.'s application for the Expansion, a copy of which is attached hereto as Exhibit "C" without its exhibits, the Board of Supervisors of Pinal County ordered a public notice of its intent to consider the granting of the Expansion to be published in a newspaper of general circulation, in Pinal County, Arizona, stating the time and place for consideration of the Expansion was set for 10: 00 A.M. on November 17, 1999, at the Pinal County Board of Supervisors' Hearing Room, Administration Building No. 1, Florence, Arizona.

WHEREAS, said application for the Expansion and Amendment having come on regularly for hearing at 10:00 A.M. on November 17, 1999; and it appearing from the affidavit of the publisher of the Casa Grande Valley Newspaper that due and regular notice of said time and place set for the consideration of such action has been published for at least once a week for three consecutive weeks prior to said hearing date, to-wit: in the issues of the Florence Reminder and Blade-Tribune published on October 20, 1999, October 27, 1999, and November 3, 1999; and the matter being called for hearing at 10:00 A.M., and an opportunity having been given to all interested parties to be heard.

WHEREAS, the Board of Supervisors of Pinal County has the power to amend an existing franchise under its general police powers in such matters.

NOW, THEREFORE,

Section 1: DEFINITIONS

The following terms used in this expansion and amendment of the Existing Franchise shall have the following meanings:

- A. County: Pinal County, Arizona
- B. Board: Board of Supervisors of Pinal County, Arizona.
- C. Grantor: Pinal County, by and through its Board of Supervisors
- D. Grantee: Johnson Utilities L.L.C., an Arizona limited liability corporation, its successors and assigns
- E. Grantee's Facilities: water and sewer lines and related appurtenances

Section 2: GRANT

Grantor, on November 17, 1999, hereby grants to Grantee, for a period of time not to exceed the Existing Franchise, this expanded and amended franchise (hereinafter "Fourth Amended Franchise") for the purpose of constructing, operating and maintaining water and sewer lines and related appurtenances along, under and across public streets, alleys and highways, except federal and state highways, under the terms and conditions set forth herein within the unincorporated area of Pinal County, Arizona, as described in the Expansion and the Existing Franchise (hereinafter "Franchise Area").

Section 3: ACCEPTANCE BY GRANTEE / EFFECTIVE DATE FRANCHISE

The Fourth Amended Franchise shall be accepted by Grantee by written instrument in the form attached hereto as Exhibit "B" (hereinafter "Acceptance"), executed and acknowledged by it as a deed is required to be, and filed with the Clerk of the Pinal County Board of Supervisors within thirty days after the date this Fourth Amended Franchise is accepted by County. This Fourth Amended Franchise shall be effective upon delivery of the Acceptance to the Clerk of the Pinal County Board of Supervisors in the form required and within the time specified above.

Section 4: LIMITS ON GRANTEE'S RECOURSE

- A. Grantee by its acceptance of the Fourth Amended Franchise acknowledges such acceptance relies upon grantee's own investigation and understanding of the power and authority of the County to grant said franchise. Grantee by its acceptance of the Fourth Amended Franchise accepts the

validity of the terms and conditions of the Fourth Amended Franchise in their entirety and agrees it will not, at any time, proceed against County in any claim or proceeding challenging any term or provision of the Fourth Amended Franchise as unreasonable, arbitrary or void, or that County did not have the authority to impose such term or condition.

B. Grantee by accepting the Fourth Amended Franchise acknowledges that it has not been induced to accept the same by any promise, verbal or written, by or on behalf of County or by any third person regarding any term or condition of the Fourth Amended Franchise not expressed therein. Grantee by its acceptance of the Fourth Amended Franchise further pledges that no promise or inducement, oral or written, has been made to any employee or official of County regarding receipt of the Fourth Amended Franchise.

C. Grantee by its acceptance of the Fourth Amended Franchise further acknowledges that it has carefully read the terms and conditions of the Fourth Amended Franchise and accepts without reservation the obligations imposed by the terms and conditions herein.

D. In case of conflict or ambiguity between the Fourth Amended Franchise and the Existing Franchise, the provision which provides the greatest benefit to County, as determined solely by County, shall prevail.

E. The Board's decision concerning its selection and awarding of the Fourth Amended Franchise shall be final.

Section 5: SEVERABILITY

If any section, provision, term or covenant or any portion of any section, provision, term or covenant of the Fourth Amended Franchise is determined to be illegal, invalid or unconstitutional, by any court of competent jurisdiction or by any state or federal regulatory agency having jurisdiction thereof, such determination shall have no effect on any remaining portion of such section, provision, term or covenant or the remaining sections, provisions, terms or covenants of the Fourth Amended Franchise, all of which will remain in full force and effect for the term of the Fourth Amended Franchise or any renewal or renewals thereof.

Section 6: NOTICE

Notices required under the Fourth Amended Franchise shall be delivered or sent by certified mail, postage prepaid to:

Grantor:

Clerk of the Pinal County Board of Supervisors
P.O. Box 827
31 N. Pinal
Florence, Arizona 85232

Fourth Amended
Johnson Utility Water and Sewer Franchise

Grantee:

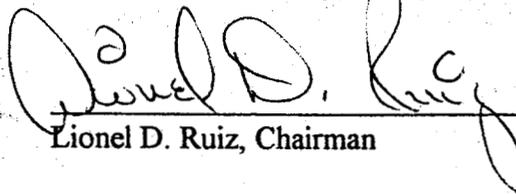
Johnson Utilities L.L.C.
5320 E. Shea Blvd.
Scottsdale, Arizona 85254

The delivery or mailing of such notice shall be equivalent to direct personal notice and shall be deemed to have been given at the time of delivery. Either party may change its address under this section by written notice to the other party.

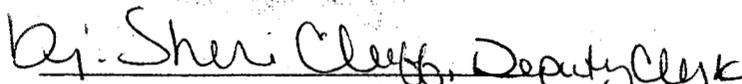
IN WITNESS WHEREOF, the Board of Supervisors of Pinal County, Arizona, by its Chairman and its Clerk, thereunto duly authorized, has hereunto set its hand and cause its official seal to be affixed on November 17, 1999.



PINAL COUNTY BOARD OF SUPERVISORS

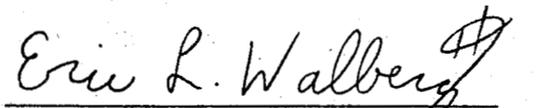

Lionel D. Ruiz, Chairman

ATTEST:


Stanley D. Griffis, Ph.D., Clerk of the Board

APPROVED AS TO FORM:

ROBERT CARTER OLSON
PINAL COUNTY ATTORNEY


Eric L. Walberg, Deputy County Attorney

Fourth Amended
Johnson Utility Water and Sewer Franchise

Exhibit A

JOHNSON UTILITIES
FRANCHISE EXTENSION APPLICATION

All areas within the following described Sections not previously franchised to the Applicant:

Sections 1 through 34, all in Township 3 South, Range 7 East, and

Sections 5, 6, 7 and 8, all in Township 3 South, Range 8 East, G&SRB&M, Pinal County, Arizona

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

Exhibit B

SAMPLE ACCEPTANCE OF EXPANDED AND AMENDED FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Johnson Utilities L.L.C., an Arizona limited liability corporation, does hereby accept the _____ grant of an Fourth Amended Franchise from Pinal County, Arizona, to construct, operate, and maintain water and sewer lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, as described in the Application, a copy of which is attached to the Fourth Amended Franchise, which is made a part hereof.

Grantee unconditionally accepts the franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the Fourth Amended Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of the County of Pinal to impose the same.

Grantee declares that the statements and recitals in said Fourth Amended Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in said Fourth Amended Franchise recited to have been or to be made by Grantee.

attcivl\franchise\19981799 E&A Franchise Final

OCT 5 1999

gt

1 Richard L. Sallquist (002677)
Sallquist & Drummond, P.C.
2 2525 E. Arizona Biltmore Circle, Suite 117
Phoenix, Arizona 85016
3 (602) 224-9222

4 **BEFORE THE BOARD OF SUPERVISORS**

5 **OF**

6 **COUNTY OF PINAL, STATE OF ARIZONA**

7 IN THE MATTER OF THE)
APPLICATION OF JOHNSON)
8 UTILITIES, L.L.C., dba JOHNSON)
UTILITIES COMPANY, TO OBTAIN A)
9 WATER AND WASTEWATER)
FRANCHISE.)

**APPLICATION FOR
EXTENSION OF PUBLIC UTILITY
FRANCHISE**

10
11 TO THE HONORABLE BOARD OF SUPERVISORS:

12 COMES NOW the above-named Applicant and petitions the PINAL COUNTY BOARD
13 OF SUPERVISORS as follows:

14 1. Petitioner, JOHNSON UTILITIES L.L.C. dba JOHNSON UTILITIES COMPANY
15 (Johnson), is an Arizona limited liability company with its principal place of business in the
16 County of Pinal, State of Arizona. The current address of Johnson is 5230 E. Shea Blvd.,
17 Scottsdale, Arizona 85254.

18 2. On October 12, 1995, the Pinal County Board of Supervisors (the "Board") granted a
19 water and sewer franchise to Johnson, a copy of which is attached hereto as Exhibit A and
20 incorporated herein for all purposes.

21 3. On July 30, 1997 the Board granted an extension to said franchises to Johnson, a copy
22 of which is attached hereto as Exhibit B and incorporated herein for all purposes.
23

1 4. On May 20, 1998 the Board granted a further expansion of its franchise to Johnson, a
2 copy of which is attached hereto as Exhibit C and incorporated herein for all purposes.

3 5. On November 4, 1998, the Board granted a further expansion to Johnson, a copy
4 which is attached hereto as Exhibit D and incorporated herein for all purposes.

5 6. On May 27, 1997 and August 7, 1998, the Arizona Corporation Commission (the
6 "Commission") in Decision Nos. 60223 and 61069, respectively, did grant Certificates of Public
7 Convenience and Necessity to exercise the functions of a public utility to provide water and
8 wastewater service to persons living within the area described in those Decisions, copies of
9 which is attached hereto as Exhibit E and incorporated herein for all purposes.

10 7. Johnson has been requested by additional property owners to include their properties
11 within its service area. Based upon their requests, Johnson has an Application pending before
12 the Commission, which matter was heard on September 30, 1999, with an affirmative decision
13 expected on October 26, 1999. The area of the existing and proposed certificated area is set forth
14 on Exhibit F and incorporated herein for all purposes.

15 8. To interconnect the parcels within which utility service will be provided, and to serve
16 the extended certificated area, the Company needs the Board's approval of a Public Utility
17 Franchise for the additional area depicted on Exhibit G hereto, which is incorporated herein for
18 all purposes. That Exhibit also identifies the major developments within the area. The legal
19 description of the requested area is set forth on Exhibit H hereto, which is incorporated herein for
20 all purposes.

21 9. The Company proposes a "blanket" franchise to cover all areas to be served, as well
22 as adjacent areas. This will lessen the administrative burden on the Company and the Board by
23 assuring full coverage of the many alternative routes which utility lines may take, and to

1 accommodate future additional requests the Company anticipates for service in areas not
2 presently certificated to the Company.

3 10. If granted the extended franchise for this territory, Johnson proposes to engage in and
4 carry on the business of a water and wastewater company.

5 11. Johnson is financially able to undertake installation of said services and provide water
6 and wastewater service within the said territory for which this franchise is requested.

7 12. The Board may impose such restrictions and limitations upon the public roads as it
8 deems best for the public safety or welfare.

9 13. Johnson submits herewith the required \$200.00 filing fee with this Application.

10 14. By reason of the facts already stated herein and because of the fact that no adequate and
11 safe supply of water and no wastewater collection, treatment and disposal system are now available
12 to persons now living, or who may live, within the said territory hereinbefore described, and
13 because of the further fact that water and wastewater service promptly supplied to waiting
14 customers and prospective applicants will do much to develop and improve the area described, and
15 to increase the population of the communities within which services are supplied, Johnson
16 respectfully petitions the Board to grant this Application for a right and franchise from the County
17 of Pinal, State of Arizona, to construct, maintain and operate their pipelines and appurtenances for a
18 water and wastewater system in, over, under, across and upon the County owned Rights-of-Way for
19 a period twenty-five (25) years.

20 15. Johnson requests that public Notice be given in a newspaper of general circulation
21 published within the County of Pinal, as may be required by law, prior to the date set for the
22 consideration by the Board of Supervisors of its intention to grant said Franchise application.

23

1 16. All correspondence regarding this Application should be addressed to:

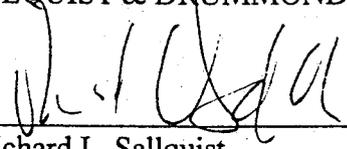
2 George H. Johnson, Managing Member
3 Johnson Utilities, L.L.C.
4 5230 E. Shea Blvd.
5 Scottsdale, Arizona 85254

6 with a copy to:

7 Richard L. Sallquist
8 Sallquist & Drummond, P.C.
9 2525 E. Arizona Biltmore Circle
10 Suite 117
11 Phoenix, Arizona 85016

12 Respectfully submitted this 1st day of October, 1999.

13 SALLQUIST & DRUMMOND, P.C.

14 By 

15 Richard L. Sallquist
16 2525 E. Arizona Biltmore Circle, Suite 117
17 Phoenix, Arizona 85016
18 Attorneys for Johnson Utilities L.L.C., dba
19 Johnson Utilities Company
20
21
22
23

LIST OF EXHIBITS

- 1
- 2 A. PINAL COUNTY FRANCHISE, DATED OCTOBER 12, 1995
- 3 B. PINAL COUNTY FRANCHISE, DATED JULY 30, 1997
- 4 C. PINAL COUNTY FRANCHISE, DATED MAY 20, 1998
- 5 D. PINAL COUNTY FRANCHISE, DATED NOVEMBER 4, 1998
- 6 E. ARIZONA CORPORATION COMMISSION DECISION NOS. 60223 & 61069
- 7 F. EXISTING AND PROPOSED CERTIFICATED AREA MAP
- 8 G. REQUESTED FRANCHISE AREA MAP
- 9 H. LEGAL DESCRIPTION OF REQUESTED EXTENSION OF FRANCHISE
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23

TOWNSHIP 1 SOUTH
RANGE 8 EAST

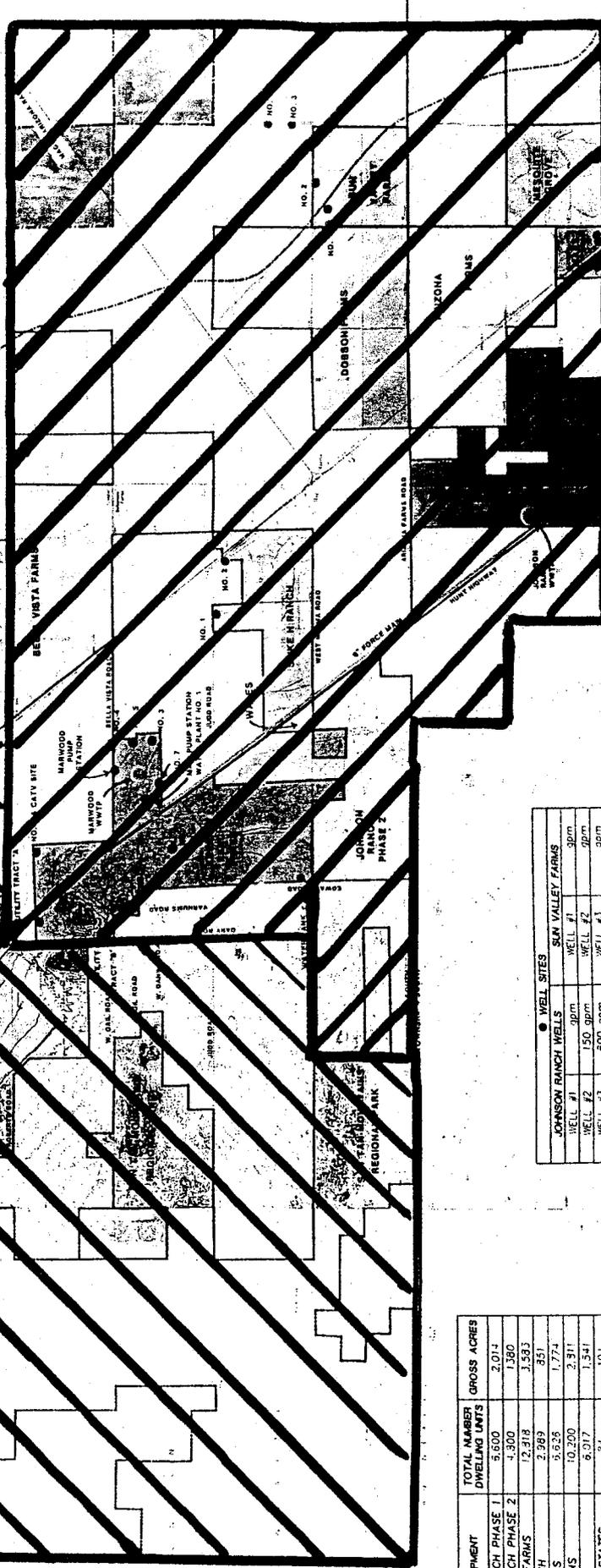
RANGE 8 EAST
RANGE 8 EAST

RANGE 7 EAST
RANGE 8 EAST

RANGE 8 EAST
RANGE 8 EAST

RANGE 8 EAST
RANGE 8 EAST

CENTRAL ANTONIA PROJECT



● WELL SITES

JOHNSON RANCH WELLS		SUN VALLEY FARMS	
WELL #1	90pm	WELL #1	90pm
WELL #2	150 gpm	WELL #2	90pm
WELL #3	800 gpm	WELL #3	90pm
WELL #4	800 gpm	WELL #4	90pm
WELL #5	800 gpm	WELL #5	200 gpm
WELL #6	250 gpm	WELL #1	200 gpm
WELL #7	1200 gpm		
MYSTIC LAKE WELLS			
WELL #1	1300 gpm		
SPIKE H RANCH			
WELL #1	900 gpm		
WELL #2	500 gpm		

EXISTING FRANCHISE



PROPOSED FRANCHISE



GILA RIVER

● WATER TANKS

JOHNSON RANCH	
NO. #1	500,000 STORAGE
NO. #2	
SUN VALLEY FARMS	
NO. #1	5,000 STORAGE
NO. #2	50,000 STORAGE

DEVELOPMENT	TOTAL NUMBER DWELLING UNITS	GROSS ACRES
JOHNSON RANCH PHASE 1	5,600	2,014
JOHNSON RANCH PHASE 2	4,300	1,380
BELLA VISTA FARMS	12,218	3,583
SPIKE H RANCH	2,989	851
DOBSON FARMS	5,828	1,774
ARIZONA FARMS	10,200	2,911
MAGIC RANCH	6,017	1,541
WILD HORSE ESTATES	94	104
MESQUITE GROVE	1,273	540
MYSTIC LAKE RANCH	4,351	1,340
DOBSON/FLORENCE	9,828	1,774
WARE FARMS	1,842	480
SAN TAN HEIGHTS	5,200	1,370
SKYLINE	1,500	300
TOTALS	70,976	20,012

GILA RIVER

RESERVATION



WLB
Group

SCALE: 1"=2000'

EXHIBIT D



LAURA DEAN-LYTTLE

DATE: 08/04/00 TIME: 1602
FEE : 0.00
PAGES: 8
FEE NO: 2000-032663

Expansion and Amendment Of The Johnson Utility Water and Sewer Franchise

WHEREAS, Johnson Utilities L.L.C. had received a water and sewer franchise from Pinal County to establish and maintain water and sewer services on October 12, 1995 (1995-033065), amended on July 9, 1997 (1997-030624), May 20, 1998 (1998-031193), November 4, 1998 (1998-050223), and November 17, 1999 (1999-053478) (hereinafter "Existing Franchise").

WHEREAS, Johnson Utilities L.L.C., an Arizona limited liability corporation, duly authorized to conduct business in the State of Arizona, has duly filed and presented to the Board of Supervisors of the County of Pinal, State of Arizona, its application for expansion of the Existing Franchise for the purpose of constructing, operating and maintaining water and sewer lines and related appurtenances along, under and across the public streets, alleys and highways, except federal and state highways, within the unincorporated area of Pinal County, Arizona, as described in Exhibit "A" attached hereto (hereinafter "Expansion").

WHEREAS, upon filing of Johnson Utilities L.L.C.'s application for the Expansion, a copy of which is attached hereto as Exhibit "C" without its exhibits, the Board of Supervisors of Pinal County ordered a public notice of its intent to consider the granting of the Expansion to be published in a newspaper of general circulation, in Pinal County, Arizona, stating the time and place for consideration of the Expansion was set for 10:00 A.M. on August 2, 2000, at the Pinal County Board of Supervisors' Hearing Room, Administration Building No. 1, Florence, Arizona.

WHEREAS, said application for the Expansion and Amendment having come on regularly for hearing at 10:00 A.M. on August 2, 2000; and it appearing from the affidavit of the publisher of the Casa Grande Valley Newspaper that due and regular notice of said time and place set for the consideration of such action has been published for at least once a week for three consecutive weeks prior to said hearing date, to-wit: in the issues of the Florence Reminder and Blade-Tribune published on July 13, July 20, and July 27, 2000; and the matter being called for hearing at 10:00 A.M., and an opportunity having been given to all interested parties to be heard.

WHEREAS, the Board of Supervisors of Pinal County has the power to amend an existing franchise under its general police powers in such matters.

Fifth Amended
Johnson Utility Water and Sewer Franchise

NOW, THEREFORE,

Section 1: DEFINITIONS

The following terms used in this expansion and amendment of the Existing Franchise shall have the following meanings:

- A. County: Pinal County, Arizona
- B. Board: Board of Supervisors of Pinal County, Arizona.
- C. Grantor: Pinal County, by and through its Board of Supervisors
- D. Grantee: Johnson Utilities L.L.C., an Arizona limited liability corporation, its successors and assigns
- E. Grantee's Facilities: water and sewer lines and related appurtenances

Section 2: GRANT

Grantor, on August 2, 2000, hereby grants to Grantee, for a period of time not to exceed the Existing Franchise, this expanded and amended franchise (hereinafter "Fifth Amended Franchise") for the purpose of constructing, operating and maintaining water and sewer lines and related appurtenances along, under and across public streets, alleys and highways, except federal and state highways, under the terms and conditions set forth herein within the unincorporated area of Pinal County, Arizona, as described in the Expansion and the Existing Franchise (hereinafter "Franchise Area").

Section 3: ACCEPTANCE BY GRANTEE / EFFECTIVE DATE FRANCHISE

The Fifth Amended Franchise shall be accepted by Grantee by written instrument in the form attached hereto as Exhibit "B" (hereinafter "Acceptance"), executed and acknowledged by it as a deed is required to be, and filed with the Clerk of the Pinal County Board of Supervisors within thirty days after the date this Fifth Amended Franchise is accepted by County. This Fifth Amended Franchise shall be effective upon delivery of the Acceptance to the Clerk of the Pinal County Board of Supervisors in the form required and within the time specified above.

Section 4: LIMITS ON GRANTEE'S RECOURSE

A. Grantee by its acceptance of the Fifth Amended Franchise acknowledges such acceptance relies upon grantee's own investigation and understanding of the power and authority of the County to grant said franchise. Grantee by its acceptance of the Fifth Amended Franchise accepts the validity of the terms and conditions of the Fifth Amended Franchise in their entirety and agrees it will not, at any time, proceed against County in any claim or proceeding challenging any term or provision of the Fifth Amended Franchise as unreasonable, arbitrary or void, or that County did not have the authority to impose such term or condition.

Fifth Amended
Johnson Utility Water and Sewer Franchise

B. Grantee by accepting the Fifth Amended Franchise acknowledges that it has not been induced to accept the same by any promise, verbal or written, by or on behalf of County or by any third person regarding any term or condition of the Fifth Amended Franchise not expressed therein. Grantee by its acceptance of the Fifth Amended Franchise further pledges that no promise or inducement, oral or written, has been made to any employee or official of County regarding receipt of the Fifth Amended Franchise.

C. Grantee by its acceptance of the Fifth Amended Franchise further acknowledges that it has carefully read the terms and conditions of the Fifth Amended Franchise and accepts without reservation the obligations imposed by the terms and conditions herein.

D. In case of conflict or ambiguity between the Fifth Amended Franchise and the Existing Franchise, the provision which provides the greatest benefit to County, as determined solely by County, shall prevail.

E. The Board's decision concerning its selection and awarding of the Fifth Amended Franchise shall be final.

Section 5: SEVERABILITY

If any section, provision, term or covenant or any portion of any section, provision, term or covenant of the Fifth Amended Franchise is determined to be illegal, invalid or unconstitutional, by any court of competent jurisdiction or by any state or federal regulatory agency having jurisdiction thereof, such determination shall have no effect on any remaining portion of such section, provision, term or covenant or the remaining sections, provisions, terms or covenants of the Fifth Amended Franchise, all of which will remain in full force and effect for the term of the Fifth Amended Franchise or any renewal or renewals thereof.

Section 6: NOTICE

Notices required under the Fifth Amended Franchise shall be delivered or sent by certified mail, postage prepaid to:

Grantor:

Clerk of the Pinal County Board of Supervisors
P.O. Box 827
31 N. Pinal
Florence, Arizona 85232

Grantee:

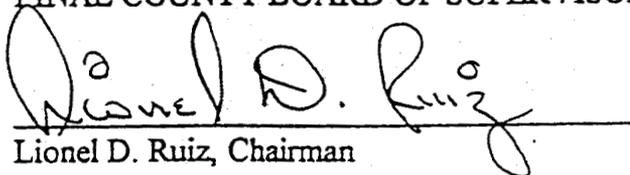
Johnson Utilities L.L.C.
5320 E. Shea Blvd.
Scottsdale, Arizona 85254

Fifth Amended
Johnson Utility Water and Sewer Franchise

The delivery or mailing of such notice shall be equivalent to direct personal notice and shall be deemed to have been given at the time of delivery. Either party may change its address under this section by written notice to the other party.

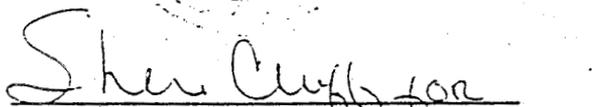
IN WITNESS WHEREOF, the Board of Supervisors of Pinal County, Arizona, by its Chairman and its Clerk, thereunto duly authorized, has hereunto set its hand and cause its official seal to be affixed on August 2, 2000.

PINAL COUNTY BOARD OF SUPERVISORS



Lionel D. Ruiz, Chairman

ATTEST:



Stanley D. Griffis, Ph.D., Clerk of the Board

APPROVED AS TO FORM:

ROBERT CARTER OLSON
PINAL COUNTY ATTORNEY



William H. McLean
Chief Civil Deputy County Attorney

Fifth Amended
Johnson Utility Water and Sewer Franchise

Requested Utility Franchise Expansion

- ✓ Sections 19-36, Township 2 South, Range 8 East
- Sections 34, 35 & 36, Township 4 South, Range 8 East
- Section 3, Township 5 South, Range 8 East
- ✓ Sections 7, 8 & 9, Township 3 South, Range 9 East
- East One-half of Sections 15, 22 and 27, Township 4 South, Range 8 East

All G&SRB&M, Pinal County, Arizona

Exhibit B

SAMPLE ACCEPTANCE OF EXPANDED AND AMENDED FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Johnson Utilities L.L.C., an Arizona limited liability corporation, does hereby accept the _____ grant of a Fifth Amended Franchise from Pinal County, Arizona, to construct, operate, and maintain water and sewer lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, as described in the Application, a copy of which is attached to the Fifth Amended Franchise, which is made a part hereof.

Grantee unconditionally accepts the franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the Fifth Amended Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of the County of Pinal to impose the same.

Grantee declares that the statements and recitals in said Fifth Amended Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in said Fifth Amended Franchise recited to have been or to be made by Grantee.

ACCEPTANCE OF EXPANDED AND AMENDED FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Johnson Utilities L.L.C., an Arizona limited liability corporation, does hereby accept the August 2, 2000 grant of a Fifth Amended Franchise from Pinal County, Arizona, to construct, operate, and maintain water and sewer lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, as described in the Application, a copy of which is attached to the Fifth Amended Franchise, which is made a part hereof.

Grantee unconditionally accepts the franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the Fifth Amended Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of the County of Pinal to impose the same.

Grantee declares that the statements and recitals in said Fifth Amended Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in said Fifth Amended Franchise recited to have been or to be made by Grantee.

Dated this 9th day of August, 2000.

Johnson Utilities L.L.C.

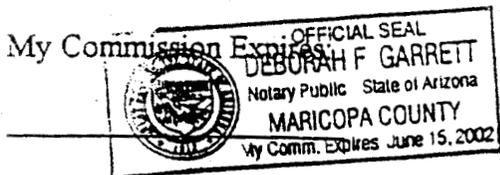
By: *[Signature]*

Title: *Manager of Franchise*

STATE OF ARIZONA)
) ss.
County of)

The foregoing instrument was acknowledged before me this 9th day of August 2000, by *George H. Johnson Managing Partner* of *Johnson Utilities* an Arizona limited liability corporation, and being authorized to do so, executed the foregoing instrument on behalf of the corporation for the purposes therein stated.

Deborah F. Garrett
Notary Public



**AGENDA FORM
FOR
PINAL COUNTY BOARD of SUPERVISORS**

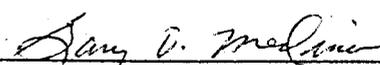
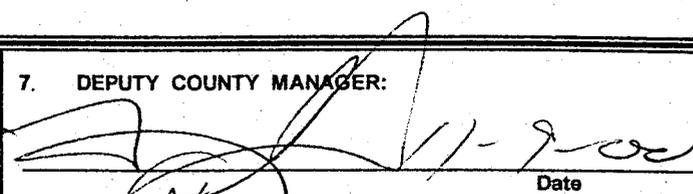
Budgeted: N/A
 Generates Revenue for County: No
 Revenue Generated : N/A
 Uses County Funds: No
 Source of Funds: N/A
 Cost to County: N/A
 Reduces/Contains: N/A
 Expenditure Reduced:/Contained: N/A

Competitive negotiations (PC1-347 D1) N/A
 Two step competitive negotiation (PC1-347 D2) N/A
 Review of Qualifications (PC1-347D3) N/A
 Multi step sealed bidding (PC1-326) N/A
 Intergovernmental Agreement (PC1-1003) N/A
 Competitive sealed proposals RFP (PC1-329) N/A
 Expenditures for County: Other (PC1-____) N/A

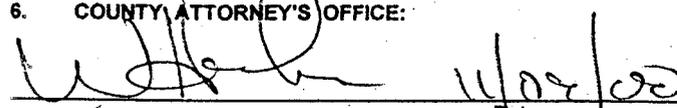
1. REQUESTED BY:
 Fund No: 10 Dept No: 1037 Dept. Name: Special Services Director: Gary Medina

2. BRIEF DESCRIPTION OF AGENDA ITEM AND REQUESTED BOARD ACTION: **Agenda Item for December 13, 2000**
 9:30 a.m. PUBLIC HEARING to consider the petition from Johnson Utilities Company for an expansion of its water and sewer utility franchise.

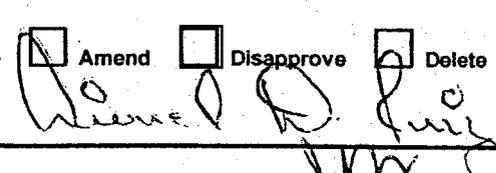
3. MOTION: It is moved that the Pinal County Board of Supervisors ...
SUGGESTED MOTION: Approve the Sixth Amended Johnson Utility Water and Sewer Franchise expansion/amendment document as presented.

4. DEPARTMENT:  Action recommended by _____ Date 11-8-00	7. DEPUTY COUNTY MANAGER:  Approve <input checked="" type="checkbox"/> Disapprove <input type="checkbox"/> Date 11-9-00
---	---

5. GRANTS AND CONTRACTS ADMINISTRATOR: _____ Date _____ Approve <input type="checkbox"/> Disapprove <input type="checkbox"/>	8. PURCHASING DEPARTMENT: _____ Date _____ Approve <input type="checkbox"/> Disapprove <input type="checkbox"/>
--	---

6. COUNTY ATTORNEY'S OFFICE:  _____ Date 11/8/00 <input checked="" type="checkbox"/> Approved as to form and within the powers and authority granted under the laws of the State of Arizona to the Pinal County Board of Supervisors.	9. FINANCE OFFICE: _____ Date _____ Approve <input type="checkbox"/> Disapprove <input type="checkbox"/>
---	--

10. COUNTY MANAGER: _____ Date _____
 APPROVE DISAPPROVE

11. BOARD OF SUPERVISORS:
 Action Taken: Approve Amend Disapprove Delete _____
 CHAIRMAN:  Date 12-13-00
 CLERK OF THE BOARD:  Date 12-13-00

①
w/c
BOS



OFFICIAL RECORDS OF
PINAL COUNTY RECORDER
LAURA DEAN-LYTLE

DATE: 01/17/01 TIME: 1100
FEE : 0.00
PAGES: 7
FEE NO: 2001-002045

Expansion and Amendment Of The Johnson Utility Water and Sewer Franchise

WHEREAS, Johnson Utilities L.L.C. had received a water and sewer franchise from Pinal County to establish and maintain water and sewer services on October 12, 1995 (1995-033065), amended on July 9, 1997 (1997-030624), May 20, 1998 (1998-031193), November 4, 1998 (1998-050223), November 17, 1999 (1999-053478), and August 2, 2000 (2000-032663) (hereinafter "Existing Franchise").

WHEREAS, Johnson Utilities L.L.C., an Arizona limited liability corporation, duly authorized to conduct business in the State of Arizona, has duly filed and presented to the Board of Supervisors of the County of Pinal, State of Arizona, its application for expansion of the Existing Franchise for the purpose of constructing, operating and maintaining water and sewer lines and related appurtenances along, under and across the public streets, alleys and highways, except federal and state highways, within the unincorporated area of Pinal County, Arizona, as described in Exhibit "A" attached hereto (hereinafter "Expansion").

WHEREAS, upon filing of Johnson Utilities L.L.C.'s application for the Expansion, a copy of which is attached hereto as Exhibit "C" without its exhibits, the Board of Supervisors of Pinal County ordered a public notice of its intent to consider the granting of the Expansion to be published in a newspaper of general circulation, in Pinal County, Arizona, stating the time and place for consideration of the Expansion was set for 9:30 A.M. on December 13, 2000, at the Pinal County Board of Supervisors' Hearing Room, Administration Building No. 1, Florence, Arizona.

WHEREAS, said application for the Expansion and Amendment having come on regularly for hearing at 9:30 A.M. on December 13, 2000; and it appearing from the affidavit of the publisher of the Florence Reminder & Blade Tribune that due and regular notice of said time and place set for the consideration of such action has been published for at least once a week for three consecutive weeks prior to said hearing date, to-wit: in the issues of the Florence Reminder and Blade-Tribune published on November 22, November 30, and December 7, 2000; and the matter being called for hearing at 9:30 A.M., and an opportunity having been given to all interested parties to be heard.

WHEREAS, the Board of Supervisors of Pinal County has the power to amend an existing franchise under its general police powers in such matters.

Sixth Amended
Johnson Utility Water and Sewer Franchise

NOW, THEREFORE,

Section 1: DEFINITIONS

The following terms used in this expansion and amendment of the Existing Franchise shall have the following meanings:

- A. County: Pinal County, Arizona
- B. Board: Board of Supervisors of Pinal County, Arizona.
- C. Grantor: Pinal County, by and through its Board of Supervisors
- D. Grantee: Johnson Utilities L.L.C., an Arizona limited liability corporation, its successors and assigns
- E. Grantee's Facilities: water and sewer lines and related appurtenances

Section 2: GRANT

Grantor, on December 13, 2000, hereby grants to Grantee, for a period of time not to exceed the Existing Franchise, this expanded and amended franchise (hereinafter "Sixth Amended Franchise") for the purpose of constructing, operating and maintaining water and sewer lines and related appurtenances along, under and across public streets, alleys and highways, except federal and state highways, under the terms and conditions set forth herein within the unincorporated area of Pinal County, Arizona, as described in the Expansion and the Existing Franchise (hereinafter "Franchise Area").

Section 3: ACCEPTANCE BY GRANTEE / EFFECTIVE DATE FRANCHISE

The Sixth Amended Franchise shall be accepted by Grantee by written instrument in the form attached hereto as Exhibit "B" (hereinafter "Acceptance"), executed and acknowledged by it as a deed is required to be, and filed with the Clerk of the Pinal County Board of Supervisors within thirty days after the date this Sixth Amended Franchise is accepted by County. This Sixth Amended Franchise shall be effective upon delivery of the Acceptance to the Clerk of the Pinal County Board of Supervisors in the form required and within the time specified above.

Section 4: LIMITS ON GRANTEE'S RECOURSE

A. Grantee by its acceptance of the Sixth Amended Franchise acknowledges such acceptance relies upon grantee's own investigation and understanding of the power and authority of the County to grant said franchise. Grantee by its acceptance of the Sixth Amended Franchise accepts the validity of the terms and conditions of the Sixth Amended Franchise in their entirety and agrees it will not, at any time, proceed against County in any claim or proceeding challenging any term or provision of the Sixth Amended Franchise as unreasonable, arbitrary or void, or that County did not have the authority to impose such term or condition.

B. Grantee by accepting the Sixth Amended Franchise acknowledges that it has not been induced to accept the same by any promise, verbal or written, by or on behalf of County or by any third person regarding any term or condition of the Sixth Amended Franchise not expressed therein. Grantee by its acceptance of the Sixth Amended Franchise further pledges that no promise or inducement, oral or written, has been made to any employee or official of County regarding receipt of the Sixth Amended Franchise.

C. Grantee by its acceptance of the Sixth Amended Franchise further acknowledges that it has carefully read the terms and conditions of the Sixth Amended Franchise and accepts without reservation the obligations imposed by the terms and conditions herein.

D. In case of conflict or ambiguity between the Sixth Amended Franchise and the Existing Franchise, the provision which provides the greatest benefit to County, as determined solely by County, shall prevail.

E. The Board's decision concerning its selection and awarding of the Sixth Amended Franchise shall be final.

Section 5: SEVERABILITY

If any section, provision, term or covenant or any portion of any section, provision, term or covenant of the Sixth Amended Franchise is determined to be illegal, invalid or unconstitutional, by any court of competent jurisdiction or by any state or federal regulatory agency having jurisdiction thereof, such determination shall have no effect on any remaining portion of such section, provision, term or covenant or the remaining sections, provisions, terms or covenants of the Sixth Amended Franchise, all of which will remain in full force and effect for the term of the Sixth Amended Franchise or any renewal or renewals thereof.

Section 6: NOTICE

Notices required under the Sixth Amended Franchise shall be delivered or sent by certified mail, postage prepaid to:

Grantor:

Clerk of the Pinal County Board of Supervisors
P.O. Box 827
31 N. Pinal
Florence, Arizona 85232

Grantee:

Johnson Utilities L.L.C.
5320 E. Shea Blvd.
Scottsdale, Arizona 85254

Sixth Amended
Johnson Utility Water and Sewer Franchise

The delivery or mailing of such notice shall be equivalent to direct personal notice and shall be deemed to have been given at the time of delivery. Either party may change its address under this section by written notice to the other party.

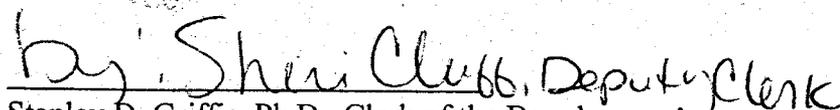
IN WITNESS WHEREOF, the Board of Supervisors of Pinal County, Arizona, by its Chairman and its Clerk, thereunto duly authorized, has hereunto set its hand and cause its official seal to be affixed on December 13, 2000.



PINAL COUNTY BOARD OF SUPERVISORS

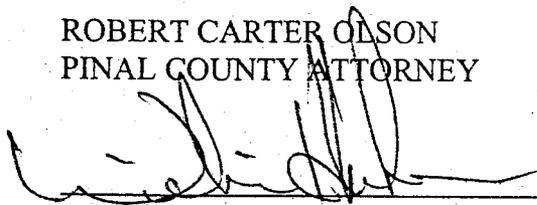

Lionel D. Ruiz, Chairman 12-13-00

ATTEST:


Stanley D. Griffis, Ph.D., Clerk of the Board

APPROVED AS TO FORM:

ROBERT CARTER OLSON
PINAL COUNTY ATTORNEY


William H. McLean
Chief Civil Deputy County Attorney

**Requested Utility Franchise Expansion
Johnson Utilities Company**

Property located in Sections 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 30, 31 and 32, Township 4 South, Range 9 East, G. & S.R.M., Pinal County, Arizona, being more particularly described as follows:

That portion of the South half of Section 14 lying South and West of the Central Arizona Canal;

That portion of Section 15 lying South and West of the Central Arizona Canal;

All of Section 16;

All of Section 17;

All of Section 18;

All of Section 19;

All of Section 20;

All of Section 21;

All of Section 22;

The West half of Section 23;

The North half of Section 30;

The North half of the South half of Section 30;

The South half of the Southeast quarter of Section 30;

The North half of the Northeast quarter of Section 31;

And

The Northwest quarter of the Northwest quarter of Section 32;

All in Township 4 South, Range 9 East, G. & S.R.M., Pinal County, Arizona

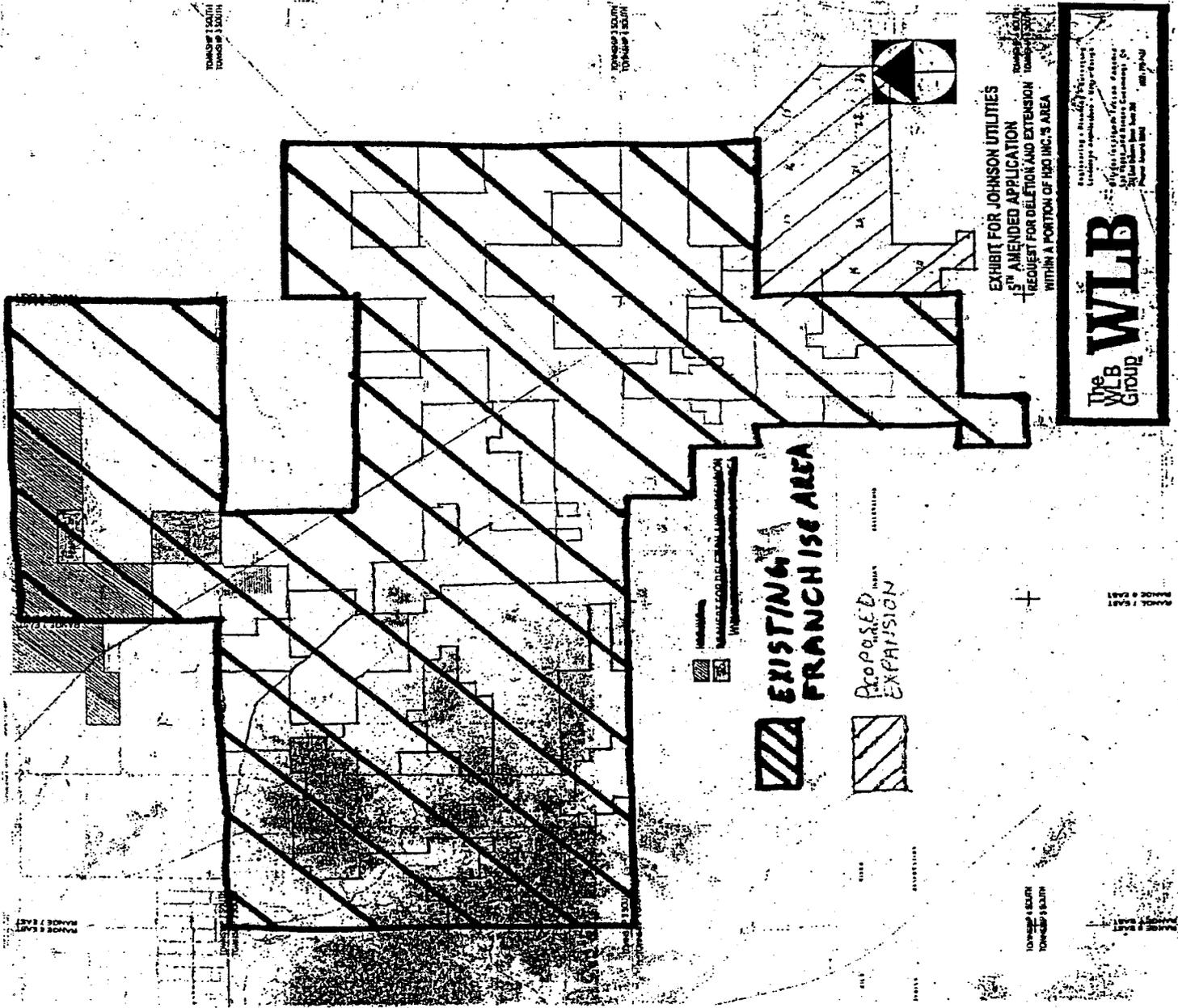


Exhibit B

SAMPLE ACCEPTANCE OF EXPANDED AND AMENDED FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Johnson Utilities L.L.C., an Arizona limited liability corporation, does hereby accept the _____ grant of a Sixth Amended Franchise from Pinal County, Arizona, to construct, operate, and maintain water and sewer lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, as described in the Application, a copy of which is attached to the Sixth Amended Franchise, which is made a part hereof.

Grantee unconditionally accepts the franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the Sixth Amended Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of the County of Pinal to impose the same.

Grantee declares that the statements and recitals in said Sixth Amended Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in said Sixth Amended Franchise recited to have been or to be made by Grantee.

When recorded mail to:

Pinal County Board of Supervisors
P.O. Box 827
Florence, Arizona 85232



OFFICIAL RECORDS OF
PINAL COUNTY RECORDER
LAURA DEAN-LYTTLE

DATE: 06/01/01 TIME: 1542
FEE : 0.00
PAGES: 8
FEE NO: 2001-024621

(The above space reserved for recording information).

CAPTION HEADING

Seventh expansion of Johnson Utilities Company water and sewer utility franchise

Expansion and Amendment Of The Johnson Utility Water and Sewer Franchise

WHEREAS, Johnson Utilities L.L.C. had received a water and sewer franchise from Pinal County to establish and maintain water and sewer services on October 12, 1995 (1995-033065), amended on July 9, 1997 (1997-030624), May 20, 1998 (1998-031193), November 4, 1998 (1998-050223), November 17, 1999 (1999-053478), August 2, 2000 (2000-032663), and December 13, 2000 (2001-002045) (hereinafter "Existing Franchise").

WHEREAS, Johnson Utilities L.L.C., an Arizona limited liability corporation, duly authorized to conduct business in the State of Arizona, has duly filed and presented to the Board of Supervisors of the County of Pinal, State of Arizona, its application for expansion of the Existing Franchise for the purpose of constructing, operating and maintaining water and sewer lines and related appurtenances along, under and across the public streets, alleys and highways, except federal and state highways, within the unincorporated area of Pinal County, Arizona, as described in Exhibit "A" attached hereto (hereinafter "Expansion").

WHEREAS, upon filing of Johnson Utilities L.L.C.'s application for the Expansion, a copy of which is attached hereto as Exhibit "C" without its exhibits, the Board of Supervisors of Pinal County ordered a public notice of its intent to consider the granting of the Expansion to be published in a newspaper of general circulation, in Pinal County, Arizona, stating the time and place for consideration of the Expansion was set for 9:30 A.M. on May 30th, 2001, at the Pinal County Board of Supervisors' Hearing Room, Administration Building No. 1, Florence, Arizona.

WHEREAS, said application for the Expansion and Amendment having come on regularly for hearing at 9:30 A.M. on May 30th, 2001; and it appearing from the affidavit of the publisher of the Florence Reminder & Blade Tribune that due and regular notice of said time and place set for the consideration of such action has been published for at least once a week for three consecutive weeks prior to said hearing date, to-wit: in the issues of the Florence Reminder and Blade-Tribune published on May 10, 2001, May 17, 2001, and May 24, 2001; and the matter being called for hearing at 9:30 A.M., and an opportunity having been given to all interested parties to be heard.

WHEREAS, the Board of Supervisors of Pinal County has the power to amend an existing franchise under its general police powers in such matters.

NOW, THEREFORE,

Section 1: DEFINITIONS

The following terms used in this expansion and amendment of the Existing Franchise shall have the following meanings:

- A. County: Pinal County, Arizona
- B. Board: Board of Supervisors of Pinal County, Arizona.
- C. Grantor: Pinal County, by and through its Board of Supervisors
- D. Grantee: Johnson Utilities L.L.C., an Arizona limited liability corporation, its successors and assigns
- E. Grantee's Facilities: water and sewer lines and related appurtenances

Section 2: GRANT

Grantor, on May 30th, 2001, hereby grants to Grantee, for a period of time not to exceed the Existing Franchise, this expanded and amended franchise (hereinafter "Seventh Amended Franchise") for the purpose of constructing, operating and maintaining water and sewer lines and related appurtenances along, under and across public streets, alleys and highways, except federal and state highways, under the terms and conditions set forth herein within the unincorporated area of Pinal County, Arizona, as described in the Expansion and the Existing Franchise (hereinafter "Franchise Area").

Section 3: ACCEPTANCE BY GRANTEE / EFFECTIVE DATE FRANCHISE

The Seventh Amended Franchise shall be accepted by Grantee by written instrument in the form attached hereto as Exhibit "B" (hereinafter "Acceptance"), executed and acknowledged by it as a deed is required to be, and filed with the Clerk of the Pinal County Board of Supervisors within thirty days after the date this Sixth Amended Franchise is accepted by County. This Seventh Amended Franchise shall be effective upon delivery of the Acceptance to the Clerk of the Pinal County Board of Supervisors in the form required and within the time specified above.

Section 4: LIMITS ON GRANTEE'S RECOURSE

A. Grantee by its acceptance of the Seventh Amended Franchise acknowledges such acceptance relies upon grantee's own investigation and understanding of the power and authority of the County to grant said franchise. Grantee by its acceptance of the Seventh Amended Franchise accepts the validity of the terms and conditions of the Seventh Amended Franchise in their entirety and agrees it will not, at any time, proceed against County in any claim or proceeding challenging any term or provision of the Seventh Amended Franchise as unreasonable, arbitrary or void, or that County did not have the authority to impose such term or condition.

B. Grantee by accepting the Seventh Amended Franchise acknowledges that it has not been induced to accept the same by any promise, verbal or written, by or on behalf of County or by any third person regarding any term or condition of the Seventh Amended Franchise not expressed therein. Grantee by its acceptance of the Seventh Amended Franchise further pledges that no promise or inducement, oral or written, has been made to any employee or official of County regarding receipt of the Seventh Amended Franchise.

C. Grantee by its acceptance of the Seventh Amended Franchise further acknowledges that it has carefully read the terms and conditions of the Seventh Amended Franchise and accepts without reservation the obligations imposed by the terms and conditions herein.

D. In case of conflict or ambiguity between the Seventh Amended Franchise and the Existing Franchise, the provision which provides the greatest benefit to County, as determined solely by County, shall prevail.

E. The Board's decision concerning its selection and awarding of the Seventh Amended Franchise shall be final.

Section 5: SEVERABILITY

If any section, provision, term or covenant or any portion of any section, provision, term or covenant of the Seventh Amended Franchise is determined to be illegal, invalid or unconstitutional, by any court of competent jurisdiction or by any state or federal regulatory agency having jurisdiction thereof, such determination shall have no effect on any remaining portion of such section, provision, term or covenant or the remaining sections, provisions, terms or covenants of the Seventh Amended Franchise, all of which will remain in full force and effect for the term of the Seventh Amended Franchise or any renewal or renewals thereof.

Section 6: NOTICE

Notices required under the Seventh Amended Franchise shall be delivered or sent by certified mail, postage prepaid to:

Grantor:

Clerk of the Pinal County Board of Supervisors
P.O. Box 827
31 N. Pinal
Florence, Arizona 85232

Grantee:

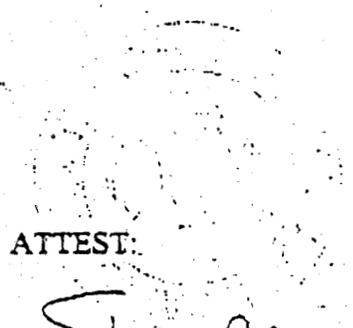
Johnson Utilities L.L.C.
5320 E. Shea Blvd.
Scottsdale, Arizona 85254

Seventh Amended
Johnson Utility Water and Sewer Franchise

The delivery or mailing of such notice shall be equivalent to direct personal notice and shall be deemed to have been given at the time of delivery. Either party may change its address under this section by written notice to the other party.

IN WITNESS WHEREOF, the Board of Supervisors of Pinal County, Arizona, by its Chairman and its Clerk, thereunto duly authorized, has hereunto set its hand and cause its official seal to be affixed on May 30th, 2001.

PINAL COUNTY BOARD OF SUPERVISORS


Jimmie B. Kerr
Jimmie B. Kerr, Chairman 5/30/01

ATTEST:

Sheri Cluff
Sheri Cluff, Deputy Clerk of the Board

APPROVED AS TO FORM:

ROBERT CARTER OLSON
PINAL COUNTY ATTORNEY

Rick V. Husk
Rick V. Husk
Deputy County Attorney

PINAL	7,8, 1/2 9, 18, 17, 16	25 25	8E
COUNTY	SECTION	TOWNSHIP	RANGE

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Type or Print Description Here:

All of Sections 7 and 8, East half of Section 9, all of Sections 16,

17 and 18

**Pinal County
Exhibit A**

**Requested Utility Franchise
Johnson Utilities Company**

Property located in Sections 7, 8, 9, 16, 17, and 18, Township 2 South, Range 8 East, G. & S.R.M., Pinal County, Arizona, being more particularly described as follows:

All of Section 7,
All of Section 8,
The East half of Section 9,
All of Section 16,
All of Section 17,
and
All of Section 18;

All in Township 2 South, Range 8 East, G. & S.R.M., Pinal County, Arizona

ACCEPTANCE OF EXPANDED AND AMENDED FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Johnson Utilities L.L.C., an Arizona limited liability corporation, does hereby accept the May 30, 2001, grant of a Seventh Amended Franchise from Pinal County, Arizona, to construct, operate, and maintain water and sewer lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, as described in the Application, a copy of which is attached to the Seventh Amended Franchise, which is made a part hereof.

Grantee unconditionally accepts the franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the Seventh Amended Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of the County of Pinal to impose the same.

Grantee declares that the statements and recitals in said Seventh Amended Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in said Seventh Amended Franchise recited to have been or to be made by Grantee.

Dated this 25 day of June, 2001.

Johnson Utilities L.L.C.

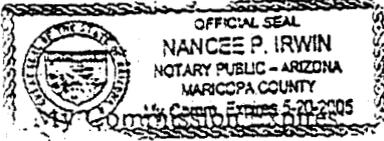
By: [Signature]

Title: Managing Member

STATE OF ARIZONA)
) ss.
County of)

The foregoing instrument was acknowledged before me this 25th day of June, 2001, by George H. JOHNSON,

of Johnson Utilities LLC, an Arizona limited liability corporation, and being authorized to do so, executed the foregoing instrument on behalf of the corporation for the purposes therein stated.



[Signature]
Notary Public

May 20 2005

Expansion and Amendment Of The Johnson Utility Water and Sewer Franchise

WHEREAS, Johnson Utilities L.L.C. had received a water and sewer franchise from Pinal County to establish and maintain water and sewer services on October 12, 1995 (1995-033065), amended on July 9, 1997 (1997-030624), May 20, 1998 (1998-031193), November 4, 1998 (1998-050223), November 17, 1999 (1999-053478), August 2, 2000 (2000-032663), December 13, 2000 (2001-002045), and May 30, 2001 (2001-024621) (hereinafter "Existing Franchise").

WHEREAS, Johnson Utilities L.L.C., an Arizona limited liability corporation, duly authorized to conduct business in the State of Arizona, has duly filed and presented to the Board of Supervisors of the County of Pinal, State of Arizona, its application for expansion of the Existing Franchise for the purpose of constructing, operating and maintaining water and sewer lines and related appurtenances along, under and across the public streets, alleys and highways, except federal and state highways, within the unincorporated area of Pinal County, Arizona, as described in Exhibit "A" attached hereto (hereinafter "Expansion").

WHEREAS, upon filing of Johnson Utilities L.L.C.'s application for the Expansion, a copy of which is attached hereto as Exhibit "C" without its exhibits, the Board of Supervisors of Pinal County ordered a public notice of its intent to consider the granting of the Expansion to be published in a newspaper of general circulation, in Pinal County, Arizona, stating the time and place for consideration of the Expansion was set for 9:30 A.M. on June 20, 2001, at the Pinal County Board of Supervisors' Hearing Room, Administration Building No. 1, Florence, Arizona.

WHEREAS, said application for the Expansion and Amendment having come on regularly for hearing at 9:30 A.M. on June 20, 2001; and it appearing from the affidavit of the publisher of the Florence Reminder & Blade Tribune that due and regular notice of said time and place set for the consideration of such action has been published for at least once a week for three consecutive weeks prior to said hearing date, to-wit: in the issues of the Florence Reminder and Blade-Tribune published on May 31, 2001, June 7, 2001, and June 14, 2001; and the matter being called for hearing at 9:30 A.M., and an opportunity having been given to all interested parties to be heard.

WHEREAS, the Board of Supervisors of Pinal County has the power to amend an existing franchise under its general police powers in such matters.

Eighth Amended
Johnson Utility Water and Sewer Franchise

NOW, THEREFORE,

Section 1: DEFINITIONS

The following terms used in this expansion and amendment of the Existing Franchise shall have the following meanings:

- A. County: Pinal County, Arizona
- B. Board: Board of Supervisors of Pinal County, Arizona.
- C. Grantor: Pinal County, by and through its Board of Supervisors
- D. Grantee: Johnson Utilities L.L.C., an Arizona limited liability corporation, its successors and assigns
- E. Grantee's Facilities: water and sewer lines and related appurtenances

Section 2: GRANT

Grantor, on June 20, 2001, hereby grants to Grantee, for a period of time not to exceed the Existing Franchise, this expanded and amended franchise (hereinafter "Eighth Amended Franchise") for the purpose of constructing, operating and maintaining water and sewer lines and related appurtenances along, under and across public streets, alleys and highways, except federal and state highways, under the terms and conditions set forth herein within the unincorporated area of Pinal County, Arizona, as described in the Expansion and the Existing Franchise (hereinafter "Franchise Area").

Section 3: ACCEPTANCE BY GRANTEE / EFFECTIVE DATE FRANCHISE

The Eighth Amended Franchise shall be accepted by Grantee by written instrument in the form attached hereto as Exhibit "B" (hereinafter "Acceptance"), executed and acknowledged by it as a deed is required to be, and filed with the Clerk of the Pinal County Board of Supervisors within thirty days after the date this Sixth Amended Franchise is accepted by County. This Eighth Amended Franchise shall be effective upon delivery of the Acceptance to the Clerk of the Pinal County Board of Supervisors in the form required and within the time specified above.

Section 4: LIMITS ON GRANTEE'S RECOURSE

A. Grantee by its acceptance of the Eighth Amended Franchise acknowledges such acceptance relies upon grantee's own investigation and understanding of the power and authority of the County to grant said franchise. Grantee by its acceptance of the Eighth Amended Franchise accepts the validity of the terms and conditions of the Eighth Amended Franchise in their entirety and agrees it will not, at any time, proceed against County in any claim or proceeding challenging any term or provision of the Eighth Amended Franchise as unreasonable, arbitrary or void, or that County did not have the authority to impose such term or condition.

B. Grantee by accepting the Eighth Amended Franchise acknowledges that it has not been induced to accept the same by any promise, verbal or written, by or on behalf of County or by any third person regarding any term or condition of the Eighth Amended Franchise not expressed therein. Grantee by its acceptance of the Eighth Amended Franchise further pledges that no promise or inducement, oral or written, has been made to any employee or official of County regarding receipt of the Eighth Amended Franchise.

C. Grantee by its acceptance of the Eighth Amended Franchise further acknowledges that it has carefully read the terms and conditions of the Eighth Amended Franchise and accepts without reservation the obligations imposed by the terms and conditions herein.

D. In case of conflict or ambiguity between the Eighth Amended Franchise and the Existing Franchise, the provision which provides the greatest benefit to County, as determined solely by County, shall prevail.

E. The Board's decision concerning its selection and awarding of the Eighth Amended Franchise shall be final.

Section 5: SEVERABILITY

If any section, provision, term or covenant or any portion of any section, provision, term or covenant of the Eighth Amended Franchise is determined to be illegal, invalid or unconstitutional, by any court of competent jurisdiction or by any state or federal regulatory agency having jurisdiction thereof, such determination shall have no effect on any remaining portion of such section, provision, term or covenant or the remaining sections, provisions, terms or covenants of the Eighth Amended Franchise, all of which will remain in full force and effect for the term of the Eighth Amended Franchise or any renewal or renewals thereof.

Section 6: NOTICE

Notices required under the Eighth Amended Franchise shall be delivered or sent by certified mail, postage prepaid to:

Grantor:

Clerk of the Pinal County Board of Supervisors
P.O. Box 827
31 N. Pinal
Florence, Arizona 85232

Grantee:

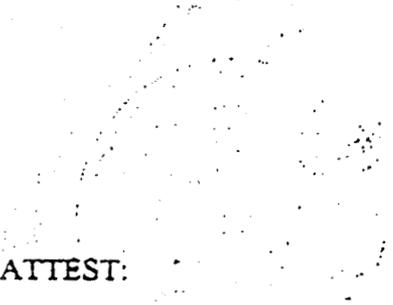
Johnson Utilities L.L.C.
5320 E. Shea Blvd.
Scottsdale, Arizona 85254

Eighth Amended
Johnson Utility Water and Sewer Franchise

The delivery or mailing of such notice shall be equivalent to direct personal notice and shall be deemed to have been given at the time of delivery. Either party may change its address under this section by written notice to the other party.

IN WITNESS WHEREOF, the Board of Supervisors of Pinal County, Arizona, by its Chairman and its Clerk, thereunto duly authorized, has hereunto set its hand and cause its official seal to be affixed on June 20, 2001.

PINAL COUNTY BOARD OF SUPERVISORS


Jimmie B. Kerr
Jimmie B. Kerr, Chairman

ATTEST:

Sheri Cluff
Sheri Cluff, Deputy Clerk of the Board

APPROVED AS TO FORM:

ROBERT CARTER OLSON
PINAL COUNTY ATTORNEY

Rick V. Husk
Rick V. Husk
Deputy County Attorney

**Pinal County
Exhibit A**

**Requested Utility Franchise
Johnson Utilities Company**

All of Sections 1, 2, 3, 4, 9, 10, 11, and 12, in Township 3 South, Range 8 East,
G. & S.R.M., Pinal County, Arizona.

ATTACHMENT "B"

PINAL	1,2,3,4,9,10, 11, 12	3 SOUTH	8 EAST
COUNTY	SECTION	TOWNSHIP	RANGE

6	5	4	3	2	1		
7	8	9	10	11	12		
18	17	16	15	14	13		
19	20	21	22	23	24		
30	29	28	27	26	25		
31	32	33	34	35	36		

Type or Print Description Here:

All of Sections 1, 2, 3, 4, 9, 10, 11 and 12 in Township 3 South,
Range 8 East, Pinal County, Arizona

ACCEPTANCE OF EXPANDED AND AMENDED FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Johnson Utilities L.L.C., an Arizona limited liability corporation, does hereby accept the June 20, 2001, grant of a Eighth Amended Franchise from Pinal County, Arizona, to construct, operate, and maintain water and sewer lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, as described in the Application, a copy of which is attached to the Eighth Amended Franchise, which is made a part hereof.

Grantee unconditionally accepts the franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the Eighth Amended Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of the County of Pinal to impose the same.

Grantee declares that the statements and recitals in said Eighth Amended Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in said Eighth Amended Franchise recited to have been or to be made by Grantee.

Dated this 27th day of June, 2001.

Johnson Utilities L.L.C.

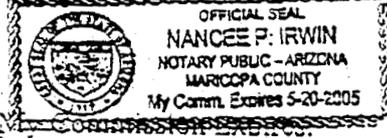
By: [Signature]

Title: MANAGING MEMBER

STATE OF ARIZONA)
County of Maricopa) ss.

The foregoing instrument was acknowledged before me this 27th day of June, 2001, by George H. Johnson

of Johnson Utilities, L.L.C., an Arizona limited liability corporation, and being authorized to do so, executed the foregoing instrument on behalf of the corporation for the purposes therein stated.



[Signature]
Notary Public

May 20 2005