

# JOHNSON UTILITIES L.L.C.

5230 East Shea Boulevard \* Scottsdale, Arizona 8

PH: (480) 998-3300; FAX: (480) 483-7908

NEW APPLICATION

ORIGINAL



0000076134

August 21, 2007

Arizona Corporation Commission  
DOCKETED

AUG 21 2007

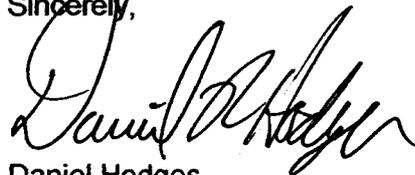
Docket Control  
Arizona Corporation Commission  
1200 W. Washington St.  
Phoenix, AZ 85007

WS-02987A-07-0487

DOCKETED BY 

Attached is an application by Johnson Utilities, L.L.C. for an Extension of its Sewer Certificate of Convenience and Necessity. The purpose of this application is to expand our existing service area to include the developments known as Skyline Estates, Quail Run Estates, and the J.O. Combs Educational Village. Johnson Utilities currently has an application in progress for the Sale of Assets and Cancellation of the Certificate of Convenience and Necessity that we are currently working towards; however this application has been made at the request of the J.O. Combs School District and the Developers in the event the Sale of Assets and Cancellation of the Certificate of Convenience and Necessity is not approved. If you have any questions in this regard please contact me. Thank you for your time and consideration on this matter.

Sincerely,



Daniel Hodges  
Vice President

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

2007 AUG 21 A 11:35

RECEIVED

**ARIZONA CORPORATION COMMISSION**

**APPLICATION FOR AN EXTENSION OF CERTIFICATE OF CONVENIENCE AND  
NECESSITY**

**SEWER**

A. The name, address and telephone number of the Applicant is:

Johnson Utilities, L.L.C.  
5230 E. Shea Blvd., Suite 200  
Scottsdale, AZ. 85254  
480-998-3300

B. The name, address, and telephone number of management contact is:

Brian P. Tompsett  
Johnson Utilities, L.L.C.  
5230 E. Shea Blvd., Suite 200  
Scottsdale, AZ. 85254  
480-998-3300

C. List the name, address and telephone number of the operator certified by the Arizona Department of Environmental Quality.

Gregory Brown  
Specific Engineering, L.L.C.  
5230 E Shea Blvd. Suite 220  
Scottsdale, AZ 85254  
480-987-9870

D. List the name, address and telephone number of the attorney for the Applicant:

Richard L. Sallquist  
Sallquist, Drummond & O'Connor, P.C.  
4500 South LakeShore Dr., Suite 339  
Tempe, AZ. 85282  
480-839-5202

E. Attach the following documents that apply to you:

1. Certificate of Good Standing (if corporation)

See Attachment 1

2. Corporate Resolution Authorizing this application (if required by the corporation's Articles of Incorporation)

Not Applicable

F. Attach a legal description of the area requested by either **CADASTRAL** (quarter section description) or **Metes and Bounds** survey. References to parcels and dockets will not be accepted.

See Attachment 2

G. Attach a detailed map using the form provided as attachment B. Shade and outline the area requested. Also indicate the present certificated area by using different colors.

See Attachment 3

H. Attach a current balance sheet and profit and loss statement

See Attachment 4

I. Provide the following information:

1. Indicated the estimated number of customers, by class, to be served in the new area in each of the next five years:

See Attachment 5

2. (WATER ONLY) Indicate the projected annual water consumption, in gallons, for each of the customer classes in the new area for each of the next five years.

Not Applicable

3. Indicate the total estimated annual operating revenue from the new area for each of the next five years.

See Attachment 5

• Complete Attachment "D" (Water Use Data Sheet) for the past 13 months.

Not Applicable

4. Indicate the total estimated annual operating expenses attributable to the new area for each of the next five years.

See Attachment 5

J. Total estimated cost to construct utility facilities to serve customers in the requested area:

See Attachment 6

K. Explain method of financing utility facilities (see paragraph 8 of instructions)

The construction of the additional utility facilities needed to serve the area covered by this Application will be financed primarily by advances in aid of construction and hook-up fees in accordance with Commission regulations and Johnson Utilities applicable tariffs, as well as pursuant to the terms of

any main extension agreements between Johnson Utilities, and property owners. A copy of all fully executed main extension agreements for water facilities between parties shall be filed with the Commission in support of this Application when completed.

L. Estimated start and completion date of construction of utility facilities:

Start date: January, 2008

Completion date: December, 2015

M. Attach the following permits:

1. Franchise from either the City or County for the area requested.

See Attachment 7

2. Arizona Department of Environmental Quality or designee's approval to construct facilities

Arizona Department of Environmental Quality's Approval to Construct the facilities to serve the requested extension area will be provided to the Commission as soon as they are received by Johnson Utilities.

3. Arizona State Land Department approval. (If you are including any State land in your requested area this approval is needed.)

See Attachment 8

4. U.S. Forest Service approval-

Not Applicable

5. (WATER ONLY) If the area requested is within an Active Management Area, attach a copy of the utility's Designation of an Assured Water Supply, or the developer's Certificate of 100 year Assured Water Supply issued by the Arizona Department of Water Resources.

Not Applicable

- If the area requested is outside an Active Management Area, attach the developer's Adequacy Statement issued by the Arizona Department of Water Resources if applied for by the developer.

Not Applicable

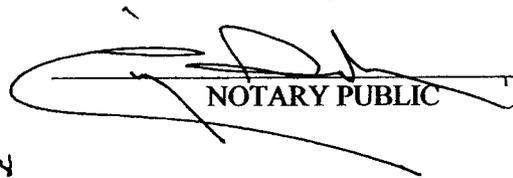
- If the area requested is outside an Active Management Area and the developer does not obtain an Adequacy Statement, provide sufficient detailed information to prove that adequate water exists to provide water to the area requested.

Not Applicable

  
Daniel Hodges

Vice President

SUBSCRIBED AND SWORN to before me this 21 day of August, 2007

  
NOTARY PUBLIC

My Commission Expires 12-23-2008



# ATTACHMENT 1

# STATE OF ARIZONA



Office of the  
**CORPORATION COMMISSION**

**CERTIFICATE OF GOOD STANDING**

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Director of the Arizona Corporation Commission, do hereby certify that

**\*\*\*JOHNSON UTILITIES, L.L.C.\*\*\***

a domestic limited liability company organized under the laws of the State of Arizona, did organize on the 5th day of June 1997.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said limited liability company is not administratively dissolved for failure to comply with the provisions of A.R.S. section 29-601 et seq., the Arizona Limited Liability Company Act; and that the said limited liability company has not filed Articles of Termination as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 13th Day of June, 2007, A. D.



*Brian C. McNeil*  
Executive Director

By *Rebekah F. Brandenburg*

# ATTACHMENT 2

# Legal Description

## Skyline Estates

August 18, 2005

Assessor Parcel Number: 210-11-00101

Legally described as the north half of Section 11, Township 3 South, Range 8 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

EXCEPT the northwest quarter of the northwest quarter of Section 11, Township 3 South, Range 8 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

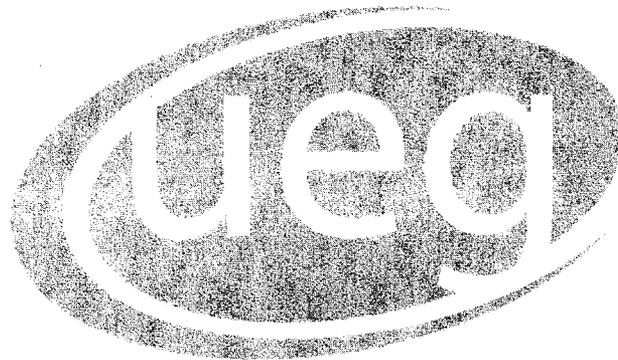


EXHIBIT "A"

PARCEL NO. 1:

That part of the Northeast quarter of Section 2, Township 3 South, Range 8 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, being more particularly described as follows:

Commencing at the Northeast corner of said Section 2, being marked by a 1/2" bar 2.14 feet Northerly of a General Land Office Brass marking the closing corner of the Northeast corner of said Section 2;

Thence South 1 degree 05 minutes 41 seconds East (basis of bearings) along the Easterly line of the Northeast quarter of said Section 2, a distance of 1588.50 feet to a point on the Westerly right-of-way line of the Central Arizona Project Canal, being marked by 1/2" bar. LS 32778, said point also being the TRUE POINT OF BEGINNING;

Thence continuing South 1 degree 05 minutes 41 seconds East, 1057.56 feet to the East quarter corner of said Section 2, being marked by a 5/8" bar, LS 32778;

Thence South 89 degrees 30 minutes 28 seconds West, along the East-West Mid-Section line of said Section 2, a distance of 1372.23 feet to the Southwest corner of the East half of the Northeast quarter (also being the Southeast corner of the West half of the Northeast quarter) of said Section 2, being marked by a 1/2" bar, LS 5068 and from which point the center quarter corner of said Section 2, being marked by a 2" aluminum cap on a 1/2" bar, LS 5068 bears South 89 degrees 30 minutes 28 seconds West, 1372.23 feet distant therefrom;

Thence North 1 degree 11 minutes 11 seconds West, 2646.06 feet to the Northwest corner of the East half of the Northeast quarter (also being the Northeast corner of the West half of the Northeast quarter) of said Section 2, being marked by a 1/2" bar, LS 5068 and from which point the North quarter corner of said Section 2 being marked by a 2" aluminum cap on a 1/2" bar, LS 5068 bears South 89 degrees 22 minutes 31 seconds West, 1376.43 feet distant therefrom;

Thence North 89 degrees 22 minutes 31 seconds East, along the Northerly line of the Northeast quarter of Section 2, a distance of 787.54 feet to a point on the said Westerly right-of-way line of the Central Arizona Project Canal, being marked by a 1/2" bar, LS 5068

Thence South 21 degrees 20 minutes 30 seconds East along said Westerly right-of-way line of the Central Arizona Project Canal, a distance of 1701.61 feet to the TRUE POINT OF BEGINNING.

Continued...

Exhibit "A" continued

PARCEL NO. 2:

A portion of the North half of Section 2, Township 3 South, Range 8 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, more particularly described as follows;

Commencing at the East quarter corner of said Section 2;

Thence West, (assumed bearing) along the East-West mid-section line of Section 2, a distance of 1372.23 feet to the Southeast corner of the West half of the Northeast quarter (also being the Southwest corner of the East half of the Northeast quarter) of said Section 2, said point also being the TRUE POINT OF BEGINNING;

Thence continuing West, along the East-West mid-section line of said Section 2, a distance of 1317.83 feet to a point from which the center quarter corner of said Section 2, bears West, 60.74 feet, distance therefrom;

Thence North 0 degrees 33 minutes 24 seconds West, being parallel with the Easterly line of said West half of the Northeast quarter of Section 2, a distance of 2,642.94 feet to a point on the Northerly line of said Section 2, and from which point the North quarter corner of said Section 2, bears South 89 degrees 52 minutes 03 seconds West, 58.62 feet distance therefrom;

Thence North 89 degrees 52 minutes 03 seconds East, along the said Northerly line of Section 2, a distance of 1317.81 feet to the Northeast corner of the said West half of the Northeast quarter (also being the Northwest corner of the East half of the Northeast quarter) of Section 2;

Thence South 0 degrees 33 minutes 24 seconds East, along the said Easterly line of the West half of the Northeast quarter of Section 2, a distance of 2,645.99 feet to the TRUE POIN

**Legal Description**

WEST HALF OF SECTION 9, TOWNSHIP 2 SOUTH, RANGE 8 EAST OF THE  
GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

# ATTACHMENT 3

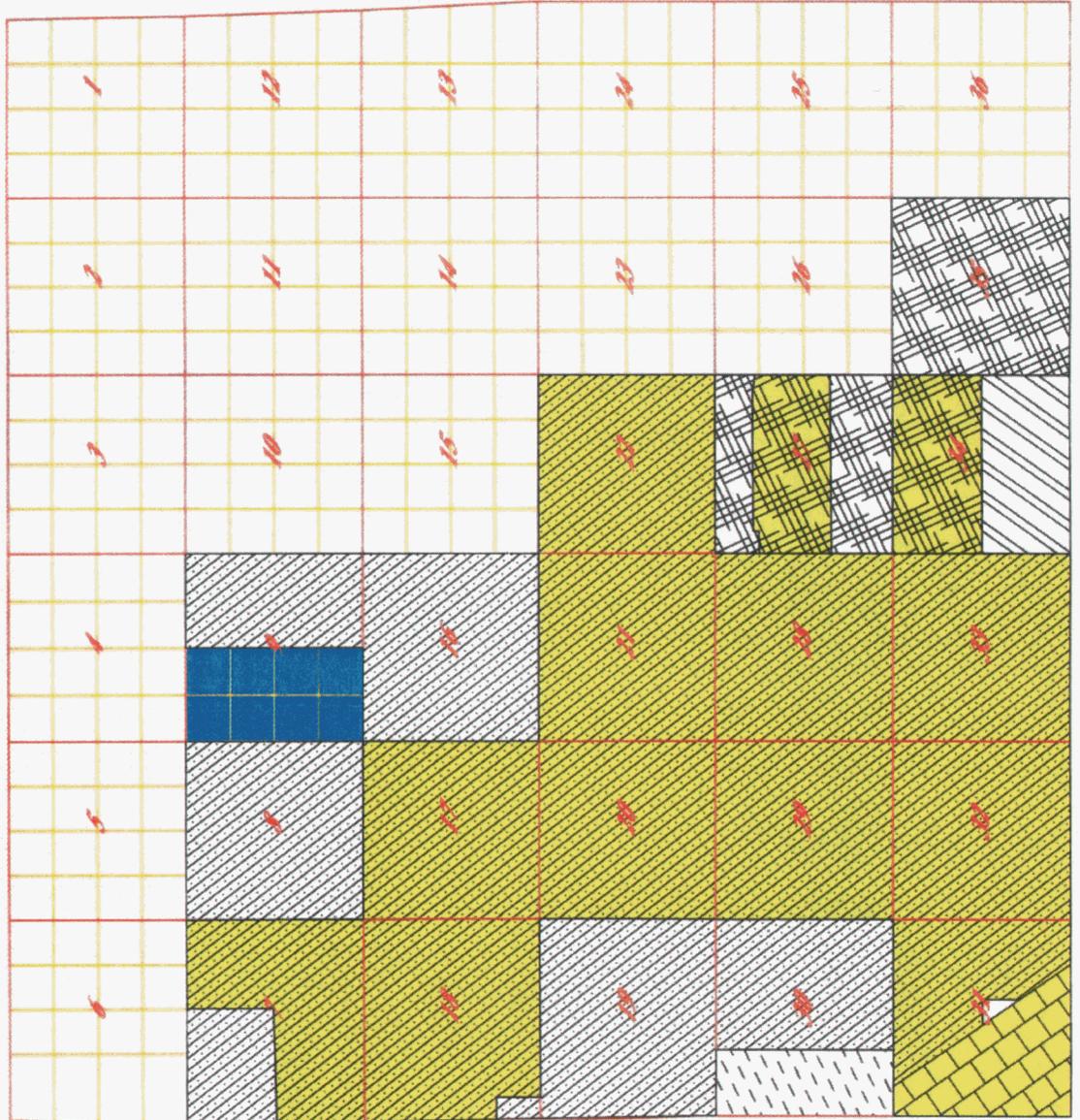
**COUINTRY: Pinal**

**RANGE 8 East**

**TOWNSHIP 2 South**

-  WS-2987 (6)  
Johnson Utilities Company
-  W-2859 (3)  
Diversified Water Utilities, Inc.
-  W-2234 (2)  
H<sub>2</sub>O, Inc.
-  W-1395 (2)  
Queen Creek Water Company
-  W-2425 (2)  
Sun Valley Farms Unit VI Water Company

 Sewer CC&N Requested

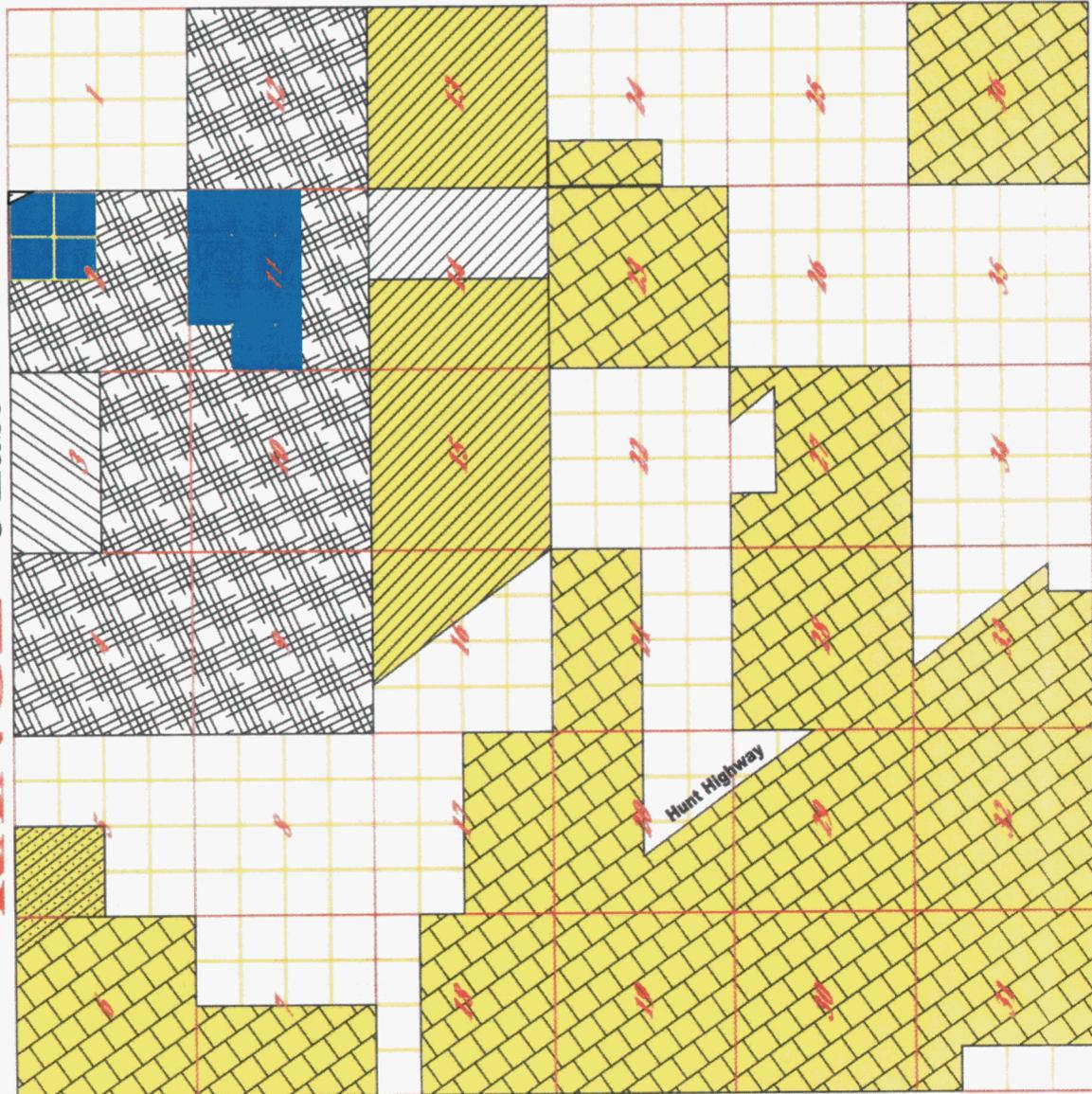


# COUNTY: Pinal

## RANGE 8 East

## TOWNSHIP 3 South

	W-2859 (3) Diversified Water Utilities, Inc.		W-2234 (2) H <sub>2</sub> O, Inc.		WS-2987 (6) Johnson Utilities Company		W-2425 (2) Sun Valley Farms Unit VI Water Company		Diversified Water Utilities, Inc. Docket No. W-02859A-04-0844 Application for Extension		Sewer CC&N Requested



# ATTACHMENT 4

**ULLMANN**  
**& COMPANY P.C.**  
Certified Public Accountants

To the Board of Directors of  
The Sewer Division of Johnson Utilities, L.L.C.  
Scottsdale, Arizona

We have compiled the balance sheet of The Sewer Division of Johnson Utilities, L.L.C. as of December 31, 2006 and 2005, and the comparative statement of income and expense for the years then ended included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation was limited to presenting in the form prescribed by the Arizona Corporation Commission information that is the representation of management. We have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements are presented in accordance with the requirements of the Arizona Corporation Commission, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

All other information contained in the accompanying prescribed form has not been audited, reviewed, or compiled by us and, accordingly, we assume no responsibility for that information.

*Ullmann & Company*

ULLMANN & COMPANY, P.C.  
Certified Public Accountants

March 17, 2007

**COMPANY NAME**  
**JOHNSON UTILITIES, LLC**

**BALANCE SHEET**

Acct. No.		BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 7,865,909	\$ 12,267,465
132	Special Deposits		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	710,411	894,205
146	Notes/Receivables from Associated Companies	16,260	65,793
151	Plant Material and Supplies		
162	Prepayments	13,297	0
174	Miscellaneous Current and Accrued Assets	419,178	617,935
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	<b>\$ 9,025,055</b>	<b>\$ 13,845,398</b>
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	42,690,702	75,325,268
103	Property Held for Future Use		
105	Construction Work in Progress	6,036,198	7,117,372
108	Accumulated Depreciation - Utility Plant	2,217,358	3,589,488
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	<b>TOTAL FIXED ASSETS</b>	<b>\$ 46,509,542</b>	<b>\$ 78,853,152</b>
	<b>TOTAL ASSETS</b>	<b>\$ 55,534,597</b>	<b>\$ 92,698,550</b>

NOTE: Total Assets on this page should equal Total Liabilities and Capital on the following page.

COMPANY NAME  
JOHNSON UTILITIES, LLC

**BALANCE SHEET (CONTINUED)**

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF YEAR
	<b>CURRENT LIABILITES</b>		
231	Accounts Payable	\$ 1,041,139	\$ 1,451,727
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	2,196,194	5,489,099
235	Customer Deposits		
236	Accrued Taxes	226,180	341,806
237	Accrued Interest	13	0
241	Miscellaneous Current and Accrued Liabilities		
	<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 3,463,526</b>	<b>\$ 7,282,632</b>
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$ -	\$ -
	<b>DEFERRED CREDITS</b>		
252	Advances in Aid of Construction	\$ 18,691,978	\$ 35,799,523
253	Other Deferred Credits		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	28,462,942	39,260,892
272	Less: Amortization of Contributions	1,338,070	2,104,298
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	<b>\$ 45,816,850</b>	<b>\$ 72,956,117</b>
	<b>TOTAL LIABILITIES</b>	<b>\$ 49,280,376</b>	<b>\$ 80,238,749</b>
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ -	\$ -
211	Other Paid in Capital		
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)	6,254,221	12,459,801
	<b>TOTAL CAPITAL</b>	<b>\$ 6,254,221</b>	<b>\$ 12,459,801</b>
	<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>\$ 55,534,597</b>	<b>\$ 92,698,550</b>

SEE ACCOUNTANTS' COMPILATION REPORT

COMPANY NAME

JOHNSON UTILITIES, LLC

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

	<b>OPERATING REVENUES</b>	<b>PRIOR YEAR</b>	<b>TEST YEAR</b>
521	Flat Rate Revenues	\$ 5,379,633	\$ 8,065,115
522	Measured Revenues		
536	Other Wastewater Revenues	275,876	399,045
	<b>TOTAL REVENUES</b>	<b>\$ 5,655,509</b>	<b>\$ 8,464,160</b>
	<b>OPERATING EXPENSES</b>		
701	Salaries and Wages	\$ -	\$ -
710	Purchased Wastewater Treatment		
711	Sludge Removal Expense	68,242	64,868
715	Purchased Power	267,091	474,733
716	Fuel for Power Production		
718	Chemicals	34,592	128,625
720	Materials and Supplies	109,420	71,810
731	Contractual Services - Professional	2,686,731	3,239,017
735	Contractual Services - Testing		
736	Contractual Services - Other		
740	Rents	13,107	26,001
750	Transportation Expense		
755	Insurance Expense	26,896	14,740
765	Regulatory Commission Expense		
775	Miscellaneous Expense	89,377	403,764
403	Depreciation Expense	150,419	605,902
408	Taxes Other Than Income	6,085	1,138
408.11	Property Taxes	103,941	180,394
409	Income Taxes		
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 3,555,901</b>	<b>\$ 5,210,992</b>
	<b>OTHER INCOME/EXPENSE</b>		
419	Interest and Dividend Income	\$ 185,679	\$ 346,737
421	Non-Utility Income	674	0
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	28,558	41,699
	<b>TOTAL OTHER INCOME/EXP</b>	<b>\$ 157,795</b>	<b>\$ 305,038</b>
	<b>NET INCOME/(LOSS)</b>	<b>\$ 2,257,403</b>	<b>\$ 3,558,206</b>

# ATTACHMENT 5

The estimated numbers of customers to be served in each of the first five years of water utility service to the area covered by this Application are as follows:

**Residential:**

	<u>Skyline Estates</u>	<u>Quail Run</u>	<u>JO Combs*</u>	<u>Total</u>
Year 2008	117	15	1	133
Year 2009	317	115	1	433
Year 2010	517	215	2	734
Year 2011	717	315	2	1034
Year 2012	917	415	3	1335

\*School District is planning one elementary, one middle, and one high school.

Applicant's estimated annual operating revenue and operating expenses for each of the first five years of operation in the new area covered by this Application are as follows:

**Wastewater**

**Operating Revenue**

1st Year	\$30,723
2nd Year	\$130,746
3rd Year	\$269,577
4th Year	\$408,408
5th Year	\$547,239

**Operating Expenses**

1st Year	\$24,578
2nd Year	\$104,597
3rd Year	\$215,662
4th Year	\$326,726
5th Year	\$437,791

# ATTACHMENT 6



April 10, 2006

**Skyline Estates**  
**Onsite Sewer**  
*Preliminary Cost Estimate*

Item	Unit	Quantity	\$/Unit	Cost
Sewer line (8 in.)	LF	38,639	\$ 35	\$ 1,352,365
Sewer line (10 in.)	LF	2197	\$ 40	\$ 87,880
Sewer manhole	EA	207	\$ 3,500	\$ 724,500
Sewer lift station	EA	1	\$ 500,000	\$ 500,000
Sub-Total:				\$ 2,664,745
Contingency				
(10%):				\$ 266,475
<b>Grand Total:</b>				<b>\$ 2,931,220</b>

# ATTACHMENT 7

MAY-22-2003 THU 09:57 AM

FAX NO.

06/22/01 P. 25/38

*8th Amended*



OFFICIAL RECORDS OF  
PINAL COUNTY RECORDER  
LAURA DEAN-LITTLE

When recorded mail to:

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

DATE: 06/22/01 TIME: 1538  
FEE : \$ .00  
PAGES: 9  
FEE NO: 2001-028018

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(The above space reserved for recording information)

**CAPTION HEADING**

Franchise expansion of Johnson Utilities Company  
of its water and sewer utility franchise located in all of  
Sections 1, 2, 3, 4, 9, 10, 11, & 12, T3S, R8E, G&SRB&M, Pinal County, Arizona.

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**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:

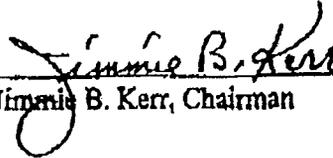
Johnson Utilities L.L.C.  
5320 E. Shea Blvd.  
Scottsdale, Arizona 85254

Eighth Amended  
Johnson Utility Water and Sewer Franchise

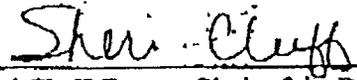
The delivery or mailing of such notice shall be equivalent to direct personal notice and shall be deemed to have been given at the time of delivery. Either party may change its address under this section by written notice to the other party.

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, Chairman

ATTEST:

  
Sheri Cluff, Deputy Clerk of the Board

APPROVED AS TO FORM:

ROBERT CARTER OLSON  
PINAL COUNTY ATTORNEY

  
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:

Title:

*[Handwritten signature]*  
MANAGING MEMBER

STATE OF ARIZONA )

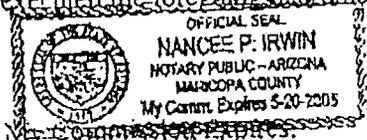
County of Maricopa )

) ss.

The foregoing instrument was acknowledged before me this 27th day

of June, 2001, by Gregory 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.



*Nancee P. Irwin*  
Notary Public

May 20, 2005



OFFICIAL RECORDS OF  
PINAL COUNTY RECORDER  
LAURA DEAN-LYTTLE

DATE: 07/19/01      TIME: 1609  
FEE :            0.00  
PAGES:         4  
FEE NO: 2001-032670

When recorded mail to:

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

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(The above space reserved for recording information)

**CAPTION HEADING**

Acceptance of eighth expanded and amended franchise for Johnson Utilities, L.L.C.

---

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:

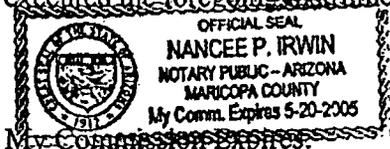
Title:

[Handwritten signature and 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.



[Handwritten signature: Nancee P. Irwin]
Notary Public

My Commission Expires: May 20, 2005

**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

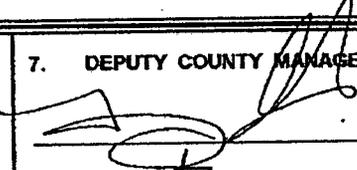
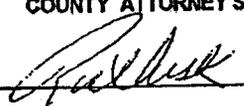
Type or Print Description Here:

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

### 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

<b>1. REQUESTED BY:</b> Fund No: 10      Dept No: 1037      Dept. Name: Special Services      Director: Gary Medina	
<b>2. BRIEF DESCRIPTION OF AGENDA ITEM AND REQUESTED BOARD ACTION:</b> <u>Agenda Item for June 20, 2001</u> 9:30 a.m. PUBLIC HEARING to consider the petition from Johnson Utilities Company for an expansion of its water and sewer utility franchise located in all of Sections 1, 2, 3, 4, 9, 10, 11 & 12, T3S, R8E, G&SRB&M, Pinal County, Arizona.	
<b>3. MOTION:</b> It is moved that the Pinal County Board of Supervisors ...  <u>SUGGESTED MOTION:</u> Approve the Eighth Amended Johnson Utility Water and Sewer Franchise expansion/amendment document as presented.	
<b>4. DEPARTMENT:</b>  <i>Gary D. Medina</i> 5-25-01 Action recommended by      Date	<b>7. DEPUTY COUNTY MANAGER:</b>   6/11/01 Date Approve <input checked="" type="checkbox"/> Disapprove <input type="checkbox"/>
<b>5. GRANTS AND CONTRACTS ADMINISTRATOR:</b>  _____ Date Approve <input type="checkbox"/> Disapprove <input type="checkbox"/>	<b>8. PURCHASING DEPARTMENT:</b>  _____ Date Approve <input type="checkbox"/> Disapprove <input type="checkbox"/>
<b>6. COUNTY ATTORNEY'S OFFICE:</b>   6-11-01 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.	<b>9. FINANCE OFFICE:</b>  _____ Date Approve <input type="checkbox"/> Disapprove <input type="checkbox"/>
<b>10. COUNTY MANAGER:</b> _____ Date APPROVE <input type="checkbox"/> DISAPPROVE <input type="checkbox"/>	
<b>11. BOARD OF SUPERVISORS:</b> Action Taken: <input type="checkbox"/> Approve <input type="checkbox"/> Amend <input type="checkbox"/> Disapprove <input type="checkbox"/> Delete <input type="checkbox"/> _____ CHAIRMAN: _____      6-20-01 Date CLERK OF THE BOARD: <i>Jimmie B. Kerr</i> 6-20-01 Date	

⑨ w/c

When recorded mail to:

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



OFFICIAL RECORDS OF  
PINAL COUNTY RECORDER  
LAURA DEAN-LYILE

DATE: 06/22/01      TIME: 1538  
FEE :            0.00  
PAGES:            9  
FEE NO: 2001-028018

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(The above space reserved for recording information)

**CAPTION HEADING**

Franchise expansion of Johnson Utilities Company  
of its water and sewer utility franchise located in all of  
Sections 1, 2, 3, 4, 9, 10, 11, & 12, T3S, R8E, G&SRB&M, Pinal County, Arizona.

---

**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:

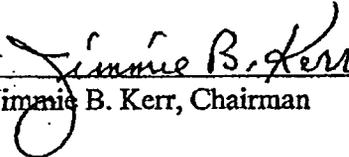
Johnson Utilities L.L.C.  
5320 E. Shea Blvd.  
Scottsdale, Arizona 85254

Eighth Amended  
Johnson Utility Water and Sewer Franchise

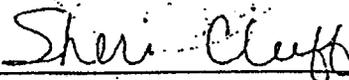
The delivery or mailing of such notice shall be equivalent to direct personal notice and shall be deemed to have been given at the time of delivery. Either party may change its address under this section by written notice to the other party.

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, Chairman

ATTEST:

  
\_\_\_\_\_  
Sheri Cluff, Deputy Clerk of the Board

APPROVED AS TO FORM:

ROBERT CARTER OLSON  
PINAL COUNTY ATTORNEY

  
\_\_\_\_\_  
Rick V. Husk  
Deputy County Attorney

Johnson Utilities Company  
5230 East Shea Boulevard  
Suite 200  
Scottsdale, Arizona 85254  
(480) 998-3300

May 11, 2001

Pinal County Board of Supervisors  
Attn: Gary D. Medina  
Administrative Services  
31 N. Pinal Street, Building A  
Florence, Arizona 85232

Re: *Johnson Utilities Company Expansion of Utility Franchise*

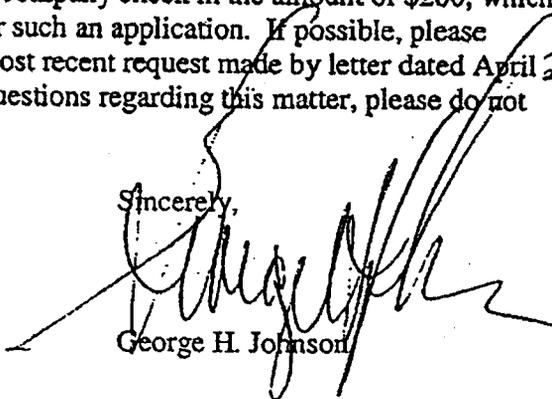
Dear Mr. Medina:

Johnson Utilities Company respectfully requests an additional extension to its Public Utility Franchise. We have new customers and developers asking for utility service in areas that are not within our Pinal County franchise at this time or the recent extension request made April 20, 2001.

Pinal County has issued franchises on six previous occasions: October 12, 1995, July 30, 1997, May 20, 1998, November 4, 1998, November 17, 1999, August 2, 2000, and December 13, 2000. To accommodate the growth on our system, we hereby request that you extend the utility franchise to the parcels listed and diagramed on the enclosed sheets.

Enclosed also please find a company check in the amount of \$200, which we understand is the processing fee for such an application. If possible, please consolidate this request with our most recent request made by letter dated April 20, 2001. In the event you have any questions regarding this matter, please do not hesitate to call me.

Sincerely,



George H. Johnson

Encs.

cc: Stanley Griffis (w/enc.)  
Thomas Campbell (w/enc.)  
Brian Tompsett (w/enc.)

**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.

**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 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.



# ATTACHMENT 8

SEP 15 2006

Janet Napolitano  
Governor

Mark Winkleman  
State Land  
Commissioner

Arizona  
State Land Department



1616 West Adams Street Phoenix, AZ 85007 www.land.state.az.us

September 13, 2006

Mr. Brian Tompsett  
Johnson Utilities  
5230 E. Shea Blvd, Suite 200  
Scottsdale, Arizona 85254

Re: Request for Service, J.O. Combs Elementary School District, SE corner  
Of Germann and Kenworthy in NE Pinal County (T2S, R8E, S9).

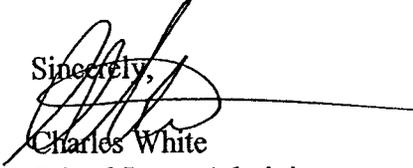
Dear Mr. Tompsett:

This letter is a follow-up to our phone conversation of this morning regarding J.O. Combs School District and the State Trust Land parcel at the SE corner of Germann and Kenworthy. ASLD is processing a 75 year Public Education Lease Application (#03-110964) of approximately 90 +/- acres at this location for which J.O. Combs Elementary School District is the applicant. The proposed lease will include up to 3 separate school sites, one elementary, one middle, and one high school site.

We anticipate the lease will go to auction as a Public Education Lease some time in the first quarter of 2007. Accordingly, please process the request from J. O. Combs School District for appropriate utility service.

If you have any questions please call me directly at 602-542-3121.

Sincerely,

  
Charles White

School Lease Administrator

CC: Patricia Quinn  
Engineering Section