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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF JOHNSON UTILITIES COMPANY FOR AN EXTENSION OF ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY FOR WATER AND WASTEWATER SERVICE.	DOCKET NO. WS-02987A-[redacted] **REQUEST FOR PROCEDURAL ORDER TO EXTEND COMPLIANCE DATE OF DECISION NO. 68237** ([redacted])

Johnson Utilities, LLC, ("Johnson" or the "Company") hereby files this Request for a Procedural Order regarding Compliance with the Subject Decision on the basis set forth herein.

1. The Compliance Items set forth in Decision No. 68237, dated October 25, 2005, (the "Decision") regarding subsequent filings to be made by the Company related to that Certificate of Convenience and Necessity Extension Application, have previously been completed and docketed with the Commission. The Decision required that the Company file a full rate application for its water and wastewater divisions based upon the Test Year 2006, and that filing be made by May 1, 2007.

2. On March 30, 2007, the Company filed an Application with the Commission requesting the Commission's authority to sell all of the water and wastewater assets (the "Assets") owned by the Company to the Town of Florence (the "Town"), and further requesting

that the Commission cancel all Certificates of Convenience and Necessity previously issued by, or pending before, the Commission.

4. On that same day, the Company filed a "Notice of Compliance with Decision No. 68237, or alternatively, a Motion to Extend Compliance Dates". That Motion citied, among other things, the pending Application for sale of the Assets to the Town, as the basis for the extension. The Motion requested a December 31, 2007 Test Year with a June 30, 2008 filing date.

5. On April 13, 2005 the Commission Staff filed a Staff Report recommending a June 30, 2007 Test Year with a December 31, 2007 filing date.

6. The Company responded on April 26, 2007 supporting certain of Staff's recommendations, but asking the Commission to reconsider the Company's proposed year end Test Year.

7. Subsequent to that correspondence, numerous discussions between Company and Staff representatives have taken place, discussing the problems and virtues of the requested extension.

8. On September 18, 2007, Counsel for the Company received the attached letter form Chief Counsel for the Commission supporting the extension, with the qualifications as stated therein. The Company concurs with Staff's qualifications.

WHEREFORE, the Company respectfully requests that the Hearing Division issue a Procedural Order extending the compliance dates as recommended by Staff.

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RESPECTFULLY submitted this 1st day of ~~September~~ October 2007.

SALLQUIST, DRUMMOND & 0'CONNOR, P.C.

By: _____

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Original and fifteen copies of the foregoing filed this 1st day of ~~September~~ October 2007:

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

A copy of the foregoing mailed/hand delivered this 1st day of ~~September~~ October 2007, to:

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

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ARIZONA CORPORATION COMMISSION

BRIAN C. McNEIL
Executive Director

September 18, 2007

Mr. Richard L. Sallquist
SALLQUIST, DRUMMOND & O'CONNOR
4500 South Lakeshore Drive, Suite 339
Tempe, Arizona 85282

RE: Johnson Utilities Company; Docket No. WS-02987A-04-0889
Motion to Extend

Dear Mr. Sallquist:

This letter is written by way of response to your letter dated September 7, 2007 and addressed to Mr. Ernest Johnson, Director of Utilities. In that letter you set forth a series of circumstances which cause Johnson Utilities Company ("JUC") to be interested in delaying the rate case filing that was required by the above-referenced docket.

As you know, the growth and numerous other changed circumstances in JUC's certificated area have combined to cause the Commission and Staff to believe that a rate case is an essential element of determining the ongoing reasonableness of the rates and charges established for JUC. The Commission is concerned to insure that JUC is neither over earning nor under earning to any substantial extent. This is of particular importance since JUC collects significant hookup fee revenues that have the potential to distort any examination of operating results outside a rate case.

However, the concerns described above are of primary importance in a setting in which JUC continues to operate as a Commission regulated public service corporation. Should JUC be acquired by a municipality and become part of a municipally owned utility system, the Commission's concerns would be addressed in the course of considering the transfer proceeding and would not seem to have any residual impacts necessitating a rate case.

As you can tell, Staff is not interested in requiring JUC to submit a rate case that would not be a productive part of the Commission's ongoing regulatory oversight. Nor is Staff interested in creating any impediments to a possible municipal acquisition of JUC. At the same time, Staff continues to believe that a review of the reasonableness of JUC's rates at the earliest practicable date is an important requirement if JUC is going to remain in business as a public service corporation.

In order to balance these competing concerns, I have been authorized to advise you of Staff's position with regard to your requested delay to JUC's rate case filing. Staff is willing to accede to changing the requirements such that a rate case filing could be made utilizing a calendar year 2007 test year. However, Staff believes that the date that such a filing should be required is no later than March 31, 2008, rather than June 30, 2008. Staff believes that a March 31, 2008 filing date provides an adequate period of time to prepare such a rate case filing. Of course, consistent with the suggestion in your letter, Staff would anticipate that no further delays to this proposed rate case filing would be requested or granted.

It is Staff's hope that the additional time to prepare and file the requisite rate case will allow JUC a full opportunity to resolve any questions regarding the potential acquisition by a municipal entity. Nevertheless, Staff believes that a date certain for a rate case filing is an essential requirement for regulatory certainty. Should JUC submit a Motion to delay its rate case filing, this letter describes the response that will be submitted on behalf of Commission Staff. Please feel free to contact me if you have any questions.

Sincerely,

Christopher C. Kempley

Christopher C. Kempley
Chief Counsel, Legal Division

CCK:rbo