

NEW APPLICATION



0000117767

RECEIVED
1999 OCT 18 A 11:55
AZ CORP COMMISSION
DOCUMENT CONTROL

1 Richard L. Sallquist (002677)
SALLQUIST & DRUMMOND, P.C.
2 2525 E. Arizona Biltmore Circle, Suite 117
Phoenix, Arizona 85016
3 Telephone: (602) 224-9222
Fax: (602) 224-9366
4 Attorneys for Applicant

5 **BEFORE THE ARIZONA CORPORATION COMMISSION**

6 IN THE MATTER OF THE APPLICATION) DOCKET NO. WS-2987A-99-0583
OF JOHNSON UTILITIES, L.L.C. DBA)
7 JOHNSON UTILITIES COMPANY FOR) **APPLICATION**
AN EXTENSION OF ITS CERTIFICATE)
8 OF CONVENIENCE AND NECESSITY TO)
PROVIDE WATER AND WASTEWATER)
9 SERVICE IN PINAL COUNTY, ARIZONA)

10 Applicant, **Johnson Utilities L.L.C. dba Johnson Utilities Company** hereby submits the
11 following in support of its Application. This Application is substantially in the form required by
12 the Commission.

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

**Johnson Utilities L.L.C.
5230 East Shea Blvd.
Scottsdale, Arizona 85254
(602) 998-3300**

17 B. If doing business (dba) under a name other than the Applicant name specify:

Johnson Utilities Company

19 C. List name, address and telephone number of management contact:

**George H. Johnson
5230 East Shea Blvd.
Scottsdale, Arizona 85254
(602) 998-3300**

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

2 **Richard L. Sallquist**
3 **Sallquist & Drummond, P.C.**
4 **2525 East Arizona Biltmore Circle, Suite 117**
5 **Phoenix, Arizona 85016**
6 **(602) 224-9222**

7 E. List the name, address and telephone number of the operator certified by the Arizona
8 Department of Environmental Quality:

9 **Paul S. Hendricks**
10 **Environmental Utilities Services**
11 **19002 N. 21st Ave.**
12 **Phoenix, Arizona 85027**
13 **(623) 582-8560**

14 F. List the name, address and telephone number of the on-site manager of the utility:

15 **See Response E**

16 G. The Applicant is a:

17 Corporation:

- 18 1. "C", "S", Non-profit
19 2. Arizona, Foreign

20 Partnership:

- 21 1. Limited, General
22 2. Arizona, Foreign

23 X Limited Liability Company (LLC):

 Sole Proprietorship

 Other (specify) _____

1 H. If Applicant is a corporation:

2 1. List names of Officers and Directors:

	Officers	Directors
--	----------	-----------

3
4 N/A

5 2. Attach a copy of the corporation's "Certificate of Good Standing" issued by the
6 Corporations Division of the Arizona Corporation Commission. N/A

7 3. Attach a copy of the Articles of Incorporation. N/A

8 4. Attach a copy of the corporation's By-Laws. N/A

9 5. If a for-profit corporation, indicate the number of shares
of stock authorized for issue: N/A

10 6. If stock has been issued, indicate the number of shares
11 issued and date of issue: N/A

12 I. If the Applicant is a partnership: N/A

13 1. List the names of the general partners: N/A

14 2. List the name, address and telephone number of the managing partners: N/A

15 3. Attach a copy of the Partnership's Articles of Partnership. N/A

16 If the Applicant is a foreign limited partnership, provide a copy of the Partnership's
"Certificate of Registration" filed with the Arizona Secretary of State. N/A

17 J. If the Applicant is a sole proprietor, list the name, address and telephone number of the
18 proprietor: N/A

19 K. If the Applicant is a Limited Liability Company:

20 1. List the names of managers: **George H. and Jana S. Johnson**

21 L. List the names and addresses of any other public utility interest which the applicant may
have: **None**

22 M. Attach a legal description of the area requested by either CADASTRAL (quarter section
23 description) or Metes and Bounds survey. References to parcels and docket will not be
accepted. Please see Attachment 1.

1 N. Attach a detailed map using the form provided as Attachment "B". Shade and outline, the
2 area requested. Also indicate any other utility within the general area using different colors
of shading and outline. **Please see Attachment 2.**

3 O. Attach financial information in a format similar to Attachment "C". **Please see**
4 **Attachment 3, proformas revised to match Decision 60233 and Staff Reports in that**
5 **Docket.**

6 P. Explain the method of financing utility facilities. Refer to the instructions, item no. 7. (Use
7 additional sheets if necessary)

8 **Common Water and Wastewater facilities will be**
9 **funded through hook-up tariffs authorized by the**
10 **Commission. The project specific off-site facilities**
11 **and on-site facilities will be funded through**
12 **traditional line extension agreements with the**
13 **developers that will be submitted to the**
14 **Commission for approval.**

15 Q. Estimated starting and completion dates of construction of utility facilities.

16 **Starting date; Upon Commission Approval, Completion date; Three to five years.**

17 R. Attach proposed Tariffs using either the water or sewer format of Attachment "D", unless
18 another form is approved by the Utilities Division prior to the filing of this application.
19 **Please see Tariffs approved as part of Commission Decision No. 60233, dated May 27,**
20 **1997.**

21 S. Attach the following permits:

- 22 1. The franchise from either the City or County for the area requested. **To be late filed**
23 **as Attachment 4.**
2. The Arizona Department of Environmental Quality (or its designee's) approval to
construct facilities. **To be late filed as Attachment 5.**
3. The Arizona State Land Department approval. (If you are including any State land
in your requested area this approval is needed). **N/A**

1 4. Any U.S. Forest Service approval. (If you are including any U.S. Forest Service
2 land in your requested area this approval is needed). N/A

3 5. A copy of the "Certified Statement of Property Taxes" issued by the Arizona
4 Department of Revenue. N/A

5 6. (WATER ONLY) If the area requested is within an Active Management Area,
6 attach a copy of either the utility's Designation of an Assured Water Supply or the
7 developer's Certificate of 100 Year Assured Water Supply issued by the Arizona
8 Department of Water Resources. **To be late filed as Attachment 6.**

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

12 If the area requested is outside an Active Management Area and the developer does
13 not obtain an Adequacy Statement, provide sufficient detail to prove that adequate
14 water exists to provide water to the area requested. N/A

15 T. Provide the following information: **The specifics of the individual developments are
16 uncertain at this time, but it is not anticipated that the customer additions prior to the
17 rate review mandated in Decision 60233, would substantially alter the financial
18 projections submitted in the original Certificate Application.**

19 1. Indicate estimated number of customers, by class, to be served in each of the first
20 five years of operation?

21 Residential:

22 First Year _____ Second Year _____ Third Year _____

23 Fourth Year _____ Fifth Year _____

Commercial:

First Year _____ Second Year _____ Third Year _____

Fourth Year _____ Fifth Year _____

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

Industrial:

First Year _____ Second Year _____ Third Year _____
Fourth Year _____ Fifth Year _____

Irrigation:

First Year _____ Second Year _____ Third Year _____
Fourth Year _____ Fifth Year _____

Other: (specify)

First Year _____ Second Year _____ Third Year _____
Fourth Year _____ Fifth Year _____

2. Indicate the projected annual water consumption, in gallons, for each of the customer classes for each of the first five years of operation:

Residential:

First Year _____ Second Year _____ Third Year _____
Fourth Year _____ Fifth Year _____

Commercial:

First Year _____ Second Year _____ Third Year _____
Fourth Year _____ Fifth Year _____

Industrial:

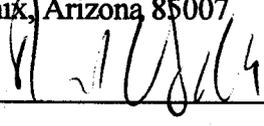
First Year _____ Second Year _____ Third Year _____
Fourth Year _____ Fifth Year _____

Irrigation:

First Year _____ Second Year _____ Third Year _____
Fourth Year _____ Fifth Year _____

1 Original and ten copies of the
foregoing filed this 16 day of
2 October, 1999, with:

3 Docket Control
Arizona Corporation Commission
4 1200 West Washington
Phoenix, Arizona 85007

5 

6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

ATTACHMENTS

ATTACHMENT	DESCRIPTION
1	LEGAL DESCRIPTION
2	MAP OF REQUESTED AREA
3	DECEMBER 31, 1998 ANNUAL REPORTS TO UTILITIES DIVISION (WATER & SEWER)
4	FRANCHISE (Late Filed)
5	ADEQ APPROVAL TO CONSTRUCT (Late Filed)
6	ADWR STATEMENT (Late Filed)
7	NOTICE TO PROPERTY OWNERS WITH CERTIFICATE OF MAILING

COUNTY: Pinal

RANGE 7 East

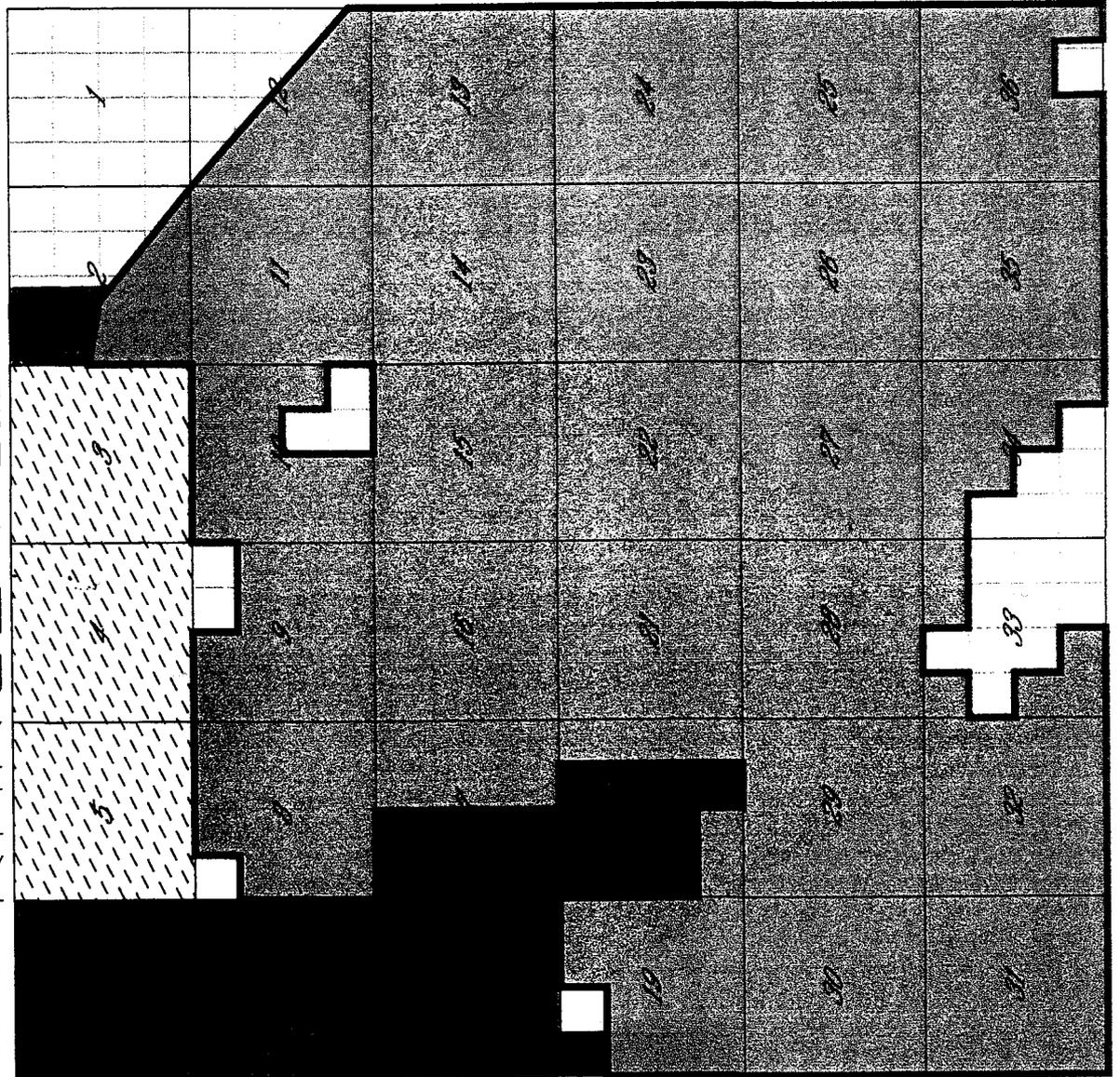
TOWNSHIP 3 South

W-1395 (1)
Queen Creek Water Company

Queen Creek Water Company
Docket No. W-1395-98-488
Application for Extension

Sewer

REQUESTED AREA

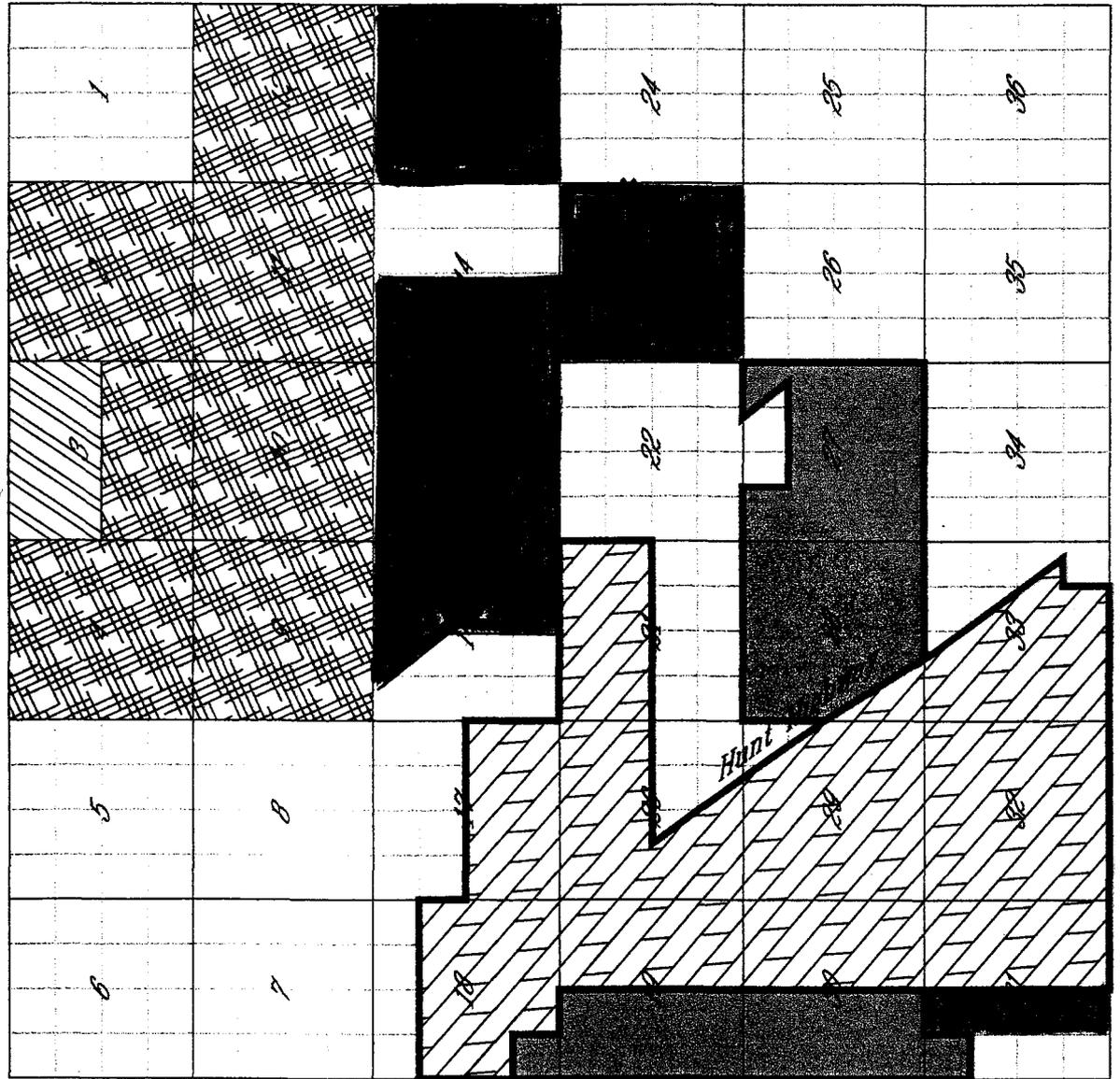


Map No. 11

COUNTY: Pinal

RANGE 8 East

TOWNSHIP 3 South



-  W-2859 (2)
Diversified Water Utilities, Inc.
-  WS-2987 (3)
Johnson Utilities Company
-  W-2425 (2)
Sun Valley Farms Unit VI Water Company
-  Sewer

Johnson Utilities Company
 Block E No. WS-2987-98 146
 Application for Extension

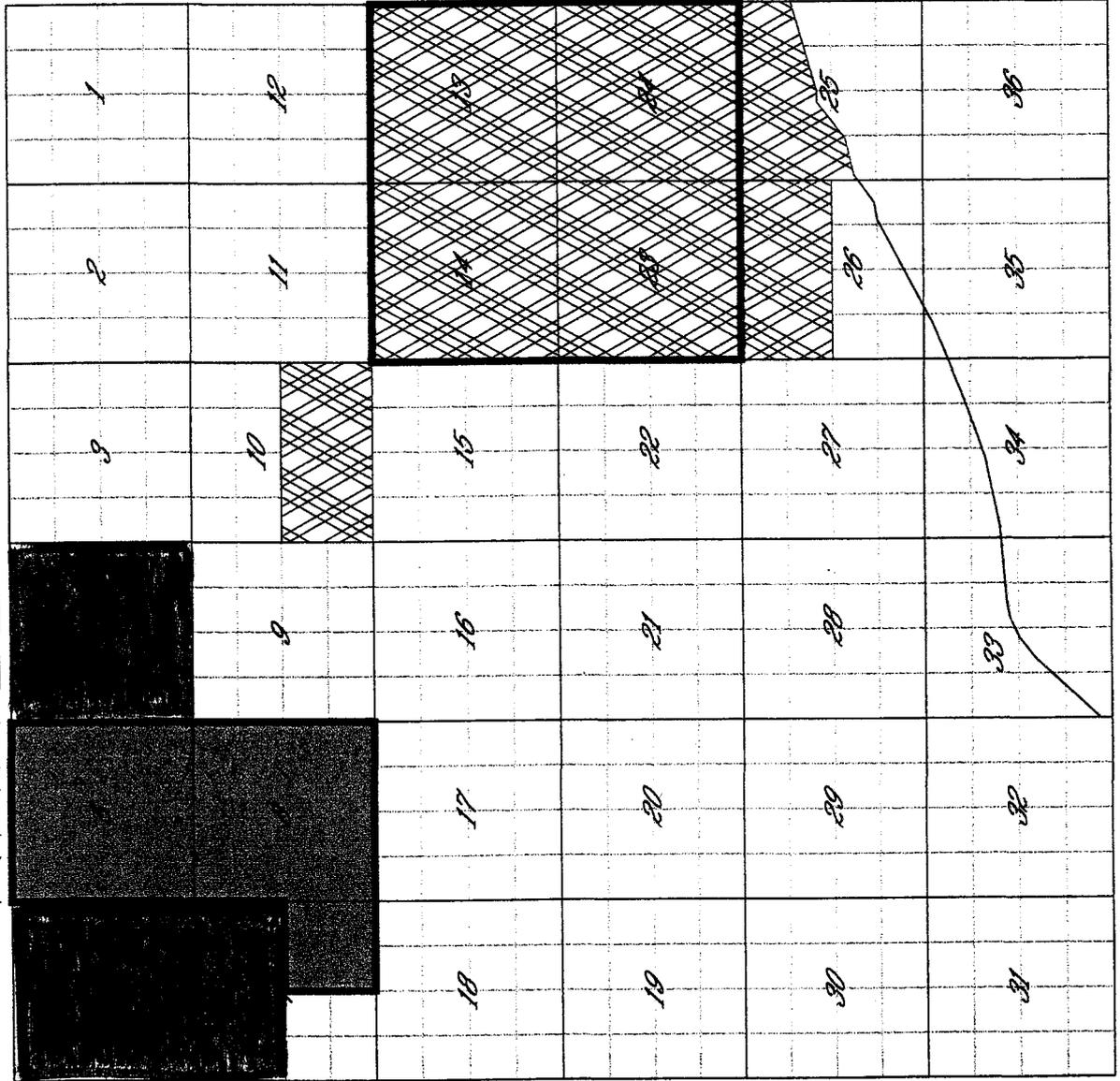
COUNTY: Pinal

RANGE 9 East

TOWNSHIP 4 South

 (4)
 City of Florence (Non-jurisdictional)

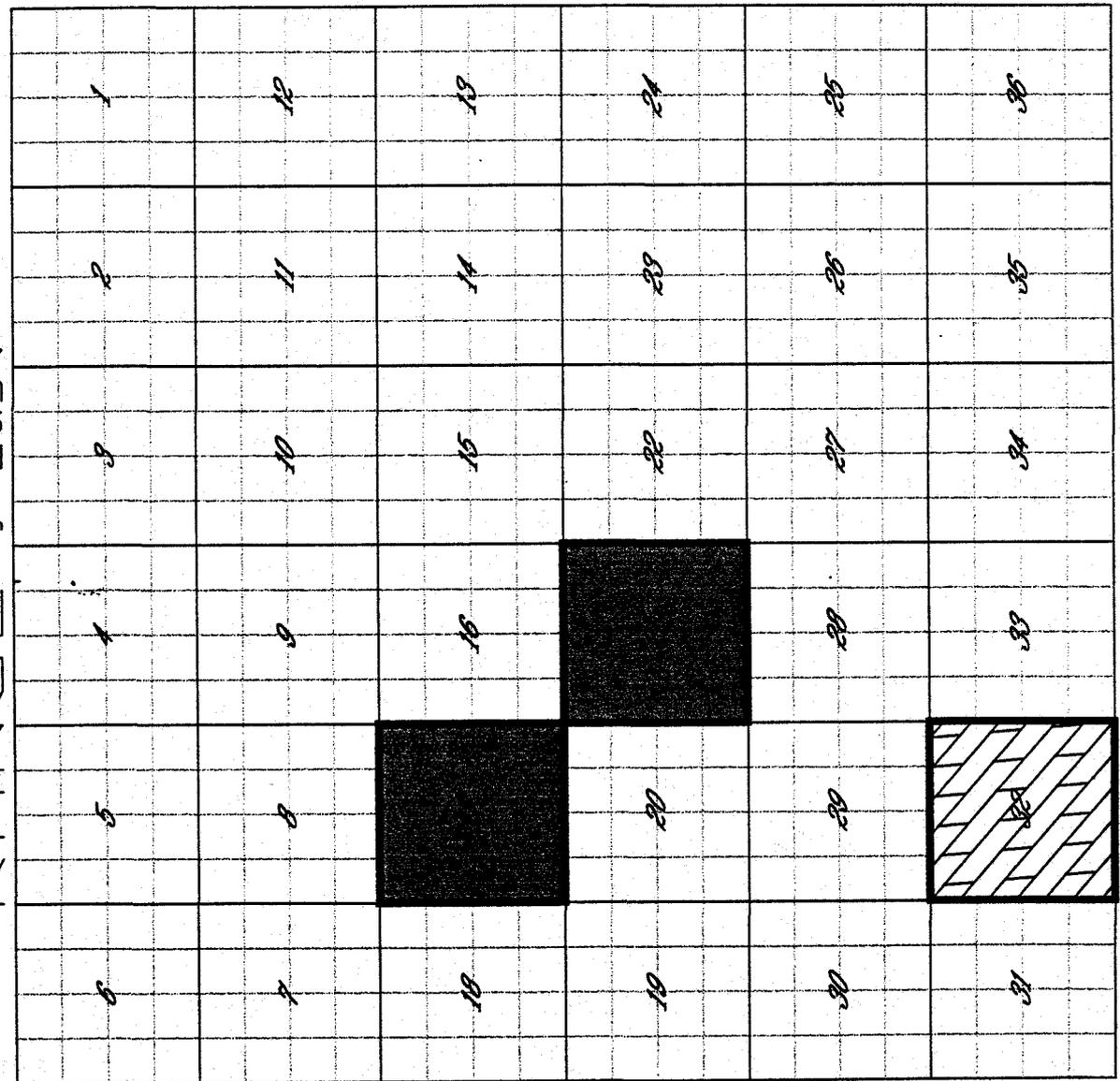
 Sewer
 Johnson Utilities Company
 Docket No. WS-2987-98-546
 Application for Extension



COUNTY: Pinal

RANGE 9 East

TOWNSHIP 3 South



 Johnson Utilities Company
 WS-2987 (3) Sewer

 Sewer
 Johnson Utilities Company
 Docket No. WS-2987-98-546
 Application for Extension

JOHNSON UTILITIES COMPANY

2ND CC&N EXPANSION

PARCEL 1 (Johnson WWTP Site) (80+ Acres)

That portion of the Southeast one-quarter of Section 16 lying South and West of Southern Pacific Railroad right-of-way located in Township 3 South, Range 8 East G&SRB&M, Pinal County, Arizona

PARCEL 2 (Arizona Farms) (2,240 Acres)

Section 1, Township 4 South, Range 8 East, and

Section 4 and 6, and

The North one-half of Section 7, all in Township 4 South, Range 9 East G&SRB&M, Pinal County, Arizona.

PARCEL 3 (Bella Vista Farms) (2,560+ Acres)

Sections 13, 15 and 23, and

The West one-half of Section 14, and

That portion lying North and East of the Southern Pacific Railroad right-of-way in Section 16, all in Township 3 South, Range 8 East G&SRB&M, Pinal County, Arizona

PARCEL 4 (Bonanza Land Co) (118+ Acres)

The West 2066.42 feet of the North 2669.96 feet of Section 2, Township 3 South, Range 7 East, G&SRB&M, Pinal County, Arizona,

Except any portion lying South of center line of Hunt Highway.

PARCEL 5 (Whitehead) (160 Acres)

The East one-half of the West one-half of Section 31, Township 3 South, Range 8 East, G&SRB&M, Pinal County, Arizona.

WATER UTILITY ANNUAL REPORT

REVISED & SUPPLEMENTED

(If mailing label above is missing, please complete the lines below. If mailing label above is incorrect, please draw one line through incorrect information, and state corrected information below.)

COMPANY NAME (DBA NAME) _____ WS-02987A
MAILING ADDRESS (ST. OR P.O. BOX) _____ JOHNSON UTILITIES L.L.C.
CITY, STATE, ZIP _____ 5320 E. SHEA BLVD.
SCOTTSDALE, AZ 85254-0000

FOR YEAR ENDING

12	31	98
----	----	----

MONTH DAY YEAR

ANNUAL REPORT DUE APRIL 15

TO

ARIZONA CORPORATION COMMISSION

UTILITIES DIVISION

1200 WEST WASHINGTON

PHOENIX, ARIZONA 85007

Note: This report is to be used only for Water Utilities that have total annual Water Revenues of less than \$250,000.

UTIL 0001 1/99

ATTACHMENT 3

Company Name JOHNSON UTILITIES, LLC Year Ending DECEMBER 31, 1999

Name of Certificate Holder JOHNSON UTILITIES, LLC

Date of Original CC&N* 5/27/1997 Decision No. 60223

Company Name (dba name), if different from above

Local Office Mailing Address 5320 E. SHEA BLVD
(Street or P.O. Box)

SCOTTSDALE, AZ 85254
(City) (State) (Zip)

Physical Address (if different from above) _____
(Street)

(City) (State) (Zip)

Local Office Tel. No. (602)998-3300 After Hrs./Emerg.No. _____
(Include Area Code/Ext.) (Include Area Code/Ext.)

Local Office Fax No. _____ Pager No. _____
(Include Area Code/Ext.) (Include Area Code/Ext.)

Is Utility in Operation at this Time? X Yes No

If no, Please explain: _____

Last Rate Increase Effective Date _____
(Month) (Day) (Year)

UTILITY COMPANY OWNERSHIP:

- Sole Proprietor (S)
- Partnership (P)
- Bankruptcy (B)
- Receivership (R)
- C Corporation (C) (Other than Association/Co-op)
- Subchapter S Corporation (Z)
- Association/Co-op (A)
- Limited Liability Company (L)
- Other (X)

IF UTILITY COMPANY IS A SUBSIDIARY OF A PARENT COMPANY

Owned by: _____ Controlled by: _____

Name of Parent Company _____

Acquisition Date _____
(MM) (DD) (YY)

IF UTILITY COMPANY IS INCORPORATED - DATE INCORPORATED _____
(MM) (DD) (YY)

State in Which Incorporated: Arizona Other _____
(Please Specify)

*NOTE: CC&N denotes Certificate of Convenience and Necessity

If incorporated and articles of incorporation have been amended during the report years, please fill in the following information: Date and Place Amended

(Month) (Day) (Year) (City) (State)

Reason:

COUNTIES SERVED BY UTILITY COMPANY:

<input type="checkbox"/> Apache	<input type="checkbox"/> Cochise	<input type="checkbox"/> Coconino
<input type="checkbox"/> Gila	<input type="checkbox"/> Graham	<input type="checkbox"/> Greenlee
<input type="checkbox"/> La Paz	<input type="checkbox"/> Maricopa	<input type="checkbox"/> Mohave
<input type="checkbox"/> Navajo	<input type="checkbox"/> Pima	<input checked="" type="checkbox"/> Pinal
<input type="checkbox"/> Santa Cruz	<input type="checkbox"/> Yavapai	<input type="checkbox"/> Yuma
<input type="checkbox"/> Other		

LOCALITIES SERVED (INCORPORATED OR UNINCORPORATED):

SOUTHEAST OF QUEEN CREEK, AZ

(Places, Towns or Municipalities)

Describe important new construction, extension of system or acquisition made during reporting year:

Management Contact	<u>GEORGE H. JOHNSON</u>	<u>5320 E. SHEA BLVD</u>	<u>SCOTTSDALE</u>
	(Name)	(Street)	(City)
	<u>AZ</u>	<u>85254</u>	<u>(602)998-3300</u>
	(State)	(Zip)	(Tel. No. Include Area Code/Ext.)
	(Fax No. Include Area Code)	(Pager No. Include Area Code)	
On-Site Manager	<u>SAME AS ABOVE</u>		
	(Name)	(Street)	(City)
	(State)	(Zip)	(Tel. No. Include Area Code/Ext.)
	(Fax No. Include Area Code)	(Pager No. Include Area Code)	
Statutory Agent	<u>RICHARD L. SALLQUIST</u>	<u>2525 E. AZ BILTMORE CIR #117</u>	<u>PHOENIX</u>
	(Name)	(Street)	(City)
	<u>AZ</u>	<u>85016</u>	<u>(602) 224-9222</u>
	(State)	(Zip)	(Tel. No. Include Area Code/Ext.)
Attorney	<u>SAME AS ABOVE</u>		
	(Name)	(Street)	(City)
	(State)	(Zip)	(Tel. No. Include Area Code/Ext.)

OWNERS

SOLE OWNER:			NAME, ADDRESS, AND PHONE NUMBER (INCLUDING AREA CODE)		
PARTNERSHIP:			EACH PARTNER'S NAME, ADDRESS, PHONE NUMBER (INCLUDE AREA CODE), AND AMOUNT OF EQUITY		
CORPORATION:			THREE LARGEST STOCKHOLDERS NAMES, ADDRESSES, PHONE NUMBER, AND NUMBER OF SHARES HELD		
TYPE (MARK X)			NAME AND ADDRESS	PHONE NUMBER (INCLUDING AREA CODE)	AMOUNT OF EQUITY OR NUMBER OF SHARES
OWNER	PARTNER	SHARE HOLDER			
	X		GEORGE H. JOHNSON 5230 E. SHEA BLVD SCOTTSDALE, AZ 85254	(602)998-3300	50
	X		JANA S. JOHNSON 5230 E. SHEA BLVD SCOTTSDALE, AZ 85254	(602)998-3300	50

DIRECTORS (I CORPORATION)

NAME AND ADDRESS	PHONE NUMBER (INCLUDING AREA CODE)	TERM EXPIRATION DATE			NUMBER OF SHARES HELD
		MONTH	DAY	YEAR	

PRINCIPAL OFFICERS (I CORPORATION)

TYPE (MARK X)					NAME AND ADDRESS (INCLUDING AREA CODE)	PHONE NUMBER (INCLUDING AREA CODE)	DATE ENTERED OFFICE		
PRES	V.P.	SEC.	TREAS.	OTHER			MONTH	DAY	YEAR

Company Name Johnson Utilities Year Ending 12/31/98

UTILITY PLANT IN SERVICE

ACCT. NO.		ORIGINAL COST (1)	ACCUMULATED DEPRECIATION (2)	O.C.L.D. (1) - (2)
301	ORGANIZATION			
302	FRANCHISES			
303	LAND AND LAND RIGHTS			
304	STRUCTURES AND IMPROVEMENTS			
307	WELLS AND SPRINGS	115,000	2,875	112,125
311	ELECTRIC PUMPING EQUIPMENT	43,750	1,094	42,656
320	WATER TREATMENT EQUIPMENT			
330	DISTRIBUTION RESERVOIRS & STANDPIPES			
331	TRANSMISSION AND DISTRIBUTION MAINS	282,692	7,067	275,625
333	SERVICES			
334	METERS			
335	HYDRANTS			
339	OTHER PLANT & MISCELLANEOUS EQUIPMENT			
340	OFFICE FURNITURE AND FIXTURES			
341	TRANSPORTATION EQUIPMENT			
343	TOOLS AND WORK EQUIPMENT			
344	LABORATORY EQUIPMENT			
345	POWER OPERATED EQUIPMENT			
346	COMMUNICATIONS EQUIPMENT			
347	MISCELLANEOUS EQUIPMENT			
348	OTHER TANGIBLE PLANT			
TOTAL WATER PLANT		441,442	11,036	430,406

WATER COMPANY PLANT DESCRIPTION

ADEQ System No.(s) _____

WELLS					
ADWR ID NO.	PUMP HORSEPOWER	PUMP YIELD (GPM)	CASING SIZE (INCHES)	WELL DEPTH (FEET)	METER SIZE (INCHES)
55- 558445		600	20 X 715	728	
55- 627924			16 X 580	600	
55- 627921		1600	20 X 497	497	
55- 627923			16 X 850	850	
55- 627920		482	20 X 487	500	
55- 627922			20 X 748	748	

OTHER WATER SOURCES		
NAME OR DESCRIPTION	CAPACITY (GPM)	GALLONS PURCHASED OR OBTAINED (THOUSANDS)

TOTAL GALLONS PUMPED (NOT SOLD) THIS YEAR (THOUS.)= _____

BOOSTER PUMPS	
HORSEPOWER	QUANTITY
15	1

STORAGE TANKS	
CAPACITY	QUANTITY
10,000	1
6,000	1

PRESSURE TANKS	
CAPACITY	QUANTITY

TREATMENT EQUIPMENT (SEDIMENTATION, FILTRATION, DISINFECTION, ETC.):

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS		
SIZE	MATERIAL	LENGTH FEET
2"		
3"		
4"		
5"		
6"	PVC	19,800
8"		
10"	PVC	4,180
12"	PVC	6,470

METERS	
SIZE	QUANTITY (HOW MANY)
5/8"X3/4"	
3/4"	22
1"	
1 1/2"	
2"	
COMP. 3"	
TURBO 3"	
COMP. 4"	
TURBO 4"	
COMP. 6"	
TURBO 6"	
COMP. 8"	
TURBO 8"	

FIRE HYDRANTS	
STANDARD (QUANTITY)	OTHER (QUANTITY)

STRUCTURES (BUILDING, FENCES, ETC.):

OTHER (LABORATORY EQUIPMENT, TOOLS, VEHICLES, POWER GENERATOR, ETC.):

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

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

We have compiled the balance sheets of The Water Division of Johnson Utilities, L.L.C. as of December 31, 1998 and 1997, and the related comparative statement of income and expenses 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.L.C.
Certified Public Accountants

August 18, 1999

COMPANY NAME

Johnson Utilities

YEAR ENDING

12/31/98

BALANCE SHEET

ASSETS		Balance Beginning of Year	Balance Ending of Year
Acct. No.	<u>Current and Accrued Assets</u>		
131	Cash & Working Funds	<u>460</u>	<u>33,907</u>
135	Temporary Investments	<u> </u>	<u> </u>
141	Customer Accounts Receivables	<u> </u>	<u>61,830</u>
151	Plant Materials & Supplies	<u> </u>	<u> </u>
174	Other Current and Accrued Assets	<u>147,174</u>	<u>4,291</u>
	Total Current & Accrued Assets	<u>147,634</u>	<u>100,028</u>
	<u>Fixed Assets</u>		
101	Utility Plant in Service	<u> </u>	<u>441,442</u>
103	Property Held for Future Use	<u> </u>	<u>2,398,862</u>
105	Construction Work in Progress	<u>414,910</u>	<u>398,878</u>
117	Other Fixed Assets	<u> </u>	<u> </u>
108	Less: Accum. Deprec. & Amort.	<u> </u>	<u>11,036</u>
	Total Fixed Assets	<u>414,910</u>	<u>3,228,146</u>
	TOTAL ASSETS	<u>562,544</u>	<u>3,328,174</u>

BALANCE SHEET
(CONTINUED)

LIABILITIES		Balance Beginning of Year	Balance Ending of Year
<u>Acct. No.</u>	<u>Current and Accrued Liabilities</u>		
231	Accounts Payable		11,039
232	Notes Payable (Current Portion)		
235	Customer Security Deposits		1,200
236	Accrued Taxes		3,947
237	Accrued Interest		
241	Other Current & Accrued Liabilities	428,544	
	Total Current & Accrued Liabilities	<u>428,544</u>	<u>16,186</u>
	<u>Long-Term Debt (Over 12 Months)</u>		
224	Long-Term Notes & Bonds	<u>133,000</u>	<u>0</u>
	<u>Deferred Credits</u>		
252	Advances in Aid of Construction		2,263,287
255	Accumulated Deferred I. T. C.		
271	Contributions in Aid of Construction		137,525
272	Less: Accum. Amort. Of Contrib.		6,876
282	Accumulated Deferred Income Tax*		
284	Other Deferred Credits		
	Total Deferred Credits		<u>2,393,936</u>
	TOTAL LIABILITIES	<u>561,544</u>	<u>2,410,122</u>
 CAPITAL ACCOUNT			
201	Common Stock		
211	Other Paid In Capital		
215	Retained Earnings*		
218	Proprietary Capital	1,000	918,052
219	Other Capital Accounts		
	Total Capital Accounts	<u>1,000</u>	<u>918,052</u>
	TOTAL LIABILITIES & CAPITAL	<u>562,544</u>	<u>3,328,174</u>

*NOTE: If negative, enclose in parentheses. 6A

See Accountants' Compilation Report

RESERVE FOR DEPRECIATION

YEAR BEGINNING BALANCE (CREDIT):	<u>0</u>
ADD: AMOUNT CHARGED FOR DEPRECIATION EXPENSE:	<u>11,036</u>
OTHER CREDITS:*	<u> </u>
LESS: ORIGINAL COST OF PLANT RETIRED DURING YEAR:	<u>()</u>
COST OF PLANT REMOVAL:	<u>()</u>
OTHER DEBITS:*	<u>()</u>
YEAR ENDING BALANCE:	<u>11,036</u>

* NOTE: SHOW DETAILS OF OTHER DEBITS OR CREDITS IN SPACE BELOW.

COMPARATIVE STATEMENT OF INCOME AND EXPENSES

<u>Acct. No.</u>		<u>Prior Year</u>	<u>Current Year</u>
OPERATING REVENUES:			
461	Metered Water Sales*	\$ _____	\$ 66,196
460	Unmetered Water Sales*	_____	_____
46x	Water Sales to Other Customers	_____	_____
47x	Other Operating Revenue	_____	_____
	Total Operating Revenue	\$ 0	\$ 66,196
OPERATING EXPENSES:			
601	Salaries & Wages	\$ _____	\$ _____
610	Purchased Water	_____	73,902
615	Purchased Pumping Power	_____	22,471
618	Water Testing	_____	200
619	Water Treatment	_____	_____
620	Repairs & Maintenance	_____	_____
621	Office Supplies & Expense	_____	_____
630	Outside Services	_____	15,059
631	Rate Case Expense	_____	_____
640	Rents	_____	_____
650	Transportation Expense	_____	_____
655	General Insurance	_____	_____
658	Health & Life Insurance	_____	_____
675	Miscellaneous Operating Expense	_____	2,799
680	Taxes Other Than Property & Income	_____	_____
681	Property Tax	_____	_____
403	Depreciation	_____	2,410
409	Income Tax	_____	_____
	Total Operating Expense	\$ 0	\$ 116,841
	OPERATING INCOME (LOSS)**	\$ 0	\$ (50,645)
OTHER INCOME/EXPENSE:			
419	Interest Income	\$ _____	\$ _____
421	Other Income	_____	_____
426	Other Expense	_____	_____
427	Interest Expense	_____	_____
	TOTAL OTHER INCOME/EXPENSE**	\$ 0	\$ 0
	NET INCOME (LOSS)**	\$ 0	\$ (50,645)

* NOTE: Include Residential, Commercial, Industrial, and Standpipe Only
 **NOTE: If negative, enclose in parentheses.

STATISTICAL INFORMATION

	YEAR END		
	Revenue	Customers	Gallons Sold(h) (000's)
Metered Customers:			
Residential	7,866	31	2,643
Commercial	58,330	4	212,474
Industrial			
Standpipe			
Total Metered Customers (a)	66,196 (c)	35	215,117
Unmetered Customers:			
Residential			
Commercial			
Industrial			
Standpipe			
Total Unmetered Customers (a)	(d)		
Other Customers: (b)			
Private Fire Protection Service			
Public Fire Protection Service			
Other Public Authorities			
Irrigation			
Interdepartmental and/or Associated Companies			
Sales for Resale			
Other Customers			
Total Other Customers	(e)		
Other Operating Revenue	(f)		
Total All Customers	66,196 (g)	35	215,117

- (a) Includes Residential, Commercial, Industrial, and Standpipe only.
- (b) includes all metered or unmetered customer categories not listed above.
- (c) Should agree with Page 8, Account 461, Metered Water Sales.
- (d) Should agree with Page 8, Account No. 460 Unmetered Water Sales.
- (e) Should agree with Page 8, Account No. 46x, Water Sales to Other Customers.
- (f) Should agree with Page 8, Account No. 47x, Other Operating Revenue.
- (g) Should agree with Page 8, Total Operating Revenue.
- (h) See example at bottom of Page 10-A before filling out this column.

COMPUTATION OF DEPRECIATION EXPENSE

<u>Acct. No.</u>	<u>Description</u>	(1) <u>Original Cost</u>	(2) <u>Depreciation Percentage Rate</u>	(1) x (2) <u>Depreciation Expense</u>
301	Organization	_____	_____	_____
302	Franchises	_____	_____	_____
303	Land & Land Rights	_____	_____	_____
304	Struct. & Improvements	_____	_____	_____
307	Wells & Springs	<u>115,000</u>	<u>5%</u>	<u>2,875</u>
311	Elect. Pump Equipment	<u>43,750</u>	<u>5%</u>	<u>1,094</u>
320	Water Treatment Equip.	_____	_____	_____
330	Dist. Reservoirs / Standpipes	_____	_____	_____
331	Trans. & Dist. Mains	<u>282,692</u>	<u>5%</u>	<u>7,067</u>
333	Services	_____	_____	_____
334	Meters	_____	_____	_____
335	Hydrants	_____	_____	_____
339	Other Plant & Misc. Equipment	_____	_____	_____
340	Office Furn. & Fixtures	_____	_____	_____
341	Transportation Equipment	_____	_____	_____
343	Tools & Work Equipment	_____	_____	_____
344	Laboratory Equipment	_____	_____	_____
345	Power Operated Equipment	_____	_____	_____
346	Communications Equipment	_____	_____	_____
347	Miscellaneous Equipment	_____	_____	_____
348	Other Tangible Plant	_____	_____	_____
	Totals	<u>441,442</u>		<u>11,036</u>

SUPPLEMENTAL STATISTICAL INFORMATION

	YEAR END		
	<u>Revenue</u>	<u>Customers</u>	<u>Gallons Sold (d)</u> <u>(000's)</u>
Residential 5/8" x 3/4"	7,866	31	2,643
Residential 3/4"			
Residential 1"			
Residential 1-1/2"			
Residential 2"			
Residential Other _____"			
Total Residential	7,866	31	2,643
Commercial 5/8" x 3/4"	58,330	4	212,474
Commercial 3/4"			
Commercial 1"			
Commercial 1-1/2"			
Commercial 2"			
Commercial Other _____"			
Total Commercial	58,330	4	212,474
Industrial 3"			
Industrial 4"			
Industrial 6"			
Industrial Other _____"			
Industrial Other _____"			
Total Industrial			
Standpipe			

(a) Should agree with Page 10, Residential Metered Customers.

(b) Should agree with Page 10, Commercial Metered Customers.

(c) Should agree with Page 10, Industrial Metered Customers.

(d) When filling out Gallons Sold (000's) entries, round answer to nearest thousand gallons, then drop last 3 zeros. For example, show 11,553,300 gallons as 11,553 but show 11,553,600 as 11,554

CAPITAL STOCK (IF CORPORATION)

	Common	Preferred	Treasury	Total
No. of Shares Authorized:	<u>N/A</u>	<u> </u>	<u> </u>	<u> </u>
No. of Shares Issued:	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Par Value of Shares:	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Dividends Declared During Year:	<u> </u>	<u> </u>	<u> </u>	<u> </u>

LONG-TERM DEBT

	Loan #1	Loan #2	Loan #3	Total
Date Issued:	<u>N/A</u>	<u> </u>	<u> </u>	<u> </u>
Nature of Obligation:	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Amount Issued (Dollars):	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Amount Outstanding:	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Date of Maturity:	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Interest Rate:	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Current Year Interest Expense:	<u> </u>	<u> </u>	<u> </u>	<u> </u>

**REPAYMENT OF DEBT AND ADVANCES IN AID OF CONSTRUCTION
DURING REPORT YEAR**

Principal Repayments:	
Long-Term Debt	\$ <u>N/A</u>
Short-Term Debt	\$ <u>N/A</u>
Repayment of Advances In Aid of Construction	\$ <u>0</u>

VERIFICATION AND SWORN STATEMENT

VERIFICATION

STATE OF ARIZONA

	COUNTY OF (COUNTY NAME) Maricopa	88
I, THE UNDERSIGNED OF THE	NAME (OWNER OR OFFICIAL) George H. Johnson	TITLE President
	COMPANY NAME Johnson Utilities	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION

COMMISSION FOR THE YEAR ENDING

MONTH December	DAY 31	YEAR 1998
-------------------	-----------	--------------

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

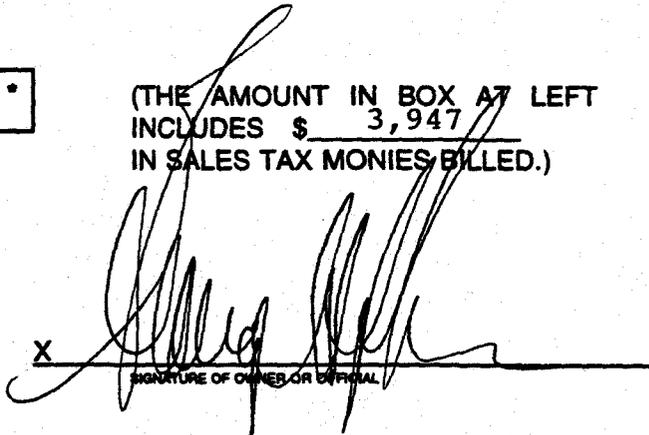
IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE WATER UTILITY OPERATIONS DURING

CALENDAR YEAR 19 ^{YEAR} 98

WAS WATER GROSS OPERATING REVENUE (\$ ONLY)
70,143

(THE AMOUNT IN BOX AT LEFT INCLUDES \$ 3,947 IN SALES TAX MONIES BILLED.)

- * REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAX MONIES BILLED. IF FOR ANY OTHER REASON REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUE ELSEWHERE REPORTED IN THIS REPORT, PLEASE ATTACH A STATEMENT RECONCILING AND EXPLAINING THE DIFFERENCE.

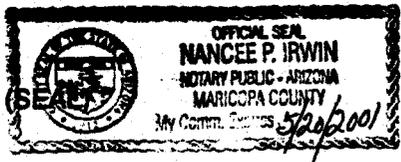
X 
SIGNATURE OF OWNER OR OFFICIAL

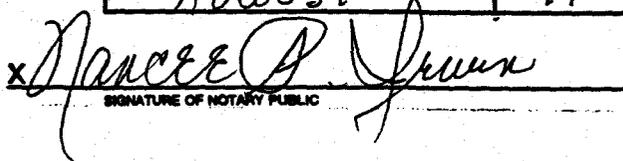
SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS DAY 20th

DAY OF MONTH AUGUST, 1999^{YEAR}

NOTARY PUBLIC NAME NANCEE P. IRWIN	
COUNTY NAME MARICOPA	
MONTH AUGUST	YEAR 1999



X 
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES

MONTH DAY YEAR
May 20 2001

VERIFICATION AND SWORN STATEMENT RESIDENTIAL REVENUE

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Maricopa		SS
NAME (OWNER OR OFFICIAL) George H. Johnson	TITLE President	
COMPANY NAME Johnson Utilities		

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
December	31	1998

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

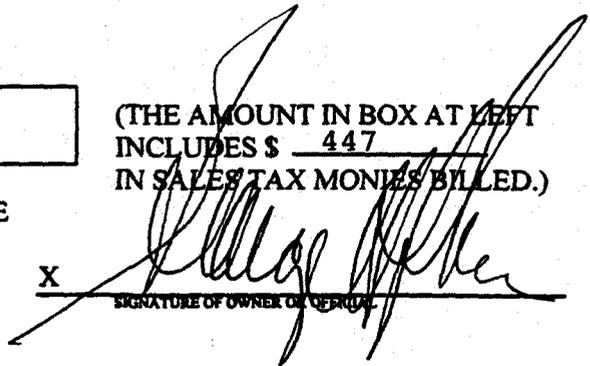
IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE WATER UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING

CALENDAR YEAR 19 98

WAS RESIDENTIAL WATER GROSS OPERATING REVENUE (\$ ONLY) *
8,313

(THE AMOUNT IN BOX AT LEFT INCLUDES \$ 447 IN SALES TAX MONIES BILLED.)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAX MONIES BILLED.

X 
SIGNATURE OF OWNER OR OFFICIAL

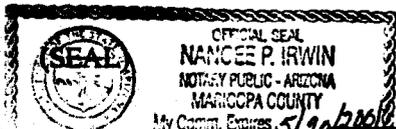
SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

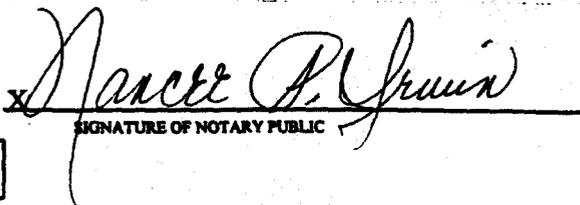
THIS DAY 20th

DAY OF

NOTARY PUBLIC NAME NANCEE P. IRWIN	
COUNTY NAME MARICOPA	
MONTH AUGUST	YEAR 1999



MY COMMISSION EXPIRES MAY 20 2001

X 
SIGNATURE OF NOTARY PUBLIC

**ALL UTILITIES
INCOME TAXES**

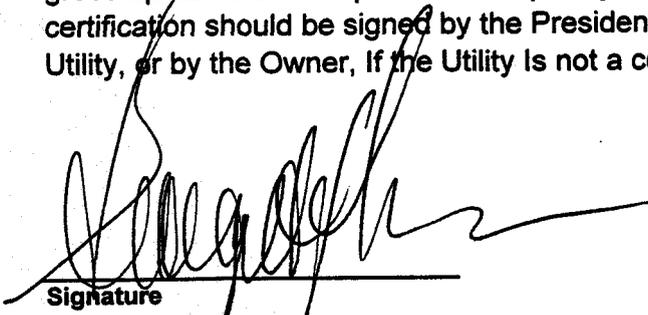
For the fiscal year reported in this annual report, provide the following:

Federal Taxable Income Reported	_____
Estimated or Actual Federal Tax Liability	_____ -
State Taxable Income Reported	_____
Estimated or Actual State Tax Liability	_____ -
Amount of Grossed-Up Contributions/Advances:	
Amount of Contributions/Advances	_____ -
Amount of Gross-Up Tax Collected	_____ -
Total Grossed-Up Contributions/Advances	_____ -

Decision No. 55774 states, in part, that the utility will refund any excess gross up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payor or if any gross-up tax refunds have already been made, attach the following information by Payor: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payor, and the date the Utility expects to make or has made the refund to the Payor.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payors all gross-up tax refunds reported in the prior years annual report. This certification should be signed by the President or Chief Executive Officer of the Utility, or by the Owner, if the Utility is not a corporation.



Signature

GEORGE H. JOHNSON
Printed Name

August 20, 1999
Date

President
Title

COMPANY NAME JOHNSON UTILITIES, LLC

YEAR ENDING

DECEMBER 31, 1998

WATER AND SEWER UTILITIES ONLY

PROPERTY TAXES

Amount of Actual Property Taxes Paid during
calendar year (if different than reported
in this annual report)

_____ -

Attach to this annual report proof (e.g. property tax bills stamped "paid-in-full")
of any and all property taxes paid during the calendar year.

SEWER UTILITY ANNUAL REPORT

WS-02987A
JOHNSON UTILITIES L.L.C.
5320 E. SHEA BLVD.
SCOTTSDALE, AZ 85254-0000

REVISED & SUPPLEMENTED

(If mailing label above is missing, please complete the lines below. If mailing label above is incorrect, please draw one line through incorrect information, and state corrected information below.)

COMPANY NAME (DBA NAME) _____

MAILING ADDRESS (ST. OR P.O. BOX) _____

CITY, STATE, ZIP _____

FOR YEAR ENDING

12	31	98
----	----	----

MONTH DAY YEAR

ANNUAL REPORT DUE APRIL 15

TO

ARIZONA CORPORATION COMMISSION

UTILITIES DIVISION

1200 WEST WASHINGTON

PHOENIX, ARIZONA 85007

Note: This report is to be used only for Sewer Utilities that have total annual Sewer Revenues of less than \$250,000.

Company Name JOHNSON UTILITIES, LLC Year Ending DECEMBER 31, 1998

Name of Certificate Holder JOHNSON UTILITIES, LLC

Date of Original CC&N* 5/27/1997 Decision No. 60223

Company Name (dba name), if different from above

Local Office Mailing Address 5320 E. SHEA BLVD
(Street or P.O. Box)

SCOTTSDALE, AZ 85254
(City) (State) (Zip)

Physical Address (if different from above) _____
(Street)

(City) (State) (Zip)

Local Office Tel. No. (602)998-3300 After Hrs./Emerg.No. _____
(Include Area Code/Ext.) (Include Area Code/Ext.)

Local Office Fax No. _____ Pager No. _____
(Include Area Code/Ext.) (Include Area Code/Ext.)

Is Utility in Operation at this Time? X Yes No

If no, Please explain: _____

Last Rate Increase Effective Date _____
(Month) (Day) (Year)

UTILITY COMPANY OWNERSHIP:

- Sole Proprietor (S)
- Partnership (P)
- Bankruptcy (B)
- Receivership (R)
- C Corporation (C) (Other than Association/Co-op)
- Subchapter S Corporation (Z)
- Association/Co-op (A)
- Limited Liability Company (L)
- Other (X)

IF UTILITY COMPANY IS A SUBSIDIARY OF A PARENT COMPANY

Owned by: _____ Controlled by: _____

Name of Parent Company _____
Acquisition Date _____

(MM) (DD) (YY)

IF UTILITY COMPANY IS INCORPORATED - DATE INCORPORATED

(MM) (DD) (YY)

State in Which Incorporated: Arizona Other _____
(Please Specify)

*NOTE: CC&N denotes Certificate of Convenience and Necessity

If incorporated and articles of incorporation have been amended during the report years, please fill in the following information: Date and Place Amended

(Month) (Day) (Year) (City) (State)

Reason:

COUNTIES SERVED BY UTILITY COMPANY:

<input type="checkbox"/> Apache	<input type="checkbox"/> Cochise	<input type="checkbox"/> Coconino
<input type="checkbox"/> Gila	<input type="checkbox"/> Graham	<input type="checkbox"/> Greenlee
<input type="checkbox"/> La Paz	<input type="checkbox"/> Maricopa	<input type="checkbox"/> Mohave
<input type="checkbox"/> Navajo	<input type="checkbox"/> Pima	<input checked="" type="checkbox"/> Pinal
<input type="checkbox"/> Santa Cruz	<input type="checkbox"/> Yavapai	<input type="checkbox"/> Yuma
<input type="checkbox"/> Other		

LOCALITIES SERVED (INCORPORATED OR UNINCORPORATED):

SOUTHEAST OF QUEEN CREEK, AZ

(Places, Towns or Municipalities)

Describe important new construction, extension of system or acquisition made during reporting year:

Management Contact GEORGE H. JOHNSON 5320 E. SHEA BLVD SCOTTSDALE
 (Name) (Street) (City)
AZ 85254 (602)998-3300
 (State) (Zip) (Tel. No. Include Area Code/Ext.)
 (Fax No. Include Area Code) (Pager No. Include Area Code)

On-Site Manager SAME AS ABOVE
 (Name) (Street) (City)
 (State) (Zip) (Tel. No. Include Area Code/Ext.)
 (Fax No. Include Area Code) (Pager No. Include Area Code)

Statutory Agent RICHARD L. SALLQUIST 2525 E. AZ BILTMORE CIR #117 PHOENIX
 (Name) (Street) (City)
AZ 85016 (602) 224-9222
 (State) (Zip) (Tel. No. Include Area Code/Ext.)

Attorney SAME AS ABOVE
 (Name) (Street) (City)
 (State) (Zip) (Tel. No. Include Area Code/Ext.)

Corporation have been amended during the report years, please
 Date and Place Amended

(Month) (Day) (Year) (City) (State)

BY COMPANY:

- | | |
|-----------------------------------|---|
| <input type="checkbox"/> Cochise | <input type="checkbox"/> Coconino |
| <input type="checkbox"/> Graham | <input type="checkbox"/> Greenlee |
| <input type="checkbox"/> Maricopa | <input type="checkbox"/> Mohave |
| <input type="checkbox"/> Pima | <input checked="" type="checkbox"/> Pinal |
| <input type="checkbox"/> Yavapai | <input type="checkbox"/> Yuma |

PER 31, 1998

EQUITY SHARES HELD	
AMOUNT OF EQUITY OR NUMBER OF SHARES	
50	
50	

(INCORPORATED OR UNINCORPORATED): SOUTHEAST OF QUEEN CREEK, AZ

(Counties, Towns or Municipalities)

(Action, extension of system or acquisition made during reporting)

DATE ENTERED	NUMBER OF SHARES HELD
YEAR	

GEORGE H. JOHNSON 5320 E. SHEA BLVD SCOTTSDALE
 (Street) (City)
 85254 (602)998-3300
 (Zip) (Tel. No. Include Area Code/Ext.)

(No. Include Area Code) (Pager No. Include Area Code)

AS ABOVE
 (Street) (City)
 (Zip) (Tel. No. Include Area Code/Ext.)

(No. Include Area Code) (Pager No. Include Area Code)

MARION L. SALLQUIST 2525 E. AZ BILTMORE CIR #117 PHOENIX
 (Street) (City)
 85016 (602) 224-9222
 (Zip) (Tel. No. Include Area Code/Ext.)

AS ABOVE
 (Street) (City)
 (Zip) (Tel. No. Include Area Code/Ext.)

DATE ENTERED	NUMBER OF SHARES HELD
OFFICE DAY	YEAR

Company Name Johnson Utilities Year Ending 12/31/98

UTILITY PLANT IN SERVICE

ACCT. NO.		ORIGINAL COST (1)	ACCUMULATED DEPRECIATION (2)	O.C.L.D. (1) - (2)
351	ORGANIZATION			
352	FRANCHISES			
353	LAND AND LAND RIGHTS			
354	STRUCTURES AND IMPROVEMENTS			
360	COLLECTING SEWERS & STRUCTURES/FORCE MAINS			
363	SERVICES TO CUSTOMERS			
364	FLOW MEASURING DEVICES/INSTALLATIONS			
370	RECEIVING WELLS			
371	PUMPING EQUIPMENT			
380	TREATMENT AND DISPOSAL EQUIPMENT			
381	PLANT SEWERS			
382	OUTFALL SEWER LINES			
389	OTHER PLANT & MISCELLANEOUS EQUIPMENT			
390	OFFICE FURNITURE AND FIXTURES			
391	TRANSPORTATION EQUIPMENT			
393	TOOLS AND WORK EQUIPMENT			
394	LABORATORY EQUIPMENT			
395	POWER OPERATED EQUIPMENT			
396	COMMUNICATIONS EQUIPMENT			
397	MISCELLANEOUS EQUIPMENT			
398	OTHER TANGIBLE PLANT			
TOTAL SEWER PLANT		0	0	0

Company Name Johnson Utilities Year Ending 12/31/98

SEWER COMPANY PLANT DESCRIPTION

ADEQ System No.(s) _____

TREATMENT FACILITY	
TYPE OF TREATMENT (EXTENDED AERATION, STEP AERATION, OXIDATION DITCH, AEROBIC LAGOON, ANAEROBIC LAGOON, TRICKLING FILTER, SEPTIC TANK, ETC.)	
DESIGN CAPACITY OF PLANT (GALLONS PER DAY)	

LIFT STATION FACILITIES				
LOCATION	QUANTITY OF PUMPS (HOW MANY)	HORSEPOWER PER PUMP	CAPACITY PER PUMP (GPM)	WET WELL CAPACITY (GALLONS)

COLLECTION MAINS		
SIZE	MATERIAL	LENGTH (FEET)
4"		
6"		
8"		
10"		
12"		
15"		
18"		
21"		
24"		
30"		

MANHOLES	
TYPE	QUANTITY (HOW MANY)
STANDARD	
DROP	

CLEANOUTS
QUANTITY (HOW MANY)

FORCE MAINS		
SIZE	MATERIAL	LENGTH (FEET)
4"		
6"		

**SEWER COMPANY PLANT DESCRIPTION
(CONTINUED)**

SERVICES		
SIZE	MATERIAL	QUANTITY (HOW MANY)
4"		
6"		
8"		
12"		
15"		

DISINFECTION EQUIPMENT (CHLORINATOR, ULTRA-VIOLET, ETC.):

FILTRATION EQUIPMENT (RAPID SAND, SLOW SAND, ACTIVATED CARBON, ETC.):

STRUCTURES (BUILDINGS, FENCES, ETC.):

OTHER (LABORATORY EQUIPMENT, TOOLS, VEHICLES, STANDBY POWER GENERATORS, ETC.):

 **ULLMANN
& COMPANY P.L.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 sheets of The Sewer Division of Johnson Utilities, L.L.C. as of December 31, 1998 and 1997, and the related comparative statement of income and expenses 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.L.C.
Certified Public Accountants

August 18, 1999

COMPANY NAME

Johnson Utilities

YEAR ENDING

12/31/98

BALANCE SHEET

ASSETS		Balance Beginning of Year	Balance Ending of Year
Acct. No.	<u>Current and Accrued Assets</u>		
131	Cash & Working Funds	_____	_____
135	Temporary Investments	_____	_____
141	Customer Accounts Receivables	_____	_____
151	Plant Materials & Supplies	_____	_____
174	Other Current and Accrued Assets	_____	_____
	Total Current & Accrued Assets	<u>0</u>	<u>0</u>
	<u>Fixed Assets</u>		
101	Utility Plant in Service	_____	_____
103	Property Held for Future Use	_____	1,811,526
105	Construction Work in Progress	_____	_____
117	Other Fixed Assets	_____	_____
108	Less: Accum. Deprec. & Amort.	_____	_____
	Total Fixed Assets	<u>_____</u>	<u>1,811,526</u>
	TOTAL ASSETS	<u>0</u>	<u>1,811,526</u>

See Accountants' ⁶Compilation Report

BALANCE SHEET
(CONTINUED)

LIABILITIES		Balance Beginning of Year	Balance Ending of Year
<u>Acct. No.</u>	<u>Current and Accrued Liabilities</u>		
231	Accounts Payable	_____	_____
232	Notes Payable (Current Portion)	_____	_____
235	Customer Security Deposits	_____	_____
236	Accrued Taxes	_____	_____
237	Accrued Interest	_____	_____
241	Other Current & Accrued Liabilities	_____	_____
	Total Current & Accrued Liabilities	0	0
	<u>Long-Term Debt (Over 12 Months)</u>		
224	Long-Term Notes & Bonds	0	0
	<u>Deferred Credits</u>		
252	Advances in Aid of Construction	_____	1,444,083
255	Accumulated Deferred I. T. C.	_____	_____
271	Contributions in Aid of Construction	_____	35,000
272	Less: Accum. Amort. Of Contrib.	_____	1,750
282	Accumulated Deferred Income Tax*	_____	_____
284	Other Deferred Credits	_____	_____
	Total Deferred Credits	0	1,477,333
	TOTAL LIABILITIES	0	1,477,333
	CAPITAL ACCOUNT		
201	Common Stock	_____	_____
211	Paid In Capital	_____	_____
215	Retained Earnings*	_____	_____
218	Proprietary Capital	_____	334,193
219	Other Capital Accounts	_____	_____
	Total Capital Accounts	0	334,193
	TOTAL LIABILITIES & CAPITAL	0	1,811,526

*NOTE: If negative, enclose in parentheses. 6A

See Accountants' Compilation Report

RESERVE FOR DEPRECIATION

YEAR BEGINNING BALANCE (CREDIT):	0
ADD: AMOUNT CHARGED FOR DEPRECIATION EXPENSE:	
OTHER CREDITS:*	
LESS: ORIGINAL COST OF PLANT RETIRED DURING YEAR:	()
COST OF PLANT REMOVAL:	()
OTHER DEBITS:*	()
YEAR ENDING BALANCE:	0

* NOTE: SHOW DETAILS OF OTHER DEBITS OR CREDITS IN SPACE BELOW.

COMPARATIVE STATEMENT OF INCOME AND EXPENSES

<u>Acct. No.</u>		<u>Prior Year</u>	<u>Current Year</u>
OPERATING REVENUES:			
521	Flat Rate Revenues	\$ _____	\$ _____
522	Measured Revenues	_____	_____
536	Other Operating Revenues	_____	_____
	Total Operating Revenues	\$ 0	\$ 0
OPERATING EXPENSES:			
701	Salaries & Wages	\$ _____	\$ _____
710	Purchased Sewage Treatment	_____	_____
711	Sludge Removal Expense	_____	_____
715	Purchased Power for Pumping/ Treatment	_____	_____
718	Sewage Treatment and Testing	_____	_____
720	Repairs & Maintenance	_____	_____
721	Office Supplies & Expense	_____	_____
730	Outside Services	_____	_____
731	Rate Case Expense	_____	_____
740	Rents	_____	_____
750	Transportation Expense	_____	_____
755	General Insurance	_____	_____
758	Health & Life Insurance	_____	_____
775	Miscellaneous Operating Expense	_____	_____
780	Taxes Other Than Property & Income	_____	_____
781	Property Tax	_____	_____
403	Depreciation	_____	_____
409	Income Tax	_____	_____
	Total Operating Expense	\$ 0	\$ 0
	OPERATING INCOME (LOSS)*	\$ 0	\$ 0
OTHER INCOME/EXPENSE:			
419	Interest Income	\$ _____	\$ _____
421	Other Income	_____	_____
426	Other Expense	_____	_____
427	Interest Expense	_____	_____
	TOTAL OTHER INCOME/EXPENSE*	\$ 0	\$ 0
	NET INCOME (LOSS)*	\$ 0	\$ 0

*NOTE: If negative, enclose in parentheses. 8 See Accountants' Compilation Report

COMPUTATION OF DEPRECIATION EXPENSE

Acct. No.	Description	(1) Original Cost	(2) Depreciation Percentage Rate	(1) x (2) Depreciation Expense
351	Organization	_____	_____	_____
352	Franchises	_____	_____	_____
353	Land & Land Rights	_____	_____	_____
354	Struct. & Improvements	_____	_____	_____
360	Collecting Sewers/Collecting Structures/Force Mains	_____	_____	_____
363	Services to Customers	_____	_____	_____
364	Flow Measuring Devices/Installations	_____	_____	_____
370	Receiving Wells	_____	_____	_____
371	Pumping Equipment	_____	_____	_____
380	Treatment/Disposal Equipment	_____	_____	_____
381	Plant Sewers	_____	_____	_____
382	Outfall Sewer Lines	_____	_____	_____
389	Other Plant & Misc. Equipment	_____	_____	_____
390	Office Furniture & Fixtures	_____	_____	_____
391	Transportation Equipment	_____	_____	_____
393	Tools & Work Equipment	_____	_____	_____
394	Laboratory Equipment	_____	_____	_____
395	Power Operated Equipment	_____	_____	_____
396	Communications Equipment	_____	_____	_____
397	Miscellaneous Equipment	_____	_____	_____
398	Other Tangible Plant	_____	_____	_____
	Totals	<u>0</u>		<u>0</u>

STATISTICAL INFORMATION

	<u>YEAR END</u>	
	<u>Revenue</u>	<u>Customers</u>
<u>Flat Rate Customers:</u>		
Residential	_____	_____
Commercial	_____	_____
Industrial	_____	_____
Public Authorities	_____	_____
Other	_____	_____
Total Flat Rate Customers	_____ (a)	_____
<u>Measured Rate Customers:</u>		
Residential	_____	_____
Commercial	_____	_____
Industrial	_____	_____
Public Authorities	_____	_____
Other	_____	_____
Total Measured Rate Customers	_____ (b)	_____
<u>Other Customers:</u>		
Interdepartmental and/or Associated Companies	_____	_____
Other Sewer Systems	_____	_____
Sale of Effluent	_____	_____
Sale of Sludge	_____	_____
Other Customers	_____	_____
Total Other Customers	_____	_____
Other Operating Revenue	_____	_____
Total All Customers	_____ 0 (c)	_____ 0

(a) Should agree with Page 8, Account No. 521, Flat Rate Revenues.
 (b) Should agree with Page 8, Account No. 522, Measured Revenues.
 (c) Should agree with Page 8, Total Operating Revenues.

CAPITAL STOCK (IF CORPORATION)

	Common	Preferred	Treasury	Total
No. of Shares Authorized:	<u>N/A</u>	<u> </u>	<u> </u>	<u> </u>
No. of Shares Issued:	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Par Value of Shares:	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Dividends Declared During Year:	<u> </u>	<u> </u>	<u> </u>	<u> </u>

LONG-TERM DEBT

	Loan #1	Loan #2	Loan #3	Total
Date Issued:	<u>N/A</u>	<u> </u>	<u> </u>	<u> </u>
Nature of Obligation:	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Amount Issued (Dollars):	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Amount Outstanding:	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Date of Maturity:	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Interest Rate:	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Current Year Interest Expense:	<u> </u>	<u> </u>	<u> </u>	<u> </u>

**REPAYMENT OF DEBT AND ADVANCES IN AID OF CONSTRUCTION
DURING REPORT YEAR**

Principal Repayments:	
Long-Term Debt	\$ <u> N/A </u>
Short-Term Debt	\$ <u> N/A </u>
Repayment of Advances In Aid of Construction	\$ <u> 0 </u>

VERIFICATION AND SWORN STATEMENT

VERIFICATION

STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE

<small>COUNTY OF (COUNTY NAME)</small> Maricopa	<small>TITLE</small> President
<small>NAME (OWNER OR OFFICIAL)</small> George H. Johanson	
<small>COMPANY NAME</small> Johnson Utilities	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION

COMMISSION FOR THE YEAR ENDING

<small>MONTH</small> December	<small>DAY</small> 31	<small>YEAR</small> 1998
----------------------------------	--------------------------	-----------------------------

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE SEWER UTILITY OPERATIONS DURING

CALENDAR YEAR

19	YEAR	98
----	------	----

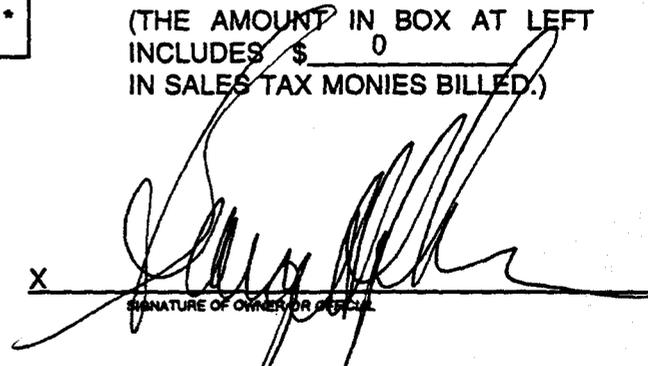
WAS

SEWER GROSS OPERATING REVENUE (\$ ONLY) 0
--

 *

(THE AMOUNT IN BOX AT LEFT INCLUDES \$ 0 IN SALES TAX MONIES BILLED.)

- * REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAX MONIES BILLED. IF FOR ANY OTHER REASON REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUE ELSEWHERE REPORTED IN THIS REPORT, PLEASE ATTACH A STATEMENT RECONCILING AND EXPLAINING THE DIFFERENCE.

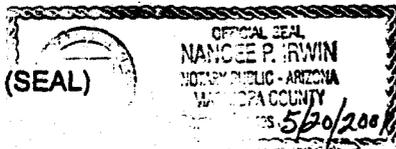
X 
SIGNATURE OF OWNER OR OFFICIAL

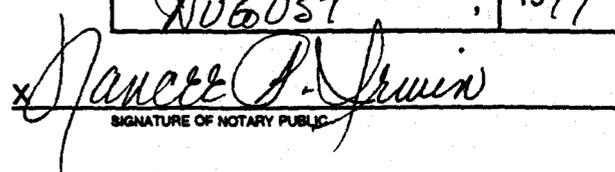
SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF
THIS DAY

20 th

 DAY OF

<small>NOTARY PUBLIC NAME</small> NANCEE P. IRWIN	
<small>COUNTY NAME</small> MARICOPA	
<small>MONTH</small> AUGUST	<small>YEAR</small> 1999



X 
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES

<small>MONTH</small>	<small>DAY</small>	<small>YEAR</small>
May	20	2001

VERIFICATION AND SWORN STATEMENT RESIDENTIAL REVENUE

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Maricopa		SS
NAME (OWNER OR OFFICIAL) George H. Johnson	TITLE President	
COMPANY NAME Johnson Utilities		

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
December	31	1998

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

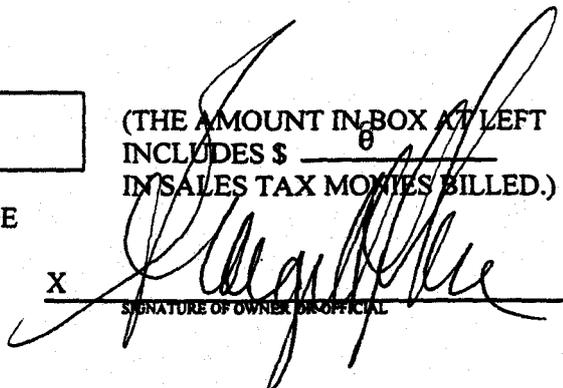
IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE SEWER UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING

CALENDAR YEAR 19 98

WAS RESIDENTIAL SEWER GROSS OPERATING REVENUE (\$ ONLY) *
0

(THE AMOUNT IN BOX AT LEFT INCLUDES \$ 0 IN SALES TAX MONIES BILLED.)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAX MONIES BILLED.

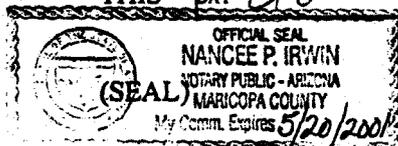
X 
SIGNATURE OF OWNER OR OFFICIAL

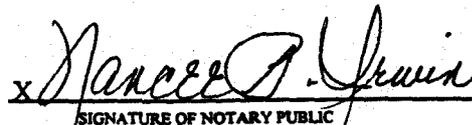
SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS DAY 20th DAY OF

NOTARY PUBLIC NAME NANCEE P. IRWIN	
COUNTY NAME MARICOPA	
MONTH AUGUST	YEAR 1999



X 
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES MONTH DAY YEAR
May 20, 2001

**ALL UTILITIES
INCOME TAXES**

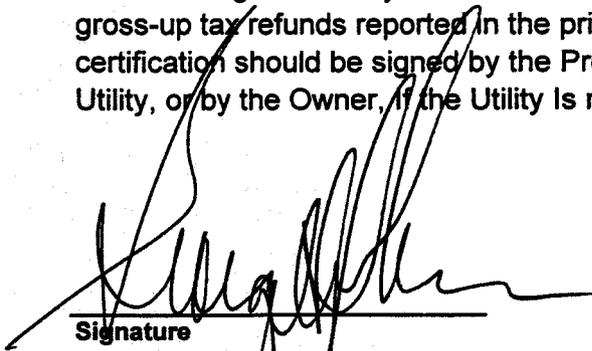
For the fiscal year reported in this annual report, provide the following:

Federal Taxable Income Reported	_____
Estimated or Actual Federal Tax Liability	_____ -
State Taxable Income Reported	_____
Estimated or Actual State Tax Liability	_____ -
Amount of Grossed-Up Contributions/Advances:	
Amount of Contributions/Advances	_____ -
Amount of Gross-Up Tax Collected	_____ -
Total Grossed-Up Contributions/Advances	_____ -

Decision No. 55774 states, in part, that the utility will refund any excess gross up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payor or if any gross-up tax refunds have already been made, attach the following information by Payor: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payor, and the date the Utility expects to make or has made the refund to the Payor.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payors all gross-up tax refunds reported in the prior years annual report. This certification should be signed by the President or Chief Executive Officer of the Utility, or by the Owner, if the Utility is not a corporation.



 Signature
 GEORGE H. JOHNSON

 Printed Name

August 20, 1999

 Date
 President

 Title

COMPANY NAME JOHNSON UTILITIES, LLC

YEAR ENDING DECEMBER 31, 1998

WATER AND SEWER UTILITIES ONLY

PROPERTY TAXES

Amount of Actual Property Taxes Paid during
calendar year (if different than reported
in this annual report) _____

Attach to this annual report proof (e.g. property tax bills stamped "paid-in-full")
of any and all property taxes paid during the calendar year.

1 Richard L. Sallquist (002677)
SALLQUIST & DRUMMOND, P.C.
2 2525 E. Arizona Biltmore Circle, Suite 117
Phoenix, Arizona 85016
3 Telephone: (602) 224-9222
Fax: (602) 224-9366
4 Attorneys for Applicant

5 **BEFORE THE ARIZONA CORPORATION COMMISSION**

6 IN THE MATTER OF THE APPLICATION) DOCKET NO. WS-2987A-99-____
OF JOHNSON UTILITIES, L.L.C. DBA)
7 JOHNSON UTILITEIS COMPANY FOR)
AN EXTENSION OF ITS CERTIFICATE) **NOTICE OF MAILING**
8 OF CONVENIENCE AND NECESSITY TO)
PROVIDE WATER AND WASTEWATER)
9 SERVICE IN PINAL COUNTY, ARIZONA)

10 STATE OF ARIZONA)
County of Maricopa)

12 I, George H. Johnson, Managing Member of Johnson Utilities L.L.C., do hereby certify
13 that on _____, 1999, I provided a copy of the Notice attached hereto as Exhibit A and
14 incorporated hereby by reference for all purposes to all property owners within the requested area
15 of the subject application, by depositing said notice in the United States Mail, First-Class Postage
16 Prepaid.

17 Further affiant sayeth not.

18 DATED this ____ day of _____, 1999.

19 JOHNSON UTILITIES L.L.C.

21 By _____
George H. Johnson, Managing Member

22
23 **ATTACHMENT 7**

1 SUBSCRIBED AND SWORN TO before me this ____ day of _____, 1999, by

2 GEORGE H. JOHNSON.

3

4

Notary Public

5 My Commission Expires:

6

7

8 Original and ten copies of the
9 foregoing filed this ____ day
9 of _____, 1999, with:

10 Docket Control
11 Arizona Corporation Commission
11 1200 West Washington
12 Phoenix, Arizona 85007

12

13

14

15

16

17

18

19

20

21

22

23

**PUBLIC NOTICE OF HEARING ON APPLICATION FOR THE
EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY
OF JOHNSON UTILITIES COMPANY**

JOHNSON UTILITIES COMPANY ("Company") has filed with the Arizona Corporation Commission ("Commission") an application for authority to for extension of its Certificate of Convenience and Necessity ("CC&N") to provide water utility service. Our records indicate that you are either currently a customer of the Company, or are a property owner in the proposed extension area. If the extension application is granted the Company would be the exclusive provider of water service to the proposed area. The Company will be required by the Commission to provide this service under the rates and charges and terms and conditions established by the Commission. The granting of the application would not necessarily prohibit an individual from providing service to that individual's property from an individually-owned well on that individual's property.

The application is available for inspection during regular business hours at the offices of the Commission in Phoenix at 1200 West Washington Street, Phoenix, Arizona 85007, and at the Company's offices, 5320 East Shea Blvd., Scottsdale, Arizona 85254.

The Commission will hold a hearing on this matter on _____, 1999, at _____ a.m., or as soon thereafter as is practical, at the Commission's offices, 1200 West Washington Street, Phoenix, Arizona 85007. As a property owner or customer you may have the right to intervene in the proceeding. If you do not want to intervene, you may appear at the hearing and make a statement on your own behalf. Intervention shall be permitted to any person entitled by law to intervene and having a direct and substantial interest in the matter. Persons desiring to intervene must file a written notice to intervene with the Commission, which motion should be sent to the Company or its counsel and to all parties of record, and which, at the minimum, shall contain the following:

1. The name, address, and telephone number of the proposed intervenor and of any party upon whom service of documents is to be made if different than the intervenor.
2. A short statement of the proposed intervenor's interest in the proceeding (e.g., a customer of the Company, a shareholder of the Company, a competitor, etc.)
3. A statement certifying that a copy of the motion to intervene has been mailed to the Company or its counsel and to all parties of record in the case.

The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except that all motions to intervene must be filed on or before _____, 1999. The granting of intervention, among other things, entitled a party to present sworn evidence at hearing and to cross-examine other witnesses. However failure to intervene will not preclude any customer from appearing at the hearing and making a statement on such customer's own behalf. However, you will not receive any further notice of the proceeding unless requested by you.

If you have any questions or concerns about this application or have any objections to its approval, or wish to make a statement in support of it, you may contact the Consumer Services Section of the Commission at 1200 West Washington, Phoenix, Arizona 85007, or call 1-800-535-0148 or appear at the hearing and make comment.

The Arizona Corporation Commission does not discriminate on the basis of disability in admission to its public meetings. Individuals with disabilities requesting reasonable accommodations should contact the office of the Executive Secretary (602-542-3931) in a timely manner to make known their needs and preferences.