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December 23, 2002
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WS-02987A-00-0618

Colleen Ryan, Supervisor
Docket Control
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

DOCKETED BY *CR*

Re: Johnson Utilities Company; Docket No. WS-0287-A-99-0583 & 00-1618;
Decision 64062; Compliance

Dear Ms. Ryan:

Although the Recommended Opinion and Order in the subject Docket was not adopted at the December 17, 2002 Open Meeting, that Recommended Order did contemplate the Company filing a written explanation by December 23, 2002 regarding the reasons the Company failed to file the Arizona Department of Environmental Quality Compliance Status Reports by the November 4, 2002 date as set forth in Decision 64062.

There obviously is no good reason for the Company not making that filing in a timely fashion. The Company apologizes for this oversight. The Company is certainly aware of, and attempting to comply with all of the requirements of all regulatory agencies. The Company's focus on reaching total compliance with ADEQ's October 11, 2001 Notice of Violation regarding the 1999 drilling of a well prior to receipt of written approval no doubt contributed to the Company's missing the November 4th filing as discussed in the Open Meeting. The Consent Order to resolve that issue is being negotiated as we write, and hopefully will be finalized and executed within the next three weeks. Attention to that matter caused the Company to overlook the November 4th requirement, although efforts to obtain the ADEQ Compliance Statute Report commenced prior to that time for some of the Company's permitted systems.

We have set a meeting with the Commission Staff for January 6, 2003 to discuss implementing a new internal compliance methodology, including reorganization of Company personnel responsibilities and adopting written procedures. We also hope to have the administrative issue at ADEQ fully resolved at the time of that meeting.

Following the Staff meeting and receiving Staff's input, we will formally file procedures with the Staff and request that the Commission consider the extension of the November 4, 2002 compliance date.

The Company looks forward to working with the Commission to resolve this very important issue on Compliance assurance.

Sincerely,



Richard L. Sallquist
For the Firm

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