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ARIZONA CORPORATION COMMISSION

March 31, 2006

Robert J. Metli
SNELL & WILMER, L.L.P.
One Arizona Center
400 East Van Buren Street
Phoenix, Arizona 85004

via e-mail and
Registered US Mail

Re: Staff's First Set of Data Requests to Perkins Mountain Water Company and Perkins Mountain Utility Company
Docket Nos. W-20380A-05-0490 and SW-20379A-05-0489

Dear Mr. Metli:

Please treat this as Staff's First Set of Data Requests to Perkins Mountain Water Company and Perkins Mountain Utility Company, in the above-reference matter.

For purposes of this data request set, the words "Perkins Mountain Water and Perkins Mountain Utility" or "Company," "you," and "your" refer to Perkins Mountain Water Company and/or Perkins Mountain Utility Company and any representative, including every person and/or entity acting with, under the control of, or on behalf of Perkins Mountain Water Company and Perkins Mountain Utility Company. For each answer, please identify by name, title, and address each person providing information that forms the basis for the response provided.

These data requests are continuing, and your answers or any documents supplied in response to these data requests should be supplemented with any additional information or documents that come to your attention after you have provided your initial responses.

Please respond within **ten** calendar days of your receipt of the copy of this letter. However, if you require additional time, please let us know.

Please provide one hard copy (ONLY) of the requested data directly to the following address:

- (1) Blessing N. Chukwu, Utilities Division, Arizona Corporation Commission, 1200 W. Washington Street, Phoenix, Arizona 85007.

Please provide one original copy (ONLY) of the requested data directly to the following address:

- (1) David M. Ronald, Attorney, Arizona Corporation Commission, 1200 W. Washington Street, Phoenix, Arizona 85007.

Sincerely,

David M. Ronald
Attorney, Legal Division
(602) 542-3402

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cc: Docket Control
Blessing N. Chukwu

ARIZONA CORPORATION COMMISSION STAFF'S
FIRST SET OF DATA REQUESTS
REGARDING THE APPLICATION OF
PERKINS MOUNTAIN WATER COMPANY AND
PERKINS MOUNTAIN UTILITY COMPANY
DOCKET NO. W-20380A-05-0490 & SW20379A-05-0489
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Water Adequacy

- BNC 1.1 In the Arizona Department of Water Resources ("ADWR") Analysis of Adequate Water Supply for "Golden Valley 5800" dated October 19, 2005, ADWR determined that 9,000 acre-feet per year of groundwater will be **physically available**, which is less than the applicant's projected build out demands for the development of 15,910.90 acre-feet per year. Please provide a detailed explanation of how and when Perkins Mountain Water Company ("Perkins") plans on obtaining a Letter of Adequacy for the remainder of the 15,910.90 acre-feet water required to serve the Golden Valley South Development?
- BNC 1.2 Please provide a legal description of the area covered by the 9,000 acre-feet per year of groundwater discussed in the October 19, 2005, ADWR letter. Also, provide confirmation from ADWR that it agrees with such legal description.
- BNC 1.3 Does Perkins plan to use groundwater at the beginning of the project for artificial lakes, golf courses, ornamental structures, open spaces, and any other aesthetic water features, and if so, for how long? Please explain in detail.
- BNC 1.4 At what point in time does Perkins intend to utilize effluent for artificial lakes, golf courses, ornamental structures, open spaces, and any other aesthetic water features? Please explain in detail. Please be sure to include the number of houses that would have to be built in order to generate enough effluent for such uses.
- BNC 1.5 Is Perkins aware of competing projects utilizing groundwater in Mohave County that plan on using the same groundwater aquifers as Perkins? If so, please provide a list of all such competing water projects. Also, please identify which aquifer(s) the projects would affect.
- BNC 1.6 Please identify the aquifer(s) that will be affected by the Golden Valley South and the Village at White Hills Developments.

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BNC 1.7 According to a February 17, 2005, letter from Mr. Herbert R. Guenther, ADWR Director, to American Land Management, LLC (Attention: Mr. Jim Rhodes), regarding the Village at White Hills and The Ranch at White Hills: "[t]hese two proposed communities.....would require approximately 25,000 acre-feet of groundwater. They would involve portions of three groundwater basins, the Detrital Valley, Sacramento Valley and Hualapi Valley basins." Pursuant to A.R.S. § 45-544(A)(2), "[g]roundwater may not be transported away from a groundwater basin." In essence, ADWR does not allow combining groundwater from different basins. Please provide a detailed explanation of how Perkins plans to abide by this law in light of the water supply issues surrounding the Golden Valley South and the Village at White Hills Developments?

BNC 1.8 How many water systems does Perkins intend to utilize to serve the proposed Developments?

BNC 1.9 Please explain the underlying issue behind the March 6, 2006, letter from Snell & Wilmer to ADWR.

Fit and Proper

BNC 1.10 Please provide a detailed explanation of the relationship between Rhodes Homes Arizona, LLC, Perkins Mountain Water Company, Perkins Mountain Utility Company, Sedora Holdings, LLC, Sagebrush Enterprises, Desert Communities, Inc., and American Land Management, LLC?

BNC 1.11 According to the application, "Rhodes Homes Arizona, LLC..... a reputable and experienced land developer and homebuilder has built more than a dozen developments in southern Nevada, including Rhodes Ranch....." Please provide a list of all the affiliates of Rhodes Homes Arizona, LLC, Perkins Mountain Water Company, and Perkins Mountain Utility Company. For each of the entities listed, please describe the nature of the business.

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BNC 1.12 Please provide a list of all the officers and directors for each of the above mentioned entities/affiliates and their respective ownership interest.

BNC 1.13 Please provide a copy of the federal and state income tax returns for each of the above mentioned entities for the years 2003 and 2004, and 2005 when completed.

BNC 1.14 Please provide the name of the entity that built Rhodes Ranch.

BNC 1.15 Has Rhodes Homes Arizona, LLC, Perkins Mountain Water Company, and/or Perkins Mountain Utility Company and/or any of their respective affiliates operated a public water and/or wastewater utility company? If so, please provide a detailed explanation of the track record.

BNC 1.16 Have any of the (present and past) officers, directors and/or employees of Rhodes Homes Arizona, LLC, Perkins Mountain Water Company, and/or Perkins Mountain Utility Company and their respective affiliates been accused of allegations of political corruption (including but not limited to campaign violations and election law violations); allegations of construction violations; allegations of misconduct; and filings at administrative hearings, at the local, state, or federal agencies, including at the Federal Elections Commission, Registrar of Contractors, or any violations of law? If so, please provide a comprehensive list of all affiliated individuals and entities that have been accused of the above mentioned allegations; the litigation history; and the individual case disposition.

BNC 1.17 Have Rhodes Homes Arizona, LLC, Perkins Mountain Water Company, and/or Perkins Mountain Utility Company and/or any of their respective affiliates been accused of allegations of political corruption (including but not limited to campaign violations and election law violations); allegations of construction violations; allegations of misconduct; and filings at administrative hearings, at the local, state, or federal agencies, including at the Federal Elections Commission, Registrar of Contractors, or any violations of law? If so, please provide a comprehensive list of all affiliated individuals and entities that have been accused of the above mentioned allegations; the litigation history; and the individual case disposition.

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- BNC 1.18 Have any of the persons or entities listed in No. 16 and 17 above been convicted or admitted to any of the allegations listed?
- BNC 1.19 Have Rhodes Homes Arizona, LLC, Perkins Mountain Water Company, and/or Perkins Mountain Utility Company and any of their respective affiliates ever filed for bankruptcy? If so, please provide the litigation history and the case disposition.
- BNC 1.20 Have any of the officers and/or directors affiliated to Rhodes Homes Arizona, LLC, Perkins Mountain Water Company, and/or Perkins Mountain Utility Company and any of their respective affiliates ever filed for bankruptcy? If so, please provide the litigation history and the case disposition.
- BNC 1.21 Please describe any and all dissolutions and/or terminations of the entities listed above and/or of their affiliates that have occurred from January 1, 1996 through and including the date of the response to this data request.
- BNC 1.22 Please provide a listing of the exact legal name of all the entities in which Developer, Mr. Jim Rhodes, and/or family members, has a direct or beneficial equity, partnership, membership or other ownership interest.
- BNC 1.23 Please describe any and all mechanics, tax or other liens that have been assessed against any of the above mentioned entities or Mr. Jim Rhodes from January 1, 1996 through and including the date of the response to this data request.
- BNC 1.24 Please provide a copy of Mr. Jim Rhodes' resume indicating 1) dates, title(s) and companies with whom he was/is employed, 2) any professional organizations of which he is a member or officer, 3) educational background and degrees earned, and 4) any other information relevant to his professional career.
- BNC 1.25 Please provide a copy of the federal and state income tax returns for Mr. Jim Rhodes for the years 2003 and 2004, and 2005 when completed.