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ARIZONA CORPORATION COMMISSION

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March 13, 2006

Chairman Jeff Hatch-Miller
Commissioner Marc Spitzer
Commissioner William A. Mundell
Commissioner Mike Gleason

Re: Perkins Mountain Water Company, Docket No. W-20380A-05-0490

W-20379A-05-0489

Dear Colleagues:

I recently became aware of a letter from legal counsel to Rhodes homes to the Arizona Department of Water resources (ADWR) concerning water adequacy on their proposed development in Mohave County. At my request, a copy of this letter was sent to my office from Mohave County Supervisor Buster Johnson. In it, the letter references a February 17, 2006 letter from ADWR to Rhodes homes. I received a copy of that letter from ACC staff.

I wanted to place these two letters in the docket for your consideration of this matter.

Sincerely,

Kris Mayes
Commissioner

cc: Docket

AZ CORP COMMISSION
DOCUMENT CONTROL

2006 MAR 13 P 4: 20

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ARIZONA DEPARTMENT OF WATER RESOURCES

3550 North Central Avenue, Phoenix, Arizona 85012-2105

Telephone 602 771-8426

Fax 602 771-8681

February 17, 2006



Janet Napolitano
Governor

Herbert R. Guenther
Director

Villages at White Hills
American Land Management, LLC
Attn: Jim Rhodes
4730 South Fort Apache Road, STE 300
Las Vegas, NV 89147

Re: The Villages at White Hills
Analysis of Adequate Water Supply (ADWR #23-401674)

W - 20380A-05-0490

Mtn.
Parkins Water Co.

Dear Mr. Rhodes:

The Arizona Department of Water Resources (Department) has received inquiries regarding the status of your application for Analysis of Adequate Water Supply, more specifically as it relates to the priority date of your application. As you are aware there are competing interests for a determination of adequate water supplies in the vicinity of your proposed project. At this time no such priority determination has been made concerning the pending applications within the Detrital Valley groundwater basin. In cases where there are competing applications, such as this, priority is given to the application that has the earliest date that the Department finds the application to be "complete and correct" A.A.C. R12-15-716.D. At this time neither of the pending applications have been found to be complete and correct, and thus no priority date has been assigned. On August 9, 2005 you were notified that the application was determined to be complete but incorrect. At this time your application remains complete but incorrect until you correct the deficiencies identified in the August 9, 2005 letter.

Additionally, I have recently sent a letter to the Mohave County Board of Supervisors to provide them with information regarding the Departments concern about the availability of groundwater supplies in this area.

The Department has seen a significant increase in the demand for adequacy determinations in Mohave County, and is currently reviewing applications for two master-planned communities, yours and The Ranch at White Hills. These two proposed communities total in excess of 62,000 lots and 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. Information on the hydrogeological conditions in all three of these basins is currently limited, making site specific evaluation of the adequacy of groundwater supplies challenging. We felt that it was important to bring to your attention that at this time, based on information that is available the Department feels that it is unlikely that adequate supplies of groundwater are physically available for the proposed uses in the pending applications.

Celebrating 25 Years

Mr. Jim Rhodes
February 17, 2006
Page 2 of 2

Of course, the Department will fully consider any and all new information that you may submit. When your application is correct, the information will be verified and the Department will then make its final determination.

The Department is very interested in ensuring that all parties have the most up to date information regarding water supply availability, especially in areas like this where we do not believe that we have sufficient data. We want to make sure that you as an applicant are aware of what the Department is providing to others as well as ensuring that you know what is happening with your application. If you have any questions, please feel free to call me at 602-771-8426.

Sincerely,

A handwritten signature in cursive script that reads "Herbert R. Guenther". The signature is written in black ink and is centered on the page.

Herbert R. Guenther