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omc

May 24, 2006

Mr. Ernest Johnson, Director
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

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Re: Perkins Mountain Water Co. Application for CC&N, Docket No. W-20380A-05-0490;
Perkins Mountain Utility Co. Application for CC&N, Docket No. SW-20379A-05-0489

Dear Mr. Johnson:

I came across an article in the April 18, 2006 edition of *The Kingman Daily Miner* describing how Rhodes Homes is nearing completion of a park in Golden Valley. This park will have two baseball diamonds and will eventually be donated to the county. According to the article, ground broke on the park in October. In an article in the May 8, 2006 edition of *The Kingman Daily Miner*, Bill Marion, a spokesman for Rhodes Homes, informed the paper that model homes were under construction in Golden Valley and should be completed and open to the public in several weeks.

This appears to be inconsistent with statements made by counsel for the Applicant, Perkins Mountain Water Company, at the Procedural Conference held March 17, 2006.

At that Procedural Conference, an attorney for the Applicant, Kimberly Grouse, stated "[T]hey have not begun any infrastructure as far as the water company or the sewer company, but there has been some grading, there has been some preliminary work that is being done."¹ Ms. Grouse later reiterated that "it is just a very preliminary grading that is being done" at Golden Valley.² This discrepancy induces me to ask what exactly is "preliminary grading" and what development has actually taken place at Golden Valley Ranch prior to the issuance of a CC&N.

In the April 18, 2006 *Kingman Daily Miner* article, Mr. Marion is credited with saying that any watering that has been seen is strictly for the park and not the project, presumably meaning Golden Valley Ranch. This prompts me to ask who has been providing water for the park and who will be providing water to the model homes. It is my understanding that the developer and the water company are separate legal entities.

I ask that Utilities Staff look into these matters during their analysis of the pending CC&N application.

Sincerely,

William A. Mundell, Commissioner
Arizona Corporation Commission

¹ Transcript Procedural Conference March 17, 2006, page 6, lines 6-9.

² Transcript, page 60, line 5-6.

Mr. Ernest Johnson
May 24, 2006
Page 2

cc: Chairman Hatch-Miller
Commissioner Spitzer
Commissioner Gleason
Commissioner Mayes
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Lyn Farmer
Chris Kempley
Heather Murphy
Parties of Record