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LEGAL DIV.  
ARIZ CORPORATION COMMISSION



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PHOENIX

SALT LAKE CITY

TUCSON

Jeffrey W. Crockett  
jcrockett@swlaw.com

July 25, 2006

Arizona Corporation Commission

DOCKETED

JUL 28 2006

DOCKETED BY	nr
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David M. Ronald, Esq.  
Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85007

**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 David:

Enclosed is one copy of Perkins Mountain Water Company and Perkins Mountain Utility Company's responses to Staff's Second Set of Data Requests (JJD 2.1, JJD 2.2, JJD 2.3, JJD 2.4, JJD 2.5, and JJD 2.6) in the above-referenced dockets.

Please contact me at the direct line listed above if you have any questions or if you need further information or documents.

Very truly yours,

SNELL & WILMER

Jeffrey W. Crockett

JWC:bjw

cc: Jim J. Dorf, Utilities Division  
Chris Stephens, Rhodes Homes  
Mark Hall, Rhodes Homes

**PERKINS MOUNTAIN WATER COMPANY AND PERKINS MOUNTAIN  
UTILITY COMPANY RESPONSES TO  
ARIZONA CORPORATION COMMISSION STAFF'S  
SECOND SET OF DATA REQUESTS IN  
DOCKET NOS. W-20380A-05-0489 AND SW-20379A-05-0490  
JULY 12, 2006**

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**JJD 2.1** In response to Staff Data Request BNC-1.11 ("provide a list of all of the affiliates of Rhodes Homes, LLC; Perkins Mountain Water Company; and Perkins Mountain Utility Company"), a listing of affiliates was provided and is summarized on the attached Exhibit A. In its response to Staff Data Request BNC 1.13 and BNC 1.25, the Company provided a Moody's press release on The Rhodes Companies, LLC and indicates that there are two co-borrowers, Heritage Land Company, LLC and Rhodes Ranch general Partnership. Please indicate as to whether these two entities are affiliated with The Rhodes Companies, LLC or other entities in which Mr. Rhodes has an ownership interest. Please provide the exact legal name of any and all other entities in which Mr. Rhodes is a direct or beneficial ownership interest if not already listed on the attached Exhibit A.

**Response:** Heritage Land Company, LLC and Rhodes Ranch General Partnership are affiliated with The Rhodes Companies, LLC as depicted below.

See Organizational Chart attached as Exhibit 1.

The Applicants object to the request for information regarding other entities in which Mr. Rhodes has a direct or beneficial ownership interest and incorporate by reference the objections set forth in the responses to data requests BNC 1.11 and BNC 1.22

**Prepared by:** Mark E. Hall  
Corporate Counsel  
Rhodes Homes Arizona, LLC  
313 S. Aztec Road  
Golden Valley, AZ 86413



**PERKINS MOUNTAIN WATER COMPANY AND PERKINS MOUNTAIN  
UTILITY COMPANY RESPONSES TO  
ARIZONA CORPORATION COMMISSION STAFF'S  
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**JJD 2.2.** In the Company's response to Staff's Motion to Compel, the ownership of Perkins Mountain Water Company and Perkins Mountain Utility Company has been transferred to Rhodes Homes Arizona, LLC. Please confirm that Exhibit B attached accurately reflects the revised ownership structure.

**Response:** Exhibit B, Perkins Mountain Water Company Ownership Summary, prepared by Staff and attached to Staff's Second Set of Data Requests accurately reflects the revised ownership structure.

**Prepared by:** Mark E. Hall  
Corporate Counsel  
Rhodes Homes Arizona, LLC  
313 S. Aztec Road  
Golden Valley, AZ 86413

**PERKINS MOUNTAIN WATER COMPANY AND PERKINS MOUNTAIN  
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**JJD 2.3**            Please provide any documents executed to support or effectuate the transfer of ownership to Rhodes Homes Arizona, LLC.

**Response:**        See attached Stock Transfer Agreements from James Rhodes to Rhodes Homes Arizona and stock certificates of Perkins Mountain Utility Company and Perkins Mountain Water Company in the name of Rhodes Homes Arizona, LLC.

**Prepared by:**     Mark E. Hall  
                          Corporate Counsel  
                          Rhodes Homes Arizona, LLC  
                          313 S. Aztec Road  
                          Golden Valley, AZ 86413

## STOCK TRANSFER AGREEMENT

This Stock Transfer Agreement ("Agreement") is made as of this 3 day of July, 2006, by and among James M. Rhodes ("Rhodes"), and Rhodes Homes Arizona, LLC ("Rhodes Homes").

1.

### RECITALS

(a) Shareholder Status. Rhodes is a shareholder in Perkins Mountain Utility Company, a Nevada corporation ("Company"), holding One Thousand (1,000) shares in the Company, as set forth in stock certificate no. 1 of the Company (the "Shares").

(b) Transfer to Rhodes Homes. Rhodes wishes to transfer the Shares to Rhodes Homes.

Now, therefore, in consideration of the recitals above and of the mutual agreements set forth below, the parties agree as follows:

2.

### AGREEMENT

(a) Transfer. Rhodes agrees to transfer the Shares to Rhodes Homes, and Rhodes Homes agrees to assume the Shares, as of the date of this Agreement. Rhodes shall execute and deliver a stock power in the form of Exhibit "A" in order to effectuate the transfer, as well as such other instruments as may be required.

(b) Consideration. The consideration payable to Rhodes for the Stock shall be One Dollar and Zero Cents (\$1.00).

(c) Stock Certificate. Rhodes Homes shall bear a legend which refers to restrictions on transferability of the stock in accordance with the terms of the Shareholders' Agreement and with applicable law.

3.

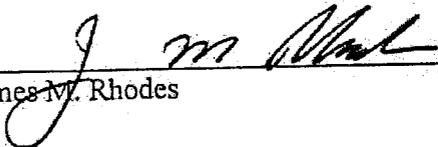
### MISCELLANEOUS

(a) Entire Agreement. This Agreement, including the Exhibits hereto, constitutes all of the agreements among the parties as to its subject matter and supersedes any prior written or oral agreements among the parties with respect to the subject matter hereof.

(b) Applicable Law. This Agreement shall be interpreted in accordance with Nevada law.

IN WITNESS WHEREOF, the parties have signed this Agreement as of the date first written above.

**RHODES:**

  
\_\_\_\_\_  
James M. Rhodes

**RHODES HOMES:**

\_\_\_\_\_  
RHODES HOMES ARIZONA, LLC,  
an Arizona limited liability company

By: *The Rhodes Companies, LLC,*  
*a Nevada limited liability company*

By:   
\_\_\_\_\_  
Name: *Keith Mosley*  
\_\_\_\_\_  
Title: *Secretary*  
\_\_\_\_\_

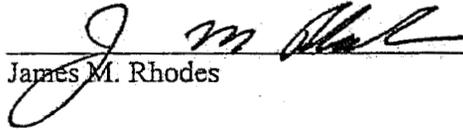
EXHIBIT A

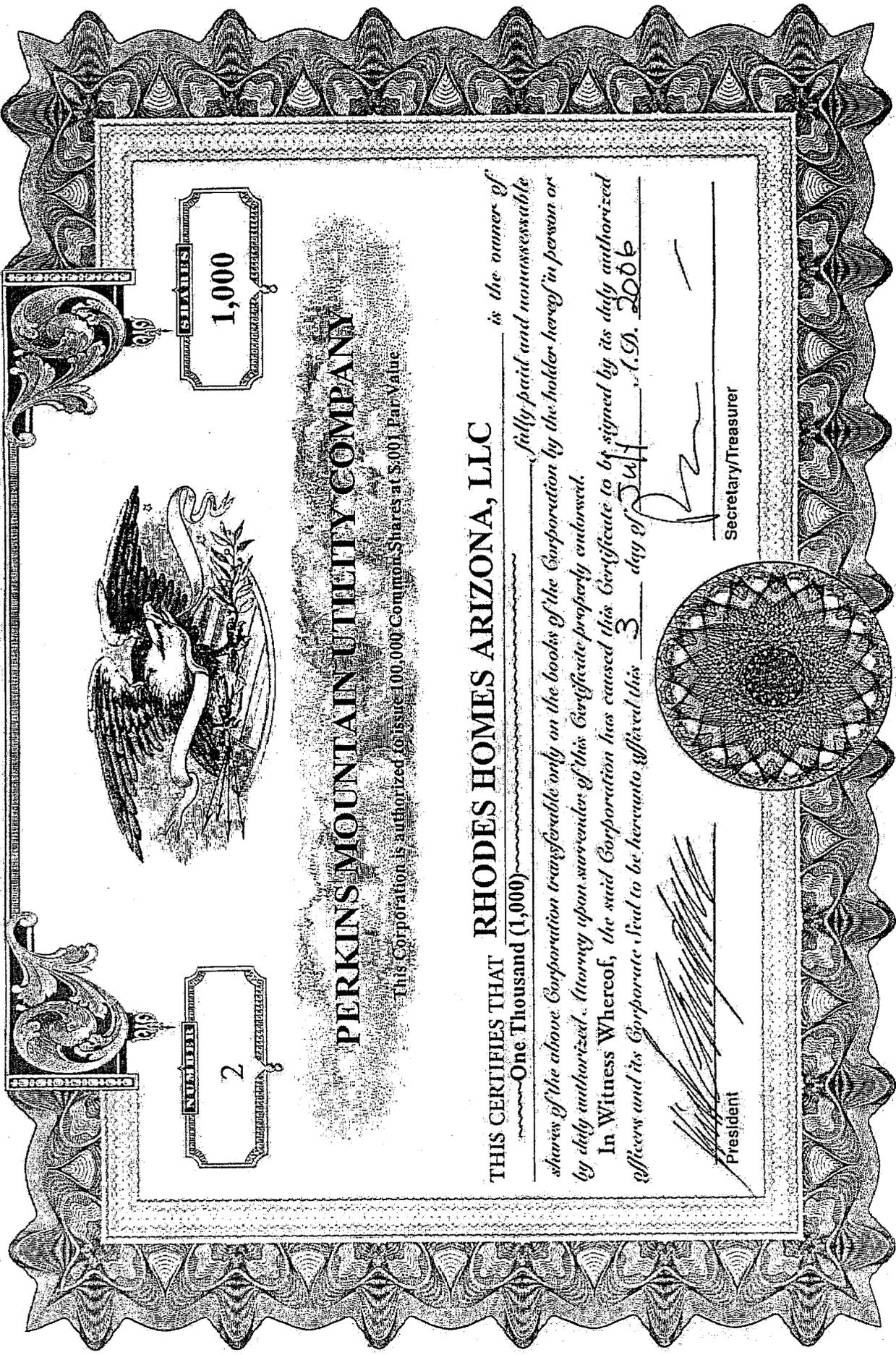
SEPARATE STOCK POWER

FOR VALUE RECEIVED, the undersigned (the "Grantor") hereby sells, assigns, and transfers to Rhodes Homes Arizona, LLC (the "Assignee") all of his shares now or hereafter owned by Grantor, whether common, preferred, or other classes of shares (the "Shares"), in Perkins Mountain Utility Company, a Nevada corporation.

The undersigned does hereby irrevocably constitute and appoint Keith Mosley as Grantor's attorney in fact to transfer the Shares on the books of each of the Entities, with full power and substitution in the premises.

DATED this 3<sup>rd</sup> of July, 2006.

  
James M. Rhodes



SHARES  
1,000

NUMBER  
2

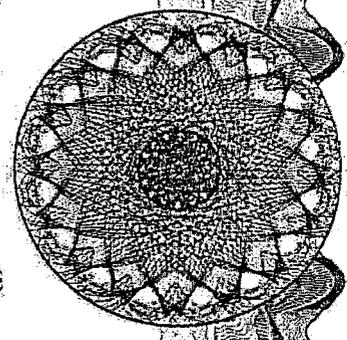
**PERKINS MOUNTAIN UTILITY COMPANY**

This Corporation is authorized to issue 100,000 Common Shares at \$1.00 Par Value

THIS CERTIFIES THAT **RHODES HOMES ARIZONA, LLC** is the owner of  
 ~~~~~One Thousand (1,000)~~~~~ fully paid and non-assessable  
 shares of the above Corporation transferable only on the books of the Corporation by the holder hereof in person or  
 by duly authorized attorney upon surrender of this Certificate properly endorsed.  
 In Witness Whereof, the said Corporation has caused this Certificate to be signed by its duly authorized  
 officers and its Corporate Seal to be hereunto affixed this 3 day of July A.D. 2006

*[Signature]*  
 President

*[Signature]*  
 Secretary/Treasurer



*For Value Received, \_\_\_\_\_ hereby sell, assign and transfer  
unto \_\_\_\_\_*

*\_\_\_\_\_ Shares  
represented by the within Certificate, and do hereby irrevocably  
constitute and appoint*

*\_\_\_\_\_ Attorney  
to transfer the said Shares on the books of the within named  
Corporation with full power of substitution in the premises.*

*Dated \_\_\_\_\_*

*In presence of*

\_\_\_\_\_

NOTICE: THE SIGNATURE OF THIS ASSIGNMENT  
MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE  
FACE OF THE CERTIFICATE. IN EVERY PARTICULAR, WITHOUT  
ALTERATION OR ENLARGEMENT, OR ANY CHANGE WHATSOEVER.

## STOCK TRANSFER AGREEMENT

This Stock Transfer Agreement ("Agreement") is made as of this 3<sup>rd</sup> day of July, 2006, by and among James M. Rhodes ("Rhodes"), and Rhodes Homes Arizona, LLC ("Rhodes Homes").

1.

### RECITALS

(a) Shareholder Status. Rhodes is a shareholder in Perkins Mountain Water Company, a Nevada corporation ("Company"), holding One Thousand (1,000) shares in the Company, as set forth in stock certificate no. 1 of the Company (the "Shares").

(b) Transfer to Rhodes Homes. Rhodes wishes to transfer the Shares to Rhodes Homes.

Now, therefore, in consideration of the recitals above and of the mutual agreements set forth below, the parties agree as follows:

2.

### AGREEMENT

(a) Transfer. Rhodes agrees to transfer the Shares to Rhodes Homes, and Rhodes Homes agrees to assume the Shares, as of the date of this Agreement. Rhodes shall execute and deliver a stock power in the form of Exhibit "A" in order to effectuate the transfer, as well as such other instruments as may be required.

(b) Consideration. The consideration payable to Rhodes for the Stock shall be One Dollar and Zero Cents (\$1.00).

(c) Stock Certificate. Rhodes Homes shall bear a legend which refers to restrictions on transferability of the stock in accordance with the terms of the Shareholders' Agreement and with applicable law.

3.

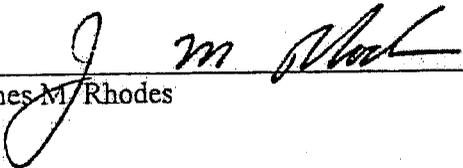
### MISCELLANEOUS

(a) Entire Agreement. This Agreement, including the Exhibits hereto, constitutes all of the agreements among the parties as to its subject matter and supersedes any prior written or oral agreements among the parties with respect to the subject matter hereof.

(b) Applicable Law. This Agreement shall be interpreted in accordance with Nevada law.

IN WITNESS WHEREOF, the parties have signed this Agreement as of the date first written above.

RHODES:

  
\_\_\_\_\_  
James M. Rhodes

RHODES HOMES:

\_\_\_\_\_  
RHODES HOMES ARIZONA, LLC,  
an Arizona limited liability company

By: The Rhodes Companies, LLC, a  
Nevada limited liability company

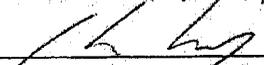
By:   
\_\_\_\_\_  
Name: Keith Mosley  
Title: Secretary

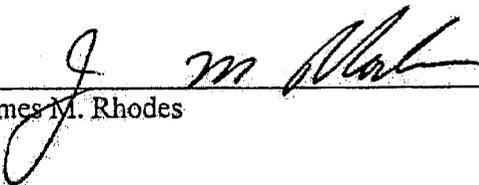
EXHIBIT A

SEPARATE STOCK POWER

FOR VALUE RECEIVED, the undersigned (the "Grantor") hereby sells, assigns, and transfers to Rhodes Homes Arizona, LLC (the "Assignee") all of his shares now or hereafter owned by Grantor, whether common, preferred, or other classes of shares (the "Shares"), in Perkins Mountain Water Company, a Nevada corporation.

The undersigned does hereby irrevocably constitute and appoint Keith Mosley as Grantor's attorney in fact to transfer the Shares on the books of each of the Entities, with full power and substitution in the premises.

DATED this 3<sup>rd</sup> of July, 2006.

  
James M. Rhodes



NUMBER 2

SHARES 1,000

# PERKINS MOUNTAIN WATER COMPANY

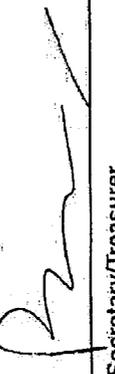
This Corporation is authorized to issue 100,000 Common Shares at \$1.00 Par Value

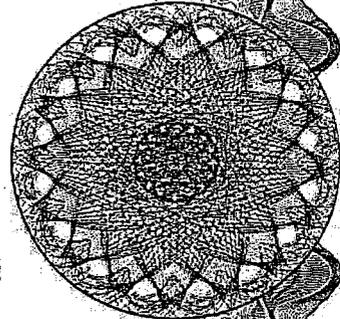
THIS CERTIFIES THAT **RHODES HOMES ARIZONA, LLC** is the owner of One Thousand (1,000) fully paid and nonassessable

shares of the above Corporation transferable only on the books of the Corporation by the holder hereof in person or by duly authorized Attorney upon surrender of this Certificate properly endorsed.

In Witness Whereof, the said Corporation has caused this Certificate to be signed by its duly authorized officers and its Corporate Seal to be hereunto affixed this 3<sup>RD</sup> day of July A.D. 2006

  
President

  
Secretary/Treasurer



*For Value Received, \_\_\_\_\_ hereby sell, assign and transfer  
unto \_\_\_\_\_*

*\_\_\_\_\_ Shares  
represented by the within Certificate, and do hereby irrevocably  
constitute and appoint*

*\_\_\_\_\_ Attorney  
to transfer the said Shares on the books of the within named  
Corporation with full power of substitution in the premises.*

*Dated \_\_\_\_\_*

*In presence of*

\_\_\_\_\_

NOTICE: THE SIGNATURE OF THIS ASSIGNMENT  
MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE  
FACE OF THE CERTIFICATE, IN EVERY PARTICULAR, WITHOUT  
ALTERATION OR ENLARGEMENT, OR ANY CHANGE WHATSOEVER.

**PERKINS MOUNTAIN WATER COMPANY AND PERKINS MOUNTAIN  
UTILITY COMPANY RESPONSES TO  
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JULY 12, 2006**

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**JJD 2.4** Please provide any financial or presentation information utilized in securing the Moody's credit rating.

**Response:** Applicants object to this request because the information requested is confidential, competitively sensitive, proprietary to The Rhodes Companies, LLC ("Rhodes") and its affiliates, and not reasonably calculated to lead to the discovery of admissible evidence. The release of this information to the public would subject Rhodes to severe economic harm due to strong competition among developers in the markets where Rhodes is developing. Rhodes' competitors would have a considerable competitive advantage if information regarding income, fixed and variable costs were to be disclosed as a public record.

**Prepared by:** Mark E. Hall  
Corporate Counsel  
Rhodes Homes Arizona, LLC  
313 S. Aztec Road  
Golden Valley, AZ 86413

**PERKINS MOUNTAIN WATER COMPANY AND PERKINS MOUNTAIN  
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JULY 12, 2006**

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**JJD 2.5** Will the revised ownership structure have any effect on the Moody's credit rating?

**Response:** No, the revised ownership structure will not have any effect on the Moody's credit rating.

**Prepared by:** Mark E. Hall  
Corporate Counsel  
Rhodes Homes Arizona, LLC  
313 S. Aztec Road  
Golden Valley, AZ 86413

**PERKINS MOUNTAIN WATER COMPANY AND PERKINS MOUNTAIN  
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JULY 12, 2006**

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**JJD 2.6** Please provide the most recently available financial statements for Rhodes Homes Arizona, LLC and The Rhodes Companies, LLC.

**Response:** Applicants object to this request to The Rhodes Companies, LLC because the information requested is confidential, competitively sensitive, proprietary to The Rhodes Companies and its affiliates, and not reasonably calculated to lead to the discovery of admissible evidence.

The release of Rhodes Homes Arizona, LLC information to the public would subject Rhodes Homes Arizona to severe economic harm due to strong competition among developers in Mohave County. Rhodes Homes Arizona's competitors would have a considerable competitive advantage if information regarding income, fixed and variable costs were to be disclosed as a public record. Rhodes Homes Arizona is willing to allow the Applicants to disclose the financial statements of Rhodes Homes Arizona under a protective order issued by the Hearing Division. The Applicants will be filing a Motion for a Protective Order as a condition to providing the financial statements for Rhodes Home Arizona, LLC.

**Prepared by:** Mark E. Hall  
Corporate Counsel  
Rhodes Homes Arizona, LLC  
313 S. Aztec Road  
Golden Valley, AZ 86413