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BEFORE THE ARIZONA CORPORATION

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Arizona Corporation Commission

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FEB 13 2007

JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
GARY PIERCE

AZ CORP COMMISSION
DOCUMENT CONTROL

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IN THE MATTER OF THE
APPLICATION OF PERKINS
MOUNTAIN WATER COMPANY
FOR A CERTIFICATE OF
CONVENIENCE AND NECESSITY
IN MOHAVE COUNTY

DOCKET NO. W-20380A-05-0490

DOCKET NO. SW-20379A-05-0489

IN THE MATTER OF THE
APPLICATION OF PERKINS
MOUNTAIN UTILITY COMPANY
FOR A CERTIFICATE OF
CONVENIENCE AND NECESSITY
IN MOHAVE COUNTY

**NOTICE OF FILING WITNESS
SUMMARIES**

Snell & Wilmer
LLP
LAW OFFICES
One Arizona Center, 400 E. Van Buren
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Pursuant to the order of the Administrative Law Judge ("ALJ") at the Prehearing Conference held February 8, 2007 in the above-captioned dockets, Perkins Mountain Water Company and Perkins Mountain Utility Company ("the Applicants") hereby file summaries describing the areas of testimony that will be provided at the hearing by Applicants' witnesses William R. Victor, P.G., Ray L. Jones, P.E., Kirk Brynjulson and Frederick Chin. In further compliance with the order of the ALJ, the Applicants had a subpoena issued to the Arizona Department of Water Resources ("ADWR") to provide a representative to provide testimony and answer questions at the hearing. Although the Applicants expect to call the ADWR witness, the witness represents the State of Arizona and the Applicants are unable to provide a summary of his or her testimony.

Counsel undersigned was asked at the Prehearing Conference to contact Jim Rhodes and convey the Commission's request that he attend the hearing to provide

1 testimony regarding the facts and circumstances of litigation matters and settlements
2 pertaining to various affiliates of the Applicants within the Rhodes family of companies,
3 as well as information regarding their financial wherewithal. As the Applicants want the
4 most knowledgeable witness to address these issues, Mr. Rhodes has asked Mr. Frederick
5 Chin to attend the hearing to provide testimony and answer questions. Mr. Chin is Chief
6 Operating Officer of Sagebrush Enterprises, Inc., the parent company of the Applicants
7 and a former partner with Ernst & Young. He is more familiar with the litigation matters
8 and settlements pertaining to the Rhodes family of companies. He is also knowledgeable
9 regarding the financial strength of the Rhodes companies. In the event that the
10 Commission has additional questions following the testimony of Mr. Chin, a
11 determination can be made at that time as to how to address these questions.

12 Also attached is a table of exhibits to be used at the hearing. Copies of the
13 exhibits are being hand-delivered to Staff, counsel for the intervenor, and the
14 Commissioners.

15 DATED this 13th day of February, 2007.

16 SNELL & WILMER L.L.P.

17
18 By 
19 Jeffrey W. Crockett
20 Kimberly A. Grouse
21 One Arizona Center
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24 Attorneys for Perkins Mountain Water Company

25 ORIGINAL and 16 copies filed this
26 13th day of February, 2007, with:

27 Docket Control
28 Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

1 COPY hand-delivered this 13th day
of February, 2007, to:

2 Dwight Nodes, Administrative Law Judge
3 Hearing Division
4 Arizona Corporation Commission
5 1200 West Washington
6 Phoenix, Arizona 85007

7 Keith Layton, Staff Attorney
8 Legal Division
9 Arizona Corporation Commission
10 1200 West Washington
11 Phoenix, Arizona 85007

12 Blessing Chukwu
13 Utilities Division Staff
14 Arizona Corporation Commission
15 1200 West Washington
16 Phoenix, Arizona 85007

17 COPY mailed this 13th day of
18 February, 2007, to:

19 Booker T. Evans, Jr.
20 Kimberly A. Warshawski
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22 2375 East Camelback Road, Suite 700
23 Phoenix, AZ 85016

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26 808 Buchanan Blvd., Ste. 115-303
27 Boulder City, NV 89005
28

29 *Jarvis L. Johnson*

TESTIMONY SUMMARY
OF
WILLIAM R. VICTOR, P.G.

William R. Victor, P.G.

Testimony Summary

William R. Victor, P.G., is a Principal of Errol L. Montgomery and Associates ("M&A"), one of the leading hydrogeologic consulting firms in the western hemisphere. Mr. Victor will testify regarding the Arizona Department of Water Resources ("ADWR") process for reviewing and approving requests for Analyses of Adequate Water Supply for master planned developments, and will discuss how that process compares to the process for reviewing and approving requests for Analyses of Assured Water Supply within active management areas. He will discuss the procedures followed by M&A in submitting the requests for Analyses of Adequate Water Supply for the Golden Valley South and the Villages at White Hills master planned developments. He will discuss the two Analyses of Adequate Water Supply issued by ADWR for Golden Valley South currently totaling 11,895 acre-feet of physically available supply.

Regarding Golden Valley South, Mr. Victor will testify as to his expert opinions and conclusions based on M&A's study and analysis of the North Sacramento Valley groundwater basin, including:

- a. Committed demand for the area;
- b. Projected water demand calculated for Golden Valley South
 - i. Groundwater demand
 - ii. Reuse of effluent
- c. Projected impacts to groundwater levels in the North Sacramento Valley groundwater basin;
- d. Compliance with ADWR criterion;
- e. Potential impacts to existing wells in the area;
- f. Groundwater physically available for Golden Valley South; and
- g. Effluent physically available for Golden Valley South.

William R. Victor, P.G.
Testimony Summary

Mr. Victor's testimony will also include explanations of the following correspondence from ADWR:

- a. 10-19-2005 Analysis of Adequate Water Supply issued from ADWR to American Land Management, L.L.C., concluding that 9,000 AF/yr of groundwater is physically available for Golden Valley South;
- b. 8-14-2006 Analysis of Adequate Water Supply issued from ADWR to American Land Management, L.L.C., concluding that 2,895.69 AF/yr of effluent is physically available for Golden Valley South; and
- c. 1-25-2007 letter from ADWR to Snell & Wilmer regarding physical availability of water for Golden Valley South.

Mr. Victor will also testify to the status of the USGS study on the aquifer.

TESTIMONY SUMMARY
OF
RAY L. JONES, P.E.

Ray L. Jones, P.E.

Testimony Summary

Ray L. Jones, P.E., is principal of Aricor Water Solutions. Aricor has been retained by Perkins Mountain Water Company and Perkins Mountain Utility Company as a consultant and certified operator for the water and wastewater systems that will serve the Golden Valley South and Villages at White Hills developments in Mohave County. Mr. Jones will testify regarding the design of the water and wastewater systems. Mr. Jones will testify regarding the management and operation of each of the utilities. Mr. Jones will discuss the master plan engineering reports for the utilities and the use of effluent at the Golden Valley South and Villages at White Hills developments. Mr. Jones will testify regarding Staff's equity (capital structure) recommendation and its impact on the rate structure of the utilities. Mr. Jones will testify regarding the performance bond recommended by Staff.

TESTIMONY SUMMARY
OF
KIRK BRYNJULSON

Mr. Kirk Brynjulson

Testimony Summary

Mr. Brynjulson is the President of Perkins Mountain Water Company and Perkins Mountain Utility Company (collectively, "the Companies"). He will testify regarding the organization and planned operation of the Companies. He will testify regarding the steps taken by the Companies to obtain certificates of convenience and necessity to provide water and wastewater services to the Golden Valley South and Villages at White Hills master planned developments. Mr. Brynjulson will testify regarding the water infrastructure that has been constructed to date which will be used by the Companies to provide water service, including the issuance of approvals to construct and approvals of construction by the Arizona Department of Environmental Quality. He will testify regarding changes to the Golden Valley South master plan, and the current status of various county approvals regarding the developments, including the issuance of water and wastewater franchises and 208 approval by Mohave County. Mr. Brynjulson will testify regarding the Companies' position on the recommendations of Staff contained in the Staff Report Addendum. He will also testify regarding the Companies' contracts with Aricor Water Solutions and Errol L. Montgomery and Associates.

TESTIMONY SUMMARY
OF
FREDERICK CHIN

Mr. Frederick Chin

Testimony Summary

Mr. Fredrick Chin is Chief Operating Officer of Sagebrush Enterprises, Inc. Mr. Chin will provide testimony regarding the circumstances of litigation matters and settlements involving affiliates of Perkins Mountain Water Company and Perkins Mountain Utility Company. He will testify regarding the financial strength of the Rhodes family of companies, including the Moody's bond rating.

TABLE OF EXHIBITS

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PERKINS MOUNTAIN WATER COMPANY AND PERKINS MOUNTAIN UTILITY COMPANY

(DOCKETS NOS. W-20380A-05-0490 AND SW-20379A-05-0489)

1. Perkins Mountain Water Company Application for CC&N
2. Perkins Mountain Utility Company Application for CC&N
3. Amendment to PMWC Application for CC&N
4. Amended Legal Description for Villages at White Hills
5. Certificate of Good Standing – Perkins Mountain Water Company
6. Certificate of Good Standing – Perkins Mountain Utility Company
7. Mohave County Franchise – Perkins Mountain Water Company
8. Mohave County Franchise – Perkins Mountain Utility Company
9. 208 Plan Amendment – Mohave County
10. ADEQ Approval to Construct Transmission Main
11. ADEQ Approval to Construct New Source Well
12. ADEQ Approval to Construct Storage Tank
13. Agreement for Operation and Maintenance of Water System
14. Agreement for Operation and Maintenance of Wastewater System
15. October 19, 2005, ADWR Analysis of Adequate Water Supply
16. August 14, 2006, ADWR Analysis of Adequate Water Supply
17. January 25, 2007, Letter from ADWR to Snell & Wilmer
18. May 8, 2006, Letter from ADWR to Arizona Corporation Commission
19. July 2005 Report: Regional Hydrogeology, Source of Water Supply, and Projected 100-year Drawdown Impacts in the Vicinity of the Golden Valley South Master Planned Community, Mohave County, Arizona

20. March 2005 Report: Regional Hydrogeology, Source of Water Supply, and Projected 100-year Drawdown Impacts in the Vicinity of the Villages at White Hills, Mohave County, Arizona
21. May 2005 Addendum to Regional Hydrogeology, Source of Water Supply, and Projected 100-year Drawdown Impacts in the Vicinity of the Villages at White Hills, Mohave County, Arizona
22. November 2006 Addendum No. 2 to Regional Hydrogeology, Source of Water Supply, and Projected 100-year Drawdown Impacts in the Vicinity of the Villages at White Hills, Mohave County, Arizona
23. May 29, 2006, Letter from Robert M. Evans, CPA
24. Statement of Qualifications of William R. Victor, P.G.
25. Curriculum Vitae of Ray L. Jones, P.E.
26. Organizational Chart
27. Moody's Bond Rating
28. Certificate of Good Standing – Rhodes Homes Arizona, LLC
29. Recommended Opinion and Order, dated January 31, 2006
30. Revised Staff Field Inspection, dated December 15, 2006
31. Responses of Staff to Third Set of Data Requests (Questions 1, 2 and 3)
32. Staff's Motion to Compel, dated June 23, 2006
33. Staff's Withdrawal of Motion to Compel
34. Projected Groundwater Level Drawdown Resulting from Pumping at Golden Valley South
35. Perkins Mountain Water Company Projected Balance Sheet (Per Staff Schedule REL-1) Calculation of Percentage Equity Financing
36. Comparison of Plant in Service at Year 5 Prepared by ARICOR Water Solutions 2/13/2007
37. Perkins Mountain Water Company Filing Schedules using Staff Proposal with return on Additional Equity
38. Rhodes Entity Structure