

ORIGINAL
Walnut Creek Water Company



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AZ CORP COMMISSION
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Arizona Corporation Commission
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MAR 20 2007

Arizona Corporation Commission
1200 W Washington Street
Phoenix, AZ 85006

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Commissioners:

Please include this correspondence in the docket for:

SW-20379A-05-0489 Application by Perkins Mountain Water
W-20380A-05-0490

I am writing to you regarding Mr. Jim Rhodes application for a CC&N for Perkins Mountain Water Company. Walnut Creek Water Company, which has had an approved CC&N since 1985, will be directly affected by the decisions made by the Corporation Commission regarding this application.

Walnut Creek Water Company has provided water services to approximately 250 lots (750 residents) for the past 22 years. Our CC&N also allows for water services to our additional 677 lots, which already has a preliminary plat approved by Mohave County. It has been our intention all along, even prior to Mr. Rhodes purchases in Mohave County, to develop these 677 lots.

One of Walnut Creek Water's well sites, which we have owned for approximately 20 years, is located some fifty feet from Mr. Rhode's proposed development. It is located in the southeast quarter of Section 4, T20, R18, Parcel 215-16-004. This well site is within his proposed service area. Additionally, Walnut Creek Water Company has five wells adjacent to the 5,700 acres. In testimony before your commission, it was revealed that Perkins Mountain Water Company has identified some 75 wells sites that could possibly go dry as a result of the Rhodes project water consumption. This testimony is of great concern to our water company as we have never been informed by Perkins Mountain Water about their intensions.

I understand that there have been two hydrology reports done: a report by Paul Minera in November 2006, and a report by Earl L.

Montgomery and Associates in July 2005. The conclusions of both these reports seem to indicate that the water level in the area could drop to 1,150 feet with the consumption of water that the Rhodes development is anticipating. All of our wells are at a depth between 600 feet and 1000 feet. This could drop the water level below every well in our water district. We have pumped hundreds of millions of gallons of water from our wells for over 23 years and the water levels have not dropped. The Rhodes development could dry up all of our wells. Mr. Rhodes testified to you that it would not be his problem if other wells in the area were to go dry as a result of his water consumption. He later offered to put up a bond of \$5 million dollars. A bond of \$150,000,000 would be required just for the Walnut Creek homeowners. Can the Arizona Corporation Commission in good conscience approve a water use that they know will cause other wells in the area to go dry?

As we are all aware, Arizona is an arid state. Of particular concern to me, is the insistence of Mr. Rhodes that Golden Valley and his other developments must contain golf courses. One doesn't have to go far to see what this type of misuse of water resources has created in the Las Vegas area. Ask the northern counties in Nevada and locales in California what they think about Las Vegas's attempts to take their water resources. Mr. Rhodes has been a part of this water misuse in Las Vegas and sees nothing wrong with continuing this type of use in Arizona. At the very least, a golf course should only be developed if and when the affluent use is available.

Our development company is involved in a breach of contract lawsuit with Mr. Jim Rhodes and a number of his companies. It is impossible to determine who owns what or who paid for anything since they have not produced a single document. They contracted to sell us 5,200 acres. The 5,200 acres is directly south of the 5,700 acres addressed in their CC&N request. It appears the Rhodes development is going to use between 9,000 and 15,000 acre feet of water. Once the lawsuit is concluded, we may then very well find ourselves with over 5,200 acres and no water. We have not been given the opportunity to ask for a CC&N for our acreage directly due to Mr. Rhodes and this pending lawsuit. At the very least, we would ask that you not make a decision until Mr. Rhodes clears up his Arizona lawsuits which are directly related to the Golden Valley area and the water issue. As you can see, the Arizona Corporation Commissions actions with regard to Mr. Rhode's application, directly affect our future and the future of water in Golden Valley, Arizona.

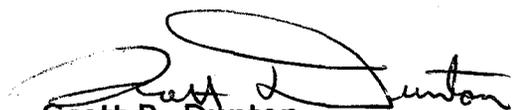
Why does Mr. Rhodes have so many lawsuits and allegations of bribery, political corruption, breach of contracts, and construction defects with a variety of concerns including partners, investors, contractors, sub-contractors, employees, title companies, financial institutions, and city governments? Mr. Rhodes would like you to believe that all of these lawsuits are just normal in the course of doing business and he really shouldn't have been named in most of them. It is also interesting to note that most of the lawsuits, upon settlement, contain a non-disclosure clause. What does that tell you about the way in which he conducts business?

Is he really a fit and proper person to be responsible for all the property owners' water in Golden Valley? Mr. Rhodes doesn't care about whether there is a long term supply of water in Golden Valley; he does care about building a golf course which will waste millions of gallons of water so that he can sell his homes, make money, and move on to another area - another area in Arizona, I might add.

Please do not grant any right for the operator of the Perkins Mountain Water Company in Golden Valley until you have all the facts about the availability of water. Please do not allow anyone to control more water than just their share of water. And please don't let anyone be in charge of the most valuable asset Mohave County has unless that person is fit to be trusted with our water. A person's past actions, especially the recent past, is a good indicator of what you can expect in the future.

I also believe that if the Arizona Corporation Commission takes a firm stand on water issues on behalf of the residents of Mohave County, that other governing bodies, such as the Mohave County Board of Supervisors; will be forced to also to rethink their laissez-faire approach to granting of approvals of Community Facility Districts and what seems to be an uncontrolled approach to development in Mohave County with regard to water issues.

Sincerely,


Scott R. Dunton
Walnut Creek Water Company