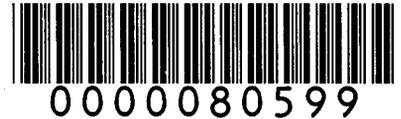


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January 16, 2008

JAN 17 2008

DOCKETED BY

Re: Perkins Mountain Utilities Sale to Utilities Inc.; Docket No. W-20380A-05-0490 and SW-20379A-05-0489

Dear Parties to the Docket:

During the January 4, 2008 procedural conference on this matter, I posed several questions that I would like the Parties, in particular the Applicant, to respond to as part of the required testimony in this case. Please, as part of your testimony, respond to the following queries:

First, will employees of Rhodes Homes or Perkins Mountain Utilities ("Perkins"), or any affiliate of those entities, be transferred to or become employed by Utilities Inc. or have any responsibilities or role in the proposed new utility or in Utilities Inc. following any vote by the Commission in this matter?

Second, what other entities were approached by Rhodes Homes or Perkins to provide service to the proposed areas? What were the responses of those entities?

Third, what other water or wastewater companies does Utilities Inc. currently own in Arizona and does the Company anticipate acquiring any other utilities?

Fourth, please describe in detail Utilities Inc.'s financial capacity to provide service in the State of Arizona, in particular, in the proposed service area.

Fifth, please delineate Utilities Inc.'s background and its history of providing service in Arizona. Specifically, please provide a history of complaints against any utilities owned by Utilities Inc. in Arizona and elsewhere.

Sixth, why did Perkins and Rhodes Homes choose a stock purchase rather than an asset transfer as their means of selling Perkins to Utilities Inc.?

Seventh, who will be responsible for building the physical infrastructure of the water and wastewater utilities? Does Rhodes Homes, or any other entity affiliated with Rhodes Homes, intend to construct the utility infrastructure, including the distribution system of the proposed water and wastewater systems?

Finally, if Rhodes Homes is to build the infrastructure for Utilities Inc., will this arrangement be similar to that which occurred when Del Webb constructed portions of the Anthem Community

Parties to the Docket
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infrastructure and then transferred the assets and the physical infrastructure to Citizens, and later Arizona-American Water Company?

Thank you for your attention to these questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'K Mayes', written in a cursive style.

Kris Mayes
Commissioner

Cc: Chairman Mike Gleason
Commissioner William A. Mundell
Commissioner Jeff Hatch-Miller
Commissioner Gary Pierce
Dean Miller
Ernest Johnson
Chris Kempley
Dwight Nodes
Rebecca Wilder