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ARIZONA CORPORATION COMMISSION
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February 19, 2008

Arizona Corporation Commission
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VIA HAND-DELIVERY AND E-MAIL

Blessing Chukwu
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Keith Layton, Staff Attorney
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Re: Perkins Mountain Water Company and Perkins Mountain Utility Company
Docket Nos. W-20380A-05-0490 and SW-20379A-05-0489
Responses to Staff's Second Set of Data Requests Dated February 8, 2008

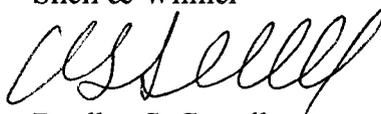
Dear Ms. Chukwu and Mr. Layton:

Perkins Mountain Water Company and Perkins Mountain Utility Company (the "Companies") hereby submits the attached responses to Staff's Second Set of Data Requests dated February 8, 2008. Electronic versions of these responses are also being sent to you via e-mail. As I discussed with Mr. Layton on February 15, 2008, the Companies are still in the process of gathering information to respond to BNC 2.6, 2.8, 2.12 and 2.13 and will provide those responses as soon as possible. If you have any questions, please do not hesitate to contact me.

Letter to Blessing Chukwu and Keith Layton
February 19, 2008
Page 2

Sincerely,

Snell & Wilmer



Bradley S. Carroll

BSC:jan
Enclosure

cc: Docket Control (Original plus 15 copies)
Robin Mitchell, Esq. (Via e-mail only)
Michele Finical (Via e-mail only)

**RESPONSE OF PERKINS MOUNTAIN WATER COMPANY
AND PERKINS MOUNTAIN UTILITY COMPANY
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DOCKET NOs. W-20380A-05-0490, SW-20379A-05-0489
February 8, 2008**

BNC 2.2 Please provide the name, address and telephone numbers of the person(s) that will be certified operator(s) for Perkins Mountain Water Company and Perkins Mountain Utility Company.

Response: Utilities, Inc. has entered into an agreement with Ray Jones of Aricor Water Solutions who was the designated certified operator for the Perkins Companies prior to Utilities, Inc.'s acquisition of the Perkins Companies and he will continue to be contract operator until Utilities, Inc. has licensed personnel in the area. The address and telephone number of Aricor is as follows:

25213 North 49th Drive
Glendale AZ 85083-2225
(623) 341-4771

Paul Burris has been licensed by ADEQ in the past and will be submitting for reinstatement of his inactive Arizona licenses this month. Other Utilities, Inc. employees in Bullhead City and Pahrump are scheduled to obtain their wastewater licenses prior to start up of the wastewater treatment plant. Mr. Burris' address and telephone number is below.

Prepared by: Paul Burris
Regional Vice President Operations
(Western & Midwest Regions)
Utilities, Inc.
1240 East State Street
Pahrump, Nevada 89048
Phone (775) 727-5575

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BNC 2.3 Please provide the name, address and telephone number of the person(s) that will be the on-site manager of Perkins Mountain Water Company and Perkins Mountain Utility Company.

Response: Gabriel Gomez (Western Regional Project Manager) will be the initial onsite manger.

1240 East State Street
Pahrump, Nevada 89048
Office (775) 727-5575
Cellular (775) 513-2291

Mr. Gomez lives in Las Vegas and is within an hour to hour and a half of the site.

Debbie Fields (back up project manager)
Area Manager Bullhead City
4544 Highway 95
Bullhead City, Arizona 86426
Phone (877) 294-8890

Ms. Fields lives in Bullhead and is about an hour from the site.

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DOCKET NOS. W-20380A-05-0490, SW-20379A-05-0489
February 8, 2008**

BNC 2.4 Please provide a status report of the utility construction activities in the Golden Valley South and The Villages at White Hills Developments.

Response: Perkins Mountain Water Company and Perkins Mountain Utility Company have not performed any construction of utility infrastructure for either the Golden Valley South or Village at White Hills development. Sometime prior to the acquisition of Perkins Mountain Water Company and Perkins Mountain Utility Company by Utilities, Inc., Rhodes Homes constructed an off-site well and transmission main that will ultimately become part of the water system serving Golden Valley. It is our understanding that Rhodes Homes has not constructed any additional utility infrastructure.

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STAFF'S SECOND SET OF DATA REQUESTS
DOCKET NOS. W-20380A-05-0490, SW-20379A-05-0489
February 8, 2008**

BNC 2.5 Please explain how Perkins Mountain Utility Company intends to dispose of the effluent that will be generated by its wastewater treatment plant.

Response: It is intended that the effluent will be used on the Golf Course and in the common areas.

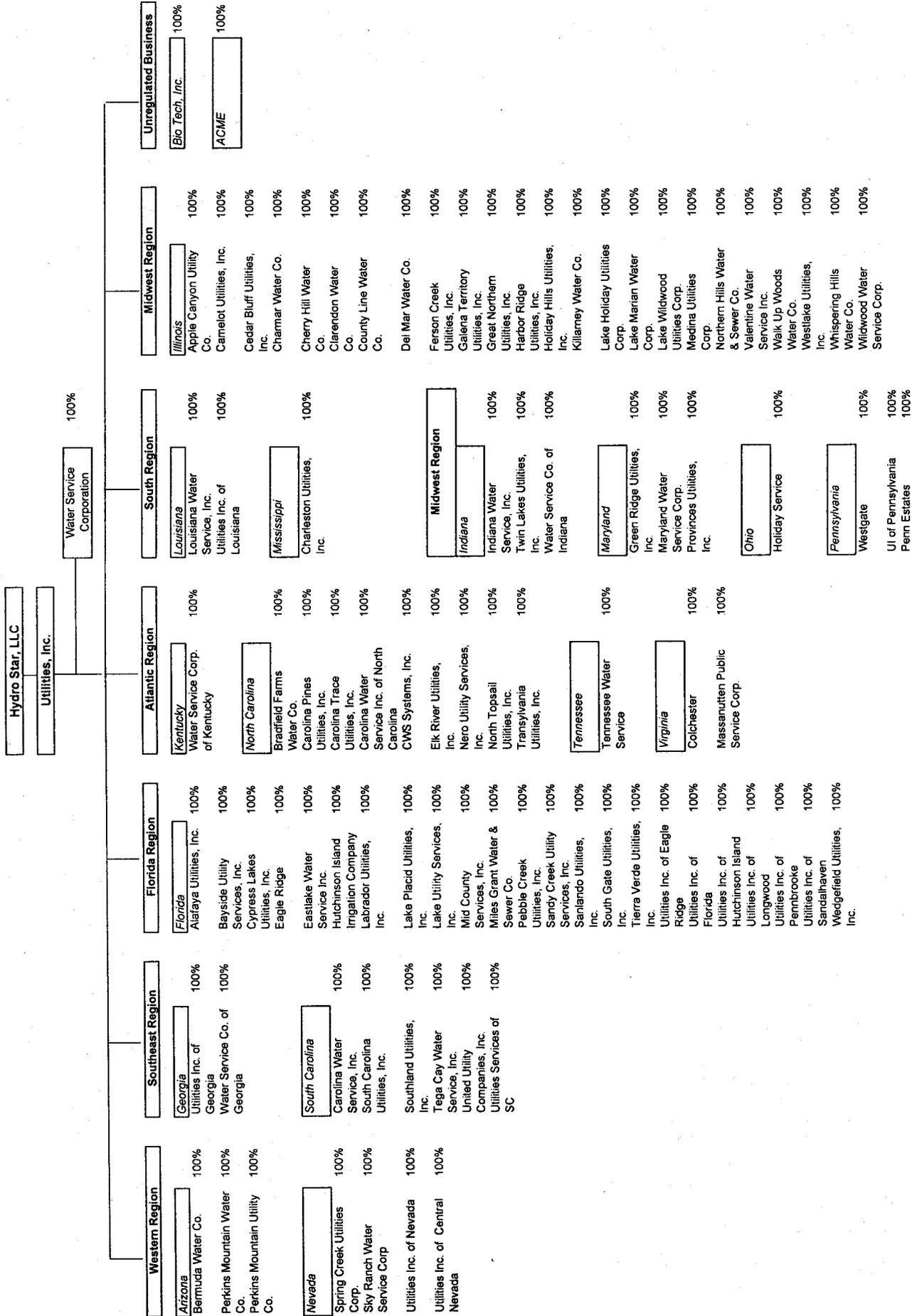
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February 8, 2008**

BNC 2.7 **Please provide an organization chart and/or an ownership summary that depicts the ownership structure of Perkins Mountain Water Company and Perkins Mountain Utility Company. Please include the percentage of ownership interest.**

Response: Attached is a company organization chart which depicts the ownership structure of Perkins Mountain Water Company and Perkins Mountain Utility Company as an operating company of Utilities, Inc. For each company the percentage of ownership by Utilities, Inc. is provided.

Prepared by: Michael T. Dryjanski
Manager, Regulatory Accounting
Utilities, Inc.
2335 Sanders Road
Northbrook, IL 60062



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STAFF'S SECOND SET OF DATA REQUESTS
DOCKET NOS. W-20380A-05-0490, SW-20379A-05-0489
February 8, 2008**

BNC 2.9 According to the November 30, 2007 Amendment to Application, Utilities, Inc., neither Mr. Jim Rhodes nor any of his affiliated business enterprises have any ownership interest in Utilities, Inc. However, the language of the terms and conditions of the Stock Purchase and Utilities Service Agreement creates an impression that Mr. Rhodes is still in a decision making role for Perkins Mountain Water Company and Perkins Mountain Utility Company. Please explain in detail: (a) Why Mr. Jim Rhodes and/or any of his affiliated business enterprises will prepare the Master Plans for the water and wastewater systems? (b) Why would Utilities Inc. and/or Perkins Mountain Water Company and Perkins Mountain Utility Company get prior consent of Mr. Jim Rhodes or his affiliated business enterprise in order to take certain actions?

Response: (a) It is common practice in Arizona for a water and wastewater utility to establish the planning standards and requirements for its water and wastewater systems and require developers to prepare water and wastewater master plans for developments proposed within its service area. Water and wastewater utilities have adopted this practice because it is both practical and serves to protect the utility and its customers from unnecessary costs.

A water or wastewater master plan cannot be prepared without extensive knowledge of the development to be served. The number and types of residential and commercial structures must be known. The layout of streets and easements must be known. Locations of suitable parcels for construction of storage tanks, booster stations and treatment plants must be known. It is the developer that determines all of these important elements of a master plan, typically through a comprehensive planning process with the local zoning authority, which usually requires water and wastewater master plans as a component of the submittal.

Due to this high level of coordination required between the development planning and the utility planning, it is most practical and efficient to have the developer, using the same engineering consultants that are supporting the development planning process, prepare the utility master plans in accordance with the planning standards and requirements established by the utility.

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TO ARIZONA CORPORATION COMMISSION
STAFF'S SECOND SET OF DATA REQUESTS
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February 8, 2008**

During the planning process for a development, often several development concepts must be prepared and submitted to local authorities before a final approved development plan is settled upon. Additionally, for large developments, such as those planned by Rhodes Homes, the development master plan is usually revised and updated several times over the life of a project. Each time the development plan is updated the utility master plans must also be updated.

By placing the planning responsibility on the developer, the utility and its customers are protected from the cost associated with preparing plans that were never approved by local authorities or plans that were changed at the developer's initiative.

Utilities, Inc. successfully used this developer master planning process for Mountain Falls LLC in Pahrump, Nevada. The process requires the developer and the Utility to work together as partners to assure a beneficial project for both parties, as well as the end users.

(b) With respect to consent rights, the master plan must be prepared in accordance with the planning standards and requirements established by the utility and the utility must review and approve the master plan before it is accepted. Accordingly, Mr. Rhodes has no consent rights per se.

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February 8, 2008**

BNC 2.10 According to Utilities, Inc.'s Press Release dated March 21, 2007, and July 12, 2007, mentioned above; "Utilities, Inc. was formed in 1965 to provide developers with an alternative method to obtain water and wastewater utility service." Please provide a description of Utilities, Inc.'s experience in providing water and/or wastewater utility service to developments of the same or comparable magnitude and/or size as Golden Valley South and The Village at White Hills.

Response: Utilities, Inc. operates in 17 states and has approximately 90 operating companies providing water and/or sewer service. A number of these companies provide service to a customer base of 1,000 or more customers. The 2006 customer base for selected Utilities, Inc. operating companies is provided below. This data is representative of Utilities, Inc.'s experience in providing water and/or wastewater utility service to developments of various sizes.

Arizona:

- Bermuda Water Co. – approximately 7,600 water customers

Nevada:

- Spring Creek Utilities Corp. – approximately 3,800 water and 120 sewer customers
- Sky Ranch Water Service Corp. –approximately 575 water customers
- Utilities, Inc. of Nevada – approximately 3,000 water customers
- Utilities, Inc. of Central Nevada – approximately 6,900 water customers and 3,700 sewer customers

Florida:

- Alafaya Utilities, Inc. – approximately 7,400 sewer customers
- Sandlando Utilities, Inc. – approximately 12,000 water customers and 9,100 sewer customers

North Carolina

- Carolina Water Service of NC – approximately 24,000 water customers and 15,000 sewer customers

It should be noted that the provisioning of water and wastewater service to Golden Valley South and the Villages at White Hills will be made in many phases over more than 20 years. As indicated on the Perkins Mountain Utility Company Schedule A-7, as provided in response to CSB 1.6, at year 5 Golden Valley South is expected to have slightly over 2,000 customers. On the same schedule, the Villages of White Hills is projected

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STAFF'S SECOND SET OF DATA REQUESTS
DOCKET NOS. W-20380A-05-0490, SW-20379A-05-0489
February 8, 2008**

to have slightly over 1,000 at year 5. According to the 20-year Key Data schedule that was also provided in response to CSB 1.6, the build-out for these same areas are projected to be 32,000 and 20,000, respectively.

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STAFF'S SECOND SET OF DATA REQUESTS
DOCKET NOs. W-20380A-05-0490, SW-20379A-05-0489
February 8, 2008**

BNC 2.11 Bermuda Water Company was granted a CC&N in 1962 to provide water service in portions of Mohave County, Arizona. According to the November 30, 2007 Amendment to Application, "Utilities, Inc., acquired Bermuda Water Companythrough a stock transaction in 1999." As evidenced by Utilities, Inc.'s list of "Recent News" on Utilities, Inc.'s website, Utilities, Inc. has embarked on various expansion, replacement, renovation, relocation, and/or upgrades of its water and/or wastewater facilities. Since 1999, how much has Utilities, Inc. spent to upgrade Bermuda Water Company's water system? Does Utilities, Inc. anticipate merging Bermuda Water Company and Perkins Mountain Water Company operations in Mohave County? Please explain.

Response: Since 1999, Bermuda Water Company spent \$2,226,000 net of retirements and net of Contributions in Aid of Construction as of the end of 2006.

Utilities, Inc. does not anticipate at this time merging Bermuda Water with Perkins Mountain Water.

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DOCKET NOS. W-20380A-05-0490, SW-20379A-05-0489
February 8, 2008**

BNC 2.14 Have any of the officers, directors and/or employees of Utilities, Inc., Perkins Mountain Water Company, and/or Perkins Mountain Utility Company and their respective affiliates been accused of allegations of political corruption (including but not limited to campaign violations and election law violations); allegations of construction violations; allegations of misconduct; and filings at administrative hearings, at the local, state, or federal agencies, including at the Federal Elections Commission, Registrar of contractors, or any violations of law? If so, please provide a comprehensive list of all affiliated individuals and entities that have been accused of the above mentioned allegations; the litigation history; and the individual case disposition.

Response: To the best of the Utilities, Inc.'s knowledge and belief, the response to the above-referenced question is no.

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STAFF'S SECOND SET OF DATA REQUESTS
DOCKET NOs. W-20380A-05-0490, SW-20379A-05-0489
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BNC 2.15 **Have any of the persons or entities listed in No. 14 above been convicted or admitted to any of the allegations listed?**

Response: Not applicable. See Response to 2.14 above.

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DOCKET NOS. W-20380A-05-0490, SW-20379A-05-0489
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BNC 2.16 Has Utilities, Inc.'s and any of its affiliates ever filed for bankruptcy? If so, please provide the litigation history and the case disposition.

Response: To the best of the Utilities, Inc. knowledge and belief, the response to the above-referenced question is no.

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DOCKET NOS. W-20380A-05-0490, SW-20379A-05-0489
February 8, 2008**

BNC 2.17 Have any of the officers and/or directors affiliated to Utilities, Inc., Perkins Mountain Water Company, and/or Perkins Mountain Utility Company and any of their respective affiliates ever filed for bankruptcy? If so, please provide the litigation history and the case disposition.

Response: To the best of the Utilities, Inc.'s knowledge and belief, the response to the above-referenced question is no.

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Utilities, Inc.
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Northbrook, IL 60062

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DOCKET NOS. W-20380A-05-0490, SW-20379A-05-0489
February 8, 2008**

BNC 2.18 Please describe any and all mechanics, tax or other liens that have been assessed against any of the above mentioned entities from January 1, 1998 through and including the date of the response to this data request.

Response: There are currently no judgments against any of the assets of Utilities, Inc. or the Perkins Companies. Utilities, Inc. owns all of the outstanding shares of its operating subsidiaries, including the Perkins Companies, and these shares are pledged to its primary secured lenders. Other than that, there are no liens against any of the assets of Utilities, Inc. (nor are there any liens against the Perkins Companies) other than liens imposed by law, such as carriers', warehouseman's, mechanics', materialmen's, landlords', laborers' suppliers' and vendors' liens, incurred in good faith in the ordinary course of business and securing obligations which are not yet due or which are being contested in good faith by appropriate proceedings, and (ii) liens for taxes not yet due and payable or which are being contested in good faith by appropriate proceedings; none of which liens, individually or in the aggregate, have a material adverse effect upon the value of the property subject thereto or the use to which such property is presently put by Utilities, Inc. or the Perkins Companies.

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Utilities, Inc.
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DOCKET NOS. W-20380A-05-0490, SW-20379A-05-0489
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BNC 2.19 Please indicate as to whether each of the services indicated below will be provided by Perkins Mountain Water Company and/or Perkins Mountain Utility Company employees or by other affiliated entities and if being provided by an affiliate, please indicate the name of the affiliate, please indicate the name of the affiliate: Engineering, Accounting Legal, Management, Administration, Billing, Customer Assistance, Meter Reading, Repairs and Maintenance, Tax Administration.

Response: Services such as those described in the above request are provided by Water Services Corporation, a subsidiary of Utilities, Inc., to all Operating Companies of Utilities, Inc. Agreements to provide these services by Water Services Corp. to Perkins Mountain Water Company and to Perkins Mountain Utility Company have been executed.

A description of the services to be provided by Water Service Corp. as defined in the Affiliate Agreement include the following:

A. EXECUTIVE: The principal executive officers of the Service Company, such as the Chairman of the Board, President and Vice Presidents, and Treasurer will assist and advise the Operating Company in respect to corporate, financial, operating, engineering, organization, regulatory, and other problems. They will keep themselves informed in regard to the operation, maintenance and financial condition of, and other matters relating to, the Operating Company through contacts with the officers, directors and other representatives of the Operating Company. Such officers of the Service Company will visit the property of the Operating Company when necessary to the proper furnishing of the services provided for in this Agreement. They will also supervise the personnel of the Service Company to the end that services under this Agreement shall be performed efficiently, economically and satisfactorily to the Operating Company.

B. ENGINEERING: The Service Company will supply engineering services as required in all areas of design, construction, operation and management of the Operating Company.

C. OPERATING: The Service Company will furnish competent personnel to perform and/or control all normal operating functions, including pumping, treatment, and distribution as well as maintenance of

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all equipment and facilities. These responsibilities will include testing and record keeping to ensure compliance with all state and local regulatory agency requirements.

D. ACCOUNTING: The Service Company will provide total accounting service, including bookkeeping, payroll, tax determination, financial statement preparation, budgets, credit, P.S.C. annual reports, etc.

E. LEGAL: The Service Company will employ general counsel as necessary to advise and assist it in the performance of the services herein provided for and to aid the operating company in all matters where such assistance may be desired.

F. BILLING AND CUSTOMER RELATIONS: The Service Company will handle all billing and collections. It will serve as the link between the customer and the Operating Company in all areas such as new accounts, deposits, meter reading, inquiries, and complaints.

G. CONSTRUCTION: The Service Company will perform directly or supervise all construction, including customer connections, meter installations, main extensions, plant expansions, or capital additions of any nature as required by the Operating Company.

H. OTHER SERVICES: In addition to items (A) through (G), the Service Company will employ or provide personnel to perform other services as defined in the agreement that support the operating companies such as those items related to the corporate headquarters, regional areas, or to all operating companies as a whole.

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