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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

Arizona Corporation Commission

DOCKETED

DEC 24 2008

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

DOCKETED BY [Signature]

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

DOCKET NO. SW-20379A-05-0489

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

DOCKET NO. W-20380A-05-0490

DECISION NO. 70663

OPINION AND ORDER

DATES OF HEARINGS: December 5, 2005; February 15, 16, 20, and 26, 2007; March 2, 6, and 8, 2007; and May 5 and 8, 2008

PLACE OF HEARINGS: Phoenix, Arizona

PROCEDURAL CONFERENCES: March 17, 2006; July 31, 2006; August 30, 2006; February 8, 2007; August 3, 2007; and January 4, 2008

PUBLIC COMMENT HEARINGS: April 10, 2006 (Kingman and Lake Havasu City, Arizona)

ADMINISTRATIVE LAW JUDGE: Dwight D. Nodes¹

IN ATTENDANCE: Marc Spitzer, Commissioner
William A. Mundell, Commissioner
Kristin K. Mayes, Commissioner
Mike Gleason, Commissioner
Barry Wong, Commissioner
Jeff Hatch-Miller, Chairman, Commissioner
Gary Pierce, Commissioner

APPEARANCES: Mr. Robert Metli, Ms. Kimberly Grouse, Mr. Jeffrey Crockett, Mr. Carlos D. Ronstadt, and Mr. Bradley S. Carroll, SNELL & WILMER, LLP, and Mr. Robert L. Greer, BAIRD, WILLIAMS & GREER, LLP, on behalf of Applicants;

Mr. Booker T. Evans and Ms. Kimberly A.

¹ Administrative Law Judge Amy B. Bjelland conducted the initial December 5, 2005, hearing and prepared a Recommended Opinion and Order docketed January 31, 2006. Assistant Chief Administrative Law Judge Dwight D. Nodes held the February and March, 2007, and May, 2008, hearings. Administrative Law Judge Teena Wolfe prepared the Recommended Opinion and Order.

1 Warshawski, GREENBERG TRAUIG, LLP, on
2 behalf of Intervenor Sports Entertainment, LLC; and

3 Mr. David Ronald, Mr. Keith A. Layton, and Ms.
4 Robin R. Mitchell, Staff Attorneys, Legal Division, on
5 behalf of the Utilities Division of the Arizona
6 Corporation Commission.

7 **BY THE COMMISSION:**

8 On July 7, 2005, Perkins Mountain Utility Company ("PMUC") and Perkins Mountain
9 Water Company ("PMWC") (collectively, "Applicants" or "Companies") filed with the Arizona
10 Corporation Commission ("Commission") applications for Certificates of Convenience and
11 Necessity ("CC&Ns") to provide wastewater and water service to master-planned communities in
12 Mohave County, Arizona.

13 Hearings were held in December, 2005, and again in February and March, 2007, and Briefs
14 were filed following the February and March, 2007, hearings. A number of late-filed documents
15 were also submitted in the docket.

16 By Procedural Order issued July 30, 2007, the record in this proceeding was re-opened to
17 take additional testimony and evidence, and a procedural conference was scheduled for August 3,
18 2007.

19 On August 1, 2007, Applicants filed a Motion for Reconsideration or in the Alternative for
20 Temporary Stay of Proceedings.

21 The procedural conference was held, as scheduled, on August 3, 2007. At the conclusion of
22 the procedural conference, Applicants were granted a temporary stay for 90 days and were directed
23 to file a pleading by November 2, 2007, indicating Applicants' intent regarding the pending
24 applications.

25 On November 2, 2007, Applicants filed a Request for 30-Day Continuance of Temporary
26 Stay of Proceedings.

27 By Procedural Order issued November 27, 2007, the Request for Continuance was granted
28 and Applicants were directed to file a pleading regarding their intent to pursue the applications, no
later than December 3, 2007.

On November 30, 2007, Applicants filed an Amendment to Applications and Request for

1 Procedural Schedule, stating that they intended to pursue their applications as amended. According
2 to the filing, Applicants' stock was purchased by Utilities Inc., an operator of privately owned water
3 and wastewater companies in 17 states, including Nevada and Arizona.

4 By Procedural Order issued December 11, 2007, a procedural conference was scheduled for
5 discussion of a schedule for processing the Amended Applications.

6 On January 2 and January 9, 2008, Applicants filed Notices of Filing Supplemental
7 Information regarding changes in ownership and control.

8 On January 4, 2008, the procedural conference was held as scheduled, and a Procedural
9 Order was issued on January 8, 2008, setting hearing dates of May 5, 2008, and May 8 and 9, 2008,
10 if necessary. The Procedural Order also set dates for the Commission's Utilities Division ("Staff")
11 to file an Amended Staff Report or Supplemental Testimony; for Applicants to file Direct Testimony
12 in support of the Amended Applications and in response to Staff's Amended Staff Report or
13 Supplemental Testimony; and for Staff to file Rebuttal Testimony, if necessary.

14 Staff filed its Amended Staff Report on March 28, 2008.

15 On April 14, 2008, Applicants filed Direct Testimony of Paul Burris on behalf of Applicants.

16 Staff filed a Staff Report Amendment on April 28, 2008.

17 The hearing on the Amended Applications commenced as scheduled on May 5, 2008, and
18 concluded on May 8, 2008.

19 On May 19, 2008, Applicants filed information requested during the hearing regarding
20 effluent production and usage projections.

21 On May 29, 2008, Applicants filed information regarding Utilities Inc.'s experience in the
22 State of Florida in providing reclaimed water to residential developments.

23 On June 4, 2008, Applicants filed a Notice of Filing Revisions to Service Line and Meter
24 Installation Charges to Permit the Use of Automated Meter Reading Water Meters.

25 On June 9, 2008, Applicants and Staff filed Closing Briefs.

26 On November 17, 2008, Staff docketed a Notice of Filing in response to Commissioner
27 Mayes' request at the February 8, 2007, Procedural Conference. The Notice of Filing includes a
28 copy of a recently published report of a study performed by the United States Geological Survey

1 (“USGS”) in conjunction with ADWR, entitled Scientific Investigations Report 2007-5182
 2 regarding Detrital, Hualapai, and Sacramento Valley Basins in Mohave County, Arizona.

3 * * * * *

4 Having considered the entire record herein and being fully advised in the premises, the
 5 Commission finds, concludes, and orders that:

6 **FINDINGS OF FACT**

7 1. On July 7, 2005, Applicants PMUC and PMWC filed with the Commission
 8 applications for CC&Ns authorizing them to provide wastewater and water service, respectively, to
 9 two master-planned communities in Mohave County, Arizona. Applicants filed an Amendment to
 10 Applications on November 30, 2007.

11 2. PMUC is a Nevada corporation formed for the purpose of providing wastewater
 12 utility service to two master-planned communities, Golden Valley South and The Villages at White
 13 Hills, being developed by Rhodes Homes Arizona, LLC (“Rhodes Homes”) in Mohave County.
 14 PMWC is a Nevada corporation formed for the purpose of providing water utility service to all of
 15 the residents and businesses in the master-planned communities of Golden Valley South and The
 16 Villages at White Hills. The planned Golden Valley South development covers over 5,000 acres
 17 located approximately five miles southeast of Kingman, Arizona, and is expected to include more
 18 than 33,000 dwellings at buildout. Golden Valley South is planned to include an active adult
 19 community with an 18-hole golf course, an interconnected community for all ages, an
 20 industrial/business park area, and a community commercial area. The Villages at White Hills is
 21 located on 2,727 acres situated along U.S. Highway 93, approximately 29 miles south of Hoover
 22 Dam. The Villages at White Hills development is expected to include more than 20,000 dwelling
 23 units and a commercial area along U.S. Highway 93 that is expected to serve both residents and
 24 travelers. Open spaces, including the golf course, will eventually be irrigated with reclaimed water
 25 from the wastewater reclamation plant.

26 3. Legal descriptions for the requested service territories are attached hereto as Exhibits
 27 A-D, which are incorporated herein by reference. Applicants are requesting CC&Ns for the planned
 28 service areas described in Exhibits A and B. However, for the planned service areas described in

1 Exhibits C and D, Applicants are requesting the issuance of Orders Preliminary to the issuance of
2 CC&Ns, in order to allow Applicants three years to obtain the necessary Arizona Department of
3 Water Resources (“ADWR”) Analyses of Adequate Water Supply and Aquifer Protection Permits
4 for those planned service areas.

5 4. On July 22, 2005, Applicants filed a Notice of Filing of Certificate of Good Standing
6 in the above dockets.

7 5. On August 8, 2005, Staff filed Insufficiency Letters in the above dockets.

8 6. On August 25, 2005, Scott Fisher of Sports Entertainment, LLC (“Sports
9 Entertainment”) filed a request that PMUC include a portion of Sports Entertainment’s parcel in the
10 proposed Certificate area for docket SW-20379A-05-0489.

11 7. On August 30, 2005, the Companies filed responses in the above dockets.

12 8. On September 14, 2005, Applicants filed a Notice of Filing Amended Legal
13 Description.

14 9. On September 19, 2005, Staff filed its Sufficiency Letters indicating that the
15 applications met the sufficiency requirements of Arizona Administrative Code (“A.A.C.”) R14-2-
16 402.C.

17 10. On September 21, 2005, a Procedural Order was issued scheduling a hearing for
18 December 5, 2005.

19 11. On September 26, 2005, an Amended Procedural Order was issued.

20 12. On September 27, 2005, Sports Entertainment filed an Application to Intervene.

21 13. On November 10, 2005, Staff filed its Staff Report.

22 14. On November 23, 2005, the Companies filed a Response to Staff’s Report.

23 15. On November 30, 2005, a Procedural Order was issued granting intervention to
24 Sports Entertainment.

25 16. On December 5, 2005, a hearing was convened before a duly authorized
26 Administrative Law Judge of the Commission at its offices in Phoenix, Arizona. The Companies,
27 Sports Entertainment and Staff entered appearances through counsel.

28 17. On January 6, 2006, the Companies and Sports Entertainment filed closing briefs in

1 this docket.

2 18. On January 31, 2006, a Recommended Opinion and Order was issued recommending
3 approval of the applications subject to compliance with certain conditions proposed by Staff.

4 19. On February 10, 2006, the Companies filed an Analysis of Adequate Water Supply
5 issued by ADWR. The filing indicated that legal availability and continuous availability of the
6 water supply were not proven at the time the letter was issued on October 19, 2005.

7 20. On February 17, 2006, Commissioner Mayes filed a letter in the docket requesting
8 that the matter be sent back to hearing.

9 21. On March 6, 2006, the Companies filed a Motion for Expedited Procedural
10 Conference.

11 22. On March 7, 2006, the Companies filed a Response to Commissioner Mayes'
12 February 17, 2006, letter.

13 23. On March 8, 2006, Staff filed its Response to Motion for Expedited Procedural
14 Conference.

15 24. On March 13, 2006, by Procedural Order, a procedural conference was scheduled for
16 March 17, 2006 and the timeclock was suspended.

17 25. On March 13, 2006, Commissioner Mayes filed a letter in the docket regarding a
18 letter sent by ADWR to counsel for Rhodes Homes.

19 26. On March 13, 2007, the Companies filed a Notice of Filing Franchise Agreements.

20 27. On March 16, 2006, former Commissioner Spitzer filed a letter requesting that the
21 matter be sent back to hearing to examine whether the Companies are fit and proper entities for
22 purposes of being granted a CC&N.

23 28. On March 17, 2006, a procedural conference was held to discuss how to proceed with
24 this matter in light of new information regarding water adequacy in the proposed CC&N area.

25 29. On March 22, 2006, former Commissioner Spitzer filed a letter requesting that public
26 comment hearings be scheduled in Mohave County.

27 30. On March 23, 2006, Commissioner Mayes filed a letter in the docket requesting
28 public comment hearings.

- 1 31. On March 23, 2006, the Companies filed a Notice of Revision to the Service List.
- 2 32. On March 23, 2006, Staff filed Staff's Notice indicating that it would issue an
3 Addendum to the Staff Report after conducting additional discovery.
- 4 33. On March 29, 2006, Staff filed copies of letters sent to Mohave County Planning and
5 Zoning, the Arizona Geological Survey, and ADWR seeking additional information.
- 6 34. On March 31, 2006, Staff filed its First Set of Data Requests to the Companies.
- 7 35. On March 31, 2006, the Companies filed an Amendment to Application for a
8 Certificate of Convenience and Necessity for Perkins Mountain Water Company. The Amendment
9 requested a CC&N for a portion of the service area originally requested and an Order Preliminary
10 for the remainder of the service area originally requested.
- 11 36. On April 4, 2006, a Procedural Order was issued scheduling public comment
12 hearings in Kingman and Lake Havasu, Arizona.
- 13 37. On April 10, 2006, public comment hearings were conducted, as scheduled, in
14 Kingman and Lake Havasu.
- 15 38. On April 13, 2006, a Procedural Order was issued scheduling an evidentiary hearing
16 for July 31, 2006.
- 17 39. On May 3, 2006, the Companies filed a Notice of Publication.
- 18 40. On May 24, 2006, Commissioner Mundell filed a letter regarding representations
19 made by the Companies at the March 17, 2006 procedural conference with respect to reports that
20 infrastructure was being installed by Companies without a CC&N.
- 21 41. On May 26, 2006, counsel for the Companies filed a response to Commissioner
22 Mundell's letter.
- 23 42. On June 19, 2006, Commissioner Mayes filed two letters, one which sought
24 information regarding the alleged construction activities by the Companies, and the other which
25 requested additional information regarding water adequacy concerns for the requested CC&N area.
- 26 43. On June 23, 2006, Staff filed a Motion to Compel, stating that the Companies had
27 failed to provide adequate responses to two data requests.
- 28 44. On June 26, 2006, Staff filed a request to modify the procedural schedule, stating that

1 additional time was needed to review the documents provided by the Companies in response to
2 Staff's requests for data.

3 45. On June 28, 2006, a Procedural Order was issued directing the Companies to respond
4 to Staff's Motion to Compel and Request to Modify Procedural Schedule by July 6, 2006.

5 46. On July 6, 2006, the Companies filed their Response to Staff's Motion to Compel and
6 Request for a Protective Order, and their Response to Staff's Request to Modify Procedural
7 Schedule. The Companies requested that oral argument be scheduled relating to Staff's Motion to
8 Compel.

9 47. On July 10, 2006, the Companies filed two letters in response to Commissioner
10 Mayes' June 19, 2006, letters.

11 48. On July 12, 2006, the parties advised the Administrative Law Judge in this matter
12 that the parties were working toward a resolution of the discovery dispute and requested that no
13 further action be taken with regard to the discovery dispute until further notice by the parties.

14 49. On July 20, 2006, Commissioner Mayes filed a letter in this docket requesting that
15 oral argument for the purpose of addressing the discovery dispute also address various other issues
16 outlined in her letter, including the question of whether the Companies were in violation of Arizona
17 Revised Statutes ("A.R.S.") § 40-281, and whether the transfer of one hundred percent of the
18 Companies' stock to Rhodes Homes meant that the Applicant before the Commission should
19 properly be Rhodes Homes. Commissioner Mayes requested that the parties address whether either
20 Rhodes Homes or the Companies were acting as public service corporations by commencing the
21 construction of utility infrastructure, and requested responses from Staff at oral argument regarding
22 an appropriate Commission response if a determination was made that A.R.S. § 40-281 had been
23 violated.

24 50. On July 26, 2006, a Procedural Order was issued scheduling oral argument relating to
25 the issues set forth by Commissioner Mayes in her July 20, 2006, letter and postponing the
26 evidentiary hearing in this matter, while retaining the schedule for public comment.

27 51. On July 27, 2006, the Companies filed an Emergency Request for Continuance of
28 Oral Argument. The Companies stated that they were "eager to fully address each" of the issues

1 raised by Commissioner Mayes, but stated that they believe that briefing of the issues would better
2 develop the record in this matter. The Companies suggested using the procedural conference
3 scheduled for July 31, 2006, to identify the specific issues to be addressed in legal briefs and the
4 briefing schedule.

5 52. On July 31, 2006, a procedural conference was held and public comments were
6 taken. At the procedural conference, the parties agreed that Staff should have 60 days to file its
7 Staff Report and/or testimony after being given notice of a resolution of the parties' discovery
8 dispute.

9 53. On July 31, 2006, a Procedural Order was issued directing the parties to file Opening
10 Briefs and Reply Briefs regarding a number of issues raised at the procedural conference.

11 54. On August 14, 2006, Applicants and Staff filed Opening Briefs regarding the issues
12 identified in the Procedural Order.

13 55. On August 28, 2006, the Companies filed a Response Brief.

14 56. Also on August 28, 2006, Applicants filed a Motion to Vacate the Oral Argument
15 scheduled for August 30, 2006.

16 57. On August 30, 2006, the oral argument was held, as scheduled.

17 58. On October 11, 2006, Staff filed a Withdrawal of Motion to Compel, stating that the
18 Companies had provided Staff with additional information.

19 59. On October 12, 2006, Staff filed a Memorandum regarding a field inspection it
20 conducted of the Golden Valley Ranch development.

21 60. On December 5, 2006, a Joint Proposal for Procedural and Hearing Schedule was
22 filed by all parties of record.

23 61. On December 6, 2006, an Amendment to the Joint Proposal was filed requesting that
24 the due date for the Staff Report be changed to December 15, 2006.

25 62. On December 15, 2006, Staff filed its Amended Staff Report.

26 63. On December 20, 2006, a Procedural Order was issued scheduling an evidentiary
27 hearing to commence on February 15, 2007.

28 64. On January 24, 2007, the Companies filed a Response to the Amended Staff Report.

1 65. On February 2, 2007, a letter from the Mohave County Manager was filed urging
2 approval of the applications.

3 66. On February 8, 2007, a prehearing conference was held.

4 67. On February 9, 2007, Staff filed in these dockets a number of court documents
5 regarding litigation in which Mr. Rhodes, or companies in which he has a controlling interest, are a
6 party.

7 68. On February 12, 2007, a subpoena was filed for appearance of a witness from
8 ADWR.

9 69. On February 13, 2007, Staff filed its Amended Staff Report with a number of
10 attachments to be used as an exhibit at the hearing.

11 70. On February 14, 2007, Commissioner Mayes filed a letter seeking issuance of a
12 subpoena to require Mr. Rhodes to appear at the hearing and give testimony regarding the
13 applications.

14 71. On February 15, 2007, the Companies filed a response to Commissioner Mayes'
15 letter.

16 72. The hearing commenced as scheduled on February 15, 2007, and continued on
17 February 16, 20, and 26, 2007.

18 73. On February 20, 2007, Commissioner Mundell filed a copy of a public records
19 request letter sent to the Mohave County Attorney.

20 74. On February 28, 2007, Staff filed additional documents related to litigation involving
21 Mr. Rhodes and companies over which he has control.

22 75. On February 28, 2007, Commissioner Mundell filed a letter seeking information
23 concerning litigation involving Mr. Rhodes and affiliated companies.

24 76. On March 1, 2007, Applicants filed a response to Commissioner Mundell's letter.

25 77. On March 2, 6, and 8, 2007, additional hearings were held regarding the applications.

26 78. On March 7, 2007, the Companies filed updated credit agency reports regarding the
27 Rhodes companies.

28 79. On March 14, 2007, Commissioner Mayes filed a copy of the 2006 J.D. Power and

1 Associates ranking of home builders in the Las Vegas market.

2 80. On March 14, 2007, Staff filed a Memorandum responding to the Companies' credit
3 agency report filing.

4 81. On March 14, 2007, Commissioner Mundell filed a letter sent to the Nevada State
5 Contractors Board seeking documents related to any disciplinary action against Mr. Rhodes.

6 82. On March 15, 2007, Applicants filed a Late-Filed Exhibit as a response to various
7 matters raised during the hearing.

8 83. On March 21, 2007, Applicants filed a Late-Filed Legal Description of the area
9 included in the CC&N requests.

10 84. On March 21, 2007, a response letter from a Mohave County Special Deputy County
11 Attorney in response to a February 20, 2007, public records request sent to Mohave County by
12 Commissioner Mundell was filed in these dockets.

13 85. On March 22, 2007, Commissioner Mundell filed a copy of a news release issued by
14 the United States Department of Agriculture regarding anticipated low surface water supplies.

15 86. Also on March 22, 2007, Commissioner Mundell filed a letter sent to the Companies
16 requesting documentation related to several matters, including a copy of the transcript of Mr.
17 Rhodes' deposition taken as part of a Federal Elections Commission ("FEC") investigation.

18 87. On March 29, 2007, the Companies filed a response to Commissioner Mundell
19 regarding various matters including the FEC investigation.

20 88. On March 30, 2007, a copy of the Nevada State Contractors Board response to
21 Commissioner Mundell was filed.

22 89. On March 30, 2007, the Companies and Staff filed their Closing Briefs in this matter.

23 90. On April 4, 2007, a response from the Mohave County Attorneys' office to
24 Commissioner Mundell's public records request was filed.

25 91. On April 9, 2007, Commissioner Mundell filed the affidavits of Jim Rhodes and
26 Mark James regarding prior litigation in Nevada.

27 92. On April 16, 2007, Commissioner Mundell filed a redacted copy of the transcript of
28 Mr. Rhodes' deposition in the FEC investigation.

1 93. On May 11, 2007, the Companies filed another Late-Filed Legal Description of the
2 proposed CC&N area.

3 94. On May 18, 2007, Staff filed its Late-Filed (Third Amended) Legal Description.

4 95. On May 24, 2007, Staff filed an errata to its prior Late-Filed Legal Description.

5 96. On July 3, 2007, Commissioner Mundell filed a letter in these dockets requesting that
6 the record be re-opened and that Mr. Jim Rhodes, and perhaps other persons associated with
7 Applicants, be required to appear and give sworn testimony with respect to recent news stories
8 regarding alleged payments by Mr. Rhodes to former Clark County, Nevada Commissioner Erin
9 Kenney.

10 97. On July 5, 2007, Commissioner Mayes filed a letter concurring with Commissioner
11 Mundell's request to conduct additional hearings regarding the alleged payments to Ms. Kenney.

12 98. On July 18, 2007, a Procedural Order was issued directing Applicants to file a
13 response to the request to re-open the record.

14 99. On July 23, 2007, the Applicants filed a Response to the Request to Re-Open the
15 Record, opposing re-opening the record.

16 100. On July 26, 2007, Chairman Gleason filed a letter recommending that the record not
17 be opened and that the Administrative Law Judge should proceed with preparation of a
18 Recommended Opinion and Order.

19 101. On July 30, 2007, a Procedural Order was issued setting a Procedural Conference for
20 August 3, 2007. Based on all the filings submitted in the docket following the conclusion of the
21 February and March, 2007, hearing, the Procedural Order re-opened the record to allow the
22 presentation of additional testimony and evidence in order to afford due process to all parties in the
23 case, including Applicants, and to enable the Commission to make an informed decision based on a
24 full factual record. The Procedural Order stated that because certain information had come to light
25 through reports of testimony given during a criminal trial in Nevada that could not have been known
26 at the time the prior hearings in this matter concluded, it was reasonable to provide the other parties,
27 as well as Commissioners and the Administrative Law Judge, with an opportunity to have their
28 questions answered through sworn testimony.

1 102. On August 1, 2007, the Applicants filed a Motion for Reconsideration or in the
2 Alternative for Temporary Stay of Proceedings.

3 103. The procedural conference was held, as scheduled, on August 3, 2007. At the
4 conclusion of the procedural conference, the Applicants were granted a temporary stay for 90 days
5 and directed to file a pleading by November 2, 2007, indicating the Applicants' intent regarding the
6 pending applications.

7 104. On November 2, 2007, Applicants filed a Request for 30-Day Continuance of
8 Temporary Stay of Proceedings. The Applicants indicated that they were working to finalize an
9 alternative plan to present to the Commission.

10 105. By Procedural Order issued November 27, 2007, the Request for Continuance was
11 granted and the Applicants were directed to file a pleading regarding their intent to pursue the
12 applications by no later than December 3, 2007.

13 106. On November 30, 2007, the Applicants filed an Amendment to Applications and
14 Request for Procedural Schedule ("Amendment to Applications"), which filing included as an
15 exhibit a copy of a July 18, 2007, ADWR Analysis of Adequate Water Supply. According to the
16 filing, the stock of PMWC and PMUC had been purchased by Utilities Inc., an operator of privately
17 owned water and wastewater companies in 17 states, including Nevada and Arizona. Applicants
18 requested that a procedural conference be scheduled.

19 107. By Procedural Order issued December 11, 2007, a procedural conference was
20 scheduled for January 4, 2008.

21 108. On January 2 and January 9, 2008, Applicants filed Notices of Filing Supplemental
22 Information regarding changes in ownership and control.

23 109. On January 4, 2008, the procedural conference was held as scheduled, and a
24 Procedural Order was issued on January 8, 2008, setting hearing dates of May 5, 2008, and May 8
25 and 9, 2008, if necessary. The Procedural Order also set dates for Staff to file an Amended Staff
26 Report or Supplemental Testimony; for Applicants to file Direct Testimony in support of the
27 Amended Applications and in response to Staff's Amended Staff Report or Supplemental
28 Testimony; and for Staff to file Rebuttal Testimony, if necessary.

1 110. Staff filed its Amended Staff Report on March 28, 2008.

2 111. On April 14, 2008, Applicants filed Direct Testimony of Paul Burris on behalf of
3 Applicants.

4 112. On April 25, 2008, Applicants filed a supplement to the application to (1) amend the
5 legal description for the CC&N territory in Section 30 at The Villages at White Hills, and (2) add a
6 new legal description for the property of Sports Entertainment.

7 113. Staff filed an Amendment to the Staff Report on April 28, 2008.

8 114. The hearing on the Amended Applications commenced as scheduled on May 5, 2008,
9 and concluded on May 8, 2008.

10 115. On May 19, 2008, Applicants filed information requested during the hearing
11 regarding effluent production and usage projections.

12 116. On May 29, 2008, Applicants filed information regarding Utilities Inc.'s experience
13 in the State of Florida in providing reclaimed water to residential developments.

14 117. On June 4, 2008, Applicants filed a Notice of Filing Revisions to Service Line and
15 Meter Installation Charges to Permit the Use of Automated Meter Reading Water Meters.

16 118. On November 17, 2008, Staff docketed a Notice of Filing in response to
17 Commissioner Mayes' request at the February 8, 2007, Procedural Conference. The Notice of Filing
18 includes a copy of a recently published report of a study performed by the USGS in conjunction with
19 ADWR, entitled Scientific Investigations Report 2007-5182 regarding Detrital, Hualapai, and
20 Sacramento Valley Basins in Mohave County, Arizona.

21 119. The Amendment to Applications states that the purpose of the November 30, 2007,
22 filing was to (i) notify the Commission of the change in ownership and control of Applicants; (ii)
23 provide information regarding Utilities, Inc., the new owner of Applicants; (iii) update other
24 information contained in the applications; and (iv) request appropriate modifications to certain of the
25 conditions in the December 15, 2006, Addendum to Staff Report in light of the changed
26 circumstances.

27 120. On November 29, 2007, Rhodes Homes and Utilities Inc. entered into an agreement
28 whereby Utilities Inc. purchased all of the issued and outstanding stock of PMUC and PMWC, and

1 agreed to provide water and wastewater services to the Rhodes Homes developments at issue in this
2 proceeding upon issuance of CC&Ns to Applicants, subject to the terms and conditions of the
3 agreement.

4 121. The Amendment to Applications states that as of November 29, 2007, Utilities Inc. is
5 the sole shareholder of PMUC and PMWC, and that Utilities Inc. has control over the Companies'
6 operations. The Amendment to Applications further states that Utilities Inc. has no ownership
7 interest in any entity owned by or controlled by James Rhodes or any of his affiliated business
8 enterprises, and that neither Mr. Rhodes nor any of his affiliated business enterprises have any
9 ownership interest in Utilities Inc. or any entity controlled by or under common control with
10 Utilities Inc.

11 122. Utilities Inc., founded in 1965, is a privately-owned water and wastewater utility
12 operating in the United States, and currently serves more than 300,000 residential and commercial
13 customers in 17 states through its operating subsidiaries.

14 123. Utilities Inc. acquired Bermuda Water Company in 1999. Bermuda Water Company,
15 a Class B Commission-regulated water utility in good standing, is located in Mohave County and
16 provides service to approximately 7,900 water utility customers.

17 124. Based on its review of the record in this proceeding, Staff concludes that the
18 Companies have adequate financial and technical capability to provide the proposed water and
19 wastewater utility services.

20 125. Exhibit A, attached hereto and incorporated herein by reference, is a legal description
21 for Applicants' requested CC&N territory in the planned The Villages at White Hills development.²

22 126. Exhibit B, attached hereto and incorporated herein by reference, is a legal description
23 for Applicants' requested CC&N territory in the planned Golden Valley South development.³

24 127. Staff recommends approval of PMWC's application for a CC&N to provide water

25 ² Exhibit A does not include the area of the Sports Entertainment property, which is located in the planned The Villages
26 at White Hills development, but was not included in the July 18, 2007 ADWR Analysis of Adequate Water Supply.
This area is included in Exhibit D, discussed separately below.

27 ³ Exhibit B does not include the area of a small portion of the planned Golden Valley South development which was not
28 included in the July 18, 2007 ADWR Analysis of Adequate Water Supply. This area is included in Exhibit C, discussed
separately below.

1 utility service in the areas described in Exhibit A and Exhibit B subject to the following conditions:

- 2 A. That the Commission find that the fair value rate base ("FVRB") of PMWC's
3 property devoted to water service is \$8,272,134;
- 4 B. That the Commission approve Staff's rates as set forth in Schedule CSB-W5-Rate
5 Design attached to the Amendment to Staff's Amended Staff Report, Hearing
6 Exhibit CS-2. In addition to collection of its regular rates, PMWC may collect
7 from its customers a proportionate share of any privilege, sales, or use tax.
- 8 C. That the Commission require PMWC to file with Docket Control, as a
9 compliance item in this docket, a tariff consistent with the rates and charges
10 authorized by the Commission within thirty days of this Decision;
- 11 D. That the Commission require PMWC to file, within fifteen days of providing
12 service to its first customer, notice of such with Docket Control, as a compliance
13 item in this docket;
- 14 E. That the Commission require PMWC to file a rate application no later than six
15 months following the fifth anniversary of the date it begins providing service to
16 its first customer but not prior to the end of the calendar year in which it has
17 obtained Staff's recommended capital structure;
- 18 F. That the Commission require PMWC to maintain its books and records in
19 accordance with the NARUC Uniform System of Accounts for Water Utilities;
- 20 G. That the Commission require PMWC to use the depreciation rates recommended
21 by Staff;⁴
- 22 H. That the Commission require PMWC to file when received by PMWC, but no
23 later than three years after the effective date of this Decision, with Docket
24 Control, as a compliance item in this docket, copies of the Approval to Construct
25 for Phase 1 of the initial phase of the Golden Valley South and The Villages at
26 White Hills developments;
- 27 I. That the Commission require PMWC to file within ninety days of the effective
28 date of this Decision, with Docket Control, as a compliance item in this docket,
for review and approval by Staff, a curtailment tariff that generally conforms to
the sample tariff found posted on the Commission's website
([http://www.azcc.gov/Divisions/Utilities/forms/CurtailmentTariffSTANDARD.p
df](http://www.azcc.gov/Divisions/Utilities/forms/CurtailmentTariffSTANDARD.pdf)) or available on request from Staff;
- J. That the Commission require PMWC to file within 30 days of the effective date
of this Decision, with Docket Control, as a compliance item in this docket, for

⁴ Staff's recommended Depreciation Rates for PMWC are set forth in Exhibit E, attached hereto and incorporated herein by reference.

1 review and approval of Staff, a backflow prevention tariff that generally conforms
 2 to the sample tariff found posted on the Commission's website
 3 (<http://www.azcc.gov/Divisions/Utilities/forms/CrossConnectBackflow.pdf>) or
 4 available on request from Commission Staff;

- 5 K. That the Commission require PMWC to provide an irrevocable sight draft letter
 6 of credit or a performance bond of \$500,000. The bond or letter of credit shall
 7 remain in place until further Order of the Commission. Proof of the performance
 8 bond or letter of credit shall be filed in this docket, as a compliance item, prior to
 9 service being provided to any customer. Thereafter, the proof of the performance
 10 bond or letter of credit shall be filed semi-annually on each July and January
 11 covering the preceding six month period;
- 12 L. That the Commission require PMWC to maintain a capital structure comprised of
 13 no debt, 40 percent equity and no more than 60 percent combined advances in aid
 14 of construction ("AIAC") and contributions in aid of construction ("CIAC");⁵
- 15 M. That the Commission require PMWC to notify the Commission of any proposed
 16 change in the ownership of PMWC at least thirty days prior to the change in
 17 ownership; and
- 18 N. That the Commission require PMWC to file, when received by PMWC but no
 19 later than thirty days following receipt, with Docket Control, as a compliance
 20 item in this docket, a copy of the ADWR Letter of Adequate Water Supply
 21 ("Water Adequacy Report") for each individual Subdivision in Golden Valley
 22 South and in The Villages at White Hills developments.

23 128. Staff recommends approval of PMUC's application for a CC&N to provide
 24 wastewater utility service in the areas described in Exhibit A and Exhibit B subject to the following
 25 conditions:

- 26 A. That the Commission find that the FVRB of PMUC's property devoted to
 27 wastewater service is \$8,050,058;
- 28 B. That the Commission approve Staff's rates as shown on Wastewater Schedule
 CSB-WW5-Rate Design, as set forth in the Amendment to Staff's Amended Staff
 Report. In addition to collection of its regular rates, PMUC may collect from its
 customers a proportionate share of any privilege, sales, or use tax;
- C. That the Commission require PMUC to file with Docket Control, within thirty
 days of this Decision, as a compliance item in this docket, a tariff consistent with
 the rates and charges authorized by the Commission;

⁵ Staff recommends that Applicants attain, in the fifth year of operations, a capital structure consisting of no debt, at least 40 percent equity, and no more than a combined 60 percent combined AIAC and CIAC, as shown on Schedules CSB-W-4 and CSB-WW-4, which were attached to Hearing Exhibit CS-2. CSB-W-4 and CSB-WW-4 are attached hereto and incorporated herein as Exhibit G and Exhibit H, respectively.

- 1 D. That the Commission require PMUC to file, within fifteen days of providing
2 service to its first customer, notice of such with Docket Control, as a compliance
3 item in this docket;
- 4 E. That the Commission require PMUC to file a rate application no later than six
5 months following the fifth anniversary of the date it begins providing service to
6 its first customer but not prior to the end of the calendar year in which it has
7 obtained Staff's recommended capital structure;
- 8 F. That the Commission require PMUC to maintain its books and records in
9 accordance with the NARUC Uniform System of Accounts for Water Utilities;
- 10 G. That the Commission require PMUC to use the depreciation rates recommended
11 by Staff;⁶
- 12 H. That the Commission require PMUC to file when received by PMUC, but no later
13 than three years after the effective date of this Decision, with Docket Control, as a
14 compliance item in this docket, copies of the General Permits for Phase 1 of the
15 initial phase of Golden Valley South and The Villages at White Hills
16 developments;
- 17 I. That the Commission require PMUC to file when received by PMUC, but no later
18 than three years after the effective date of this Decision, with Docket Control, as a
19 compliance item in this docket, copies of the Aquifer Protection Permit for the
20 Golden Valley South and The Villages at White Hills developments;
- 21 J. That the Commission require PMUC to provide an irrevocable sight draft letter of
22 credit or a performance bond of \$500,000. The bond or letter of credit shall
23 remain in place until further Order of the Commission. Proof of the performance
24 bond or letter of credit shall be filed in this docket, as a compliance item, prior to
25 service being provided to any customer. Thereafter, the proof of the performance
26 bond or letter of credit shall be filed semi-annually on each July and January
27 covering the preceding six month period;
- 28 O. That the Commission require PMUC to maintain a capital structure comprised of
no debt, 40 percent equity and no more than 60 percent combined AIAC and
CIAC;⁷ and
- K. That the Commission require PMUC to notify the Commission of any proposed
change in the ownership of PMUC at least thirty days prior to the change in
ownership.

129. Exhibit C, attached hereto and incorporated herein by reference, is a legal description
of the territory encompassing the portion of the planned Golden Valley South development for

⁶ Staff's recommended Depreciation Rates for PMUC are set forth in Exhibit F, attached hereto and incorporated herein
by reference.

⁷ See fn 5.

1 which Applicants request the issuance of an Order Preliminary.

2 130. Exhibit D, attached hereto and incorporated herein by reference, is a legal description
3 of the property of Sports Entertainment, located within the planned The Villages at White Hills
4 development, for which Applicants also request the issuance of an Order Preliminary.

5 131. Staff recommends issuance of an Order Preliminary for Applicants for the area
6 described in Exhibit C subject to the following conditions:

- 7 A. That PMWC file with the Commission's Docket Control, when received by
8 PMWC, but no later than three years following the effective date of this Decision,
9 a copy of the developer's ADWR Analysis of Adequate Water Supply
10 demonstrating the availability of adequate water for the area described in Exhibit
11 C;
- 12 B. That PMUC file with the Commission's Docket Control, when received by
13 PMUC, but no later than three years following the effective date of this Decision,
14 an Aquifer Protection Permit that includes the area described in Exhibit C; and
- 15 C. That the Companies file with the Commission's Docket Control, following the
16 filing of the above-described ADWR Analysis of Adequate Water Supply and
17 Aquifer Protection Permit, a Notice Filing stating that the Companies have
18 completed the required filings.

19 Staff further recommends that Staff be required to file, within thirty days of the Companies'
20 Notice Filing described in this Findings of Fact, a Staff response to the Notice Filing, in the form of
21 a Proposed Order confirming compliance and granting an extension of Applicants' CC&Ns to
22 include the area included in the Order Preliminary; and that the Proposed Order confirming
23 compliance should then be scheduled as soon as possible for a Commission vote. Staff also
24 recommends that the conditions of approval for the CC&Ns granted in this Decision be incorporated
25 for the areas described in Exhibit C.

26 132. Staff recommends issuance of an Order Preliminary for Applicants for the area
27 described in Exhibit D subject to the following conditions:

- 28 A. That PMWC file with the Commission's Docket Control, when received by
PMWC, but no later than three years following the effective date of this Decision,
a copy of the developer's ADWR Analysis of Adequate Water Supply
demonstrating the availability of adequate water for the area described in Exhibit
D;

1 B. That PMUC file with the Commission's Docket Control, when received by
2 PMUC, but no later than three years following the effective date of this Decision,
3 an Aquifer Protection Permit that includes the area described in Exhibit D; and

4 C. That the Companies file with the Commission's Docket Control, following the
5 filing of the above-described ADWR Analysis of Adequate Water Supply and
6 Aquifer Protection Permit, a Notice Filing stating that the Companies have
7 completed the required filings.

8 Staff further recommends that Staff be required to file, within thirty days of the Companies'
9 Notice Filing described in this Findings of Fact, a Staff response to the Notice Filing, in the form of
10 a Proposed Order confirming compliance and granting an extension of Applicants' CC&Ns to
11 include the area included in the Order Preliminary; and that the Proposed Order confirming
12 compliance should then be scheduled as soon as possible for a Commission vote. Staff also
13 recommends that the conditions of approval for the CC&Ns granted in this Decision be incorporated
14 for the areas described in Exhibit D.

15 133. Applicants' proposed and Staff's recommended initial rates and charges for water and
16 wastewater service are as follows:

17 **WATER RATES**

	Proposed Rates	
	<u>Company</u>	<u>Staff</u>
18 <u>MONTHLY USAGE CHARGE:</u>		
19 5/8" x 3/4" Meter	N/A	\$35.00
20 3/4" Meter	\$ 35.00	35.00
21 1" Meter	46.00	46.00
22 1 1/2" Meter	115.00	125.00
23 2" Meter	184.00	190.00
24 3" Meter	345.00	345.00
25 4" Meter	575.00	575.00
26 6" Meter	1,150.00	1,150.00
27 8" Meter	1,840.00	1,840.00

28 **Commodity Rates (Per 1,000 Gallons):**

5/8-inch and 3/4-Inch Meters

0 to 4,000 gallons	N/A	\$2.40
4,001 to 20,000 gallons	N/A	4.60
20,001 and above gallons	N/A	6.60

3/4-Inch Meters

0 to 4,000 gallons	\$2.30	\$2.40
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1	4,001 to 20,000 gallons	4.37	4.60
	20,001 and above gallons	6.33	6.60
2	<u>1-Inch Meters</u>		
3	0 to 4,000 gallons	\$2.30	\$2.40
	4,001 to 20,000 gallons	4.37	4.60
4	20,001 and above gallons	6.33	6.60
5	<u>1 1/2-Inch Meters</u>		
6	0 to 42,000 gallons	\$4.37	\$4.60
	42,001 and above gallons	6.33	6.60
7	<u>2-Inch Meters</u>		
8	0 to 63,000 gallons	\$4.37	\$4.60
9	63,001 and above gallons	6.33	6.60
10	<u>3-Inch Meters</u>		
	0 to 120,000 gallons	\$4.37	\$4.60
11	120,001 and above gallons	6.33	6.60
12	<u>4-Inch Meters</u>		
13	0 to 180,000 gallons	\$4.37	\$4.60
	180,001 and above gallons	6.33	6.60
14	<u>6-Inch Meters</u>		
15	0 to 207,000 gallons	\$4.37	\$4.60
16	207,001 and above gallons	6.33	6.60
17	<u>8-Inch Meters</u>		
	0 to 235,000 gallons	\$4.37	\$4.60
18	235,001 and above gallons	6.33	6.60

19 **Monthly Service Charge for Fire Sprinklers:**

20	4-Inch or Smaller Connection	\$28.75	(a)
	6-Inch Connection	57.50	(a)
21	8-Inch Connection	92.00	(a)

22 (a) One percent (1%) of monthly usage charge for a comparable sized meter
 23 connection, but no less than \$5.00 per month. The service charge for fire
 24 sprinklers is only applicable for service lines separate and distinct from the
 primary water service line.

25 **SERVICE LINE AND METER INSTALLATION CHARGES:**
 (Refundable pursuant to A.A.C. R14-2-405)

26	Size/Type	<u>Staff Proposed</u>			<u>Company Proposed</u>		
		Services	Meters	Total	Services	Meters	Total
27	5/8" x 3/4" Meter	\$ 355.00	\$ 85.00	\$ 440.00	\$ 355.00	\$ 200.00	\$ 555.00
	3/4" Meter	355.00	165.00	520.00	355.00	240.00	595.00
28	1" Meter	405.00	205.00	610.00	405.00	270.00	675.00

1	1 1/2" Meter	440.00	415.00	855.00	440.00	400.00	840.00
1	2" Meter	N/A	N/A	N/A	600.00	480.00	1,080.00
2	2" Meter (Turbine)	600.00	915.00	1,515.00	600.00	915.00	1,515.00
2	2" Meter (Compound)	600.00	1,640.00	2,240.00	600.00	1,640.00	2,240.00
3	3" Meter (Turbine)	775.00	1,420.00	2,195.00	775.00	1,420.00	2,195.00
3	3" Meter (Compound)	815.00	2,215.00	3,030.00	815.00	2,215.00	3,030.00
4	4" Meter (Turbine)	1,110.00	2,250.00	3,360.00	1,110.00	2,250.00	3,360.00
4	4" Meter (Compound)	1,170.00	3,145.00	4,315.00	1,170.00	3,145.00	4,315.00
5	6" Meter (Turbine)	1,670.00	4,445.00	6,115.00	1,670.00	4,445.00	6,115.00
5	6" Meter (Compound)	1,710.00	6,180.00	7,890.00	1,710.00	6,180.00	7,890.00
6	8" Meter (Turbine)	(b)	(b)	(b)	(b)	(b)	(b)
6	8" Meter (Compound)	(b)	(b)	(b)	(b)	(b)	(b)

(b) At cost. Cost to include parts, labor, overhead and all applicable taxes, including income taxes.

Proposed Rates

SERVICE CHARGES:

	<u>Company</u>	<u>Staff</u>
Establishment	\$30.00	\$30.00
Establishment (After Hours)	50.00	50.00
Re-establishment (Within 12 Months)	*	*
Reconnection (Delinquent)	40.00	40.00
NSF Check Charge	25.00	25.00
Meter Re-Read (If Correct)	30.00	30.00
Meter Test (If Correct)	30.00	30.00
Deferred Payment (Per Month)	1.50%	1.50%
Late Payment Penalty (Per Month)	1.50%	1.50%
Deposit Interest	**	**
Deposit	**	**
Moving meter/service at customer request	***	***

* Number of months off system times the monthly usage charge for meter size

** Per Rule R14-2-403.B

*** At cost. Cost to include parts, labor, overhead, and all applicable taxes, including income tax if applicable

WASTEWATER RATES

Proposed Rates

	<u>Company</u>	<u>Staff</u>
<u>MONTHLY USAGE CHARGE:</u>		
5/8" x 3/4" Meter	N/A	\$ 81.00
3/4" Meter	\$ 75.00	81.00
1" Meter	88.00	90.00
1 1/2" Meter	250.00	300.00
2" Meter	400.00	500.00
3" Meter	750.00	900.00
4" Meter	1,250.00	1,500.00
6" Meter	2,500.00	3,000.00
8" Meter	4,000.00	4,700.00

Treated Effluent Sales for General Irrigation:

Per acre-foot	\$200.00	\$200.00
Per 1,000 Gallons	\$ 0.61	\$ 0.61

SERVICE CHARGES:

Establishment (a)	\$30.00	\$30.00
Establishment (After Hours) (a)	40.00	40.00
Re-establishment (Within 12 Months)	*	*
Reconnection (Delinquent) (a)	30.00	30.00
NSF Check Charge (a)	25.00	25.00
Deferred Payment (Per Month)	1.50%	1.50%
Late Payment Penalty (Per Month)	1.50%	1.50%
Deposit Interest	**	**
Deposit	**	**
Moving meter/service at customer request	***	***

- (a) Collected only if customer is not also a water customer.
- * Per Commission Rule R14-2-603.D – Months off system times monthly usage charge.
- ** Per Commission Rule R14-2-603.B.
- *** At cost. Cost to include parts, labor, overhead, and all applicable taxes, including income tax if applicable.

134. Applicants agree with all of Staff’s recommended conditions. In addition, Applicants indicated agreement that they will not seek to transfer the stock of PMWC or PMUC to Jim Rhodes or any Rhodes affiliated entities without the prior approval of the Commission.⁸

135. PMWC indicated that it intends to implement the conservation measures outlined in Hearing Exhibit CA-5, titled “Commitments to Conservation and Comprehensive Water Management,” a copy of which is attached hereto as Exhibit I and incorporated herein by reference.

136. Staff’s recommendations are reasonable and should be adopted.

137. The FVRB of PMWC’s property devoted to water service is \$8,272,134.

138. The FVRB of PMUC’s property devoted to wastewater service is \$8,050,058

139. The water and wastewater rates and charges recommended by Staff are reasonable and should be adopted.

140. The water service line and meter installation charges recommended by the Companies, which will permit the use of automated meter reading (“AMR”) technology, are

⁸ Tr. Vol. VIII at 1575-1577.

1 reasonable and should be adopted.

2 141. It is reasonable and in the public interest to require PMWC to implement the
3 conservation and comprehensive water management measures outlined in Exhibit I attached hereto
4 and incorporated herein by reference. For Section 2 of Exhibit I (Homebuilder installation of
5 conservation measures in homes.) we will require PMWC to submit, as a compliance item in this
6 case, appropriate tariffs for Commission approval to achieve the requirements of Section 2 of
7 Exhibit I.

8 142. Evidence in the record demonstrates that concern exists regarding water availability
9 in the aquifers that underlie this proposed CC&N. While the Company has voluntarily agreed to
10 implement more Best Management Practices (BMPs) than would be required by ADWR (ADWR
11 does not require any BMPs to be adopted by water systems outside of an Active Management Area)
12 we are concerned that the BMPs that have been chosen by the Company appear to come largely out
13 of the education and outreach category of BMPs. Staff testified that to achieve maximum water
14 conservation, BMPs should be a mix of both education and actual physical water conservation
15 measures. We believe that this Company should adopt more than 6 BMPs, and that those BMPs
16 should be a mixture of education and physical water conservation measures. Therefore, we will
17 require that PMWC adopt 10 BMPs as outlined in ADWR's Modified Non Per-Capita Conservation
18 Program, and file those BMPs in Docket Control no later than March 1, 2009, for Commission
19 consideration. PMWC should be required to adopt 10 more BMPs than would be required by
20 ADWR if PMWC was in an Active Management Area.

21 143. It is reasonable and in the public interest to prohibit Applicants from seeking to
22 transfer the stock of PMWC or PMUC to Jim Rhodes or any Rhodes affiliated entities without the
23 prior approval of the Commission.

24 CONCLUSIONS OF LAW

25 1. Perkins Mountain Water Company and Perkins Mountain Utility Company are public
26 service corporations within the meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-
27 281 and 40-282 *et seq.*

28 2. The Commission has jurisdiction over Perkins Mountain Water Company and Perkins

1 Mountain Utility Company and the subject matter of the Amended Applications.

2 3. Notice of the applications was provided in accordance with law.

3 4. There is a public need and necessity for water and wastewater utility service in the
4 proposed service areas.

5 5. Perkins Mountain Water Company and Perkins Mountain Utility Company are fit and
6 proper entities to receive water and wastewater CC&Ns to include the service areas more fully
7 described in Exhibit A and Exhibit B attached hereto, subject to compliance with the conditions set
8 forth herein.

9 6. Perkins Mountain Water Company and Perkins Mountain Utility Company are fit and
10 proper entities to receive Orders Preliminary to the issuance of final CC&Ns for the areas described
11 in Exhibit C and Exhibit D attached hereto.

12 **ORDER**

13 IT IS THEREFORE ORDERED that the application of Perkins Mountain Water Company for
14 a water utility service Certificate of Convenience and Necessity to include the areas described in
15 Exhibit A and Exhibit B attached hereto and incorporated herein by reference shall be, and is hereby
16 approved, subject to the conditions described in the following four Ordering Paragraphs.

17 IT IS FURTHER ORDERED that as a condition of the Certificate of Convenience and
18 Necessity granted herein, Perkins Mountain Water Company shall file, no later than three years after
19 the effective date of this Decision, with Docket Control, as a compliance item in this docket, copies
20 of the Approval to Construct for Phase 1 of the initial phase of the Golden Valley South and The
21 Villages at White Hills developments.

22 IT IS FURTHER ORDERED that as a condition of the Certificate of Convenience and
23 Necessity granted herein, Perkins Mountain Water Company shall file, within ninety days of the
24 effective date of this Decision, with Docket Control, as a compliance item in this docket, for review
25 and approval by Staff, a curtailment tariff that generally conforms to the sample tariff found posted
26 on the Commission's website (<http://www.azcc.gov/Divisions/Utilities/forms/CurtailmentTariff>
27 STANDARD.pdf) or available on request from Staff.

28 IT IS FURTHER ORDERED that as a condition of the Certificate of Convenience and

1 Necessity granted herein, Perkins Mountain Water Company shall file, within 30 days of the effective
2 date of this Decision, with Docket Control, as a compliance item in this docket, for review and
3 approval of Staff, a backflow prevention tariff that generally conforms to the sample tariff found
4 posted on the Commission's website (<http://www.azcc.gov/Divisions/Utilities/forms/CrossConnect>
5 [Backflow.pdf](#)) or available on request from Commission Staff.

6 IT IS FURTHER ORDERED that as a condition of the Certificate of Convenience and
7 Necessity granted herein, Perkins Mountain Water Company shall, prior to service being provided to
8 any customer, as a compliance item in this docket, file with the Commission's Business Office, with
9 copies to Docket Control, the original of an irrevocable sight draft letter of credit or performance
10 bond in the amount of \$500,000, which irrevocable sight draft letter of credit or performance bond
11 the Commission may draw on for the sole benefit of Perkins Mountain Water Company's customers
12 if the Commission finds, in its discretion, that Perkins Mountain Water Company has violated the
13 Commission's rules or orders, and the funds from which may be used as appropriate to protect
14 Perkins Mountain Water Company's customers and the public interest. The bond or irrevocable sight
15 draft letter of credit shall remain in place until further Order of the Commission, and Perkins
16 Mountain Water Company shall file semi-annually on each July and January covering the preceding
17 six month period, as a compliance item with Docket Control, proof of maintaining the performance
18 bond or irrevocable sight draft letter of credit.

19 IT IS FURTHER ORDERED that Perkins Mountain Water Company shall file, no later than
20 thirty days following receipt, with Docket Control, as a compliance item in this docket, a copy of the
21 ADWR Letter of Adequate Water Supply for each individual Subdivision in Golden Valley South
22 and in The Villages at White Hills developments.

23 IT IS FURTHER ORDERED that Perkins Mountain Water Company shall maintain its books
24 and records in accordance with the NARUC Uniform System of Accounts for Water Utilities.

25 IT IS FURTHER ORDERED that Perkins Mountain Water Company shall use the
26 depreciation rates set forth in Exhibit E attached hereto and incorporated herein.

27 IT IS FURTHER ORDERED that Perkins Mountain Water Company shall attain within five
28 years of the effective date of this Decision, and shall maintain, a capital structure comprised of no

1 debt, at least 40 percent equity and no more than 60 percent combined advances in aid of construction
2 and contributions in aid of construction.

3 IT IS FURTHER ORDERED that Perkins Mountain Water Company shall file, within fifteen
4 days of providing service to its first customer, notice of such with Docket Control, as a compliance
5 item in this docket.

6 IT IS FURTHER ORDERED that Perkins Mountain Water Company shall file a rate
7 application no later than six months following the fifth anniversary of the date it begins providing
8 service to its first customer but not prior to the end of the calendar year in which it has obtained the
9 required capital structure.

10 IT IS FURTHER ORDERED that Perkins Mountain Water Company shall notify the
11 Commission of any proposed change in its ownership at least thirty days prior to the change in
12 ownership.

13 IT IS FURTHER ORDERED that Perkins Mountain Water Company shall not seek to
14 transfer its stock to Jim Rhodes or any Rhodes affiliated entities without the prior approval of the
15 Commission.

16 IT IS FURTHER ORDERED that Perkins Mountain Water Company shall implement the
17 conservation measures outlined in Exhibit I, attached hereto and incorporated herein by reference.
18 To implement Section 2 of Exhibit I, Perkins Mountain Water Company shall submit, by May 1,
19 2009, for Commission approval, appropriate tariffs to achieve the requirements in Section 2 of
20 Exhibit I.

21 IT IS FURTHER ORDERED that Perkins Mountain Water Company shall adopt at least 10
22 Best Management Practices (as outlined in the Arizona Department of Water Resources' Modified
23 Non Per-Capita Conservation Program) and file those Best Management Practices in Docket Control
24 no later than March 1, 2009, for Commission consideration.

25 IT IS FURTHER ORDERED that Perkins Mountain Water Company shall be required to
26 adopt 10 more Best Management Practices than would be required by the Arizona Department of
27 Water Resources if Perkins Mountain Water Company was in an Active Management Area.

28 IT IS FURTHER ORDERED that, absent Commission approval, Perkins Mountain Water

1 Company shall not sell groundwater to irrigate any golf course after eight years from the date
2 irrigation commences on the first golf course, and the Company shall notify Docket Control of this
3 date.

4 IT IS FURTHER ORDERED that in light of the ongoing need to conserve groundwater,
5 Perkins Mountain Water Company is prohibited from selling groundwater for the purpose of
6 irrigating any turf areas or any ornamental lakes or water features located in the common areas of the
7 proposed new developments within the certificated area, with the exception of for the first nine holes
8 of the first golf course in the certificated area. Perkins Mountain Water Company shall amend its
9 stock purchase agreement with Rhodes Homes to prohibit Rhodes Homes or its successors or
10 assignees from building the second nine holes of the golf course until the first nine holes can be
11 watered solely with effluent, and shall file such amended agreement within 60 days of this Decision.

12 IT IS FURTHER ORDERED that any golf courses built within the certificated area shall be
13 "desert-style target" golf courses that will be constructed consistent with the requirements for a new
14 golf course constructed within an Active Management Area.

15 IT IS FURTHER ORDERED that the application of Perkins Mountain Utility Company for a
16 wastewater utility service Certificate of Convenience and Necessity to include the areas described in
17 Exhibit A and Exhibit B attached hereto and incorporated herein by reference shall be, and is hereby
18 approved, subject to the conditions described in the following three Ordering Paragraphs.

19 IT IS FURTHER ORDERED that as a condition of the Certificate of Convenience and
20 Necessity granted herein, Perkins Mountain Utility Company shall file, no later than three years after
21 the effective date of this Decision, with Docket Control, as a compliance item in this docket, copies
22 of the General Permits for Phase 1 of the initial phase of Golden Valley South and The Villages at
23 White Hills developments.

24 IT IS FURTHER ORDERED that as a condition of the Certificate of Convenience and
25 Necessity granted herein, Perkins Mountain Utility Company shall file, no later than three years after
26 the effective date of this Decision, with Docket Control, as a compliance item in this docket, copies
27 of the Aquifer Protection Permit for the Golden Valley South and The Villages at White Hills
28 developments.

1 IT IS FURTHER ORDERED that as a condition of the Certificate of Convenience and
2 Necessity granted herein, Perkins Mountain Utility Company shall, prior to service being provided to
3 any customer, as a compliance item in this docket, file with the Commission's Business Office, with
4 copies to Docket Control, the original of an irrevocable sight draft letter of credit or performance
5 bond in the amount of \$500,000, which irrevocable sight draft letter of credit or performance bond
6 the Commission may draw on for the sole benefit of Perkins Mountain Utility Company's customers
7 if the Commission finds, in its discretion, that Perkins Mountain Utility Company has violated the
8 Commission's rules or orders, and the funds from which may be used as appropriate to protect
9 Perkins Mountain Utility Company's customers and the public interest. The bond or irrevocable
10 sight draft letter of credit shall remain in place until further Order of the Commission, and Perkins
11 Mountain Utility Company shall file semi-annually on each July and January covering the preceding
12 six month period, as a compliance item with Docket Control, proof of maintaining the performance
13 bond or irrevocable sight draft letter of credit.

14 IT IS FURTHER ORDERED that Perkins Mountain Utility Company shall maintain its books
15 and records in accordance with the NARUC Uniform System of Accounts for Water Utilities.

16 IT IS FURTHER ORDERED that Perkins Mountain Utility Company shall use the
17 depreciation rates set forth in Exhibit F attached hereto and incorporated herein.

18 IT IS FURTHER ORDERED that Perkins Mountain Utility Company shall attain within five
19 years of the effective date of this Decision, and shall maintain, a capital structure comprised of no
20 debt, at least 40 percent equity and no more than 60 percent combined advances in aid of construction
21 and contributions in aid of construction.

22 IT IS FURTHER ORDERED that Perkins Mountain Utility Company shall file, within fifteen
23 days of providing service to its first customer, notice of such with Docket Control, as a compliance
24 item in this docket.

25 IT IS FURTHER ORDERED that Perkins Mountain Utility Company shall file a rate
26 application no later than six months following the fifth anniversary of the date it begins providing
27 service to its first customer but not prior to the end of the calendar year in which it has obtained the
28 required capital structure.

1 IT IS FURTHER ORDERED that Perkins Mountain Utility Company shall notify the
2 Commission of any proposed change in its ownership at least thirty days prior to the change in
3 ownership.

4 IT IS FURTHER ORDERED that Perkins Mountain Utility Company shall not seek to
5 transfer its stock to Jim Rhodes or any Rhodes affiliated entities without the prior approval of the
6 Commission.

7 IT IS FURTHER ORDERED that pursuant to A.R.S. § 40-282 (D), an Order Preliminary to
8 the issuance of the final Certificate of Convenience and Necessity is hereby granted to Perkins
9 Mountain Water Company and Perkins Mountain Utility Company, for the area described in Exhibit
10 C attached hereto and incorporated herein by reference.

11 IT IS FURTHER ORDERED that Perkins Mountain Water Company shall file with the
12 Commission's Docket Control, no later than three years following the effective date of this Decision,
13 a copy of the developer's ADWR Analysis of Adequate Water Supply demonstrating the availability
14 of adequate water for the area described in Exhibit C.

15 IT IS FURTHER ORDERED that Perkins Mountain Utility Company shall file with the
16 Commission's Docket Control, no later than three years following the effective date of this Decision,
17 an Aquifer Protection Permit that includes the area described in Exhibit C.

18 IT IS FURTHER ORDERED that, on completion of the requirements contained in the
19 Ordering Paragraphs above for the area described in Exhibit C, Perkins Mountain Water Company
20 and Perkins Mountain Utility Company shall, within three years of the effective date of this Decision,
21 jointly file a motion in this docket requesting that the Commission grant the Certificates of
22 Convenience and Necessity for the area described in Exhibit C.

23 IT IS FURTHER ORDERED that, within 30 days after Perkins Mountain Water Company
24 and Perkins Mountain Utility Company file their motion, and on Staff's verification that the
25 Companies have satisfied the requirements in the Ordering Paragraphs above for the area described in
26 Exhibit C, Staff shall prepare and docket a Recommended Order granting the Certificates of
27 Convenience and Necessity for the area described in Exhibit C for Commission approval.

28 IT IS FURTHER ORDERED that if Perkins Mountain Water Company and Perkins Mountain

1 Utility Company fail to timely comply with any one of the Ordering Paragraphs above pertaining to
2 the requirements relating to the area described in Exhibit C, the Order Preliminary approved herein
3 for the area described in Exhibit C shall be null and void, and Staff shall file a memorandum to close
4 this docket.

5 IT IS FURTHER ORDERED that pursuant to A.R.S. § 40-282 (D), an Order Preliminary to
6 the issuance of the final Certificate of Convenience and Necessity is hereby granted to Perkins
7 Mountain Utility Company and Perkins Mountain Utility Company, for the area described in Exhibit
8 D attached hereto and incorporated herein by reference.

9 IT IS FURTHER ORDERED that Perkins Mountain Water Company shall file with the
10 Commission's Docket Control, no later than three years following the effective date of this Decision,
11 a copy of the developer's ADWR Analysis of Adequate Water Supply demonstrating the availability
12 of adequate water for the area described in Exhibit D.

13 IT IS FURTHER ORDERED that Perkins Mountain Utility Company shall file with the
14 Commission's Docket Control, no later than three years following the effective date of this Decision,
15 an Aquifer Protection Permit that includes the area described in Exhibit D.

16 IT IS FURTHER ORDERED that, on completion of the requirements contained in the
17 Ordering Paragraphs above for the area described in Exhibit D, Perkins Mountain Water Company
18 and Perkins Mountain Utility Company shall, within three years of the effective date of this Decision,
19 jointly file a motion in this docket requesting that the Commission grant the final Certificates of
20 Convenience and Necessity for the area described in Exhibit D.

21 IT IS FURTHER ORDERED that, within 30 days after Perkins Mountain Water Company
22 and Perkins Mountain Utility Company file their motion, and on Staff's verification that the
23 Companies have satisfied the requirements in the Ordering Paragraphs above for the area described in
24 Exhibit D, Staff shall prepare and docket a Recommended Order granting the Certificates of
25 Convenience and Necessity for the area described in Exhibit D for Commission approval.

26 IT IS FURTHER ORDERED that if Perkins Mountain Water Company and Perkins Mountain
27 Utility Company fail to timely comply with any one of the Ordering Paragraphs above pertaining to
28 the requirements relating to the area described in Exhibit D, the Order Preliminary approved herein

1 for the area described in Exhibit D shall be null and void, and Staff shall file a memorandum to close
2 this docket.

3 IT IS FURTHER ORDERED that Perkins Mountain Water Company shall file, within thirty
4 days of this Decision, with the Commission's Docket Control as a compliance item in this docket,
5 tariffs consistent with the following schedule of rates and charges:

6 **WATER RATES**

7 **MONTHLY USAGE CHARGE:**

8	5/8" x 3/4" Meter	\$35.00
9	3/4" Meter	35.00
10	1" Meter	46.00
11	1 1/2" Meter	125.00
12	2" Meter	190.00
13	3" Meter	345.00
14	4" Meter	575.00
15	6" Meter	1,150.00
16	8" Meter	1,840.00

17 **Commodity Rates (Per 1,000 Gallons):**

18 **5/8-inch and 3/4-Inch Meters**

19	0 to 4,000 gallons	\$2.40
20	4,001 to 20,000 gallons	4.60
21	20,001 and above gallons	6.60

22 **3/4-Inch Meters**

23	0 to 4,000 gallons	\$2.40
24	4,001 to 20,000 gallons	4.60
25	20,001 and above gallons	6.60

26 **1-Inch Meters**

27	0 to 4,000 gallons	\$2.40
28	4,001 to 20,000 gallons	4.60
29	20,001 and above gallons	6.60

30 **1 1/2-Inch Meters**

31	0 to 42,000 gallons	\$4.60
32	42,001 and above gallons	6.60

33 **2-Inch Meters**

34	0 to 63,000 gallons	\$4.60
35	63,001 and above gallons	6.60

36 **3-Inch Meters**

37	0 to 120,000 gallons	\$4.60
----	----------------------	--------

1	120,001 and above gallons	6.60
2	<u>4-Inch Meters</u>	
	0 to 180,000 gallons	\$4.60
3	180,001 and above gallons	6.60
4	<u>6-Inch Meters</u>	
5	0 to 207,000 gallons	\$4.60
	207,001 and above gallons	6.60
6	<u>8-Inch Meters</u>	
7	0 to 235,000 gallons	\$4.60
8	235,001 and above gallons	6.60
9	<u>Monthly Service Charge for Fire Sprinklers:</u>	
	4-Inch or Smaller Connection	*
10	6-Inch Connection	*
	8-Inch Connection	*

SERVICE LINE AND METER INSTALLATION CHARGES:

(Refundable pursuant to A.A.C. R14-2-405)

	<u>Services</u>	<u>Meters</u>	<u>Total</u>
13	5/8" x 3/4" Meter	\$ 200.00	\$ 555.00
14	3/4" Meter	240.00	595.00
	1" Meter	270.00	675.00
15	1 1/2" Meter	400.00	840.00
	2" Meter	480.00	1,080.00
16	2" Meter (Turbine)	915.00	1,515.00
	2" Meter (Compound)	1,640.00	2,240.00
17	3" Meter (Turbine)	1,420.00	2,195.00
	3" Meter (Compound)	2,215.00	3,030.00
18	4" Meter (Turbine)	2,250.00	3,360.00
	4" Meter (Compound)	3,145.00	4,315.00
19	6" Meter (Turbine)	4,445.00	6,115.00
20	6" Meter (Compound)	6,180.00	7,890.00
21	8" Meter (Turbine)	**	**
	8" Meter (Compound)	**	**

SERVICE CHARGES:

23	Establishment	\$30.00
	Establishment (After Hours)	50.00
24	Re-establishment (Within 12 Months)	***
	Reconnection (Delinquent)	40.00
25	NSF Check Charge	25.00
	Meter Re-Read (If Correct)	30.00
26	Meter Test (If Correct)	30.00
	Deferred Payment (Per Month)	1.50%
27	Late Payment Penalty (Per Month)	1.50%
28		

1	Deposit Interest	****
	Deposit	****
2	Moving meter/service at customer request	**

3 * One percent of monthly usage charge for a comparable sized meter connection, but
4 no less than \$5.00 per month. The service charge for fire sprinklers is only applicable for
5 service lines separate and distinct from the primary water service line.

6 ** At cost. Cost to include parts, labor, overhead, and all applicable taxes, including income
7 tax if applicable.

8 *** Number of months off system times the monthly usage charge for meter size.

9 **** Per Commission Rule R14-2-403.B.

10 IT IS FURTHER ORDERED that in addition to collection of its regular rates, that Perkins
11 Mountain Water Company shall collect from its customers a proportionate share of any privilege,
12 sales, or use tax.

13 IT IS FURTHER ORDERED that Perkins Mountain Utility Company shall file, within thirty
14 days of this Decision, with the Commission's Docket Control as a compliance item in this docket,
15 tariffs consistent with the following schedule of rates and charges:

WASTEWATER RATES

MONTHLY USAGE CHARGE:

16	5/8" x 3/4" Meter	\$ 81.00
17	3/4" Meter	81.00
	1" Meter	90.00
18	1 1/2" Meter	300.00
	2" Meter	500.00
19	3" Meter	900.00
	4" Meter	1,500.00
20	6" Meter	3,000.00
21	8" Meter	4,700.00

Treated Effluent Sales for General Irrigation:

22	Per acre-foot	\$ 200.00
23	Per 1,000 Gallons	\$ 0.61

SERVICE CHARGES:

24	Establishment (a)	\$ 30.00
25	Establishment (After Hours) (a)	40.00
26	Re-establishment (Within 12 Months)	*
	Reconnection (Delinquent) (a)	30.00
27	NSF Check Charge (a)	25.00
28	Deferred Payment (Per Month)	1.50%

1	Late Payment Penalty (Per Month)	1.50%
2	Deposit Interest	**
3	Deposit	**
4	Moving service at customer request	***

- 5 (a) Collected only if customer is not also a water customer.
- 6 * Per Commission Rule R14-2-603.D – number of months off system times the monthly usage charge per meter size.
- 7 ** Per Commission Rule R14-2-603.B.
- 8 *** At cost. Cost to include parts, labor, overhead, and all applicable taxes, including income tax if applicable.

9 IT IS FURTHER ORDERED that in addition to collection of its regular rates, that Perkins Mountain Water Company shall collect from its customers a proportionate share of any privilege, sales, or use tax.

10 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

11 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

12
 13 *Lawrence S. Peterson* *William A. Wood*
 14 CHAIRMAN COMMISSIONER
 15 *Jeffrey H. Hatch-Miller* *Gary J. Kuen*
 16 COMMISSIONER COMMISSIONER COMMISSIONER
 17

18 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
 19 Director of the Arizona Corporation Commission, have
 20 hereunto set my hand and caused the official seal of the
 21 Commission to be affixed at the Capitol, in the City of Phoenix,
 22 this 24th day of Dec., 2008.

23 *Brian C. McNeil*
 24 BRIAN C. McNEIL
 25 EXECUTIVE DIRECTOR

26 DISSENT *R.M.*

27 DISSENT _____

28

1 SERVICE LIST FOR:

PERKINS MOUNTAIN UTILITY COMPANY and
PERKINS MOUNTAIN WATER COMPANY

2
3 DOCKET NOS.:

SW-20379A-05-0489 and W-20380A-05-0490

4 Jeffrey W. Crockett
5 SNELL & WILMER, LLP
6 One Arizona Center
7 400 East Van Buren Street
8 Phoenix, AZ 85004-2202
9 Attorneys for Applicants

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13 2375 East Camelback Road, Suite 700
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16 Scott Fisher
17 SPORTS ENTERTAINMENT LLC
18 808 Buchanan Blvd., Suite 115-303
19 Boulder City, NV 89005

20 Janice Alward, Chief Counsel
21 Robin R. Mitchell, Staff Attorney
22 Legal Division
23 ARIZONA CORPORATION COMMISSION
24 1200 West Washington Street
25 Phoenix, Arizona 85007

26 Ernest Johnson, Director
27 Utilities Division
28 ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

EXHIBIT A

**WHITE HILLS CC&N
LEGAL DESCRIPTION**

Revised 4-25-08

TOWNSHIP 27 NORTH, RANGE 20 WEST; G. & S.R.M., MOHAVE COUNTY, AZSECTION 16; EXCEPT THE NW $\frac{1}{4}$ OF THE NE $\frac{1}{4}$, & THE E $\frac{1}{2}$ OF THE NE $\frac{1}{4}$;THE W $\frac{1}{2}$ OF THE W $\frac{1}{2}$ OF SECTION 17;

SECTION 20;

SECTION 21, EXCEPT THE SW $\frac{1}{4}$, & THE S $\frac{1}{2}$ SW $\frac{1}{4}$ OF THE NW $\frac{1}{4}$;

SECTION 23, EXCEPT THE FOLLOWING DESCRIBED PARCEL OF LAND:

COMMENCING AT THE NORTHEAST CORNER OF SECTION 23; THENCE NORTH 89°37'39" WEST, 26.97 FEET TO THE POINT OF BEGINNING; THENCE SOUTH 41°25'03" EAST, 35.78 FEET; THENCE SOUTH 48°34'57" WEST, 599.97 FEET; THENCE NORTH 41°25'03" WEST, 572.03 FEET; THENCE SOUTH 89°37'39" EAST, 804.69 FEET TO THE POINT OF BEGINNING;

A PORTION OF SECTION 30 DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID SECTION 30; THENCE SOUTH 00°20'39" WEST, ALONG THE EAST LINE OF SAID SECTION 30, A DISTANCE OF 2,643.00 FEET TO THE EAST QUARTER CORNER OF SAID SECTION 30; THENCE SOUTH 00°23'02" WEST, CONTINUING ALONG THE EAST LINE OF SAID SECTION 30, A DISTANCE OF 2,643.32 FEET TO THE SOUTHEAST CORNER OF SAID SECTION 30; THENCE NORTH 89°35'14" WEST, ALONG THE SOUTH LINE OF SAID SECTION 30, A DISTANCE OF 1,320.53 FEET; THENCE NORTH 00°21'33" EAST A DISTANCE OF 1,321.78 FEET; THENCE NORTH 89°34'57" WEST A DISTANCE OF 1,321.09 FEET; THENCE NORTH 00°21'05" EAST A DISTANCE OF 1,321.89 FEET; THENCE NORTH 89°34'40" WEST A DISTANCE OF 2,594.41 FEET TO THE WEST QUARTER CORNER OF SAID SECTION 30; THENCE NORTH 00°28'34" EAST, ALONG THE WEST LINE OF SAID SECTION 30, A DISTANCE OF 584.12 FEET; THENCE NORTH 68°00'04" EAST A DISTANCE OF 1,556.41 FEET; THENCE NORTH 21°59'56" WEST A DISTANCE OF 522.91 FEET TO A POINT ON THE CENTERLINE OF WHITE HILLS ROAD; THENCE NORTH 68°00'04" EAST, ALONG THE CENTERLINE OF WHITE HILLS ROAD, A DISTANCE OF 792.50 FEET; THENCE SOUTH 21°59'56" EAST A DISTANCE OF 1,045.32 FEET; THENCE NORTH 68°00'04" EAST A DISTANCE OF 792.50 FEET; THENCE NORTH 21°59'56" WEST A DISTANCE OF 522.91 FEET; THENCE NORTH 68°00'04" EAST A DISTANCE OF 2,255.01 FEET TO A POINT ON THE NORTH LINE OF SAID SECTION 30; THENCE SOUTH 89°37'46" EAST, ALONG THE NORTH LINE OF SAID SECTION 30, A DISTANCE OF 244.18 FEET TO THE POINT OF BEGINNING.

TOWNSHIP 27 NORTH, RANGE 21 WEST, G. & S.R.M., MOHAVE COUNTY, AZA PORTION OF THE E $\frac{1}{2}$ OF SECTION 25 DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF THE SOUTHEAST QUARTER (SE $\frac{1}{4}$) OF SAID SECTION 25; THENCE SOUTH 00°28'58" WEST, ALONG THE EASTERLY LINE THEREOF, 2,643.95 FEET TO THE SOUTHEAST CORNER OF SAID SOUTHEAST QUARTER (SE $\frac{1}{4}$); THENCE NORTH 89°33'42" WEST, ALONG THE SOUTHERLY LINE THEREOF, 164.23 FEET TO THE POINT OF CURVE OF A NON TANGENT CURVE TO THE LEFT; OF WHICH THE RADIUS POINT LIES SOUTH 74°14'59" WEST, A RADIAL DISTANCE OF 5,821.58 FEET, SAID POINT BEING ON THE EASTERLY RIGHT-OF-WAY LINE OF U.S. HIGHWAY 95; THENCE NORTHERLY ALONG THE ARC, ALONG SAID EASTERLY RIGHT-OF-WAY LINE, THROUGH A CENTRAL ANGLE OF 07°34'58", A DISTANCE OF 770.46 FEET; THENCE NORTH 23°19'59" WEST, CONTINUING ALONG SAID EASTERLY RIGHT-OF-WAY LINE, 2,685.36 FEET TO THE CENTERLINE OF WHITE HILLS ROAD (O.R. 274/50-97); THENCE NORTH 68°20'45" EAST, ALONG SAID CENTERLINE, 1,632.40 FEET TO THE EASTERLY LINE OF THE NORTHEAST QUARTER (NE $\frac{1}{4}$) OF SAID SECTION 25; THENCE SOUTH 00°28'34" WEST, ALONG SAID EASTERLY LINE, 1,151.09 FEET TO THE POINT OF BEGINNING.

EXHIBIT B

DOCKET NO. SW-20379A-05-0489 ET AL.

GOLDEN VALLEY SOUTH
CC & N BOUNDARY

LEGAL DESCRIPTION

[Revised 5-11-07]

TOWNSHIP 20 NORTH, RANGE 18 WEST, G. & S.R.M., MOHAVE COUNTY, AZ:

SECTION 2, EXCEPT THE W2 NW4 NW4 NE4 NE4, & THE SE4 SE4;
SECTION 3;
SECTION 4;
SECTION 8; EXCEPT THE W2 NW4 NW4 NE4, & COMMENCING AT THE SOUTHWEST
CORNER OF SAID SECTION 8, THENCE SOUTH 89°35'26" EAST ALONG THE
SOUTHERLY LINE OF SAID SECTION 8, A DISTANCE OF 56.87 FEET;
THENCE NORTH 00°24'34" EAST, A DISTANCE OF 57.00 FEET TO THE POINT OF
BEGINNING;
THENCE NORTH 00°16'25" EAST, A DISTANCE OF 2347.54 FEET,
THENCE SOUTH 89°43'35" EAST, A DISTANCE OF 5222.04 FEET,
THENCE SOUTH 00°12'30" WEST, A DISTANCE OF 653.72 FEET,
THENCE SOUTH 53°30'28" WEST, A DISTANCE OF 1123.72 FEET,
THENCE SOUTH 00°00'00" WEST, A DISTANCE OF 1030.80 FEET,
THENCE NORTH 89°36'50" WEST, A DISTANCE OF 1685.92 FEET,
THENCE NORTH 89°35'26" WEST, A DISTANCE OF 2641.60 FEET TO THE POINT OF
BEGINNING;
SECTION 9;
SECTION 10;
SECTION 11, EXCEPT THE S2 SE4 SE4 SE4;
SECTION 14, EXCEPT THE E2 NE4, THE NE4 SE4, THE E2 W2 SE4 SE4, & THE E2 SE4
SE4;
SECTION 16;

TOWNSHIP 21 NORTH, RANGE 18 WEST, G. & S.R.M., MOHAVE COUNTY, AZ:

SW4 SECTION 34.

EXHIBIT C

ORDER PRELIMINARY

SPORTS ENTERTAINMENT PROPERTY

LEGAL DESCRIPTION

4-25-08

That portion of Section 30, Township 27 North, Range 20 West, G. & S.R. Meridian, Mohave County, Arizona described as follows:

BEGINNING at the Northwest Corner of said Section 30; THENCE South $00^{\circ}23'34''$ West, along the West Line of said Section 30, a distance of 2,059.98 feet; THENCE North $68^{\circ}00'04''$ East a distance of 1,556.41 feet; THENCE North $21^{\circ}59'56''$ West a distance of 522.91 feet to a point on the Centerline of White Hills Road; THENCE North $68^{\circ}00'04''$ East, along the Centerline of White Hills Road, a distance of 792.50 feet; THENCE South $21^{\circ}59'56''$ East a distance of 1,045.32 feet; THENCE North $68^{\circ}00'04''$ East a distance of 792.50 feet; THENCE North $21^{\circ}59'56''$ West a distance of 522.91 feet; THENCE North $68^{\circ}00'04''$ East a distance of 2,255.01 feet to a point on the North Line of said Section 30; THENCE North $89^{\circ}37'46''$ West, along the North Line of said Section 30, a distance of 2,399.57 feet; THENCE North $89^{\circ}30'01''$ West, continuing along the North Line of said Section 30, a distance of 2,587.80 to the POINT OF BEGINNING.

GOLDEN VALLEY SOUTH
ORDER PRELIMINARY
LEGAL DESCRIPTION

THAT PORTION OF SECTION 8, TOWNSHIP 20 NORTH, RANGE 18 WEST OF THE GILA AND SALT RIVER BASE MERIDIAN, MOHAVE COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 8, THENCE SOUTH 89°35'26" EAST ALONG THE SOUTHERLY LINE OF SAID SECTION 8, A DISTANCE OF 56.87 FEET;

THENCE NORTH 00°24'34" EAST, A DISTANCE OF 57.00 FEET TO THE POINT OF BEGINNING:

THENCE NORTH 00°16'25" EAST, A DISTANCE OF 2347.54 FEET;

THENCE SOUTH 89°43'35" EAST, A DISTANCE OF 5222.04 FEET;

THENCE SOUTH 00°12'30" WEST, A DISTANCE OF 653.72 FEET;

THENCE SOUTH 53°30'28" WEST, A DISTANCE OF 1123.72 FEET;

THENCE SOUTH 00°00'00" WEST, A DISTANCE OF 1030.80 FEET;

THENCE NORTH 89°36'50" WEST, A DISTANCE OF 1685.92 FEET;

THENCE NORTH 89°35'26" WEST, A DISTANCE OF 2641.60 FEET TO THE POINT OF BEGINNING.

EXHIBIT E

Perkins Mountain Water Company

March 13, 2008

Page 7

Table A. Water Depreciation Rates

NARUC Account No.	Depreciable Plant	Average Service Life (Years)	Annual Accrual Rate (%)
304	Structures & Improvements	30	3.33
305	Collecting & Impounding Reservoirs	40	2.50
306	Lake, River, Canal Intakes	40	2.50
307	Wells & Springs	30	3.33
308	Infiltration Galleries	15	6.67
309	Raw Water Supply Mains	50	2.00
310	Power Generation Equipment	20	5.00
311	Pumping Equipment	8	12.5
320	Water Treatment Equipment	30	3.33
330	Distribution Reservoirs & Standpipes	45	2.22
331	Transmission & Distribution Mains	50	2.00
333	Services	30	3.33
334	Meters	12	8.33
335	Hydrants	50	2.00
336	Backflow Prevention Devices	15	6.67
339	Other Plant & Misc Equipment	15	6.67
340	Office Furniture & Equipment	15	6.67
340.1	Computers & Software	5	20.00
341	Transportation Equipment	5	20.00
342	Stores Equipment	25	4.00
343	Tools, Shop & Garage Equipment	20	5.00
344	Laboratory Equipment	10	10.00
345	Power Operated Equipment	20	5.00
346	Communication Equipment	10	10.00
347	Miscellaneous Equipment	10	10.00

EXHIBIT F

Perkins Mountain Utility Company

March 13, 2008

Page 5

Table WW. Wastewater Depreciation Rates

NARUC Acct. No.	Depreciable Plant	Average Service Life (Years)	Annual Accrual Rate (%)
354	Structures & Improvements	30	3.33
355	Power Generation Equipment	20	5.00
360	Collection Sewers – Force	50	2.0
361	Collection Sewers- Gravity	50	2.0
362	Special Collecting Structures	50	2.0
363	Services to Customers	50	2.0
364	Flow Measuring Devices	10	10.0
365	Flow Measuring Installations	10	10.0
366	Reuse Services	50	2.00
367	Reuse Meters & Meter Installations	12	8.33
370	Receiving Wells	30	3.33
371	Pumping Equipment	8	12.50
374	Reuse Distribution Reservoirs	40	2.50
375	Reuse Transmission & Distribution System	40	2.50
380	Treatment & Disposal Equipment	20	5.0
381	Plant Sewers	20	5.0
382	Outfall Sewer Lines	30	3.33
389	Other Plant & Miscellaneous Equipment	15	6.67
390	Office Furniture & Equipment	15	6.67
390.1	Computers & Software	5	20.0
391	Transportation Equipment	5	20.0
392	Stores Equipment	25	4.0
393	Tools, Shop & Garage Equipment	20	5.0
394	Laboratory Equipment	10	10.0
395	Power Operated Equipment	20	5.0
396	Communication Equipment	10	10.0
397	Miscellaneous Equipment	10	10.0

EXHIBIT G

Schedule CSB-W4

erkins Mountain Water Company
ocket No. W-20380A-05-0489
rojected Fifth Year of Operation

PROJECTED CAPITAL STRUCTURE

Line No.	Year 1	Year 2	Year 3	Year 4	Year 5	Staff Adjustment	Ref	Staff as Adjusted
1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4								
5								
6	4,415,006	9,153,036	11,096,301	9,599,815	11,598,613	\$ (908,408)		\$10,690,205
7	0	880	3,112	8,832	14,968	\$		14,968
8	\$4,415,006	\$ 9,153,916	\$11,099,413	\$ 9,608,647	\$ 11,613,581	\$		\$10,705,173
9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,000	\$ 65,000
10								
11								
12	\$4,415,006	\$ 9,153,916	\$11,099,413	\$ 9,608,647	\$ 11,613,581	\$ (843,408)		\$10,770,173
13								
14								
15	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ -		\$ 50,000
16	\$1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 5,300,000	\$ 5,800,000	\$ 908,408		\$ 6,708,408
17	\$ (185,856)	\$ (457,912)	\$ (480,390)	\$ (194,738)	\$ 421,708	\$ -		\$ 421,708
18	\$1,364,144	\$ 1,092,088	\$ 1,069,610	\$ 5,155,262	\$ 6,271,708	\$ 908,408		\$ 7,180,116
19								
20	\$5,779,150	\$10,246,004	\$12,169,023	\$14,763,909	\$17,885,289	\$ 65,000		\$17,950,289
21								
22	76.40%	89.34%	91.21%	65.08%	64.93%			60.00%
23	23.60%	10.66%	8.79%	34.92%	35.07%			40.00%
24	100.00%	100.00%	100.00%	100.00%	100.00%			100.00%

Perkins Mountain Utility
 Docket No. SW-20379A-05-0489
 Projected Fifth Year of Operation

EXHIBIT H

Schedule CSB-WW4

PROJECTED CAPITAL STRUCTURE

Line No.	Year 1	Year 2	Year 3	Year 4	Year 5	Staff Adjustment	Ref	Staff as Adjusted
1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	\$ 4,278,159	\$ 7,281,964	\$ 8,803,603	\$ 11,078,649	\$ 10,973,133	\$ (814,999)	\$ -	\$ 10,158,134
6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	\$ 4,278,159	\$ 7,281,964	\$ 8,803,603	\$ 11,078,649	\$ 10,973,133	\$ -	\$ -	\$ 10,158,134
8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 350,000	\$ -	\$ 350,000
13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 350,000
14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	\$ 4,278,159	\$ 7,281,964	\$ 8,803,603	\$ 11,078,649	\$ 10,973,133	\$ (464,999)	\$ -	\$ 10,508,134
16	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ -	\$ -	\$ 50,000
19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20	\$ 1,200,000	\$ 1,200,000	\$ 1,900,000	\$ 4,800,000	\$ 5,650,000	\$ 814,999	\$ -	\$ 6,464,999
21	\$ (204,684)	\$ (432,740)	\$ (378,041)	\$ (94,185)	\$ 490,575	\$ -	\$ -	\$ 490,575
22	\$ 1,045,316	\$ 817,260	\$ 1,571,959	\$ 4,755,815	\$ 6,190,575	\$ 814,999	\$ -	\$ 7,005,574
23	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	\$ 5,323,475	\$ 8,099,224	\$ 10,375,562	\$ 15,834,464	\$ 17,163,708	\$ 350,000	\$ -	\$ 17,513,708
25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	80.36%	89.91%	84.85%	69.97%	63.93%	\$ -	\$ -	60.00%
27	19.64%	10.09%	15.15%	30.03%	36.07%	\$ -	\$ -	40.00%
28	100.00%	100.00%	100.00%	100.00%	100.00%	\$ -	\$ -	100.00%

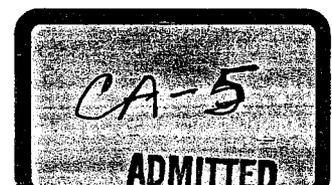
EXHIBIT I**Commitments to Conservation and Comprehensive Water Management****Perkins Mountain Water Company****(Docket No. W-20380A-05-0490)****Rhodes Homes Arizona****May 8, 2008****1) Full use of reclaimed water.**

- a) Reclaimed water distribution system to be installed beginning with Phase I.
 - i) Initial system will provide build-out reclaimed water capacity.
 - ii) Initial system to be backbone system in arterial roadways necessary to provide service to common areas, the golf course, parks, schools and commercial.
- b) Reclaimed water to be used in the following priority order:
 - i) Priority 1 - Filling and refilling of reclaimed water storage retention structures for irrigation of turf and other landscaping in common areas, the golf course, parks, schools and similar areas.
 - ii) Priority 2 - irrigation of commercial landscaping and similar exterior water uses.
 - iii) Priority 3 - Irrigation of residential landscaping and similar exterior water uses.
- c) Reclaimed water system to be extended to individual residential lots in future phases of development as Priority 3 reclaimed water becomes available.

2) Homebuilder installation of conservation measures in homes.

- a) Landscape Design.
 - i) Front Yard. Front yards landscaped with low water use trees, shrubs and groundcovers. No turf allowed.
 - ii) Back Yard. Turf comprises less than 50% of total landscapable area of backyard, not to exceed 900 square feet on average.
- b) Plumbing Standards.
 - i) Indoor and outdoor service pressure regulated to a maximum of 60 psi.
 - ii) High-efficiency fixtures (1.6 gallon flush toilets, 2.2 GPM kitchen faucets, 1.5 GPM bathroom faucets, 2.5 GPM shower heads).
 - iii) No evaporative coolers.
 - iv) Hot water recirculating system, manifold system or design capable of hot water delivery with <0.5 gal.
 - v) High efficiency dishwasher (6.5 gallon or less per normal cycle).
 - vi) Water softener capable of using potassium instead of sodium and demand-based regeneration.
 - vii) Supplemental drinking water systems have a beneficial yield of 85% or higher.

** The items in this Section 2 will be included as a condition of service in the master water agreement between Perkins Mountain Water Company and Rhodes Homes Arizona.

DECISION NO. 70663

Perkins Mountain Water Company
Rhodes Homes Arizona
Commitments to Conservation and Comprehensive Water Management
May 8, 2008

3) Voluntary Implementation of Phoenix AMA non-per capita conservation program.

- a) Public Education Program.
- b) Additional Conservation Measures (Best Management Practices).
 - i) Public Awareness/Public Relations.
 - (1) Special Events/Programs and Community Presentations.
 - ii) Conservation Education and Training.
 - (2) Youth Conservation Education Program.
 - (3) Homeowner Landscape Information.
 - iii) Outreach Services.
 - (4) Customer High Water Use Inquiry Resolution.
 - (5) Water Waste Investigations and Information.
 - iv) Condition of Service.
 - (6) Front yards landscaped with low water use trees, shrubs and groundcovers. No turf allowed.

4) Other Conservation Measures.

- a) Demonstration project on rainwater rooftop catchment.
- b) Design of retention and recharge basins to collect rainwater runoff.
- c) Design of retention and recharge basins within common areas and open space to maximize depression storage for recharge.

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