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June 19, 2006

Ms. Kimberly Grouse
Snell and Wilmer
One Arizona Center
Phoenix, AZ 85004-2202

Re: Perkins Mountain Utility Company, Docket No. SW-20379A-05-0489
Perkins Mountain Water Company, Docket No. W-20380A-05-0490

Dear Ms. Grouse:

I write to express my concern about the decision of Rhodes Homes to begin construction of water and wastewater infrastructure without possessing a Certificate of Convenience and Necessity ("CC&N") from this Commission. Recent news reports, emails from Mohave County residents and responses by you to one Commissioner's letter, indicate that Rhodes Homes has begun grading of land, construction of model homes, and the installation of utility infrastructure despite the fact that no entity has been granted a CC&N for this development in the proposed Golden Valley South area.[1]

On May 24, 2006 in response to a letter written by Commissioner Mundell, you stated that Rhodes Homes believes that it has the right to commence this construction because it is being performed by Rhodes Homes, not Perkins Mountain Utility Company ("Perkins"), and that if Perkins is able to obtain a CC&N for the area, Rhodes Homes will simply transfer the infrastructure it has built to Perkins.

As you know, pursuant to ARS § 40-281, prior to commencing construction of any plant, line, or utility system, a public service corporation must first obtain a CC&N from the Arizona Corporation Commission. It would appear that by your understanding of state law, any developer could circumvent this law simply by building utility infrastructure, then transferring the assets into an approved public service corporation at a later date.

[1] In your May 24, 2006 letter to Commissioner Mundell, you state that Rhodes Homes began installation of the Golden Valley South Utility infrastructure in April of this year. One month prior to that, during a March 17 procedural conference, you told the Commission that Rhodes Homes had not yet begun installing utility infrastructure. I would like you to inform the Commission of the date on which Rhodes decided to begin installing utility infrastructure at Golden Valley South, and the precise date on which that installation began.

Perkins should submit the reason(s) it believes Rhodes Homes is not currently acting as a public service corporation by constructing the water infrastructure that will eventually serve the Golden Valley South development, and why it believes that it is not currently in violation of ARS § 40-281, especially if Perkins is in any way affiliated with Rhodes Homes. It appears from the corporate filings of Rhodes Homes Arizona, LLC and Perkins Mountain Utility Company that the two entities share the same addresses in Kingman, AZ and Las Vegas, NV, suggesting at least a shared place of business. Please tell the Commission whether these two entities are operated from the same premises and by the same individuals.[2]

Please respond to my questions with alacrity so that this Commission will have the proper time to respond.

Sincerely,

Kris Mayes
Commissioner

Cc: Chairman Jeff Hatch-Miller
Commissioner William A. Mundell
Commissioner Marc Spitzer
Commissioner Mike Gleason
Brian McNeil
Ernest Johnson
Steve Olea
Heather Murphy
Herb Guenther, Director DWR
Mohave County Supervisor Pete Byers
Mohave County Supervisor Tom Stockwell
Mohave County Supervisor Buster Johnson
Docket

[2] It would be helpful to our understanding of this issue to also know if there are any agreements between Rhodes Homes and Perkins at this time. If so, I would ask that you provide copies as part of your response to this letter.