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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 would like Perkins Mountain Utility Company and Perkins Mountain Water Company ("Perkins") to respond to several questions as part of these ongoing dockets and the broader issue of a sustainable water supply in Mohave County.

First, the Arizona Department of Water Resources (ADWR), in conjunction with the United States Geological Survey (USGS) and the Arizona Geological Survey (AZGS) are conducting an extensive study of water supplies in the Detrital, Hualapai and Sacramento Valleys in Mohave County. Mohave County recently contributed $100,000 to help speed the completion of this important study and it is anticipated that preliminary results of the survey will be made available in 18 months or less. Since several large-scale developments in Mohave County appear to be moving rapidly forward I would be interested in an analysis and response by Perkins to the idea of waiting for the preliminary survey results before granting further water company approvals in Mohave County. Such a waiting period could allow the Commission to receive the results of the water aquifer study being conducted by DWR, USGS, AZGS and offer the Commission the information necessary to make a decision about the appropriate size of proposed water companies, and any necessary conditions that should be imposed on these companies were they to be approved by the ACC.

Second, in response to a data request by Staff, the Mohave County Planning and Zoning Department provided a list of proposed subdivisions in Mohave County, representing all three Mohave County aquifers. Included in the list is the Sterling project with 50,794 proposed units slated for the Sacramento basin. I believe that this is the first mention of the Sterling project in this docket.[1] Since this large project would draw water from the same basin as the proposed Golden Valley Ranch, I would like Perkins to provide the Commission with additional information about this proposed development. Specifically, please provide the Commission the name of the developer of the Sterling project, how advanced the project is and whether the developer will be proposing a water company to serve it. Additionally, are the potential impacts

[1] See May 3, 2006 response to Staff data request by the Mohave County Planning and Zoning Department.

on the Sacramento basin from the Sterling project being factored into the pending Perkins Mountain application?

Third, in a recent news article on water issues in Mohave County, DWR Director Herb Guenther, stated, "... if you're going to continue to grow in that kind of an environment, you're going to have to bring additional water supplies to the region."[2] I would like Perkins to state whether they agree with the DWR Director that proposed developments in Mohave County, including the Golden Valley project, may someday necessitate the importation of water to Mohave County.

Fourth, I would like Perkins to comment on whether the Commission should require, as a condition to the approval of a water company in this case, the establishment of a reserve fund to prevent the possibility of water shortages in future years, should these projects be approved. DWR Director Herb Guenther recently posed the question, "...what happens at the end of 100 years?" Implicit in Director Guenther's statement appears to be the suggestion that we should take steps now to ensure future water supplies in the region. I would like Perkins to provide information to the Commission on whether plans and/or funds to stabilize the water supply in Mohave County in future decades ought to be mandated as part of this and other dockets affecting Mohave County.

Thank you for your timely response to my questions.

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] See article published in The Standard, April 19-25, 2006, "Director of ADWR address water challenges in growth-ridden Mohave County."