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Professional Civil Engineer, Ret.
Director, Governing Board, Sun City West
Commissioner, Arizona Oil and Gas Conservation Commission
Commissioner, Maricopa County Parks and Recreation Commission**

FAX TRANSMISSION COVER SHEET

DATE: December 5, 2001

TO: Heather Murphy

FAX NUMBER: 602-364-0925

NUMBER OF PAGES (including cover sheet): 3

RE: Case Number W-01656A-980577

Heather:

Per our conversation yesterday, I am faxing a letter regarding the above mentioned case. Please distribute to all ACC commissioners. Thank you very much.

Bob Jones

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Arizona Corporation Commission
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**RECREATION CENTERS OF SUN CITY WEST, INC.**

19803 R.H. JOHNSON BOULEVARD SUN CITY WEST, ARIZONA 85375-4498 623-584-2050 FAX 623-584-2349

December 5, 2001

Arizona Corporation Commission
Chairman, William Mundell
Commissioner James Irvin
Commissioner Mark Spitzer
1200 West Washington
Phoenix, AZ 85007-2996

Re: Case Number W-0165A-980577

Dear Commissioners:

The Sun City West Water Committee has recently received additional information which has direct bearing upon the need for timely completion of the Sun Cities Groundwater Savings Project. You have final approval of the project under consideration and have scheduled further hearings in January, 2002.

In the past the State has considered a Replenishment Tax for pumping groundwater. We have been advised this item is again in the Summary of recommendations of the Governor's Water Management Commission in the form of a proposed Mined Groundwater Tax. Briefly, for the Sun Cities, it would be a tax of \$20/ acre foot on mined groundwater, phased in over a ten year period and applicable to 50% of the groundwater pumped.

It appears this proposed tax is aimed primarily at the Sun Cities. The Sun Cities are continuing to deplete the groundwater in an area which has been identified by the Arizona Department of Water Resources as a critical groundwater management area. We have taken no physical actions to use available surface water nor renewable water sources where, in contrast, surrounding communities are putting Colorado River water from the Central Arizona Project to use. Although we do not feel this proposed tax is excessive we would like to take measures to reduce it.

Not adequately explained in the Commission's Summary is a credit which will be given for existing replenishment projects (such as the CAP/Groundwater Savings

Project developed by the CAP Task Force to use CAP water on the Sun Cities golf courses). This provision would give the Sun Cities credit for using the CAP allotment on the golf courses against the taxable 50%. Completion of the Groundwater Savings Project would eliminate a significant portion of the proposed tax.

Of greater importance and what cannot be ignored are the physical impacts of continuing to pump the groundwater. Continuing to lower the water level beneath the Sun Cities will bring subsidence problems including decreased water quality, added pumping expenses, and infrastructure damage. This isn't a maybe, it is a reality which is rapidly approaching the Sun Cities from the south.

The Sun Cities would like to demonstrate that they are responsible citizens. It appears this can be best be done by taking available surface water from the Central Arizona Project via the Groundwater Savings Project.

We felt this information should be made available to the Arizona Corporation Commission as yet another factor affecting your deliberations on this matter.

Sincerely yours,

Sun City West Water Committee
Dess Chappellear
Robert Jones, Chairman