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CITY TAXPAYERS ASSOCIATION INC.

ORIGINAL

NEWSLETTER

Demand vote on unnecessary water pipeline

James L. Treece  
Sun City, AZ 85351

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AZ CORP COMMISSION  
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Dear Members;

Citizen's Utilities, now Arizona-American flummoxed its task force and you by calling the CAP water pipeline a "ground water savings " project. Now that it feels secure from effective challenge, American gleefully admits there never was to be ground water savings. It always intended to give RCSC (Recreation Centers of Sun City) 4189AF (acre-foot) of cheap river water and take up to the full amount of RCSC ground water (6600AF) and sell it to its other customers, including SCW (Sun City West) golf courses. William Beyer of Glendale, attorney for area developers, for Citizens, RCSC, HOA (HomeOwner Association), and member of and attorney for the disbanded task force is still shepherding this project through the ACC, which may approve it finally soon. He now says he represents a non-entity "the project." He drafted the horrid contracts and got RCSC president to quickly sign them. American stands to make millions each year from your water. Part of its scheme was to have Ms. Terri Sue Rossi, an employee and member of the task force, to convince the task force that she was a water authority and that RCSC had to give up its ground water to get the river water, She succeeded. Then Beyer testified at the May ACC (Arizona Corporation Commission) hearing that there was no water exchange in the contract, even though the agreement is called a "water exchange" agreement. The next ruse: Neither American nor RCSC revealed that there is an additional 5000AF capacity in the pipeline, supposedly for Sun City area golf courses. Capacity was always said to be 6500AF, not the true 1500AF. RCSC was to get 4189AF. And pay 41/65 or about 60% of the cost and maintenance. SCW got 2300AF. An expert (Hustead) has discovered that Sun City will actually pay 76% of the project. But whether we pay 60% or 76%, we get only 38% of the water not 60%, as represented by American. As to the concealed 5000AF only American decides whom it sells it to and for how much. What is clear is that it is a windfall for American and its buyer is not bearing a share of the cost and maintenance of the pipeline. Further, since RCSC ground water will be used for SCW golf courses, American gets SCW's 2300AF of CAP water to do with what it wants For the 4189AF of Colorado River water with its salt and other contaminates which RCSC gets from American, RCSC gives up to 6600AF. Of our potable, "grand fathered" groundwater. American has revealed that the ground water is worth \$1500 per AF per year on the open market. American's cost is almost nothing, especially since SCW and Sun City rate-payers are paying for the pipeline and already pay for the water it carries. American's gain is between \$6 and \$10 million each year for 43 years (renewable for another 43years). Further SCW gives American about 1800AF of lesser type water than ground water and in return gets over 2300AF of our "grandfathered" water. This is a terrible deal for Sun City but a sweet deal for Sun City West that doesn't have sufficient water, as we do. Neither does it, like RCSC, give up equal or more "good water" for what it gets in return. We "save" our ground water and SCW uses it. As American sells our valuable water to developers and reaps huge profit, Ray Jones, American Manager brags to ACC that this deal is the best one it could get. It gets its CAP water "treated " without building a treatment plant. It does this by trading us 4189AF. of river water for our potable water (which is like treated water) and can be sold to developers. Plus American gets 7300AF of CAP water (the hidden 5000AF and SCW's 2300AF) together with a pipeline to move it through. Also it gets the 1800AF. Have ceded SCW water to sell. American will call our

Arizona Corporation Commission

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ground water "CAP water" and get state credit for having found alternate sources of water. American is advertising for cities like Peoria to enlarge the 24" pipeline to 36". It promises them they won't have to prorate the cost of the enlarged pipeline but only pay for the difference in cost of the 24" one as compared to the 36". Do you still believe you are being treated fairly? American's new customers are not being asked to give up their water rights. They aren't babes in the woods. Then there is the raise in water rates. Residential Utility Consumers Office (RUCO) is a state agency, which monitors all requested rates hikes and makes recommendations to the Arizona Corporation Commission as to their propriety. It is unbiased. Taking only the rate increase into account and not factoring in the loss of all of our ground water, RUCO is very certain that the 45% raise alone constitutes "rate shock" and that the pipeline project is a bad deal on that basis alone for Sun City consumers. Should we ignore expert advice? It works out that Sun City is paying about \$2 million per year in rate increases and over \$6 million in loss of its ground water to get 4189AF of near-worthless ground water. If our CAP water allotment were put in recharge, the cost is ridiculously low and we would retain our ground water to lease, if we choose, for about \$10 million annually. We would benefit the aquifer equally by using recharge, while saving our single greatest asset, i.e., "and our groundwater". American stands to get a great windfall from the building of the pipeline. All users of water supplied by Sun City Water Company will have their rates raised because of the \$15 million cost is added capitalization of the company. Any user, whether in Sun City or Youngtown, or elsewhere in this area and who now or ever gets water from Sun City Water Company will pay those added rates. This applies to thousands of new residents coming in. Sun City residents should demand "say" in the pipeline before it is too late. ACC will soon rule on the project and could grant us the vote we need, or even kill the project due to shenanigans like the over-eager leasing by RCSC of ground water to American that RCSC didn't even have. Your fate is still in your hands but the clock is ticking. Obviously, the RCSC board believes it knows "better than you do" how to spend your money on and whether to give away your greatest asset. RCSC is a trustee of your water. It owes you the highest duty of care. Shouldn't that include doing what the membership wants? RCSC is resetting your water bill, but that is the least of the mischief

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