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ARIZONA DEPARTMENT OF WATER RES

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JANE DEE HULL
Governor

July 23, 2002

By

Arizona Corporation
JOSEPH C. SMITH
Director

DOCKETED

JUL 26 2002

DOCKETED BY *CAV*

Commissioner William A. Mundell
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

Re: Endorsement of Arizona American Water Company Sun Cities Groundwater Savings Project (ACC Docket Nos.: W-01656A-98-0577; SW-02334A-98-0577)

Dear Commissioner Mundell:

As you know, the Arizona Department of Water Resources (ADWR) is charged with implementation of Arizona's Groundwater Management Act. Over the last 20 years, great strides have been made by many municipalities to reduce groundwater overdraft through the construction of water treatment and distribution infrastructure to enable the use of the state's Central Arizona Project (CAP) water allocations. However, there are communities, including the Sun Cities/Youngtown area, that continue to rely almost exclusively on groundwater, resulting in excessive water level decline rates and associated problems such as land subsidence.

Accordingly, ADWR supports and endorses the Sun Cities Groundwater Savings Project (GSP) as proposed by the Sun Cities CAP Water Task Force and Arizona American Water Company. In 1998, ADWR staff participated in the community Task Force's efforts to evaluate alternatives and develop a cost-effective and viable plan for utilizing the CAP allocations of the Sun Cities. Use of the CAP allocations to replace a like amount of groundwater pumping by area golf courses is an innovative and cost-effective means of reducing groundwater overdraft in the area.

ADWR endorses the direct use of the CAP water within the community because implementation of the GSP will result in an immediate reduction in groundwater pumping and a direct and immediate reduction in groundwater level decline rates beneath the Sun Cities. Although recharge of CAP water underground is a valuable, long-term water management tool for the state, ADWR has long advocated direct use of renewable water supplies by municipal water providers where direct use is a cost-effective alternative. As the Arizona Corporation Commission (ACC) recognized in its Decision No. 62293, from a water management standpoint, direct use within the community is preferred over recharge in the Agua Fria Recharge Project, located seven miles north of the center of Sun City, or other recharge facilities located some distance from the Sun Cities.

Commissioner William A. Mundell
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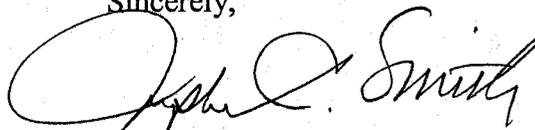
Recent data indicate groundwater levels continue to decline beneath the Sun Cities/Youngtown area at a significant rate. In addition, satellite imagery data indicate that land subsidence has been actively occurring in the area.

For all of the reasons stated above, ADWR urges the ACC to approve the Groundwater Savings Project so that the Sun Cities area can begin addressing its water management issues in an effective way.

As you consider this matter, the ADWR is willing to assist you in any way it can. Geologically and hydrologically, we are very familiar with this area. We have monitored groundwater and subsidence conditions for many years and have projected future conditions using advanced modeling techniques. Please call me if you would like to discuss this further.

Thank you for your consideration in this important matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Joseph C. Smith". The signature is fluid and cursive, with a large initial "J" and "S".

Joseph C. Smith
Director

JCS:bjw

cc: Mr. Jim Irvin, Commissioner, Arizona Corporation Commission
Mr. Marc Spitzer, Commissioner, Arizona Corporation Commission
Mr. Steve Olea, Assistant Director, Utilities Division, Arizona Corporation Commission