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MEMORANDUM RECEIVED

2002 SEP 19 A 10:09

TO: Docket Control

FROM: Steve Olea *SPO*
Assistant Director
Utilities Division

AZ CORP COMMISSION
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Arizona Corporation Commission
DOCKETED

THRU: Ernest G. Johnson *EJ*
Director
Utilities Division

SEP 19 2002

DATE: September 18, 2002

DOCKETED BY	<i>CAR</i>
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RE: SUN CITY WATER COMPANY AND SUN CITY WEST UTILITIES COMPANY
APPLICATION FOR APPROVAL OF CENTRAL ARIZONA PROJECT WATER
UTILIZATION PLAN AND FOR AN ACCOUNTING ORDER AUTHORIZING A
GROUNDWATER SAVINGS FEE AND RECOVERY OF DEFERRED CENTRAL
ARIZONA PROJECT EXPENSES
DOCKET NOS. W-01656A-98-0577 & SW-02334A-98-0577

As was discussed during the Procedural Conference of September 6, 2002, the Utilities Division Staff ("Staff") of the Arizona Corporation Commission ("Commission") was ordered to answer the two specific questions as contained in the July 3, 2002 letter from Chairman William A. Mundell. This memorandum contains Staff's answers to those two questions.

The first question is - Is the Sun City Taxpayers Association ("SCTA") correct in its allegation that hydrologic responses are being detected as far south as four miles from the Agua Fria Recharge Facility blow-off structure? The answer is yes. Furthermore, this result is not unexpected.

The attached Figure 1 is from the 2001 Annual Monitoring Report by the Agua Fria Recharge Project itself. This figure shows the Agua Fria Recharge Facility blow-off structure, the "managed facility", and the "constructed facility". According to this figure, the managed facility extends to about four miles south of the blow-off structure, while the constructed facility extends over a mile further.

The managed facility is that portion of the Agua Fria Recharge Facility that is merely a piece of the natural Agua Fria River riverbed. The constructed facility, which comprises the recharge basins, is that portion of the Agua Fria Recharge Facility that is man-made. The recharge basins are where most of the recharge of the Central Arizona Project ("CAP") water will occur.

Water is taken from the CAP canal at the blow-off structure and is put into the riverbed.

The CAP water flows down the riverbed to the constructed facility. Neither the riverbed nor the constructed facility is lined, because if they were, no recharge would occur. Therefore, recharge occurs all the way along the managed facility and at the constructed facility. CAP water began flowing into the managed facility during September of 2001. The constructed facility began to be operated during March of 2002.

Based on all the above, it is clear why there is a hydrologic response being detected as far south as four miles from the blow-off structure: that is exactly where the CAP water is being recharged. In fact, it would not be unexpected to detect hydrologic effects as far as five miles south of the blow-off structure, because the recharge basins extend that far south. The only way there would be no hydrologic response is if the managed facility was lined. However, if it were lined, there would be no recharge and the Agua Fria Recharge Facility would be a failure. Therefore, it is not surprising to find a hydrologic response exactly where the SCTA reports it to be; such a response is required in order for the Agua Fria Recharge Facility to be effective. This response was expected to be almost immediate.

The second question is – Will the Agua Fria Recharge Facility ultimately provide a benefit to the Sun Cities' aquifer? The answer to this question is also yes. Staff believes that this question is not in dispute by any of the parties to this case.

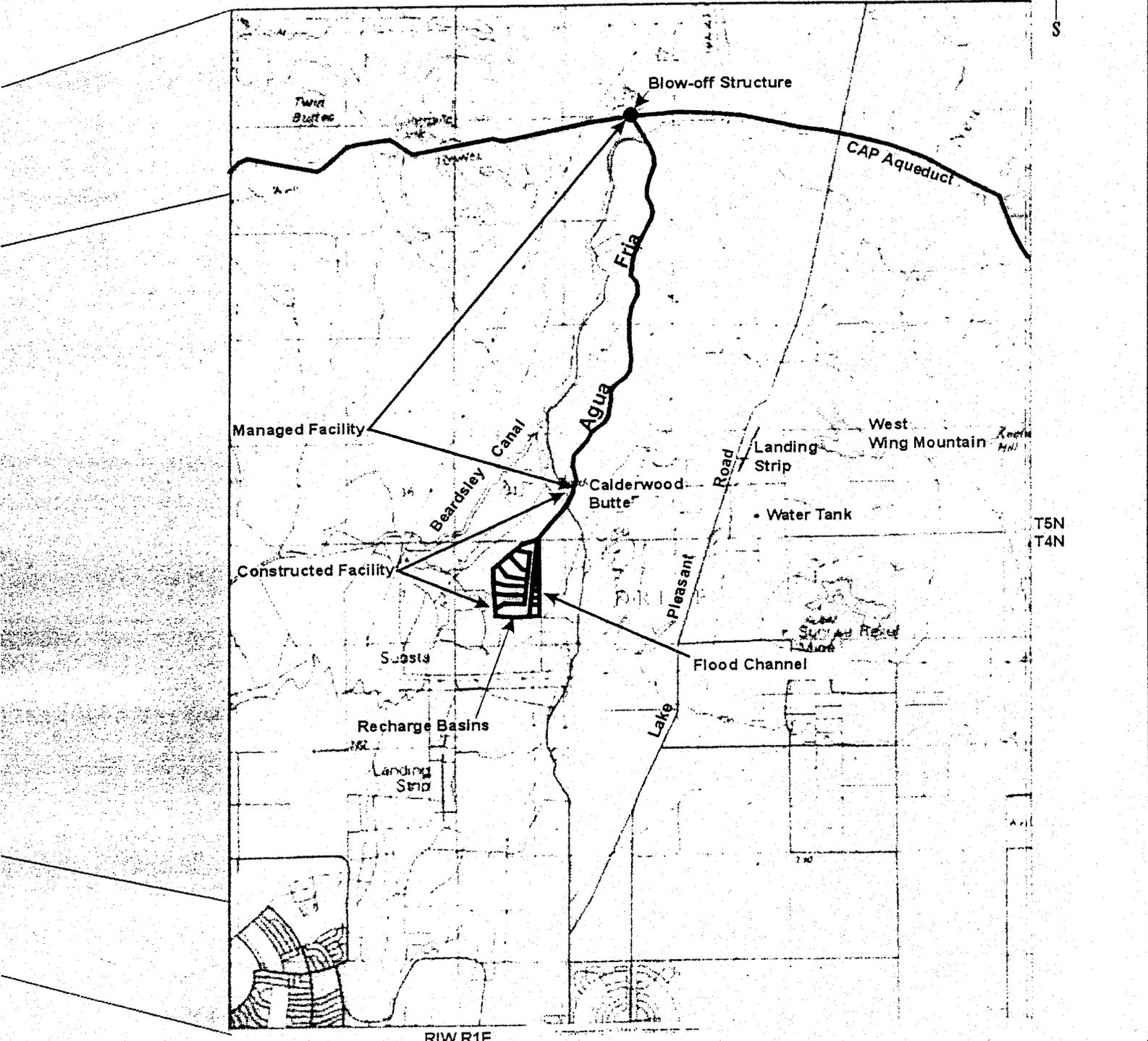
All parties agree that some day the CAP water that is put into the Agua Fria Recharge Facility will have a positive effect on the aquifer underlying the Sun Cities. The questions in dispute are when will that "some day" come and how much positive effect will there be? In other words, the dispute is precisely the question that was implicit in Chairman Mundell's July 3rd letter and stated in Ms. Wagner's July 26th memorandum.

Attachment

cc: All Parties of Record



CAP AGUA FRIA RECHARGE PROJECT AREA



RIWR1E



Agua Fria
Recharge Project
SITE LOCATION MAP

FIGURE

1

March 2002