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TRAL ARIZONA PROJECT

Box 43020 • Phoenix, Arizona 85080-3020 • 23636 North Seventh Street (85024)
(623) 869-2333 • www.cap-az.com



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AZ CORP COMMISSION
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Sun City Water Co. & Sun City West Util.
W-01656A-98-0577 & SW-02334A-98-0577

Chairman Mark Spitzer
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85004

Subject: Support for Arizona-American Water Company Sun Cities/Youngtown
Groundwater Savings Project

Dear Mr. Spitzer:

As you know, the Central Arizona Project (CAP) delivers over half of Arizona's entitlement of Colorado River water to central and southern Arizona. One of CAP's primary business strategies is to divert, annually, all Colorado River water available to CAP. To this end, CAP supports the efforts of its customers to use their allocations of CAP water. Specifically, CAP supports the Sun Cities/Youngtown Groundwater Savings Project (GSP) recommended by the CAP Task Force and now requested by Arizona-American Water Company (Arizona-American).

Our Board has been following this case for some time. At our January Board meeting, several Board members requested that staff contact the Commission and communicate the Board's support for the GSP. CAP believes the GSP was the best option considered by the CAP Task Force, because it will immediately mitigate local groundwater declines in the Sun Cities area.

While CAP operates the Agua Fria Recharge Project (AFRP), also considered by the Task Force, we do not believe it is the best option in this instance. The AFRP is a water storage project primarily intended to meet replenishment and other long-term needs. Moreover, capacity in the AFRP may be unavailable at times, leaving the Sun Cities and Youngtown without capacity to use.

Again, the CAP supports the efforts of its customers to use CAP water directly. The GSP is a creative solution that provides the most cost-effective means of directly using CAP water in the Sun Cities and Youngtown. Such a direct use project allows the Sun Cities and Youngtown the maximum control to mitigate local groundwater declines and to ensure uninterrupted ability to use CAP water. The CAP Board strongly encourages the Commission to approve this project and help reduce the groundwater decline in this area.

Sincerely,

David S. "Sid" Wilson, Jr.
General Manager

Arizona Corporation Commission

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