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John F. Fischbach
City Manager



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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

August 25, 2010

The Honorable Kristen K. Mayes – Chairperson
The Honorable Gary Pierce – Commissioner
The Honorable Bob Stump – Commissioner
The Honorable Sandra D. Kennedy – Commissioner
The Honorable Paul Newman – Commissioner
The Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ. 85007-2996

Arizona Corporation Commission

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AUG 30 2010

DOCKETED BY

RE: IN THE MATTER OF THE APPLICATION OF THE ADAMAN MUTUAL WATER COMPANY FOR APPROVAL TO ISSUE STOCK - DOCKET NO. W-01997A09-0297

Dear Madam Chair and Commissioners:

This letter is being written in support of the Adaman Mutual Water Company's ("AMWC") First Amended Application For Approval To Issue Stock Pursuant To The Agreement And Plan Of Reorganization submitted to the Arizona Corporation Commission on June 12, 2009.

The AMWC and the City of Goodyear ("City") successfully negotiated a Bulk Water Delivery Agreement ("Agreement") in which the City provides capital funding for water quality remediation to comply with newly adopted Federal arsenic standards and for enhancement of the AMWC potable water delivery system. In return, the City has an ability to receive and pay for up to 10 million gallons per day of groundwater. Prior to any negotiations regarding the Agreement, Goodyear commissioned Brown and Caldwell Engineering to conduct a hydrology study to assess the amount of groundwater that could be pumped over a 100-year period (sustainability) and to analyze aquifer and water quality impacts. The ultimate goal was to structure a long-term bulk water delivery project in a way that protected the AMWC landowners and adjacent water purveyors.

Safeguards in the Agreement expressly require that water deliveries to Goodyear either be:

- I. Reduced or deferred if there are signs of unacceptable aquifer depletion
- II. Groundwater pumping is limited to no more than 700 feet below ground level (the Arizona Groundwater Management Act allows for pumping to 1000 feet)
- III. Recharge within the area of hydrologic impact could be required.

City Manager's Office

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The City also has another agreement in place with the Arizona Department of Water Resources ("ADWR") to "trigger protections" based upon data from already identified monitoring wells in the event there is the slightest indication that groundwater pumping is resulting in migration of contamination from the PGA North Superfund plume. This agreement with ADWR is supported by the U.S. Environmental Protection Agency – Region IX and the Arizona Department of Environmental Quality. Cumulatively, these provisions reflect the City's unquestioned commitment to protecting the water and financial interests of the AMWC. This technical information is intended to supplement legal and administrative arguments already presented.

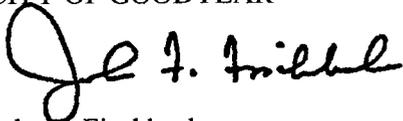
Goodyear fully supports the positions, arguments and related filings that have been made by Ms. Michele Van Quathem on behalf of the AMWC, including those taken at the August 17, 2010, hearing before Judge Martin. The City also supports the ACC Staff position taken in its Report to approve the issuance of stock; although, we are neutral as to establishment of a "quiet account" for segregation of the Bulk Water Delivery Agreement revenues and expenditures pending a new rate case filing by the AMWC.

It is incumbent upon public and private utilities, in compliance with and in cooperation with the regulatory agencies, to find creative and innovative ways to develop partnerships for development of sustainable water supplies and to protect public health and the financial interests of taxpayers, landowners and shareholders.

If you have any questions or require additional information, please do not hesitate to contact David Iwanski, Water Resources Manager. He can be reached by phone (623)-882-7062 or via email diwanski@goodyearaz.gov.

Sincerely,

CITY OF GOODYEAR



John F. Fischbach
City Manager

Cc: Steven M. Olea, Director – Utilities Division
Janice Alward, Chief Legal Counsel – Legal Division
Lyn A. Farmer, Chief Administrative Law Judge – Hearing Division
James Cavanaugh, Mayor – City of Goodyear
Mark Gaillard, Interim Deputy City Manager – City of Goodyear
Roric Massey, City Attorney – City of Goodyear
Charles McDowell, Public Works Director – City of Goodyear
Jerald A. Postema, Public Works Deputy Director, Environmental Services – City of Goodyear
David Iwanski, Water Resources Manager – City of Goodyear
Michele Van Quathem - Ryley, Carlock & Applewhite
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