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**South Grand Canyon
Sanitary District**

PO Box 3055
Grand Canyon, Az 86023
928-638-0906 Phone/Fax



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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

October 10, 2012

Arizona Corporation Commission
1200 W. Washington St.
Phoenix, Arizona 85007

Arizona Corporation Commission
DOCKETED

Re: Tusayan Ventures Application for a CC&N
Docket No. W-20828A-11-0475

OCT 15 2012

DOCKETED BY *JSM*

Dear Commissioners:

I am writing on behalf of the South Grand Canyon Sanitary District ("District"). The purpose of this letter is to notify the Commission that the District provides both wastewater service and reclaimed water service to the Town of Tusayan, Arizona and surrounding community.

The Northern Arizona Council of Governments ("NACOG"), which is the local Designated Planning Agency concerning water quality issues, has authorized the District to serve as the Designated Management Agency ("DMA") for the Tusayan area. As the DMA, the District is responsible for implementing the water quality plan for the area. This legal planning authority is intended to protect local water quality from degradation by wastewater releases, thereby safeguarding the long-term water supplies of the entire community. Accordingly, the District actively works to make certain that all proposed wastewater treatment facilities are properly planned.

Accordingly, the District's primary objective has been to protect groundwater quality and quantity by treating influent and recycling effluent as much as possible. The District currently recycles most of the influent, and through our partnerships with the United States Forest Service, Arizona Game and Fish, and the Rocky Mountain Elk Foundation, the District provides recycled water to support local wildlife as well. The District believes that water providers and developers should share the District's goal to preserve the groundwater and the sensitive local environment.

As you are well aware, several interested stakeholders have already expressed serious concerns regarding the Application for a Certificate of Convenience and Necessity ("Application") filed by Tusayan Ventures, LLC ("Tusayan Ventures"), including the Havasupai Tribe, Grand Canyon Trust, Coconino County Supervisor Carl Taylor, and the National Park Service - Grand Canyon National Park. These concerns seem to focus on the substantial amount of groundwater that will be necessary to meet the water demand of the proposed Stilo Development Group USA ("Stilo") development project and the impact such demand will have on the local water resources. Tusayan Ventures also recognized this issue in its application when it stated, "The area surrounding the Grand Canyon National Park is especially sensitive to water conservation and water usage." Application at p. 4. The District shares this concern with Tusayan Ventures.

In the Application, Tusayan Ventures identified the District as a potential partner in water conservation and reuse. Specifically, the Application states, "The proposed service area for the Company is included in the boundary of a sanitary district, the South Grand Canyon Sanitary District ("SGCSD"). The Developer is currently in the process of working with SGCSD to provide wastewater service to the development." The District applauds this sentiment, however, to date there have been no substantive discussions between the District and Stilo regarding water demand, conservation, reuse, or sanitary service.

Consistent with sound government practice, the District is taking a neutral position regarding the proposed development until it receives all of the facts. The District simply wants to ensure that the Commission understands that the District will need to obtain realistic flow data in order to properly plan proper influent treatment and effluent recycling. These discussions have not occurred yet.

Based upon third-hand information, the District understands that the proposed development may demand improvements to the wastewater collection system, wastewater treatment system, reclaimed water storage facilities, and reclaimed water distribution system. Until Stilo engages in these discussions, however, the District will not be able to properly evaluate and plan for appropriate solutions. This may cause delays and conditions that may impact the conditions that the Commission may seek to enforce, such as permitting and construction deadlines often included in Commission orders.

The District looks forward to working with the Commission, Tusayan Ventures, and Stilo to ensure that avoidable delays and issues do not arise.

October 10, 2012

Respectfully,

Pete Shearer
Chairman
South Grand Canyon Sanitary District Board of Directors

Pete Shearer

Signature

Attest:

Mresa Weigel

Yvonne Trujillo