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WS-01303A-02-0868
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WS-01303A-02-0870
W-01303A-02-0908
W-01303A-01-0983

Mr. Tom Broderick
Arizona-American Water Co.
19820 North Seventh Street
Phoenix, AZ 85024

Dear Mr. Broderick:

As you know, the deadline for compliance with the new federal arsenic standard of 10 ppb is fast approaching. In some communities, including Tubac, achieving this more stringent standard could cost millions in new physical plant. For the approximately 500 residents of Tubac, this could mean an additional $75 per customer per month, according to unofficial projections offered by your Company.

Given these dramatic costs and the hardship it would inevitably pose for Tubac residents, it is critical that all options for meeting the standard be explored before the final and irreversible decision is made to implement the most expensive remedies. Your letter to the Arizona Department of Environmental Quality asking for a waiver of the January 2006 deadline, at the behest of the people of Tubac, demonstrates some sensitivity to the potential economic train wreck ahead.

Specifically, I would like to know whether Arizona-American has investigated the feasibility of new emerging technologies, including the coal ash technology that is being tested by Berkeley Laboratories in California. Recently, the California Energy Commission awarded a $250,000 grant to Berkeley Labs to determine whether a coal ash purification method being developed there could be deployed by California municipal water providers. Early indicators are that the technology, if brought to the market successfully, could be implemented at a fraction of the cost of current arsenic remediation systems. Have you had any discussions with the Lab about licensing the technology and do you know of any other private water company that is contemplating this technology?

Additionally, as you know, one of the most cost effective methods of meeting the lower arsenic standards is the blending of water from several well sources when one of those wells is below the standard. Please inform the Commission of whether the Company has thoroughly explored this non-treatment option, in particular whether the company could maximize production from all of its wells to blend and meet the standard.

Moreover, has the Company conducted depth-specific testing on its wells to explore whether they exceed the standard at all depths? And has the Company conducted aerial surveys of the Tubac aquifer in an effort to determine whether another well could be drilled in the area to facilitate blending?

It has also come to my attention that Arizona-American has indicated to Tubac residents that a portion of the projected $75 per month projected increase is tied to the company's plans to move its business office and improve fire flow in the area. Is this accurate?

Finally, as you may know, the Commission recently approved Decision No. 67669, Valley Utilities Water Company, in which we implemented an unprecedented water arsenic impact fee for new home construction to help defray the costs associated with meeting the new arsenic standard. Please tell me if Arizona-American has examined the feasibility of a similar fee for new development to help ameliorate the potential costs of arsenic remediation in Tubac.

To further address this issue, I will be holding a town hall meeting, open to the public, on April 14, to discuss this issue with the residents of Tubac. This meeting will take place at the North County Building, and run from 5:00 to 7:00 PM.

The residents of Tubac are understandably concerned about the impending federal deadline and have demonstrated a willingness to collaboratively seek out a solution to the dilemma we face. We owe it to them to ask and answer every question in the months leading up to January 2006.

Thank you for your attention to this very serious matter.

Sincerely,

Kris Mayes
Commissioner

Cc: Chairman Jeff Hatch-Miller
Commissioner William Mundell
Commissioner Marc Spitzer
Commissioner Mike Gleason
Brian McNeil
Steve Owens, Director, ADEQ
Bill Meek, AUIA
Stephen Ahearn, RUCO