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BRIAN C. McNEIL
Executive Secretary

Direct Line: (602) 542-4143
Fax: (602) 542-0765
E-mail: kmayes@cc.state.az.us

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WS-01303A-02-0867
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WS-01303A-02-0870
W-01303A-02-0908

Chairman Jeff Hatch-Miller
Commissioner William A. Mundell
Commissioner Marc Spitzer
Commissioner Mike Gleason

Re: Arizona-American Water Company; Docket No. W-01303A-05-0280, et al.

Dear Colleagues:

As you are aware, a number of Arizona's regulated water providers are struggling to meet the EPA's 10 ppb arsenic standard by the January 23, 2006 deadline. It is troubling that most of Arizona's private water companies have yet to take action on this matter. Their inaction, however, is balanced by valid concerns about different treatment options, and ultimately, the associated costs to the water companies and their ratepayers.

To address this matter with our constituents, I was invited to attend a Town Hall meeting on Thursday in Tubac, attended by residents of the town and representatives from Arizona-American Water Co. I will provide a detailed briefing of the Town Hall at our next Staff Meeting. I was very impressed by the attendees' level of understanding and interest in the arsenic issue. The concern about how their water provider will meet the deadline and how their rates will be affected demonstrated to me that our Commission needs to be more proactive in discussing this issue with communities across the state.

I propose that we begin by holding a special Open Meeting this Fall in Tubac, a town that has become emblematic of the technical and financial burdens wrought by the new arsenic standard. Tubac is also a community highly engaged in this issue, as is Arizona-American Water. I believe that we have much to learn from the residents of Tubac and that we can play a constructive early role in the resolution of the arsenic issues there.

I am sending a separate letter to Steve Owens, Director of ADEQ, asking his staff to examine different treatment options for communities with arsenic levels in excess of 10 ppb. As you know, one of the emerging technologies that is attracting attention in the west, is the coal ash technology being tested by Berkeley Laboratories in California. Recently, the California Energy Commission awarded a $250,000 grant to the lab to determine whether a coal ash purification method being developed there could be deployed by municipal water providers in California. I will ask Director Owens to explore this, and other options being developed by public and private water companies.

A great deal of discussion, both internally at the Commission, and in public has centered upon seeking Congressional intervention to help pay for remediation costs and waiving or extending the deadline in Arizona. I would like the Commission to spearhead a collaborative multi-pronged lobbying effort to seek Congressional support for assistance with funding and flexibility with the January 23, 2006 deadline. However, it is important that the Commission not go at this alone. In order to speak with a more powerful and effective voice, I would encourage the Commission to work with Commissions in neighboring states as well as working with Western Governors and the Western Governors Association to lobby Congressional members from all Western states. The disproportionate burden imposed on western water providers and ratepayers resulting from the new arsenic standard make such a region-wide effort a natural and hopefully successful strategy.

The lobbying effort should focus on two issues. First, whether Congress should act to impose some degree of flexibility for the January 23, 2006 standard. We should emphasize that what works best for one state doesn't always for another. Second, and most importantly, if we are going to be expected to meet the 2006 deadline, we should work with Congressional members from Western states that serve on key Committees, to seek funding for rural communities that will be hit hard with paying for remediation projects. Again, teaming up with other Western Commissions, Governors and the Western Governors Association would be the most effective lobbying strategy towards this effort.

I look forward to your thoughts and partnership on this very important matter to our constituents.

Sincerely,

Kris Mayes
Commissioner

Cc: Ernest Johnson
Steve Olea
Heather Murphy
Brian McNeil
Steve Owens, director, ADEQ
Stephen Ahearn, director, RUCO
Jim Patterson