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September 1, 2011

Terri Sue Rossi
Central Arizona Project
23636 North 7th Street
Phoenix, AZ 85025

RE: Comments on the ADD Water Program Proposal

Dear Ms. Rossi,

Please accept this letter as Arizona American Water's comments on the ADD Water Program Proposal dated July 14, 2011. First, I would like to thank CAP staff for their continued hard work on the ADD Water Program. Second, I would like to express general support for the CAP Staff Proposal. CAP Staff has coalesced a diverse set of opinions into an ADD Water Program that fairly balances the desires and needs of the stakeholders. It is a programmatic approach that spreads risk across the Program and provides the opportunity for all taxpayers throughout the CAP Service Area to benefit from the program. We believe these elements, included by CAP Staff, are critical to a meaningful ADD Water Program.

We at Arizona American Water however remain concerned about the future availability of ADD water to small and Arizona Corporation Commission ("ACC") regulated water utilities. If large up front costs are necessary for program participation in the ADD Water Program, the Program may become prohibitive to many. We support the inclusion of the mechanisms that allow for the delayed payment of the pre-launch costs. Additionally we look forward to further exploring the need and possible inclusion of additional financing mechanisms for all who participate. This will greatly help the ACC regulated and small water utilities' participation in the program and ultimately the increased direct use of renewable water supplies.

Thank you for the opportunity to comment on the Proposal. I look forward to working towards the additional water supplies that the ADD Water Program can bring.

Kind Regards,



Jake Lenderking
Water Resource Manager