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Community Water Company ratepayers may face higher bills to pay for Copper World's planned groundwater pumping

Community Water Company ratepayers are poised to subsidize profits for Toronto-based Hudbay Minerals' proposed Copper World mine in the Santa Rita Mountains east of Sahuarita and Green Valley.

Copper World will dramatically increase groundwater depletion in CWC's service area, driving up the cost of pumping and delivering water to homes and businesses. Higher operating expenses mean bigger water bills.

CWC just increased rates by 24% in August to cover repair costs for its aging infrastructure. CWC expects it will need to drill a new well to meet future demand. The Company told state regulators in 2024 that "groundwater pumping has resulted in a significant decline in water levels."

In its 2024 rate increase application filed with the Arizona Corporation Commission, CWC stated that an increase in groundwater withdrawals in Tubac and a decrease in treated water released into the Santa Cruz River from the Nogales International Wastewater Treatment Plant in Rio Rico would make groundwater depletion even worse.

CWC, however, did not mention that Hudbay's Copper World plans to operate at least four high-capacity groundwater wells within a few miles of CWC's service area that will pump far more groundwater than what CWC is currently using.

CWC has a direct business relationship with Hudbay through a joint venture called Project Renews. Hudbay promised 10 years ago to pay \$30 million for the construction of a ninemile pipeline and recharge basins to bring CWC's Central Arizona Project water allocation to Sahuarita. The CAP transports Colorado River water through a 336-mile canal to Phoenix, Tucson, and terminates north of Sahuarita.

The business deal has allowed CWC, which is a non-profit corporation, to tell its customers for years that it has a plan to bring in renewable CAP water supplies to reduce the rate of groundwater overdraft at no cost to ratepayers.

Hudbay, meanwhile, is telling the public on its <u>website</u> that it will use CAP water to replenish the groundwater needed for Copper World.



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But Project Renews hasn't been built. It is only 20% complete, and CWC now says it won't be done until 2028, 21 years after it was first planned. And that could be way too late.

The ongoing extreme drought is sharply reducing the amount of Colorado River water available to the CAP, casting serious doubt over how much, if any, CAP water will ever be brought to Sahuarita.

Without huge amounts of CAP water to replenish Hudbay's massive groundwater consumption, the groundwater table will decline much faster than it is now. The more groundwater CWC's business partner Hudbay pumps, the more copper it can produce and the greater the profits for its shareholders.

Sooner or later, CWC ratepayers will likely face higher water bills to cover the costs related to Hudbay's groundwater pumping.

Here are the facts:

- State law allows Hudbay to pump <u>unlimited</u> groundwater for its Copper World.
- Hudbay's 2022 technical report indicates it will pump at least 3.1 billion gallons of groundwater a year for Copper World.
- Copper World's annual consumption would be more than four times greater than the 741 million gallons CWC pumped in 2023 for its 13,400 customers.
- CWC's production wells are already declining by up to 4.3 feet per year. The CWC water table has plummeted 187 feet since 1965.
- Hudbay plans to install at least four, high-capacity groundwater extraction wells immediately east of the Santa Cruz River, near CWC's service area.
- Hudbay's groundwater pumping will impact wells within a four-mile radius during the first 20 years of operation.
- Hudbay's pumping could more than double the rate of CWC's long-term average of 3.1 feet of aquifer drawdown a year.
- Hudbay has no legal obligation to replenish the groundwater it uses.

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 Hudbay cannot replenish all the groundwater it will pump from beneath Green Valley and Sahuarita. Most of the CAP water the company has purchased has been recharged at the Lower Santa Cruz Recharge Project in Marana, more than 40 miles north.

Year	Volume (AF)	Recharge Project
2007	14,441	Lower Santa Cruz Recharge Project
2007	559	Pima Mine Road Recharge Project
2008	15,000	Lower Santa Cruz Recharge Project
2009	15,000	Lower Santa Cruz Recharge Project
2022	1,124	Pima Mine Road Recharge Project
2024	843	Lower Santa Cruz Recharge Project
2025	843	Lower Santa Cruz Recharge Project

- Hudbay signed a 10-year annual contract for CAP water beginning in 2022. But 1,124acre feet year (an acre-foot is equal to 325,851 gallons) is for less than 15% of the amount of groundwater the company indicates it will pump each year for Copper World.
- Hudbay purchased no CAP water in 2023. It's allocation was reduced in 2024 and 2025 when the water was stored in Marana.

For more information, see:

- What's Hudbay Hiding about your water?
- Community Water Company's Nov. 13 conservation workshop must address Copper World's enormous groundwater pumping and impact on future water bills.
- CWC 2024 rate increase application with the Arizona Corporation Commission.
- Arizona Corporation Commission's 2025 <u>rate increase order</u>.
- CWC 2024 Annual Report.
- Project Renews
- Copper World and Community Water Company's groundwater pumping calculations.