



<https://thirdact.org/arizona/>

July 28, 2025

Dear Mayor Romero and City Council,

Third Act Arizona is a diverse team of Arizona seniors, with experience in climate adaptation, advocating for a just and sustainable future. Over half of our members reside in the Tucson area and are committed to preserving Arizona's precious water while ensuring that Tucson is a place where future generations can thrive.

We are writing to insist that Project Blue does not move forward and that the Council votes against the annexation of the property. We are outlining several reasons for our opposition to this project that include unsustainable water usage, exorbitant energy demand, lack of long-term jobs and non-compliance with Tucson's Climate Action Plan.

Water Usage

- The agreement states that Project Blue is allowed 1000 acre-feet/year of potable water usage for the first 2 years. It also states that it can continue this usage of potable water for up to 30 years as long as the 18-mile reclaimed water pipeline construction has started within those 2 years. Tucson Water has published that 1 acre-foot of water serves 4 Tucson households per year. This effectively says that Project Blue will use the water that could be provided annually to 4,000 homes for a period that could extend well beyond the first 2 years and easily into a decade long project. Building an 18-mile pipeline is not a trivial task.
- The potable water usage does not state where this water is going to come from. Will it be part of the Tucson Water system which relies heavily on Colorado River Water, or will they draw down the groundwater levels even more in the area? Tucson Water's 22-year [Groundwater Level Change Map](#) shows declining aquifer levels in the Project Blue area of up to -80 feet.
- The long-term water usage is not sustainable. Right now the agreement states that the two proposed data centers in Project Blue will use 1910 acre-feet/year. They are assuming that this will all be reclaimed water. This does not take into account the fact that Tucson Water is relying heavily on Central Arizona Project (CAP) water that is currently being delivered, and CAP water that has been stored over the years in Avra Valley. Tucson is already seeing reduced delivery of CAP water that they are voluntarily leaving in Lake Mead because of Tier 1 shortage conditions on the Colorado River. This is being done to prevent Lake Mead from dropping further into Tier 2 shortage conditions. Tucson Water also did this in order to receive [federal funding](#) to construct a

potable reuse facility for the reclaimed water. Tucson Water knows that our CAP water is not going to be an “Assured Water Supply” in the future. We will need that 1910 acre-feet/year of reclaimed water to be treated to serve 7,640 homes.

- The “Water Positivity” touted by Project Blue is nothing but empty promises. The bottom line is that in order to cool the data center, they are consuming water by evaporating it in cooling towers. This water is not returned to the community. Their “Water Positivity” states that they will pay for water replenishment projects that only need to be [“connected” to Tucson Water’s supply](#). This allows them to pay \$750/acre-foot for water replenishment projects. This is far below the \$2000/acre-foot that Tucson Water pays for their Water Conservation program. The “connected” clause will provide Project Blue the freedom to put money anywhere in the Colorado River Basin (Upper or Lower) since it is “connected” to Tucson Water’s supply. There is no guarantee that Tucson will be compensated for any of this water usage.

Energy

- The midpoint energy usage of Project Blue would be 126% of TEP’s residential customer usage at 5.0 TWh/year. As [Sky Island AI](#) has pointed out, this is like adding another Tucson-area worth of customers to the grid. This is 3 times more usage than any data center in Arizona. At full capacity Project Blue would require 278% of TEP’s residential customer usage, and 123% of total retail delivery.
- Right now there are no concrete plans on how TEP will be able to provide this power to Project Blue. There are promises of using clean energy, yet there are no guarantees. With the current Federal Administration canceling funding for clean energy, and the Arizona Corporation Commission (ACC) discouraging solar energy, TEP cannot be counted on to provide the excessive amount of energy required by Project Blue through solar and wind sources as touted. TEP walked away from a [Franchise Agreement](#) with the City of Tucson because they couldn’t commit to Tucson’s Climate Action Plan. TEP is out to protect their shareholders at Fortis, not our community.
- There has been a [history of data centers](#) such as Project Blue shifting energy costs to customers. Utilities and tech companies are making many of these agreements in secrecy. Project Blue will probably do the same since it was kept secret until the County announced a land sale in July.
- TEP announced a case they are bringing to the ACC for a 14% increase in customer rates the same day the County announced the Project Blue land sale. More troubling is that they are requesting the ACC to allow them a “Formula Rate” structure which will allow them to adjust rates in the future without having to make a case to the ACC. Arizona’s Residential Utility Consumer Office (RUCO) stated that they have never seen a rate reduction in states with a [“Formula Rate”](#) structure. TEP customers will see energy costs shifted to consumers as they try to meet the demands of Project Blue with no transparency to the consumers.
- The major cost increases that utilities claim today are due to infrastructure for generating and delivering power. These fixed costs are passed onto the consumer and are outlined

in [TEP's justification](#) for their current 14% rate increase case. Although Project Blue and TEP state that these costs will not be passed onto the consumer, they can easily be passed on as "reliability" costs as the grid is strained. There is also nothing in the agreement requiring Project Blue to remain in Tucson. If they decide to pack up shop and move on, such as IBM did with manufacturing operations in the 1990's, TEP customers will be left with the fixed infrastructure costs.

- Transmission of this large amount of power to the Project Blue site is going to be a large project of its own. Currently large transmission projects are facing lots of obstacles. The Department of Energy just canceled a loan for the [Grain Belt Express](#) project that would carry renewable energy. There is also opposition to the [SunZia transmission line](#) that would deliver renewable energy to Southern Arizona. There are no concrete outlines of how TEP and Project Blue are going to get the amount of energy double to Tucson's consumption to the site.

Jobs

- Up to 3,000 temporary construction jobs are promised through Project Blue. Beale has made no promise that these will be local workers or that they hire union workers.
- Project Blue will hire 75 - 180 people when fully up and running. This is [only 0.12% of the Tucson economy](#) that we will be trading for decimating our water supply and using the equivalent of a second Tucson's worth of energy.

Climate

- Our Santa Cruz River that supports an [ecosystem](#) and provides shade and cooling to our community through recharge will be decimated by Project Blue's water usage. It would be a much better usage of our reclaimed water to support the [Tucson Million Trees](#) initiative that would help cool our underserved communities.
- Project Blue's outrageous energy usage will require the use of fossil fuels to meet their timeline and energy usage. The City of Tucson has committed to a [Climate Action Plan](#) that will reach net-zero emissions by 2030. In the agreement posted on the City of Tucson's website TEP and Project Blue don't make this commitment to reach net-zero emissions until 2050. Twenty more years is entirely too late for the City of Tucson that is one of the fastest warming cities in the United States, having [warmed by 4.8°F](#) since 1970.

In conclusion Third Act Arizona demands that the City of Tucson vote NO on the annexation of the land for the proposed Project Blue for all of the outlined reasons. Furthermore, we would ask that the City create a plan for bringing businesses into Tucson that support the One Water Framework that values water for people and the environment.

Sincerely,

Third Act Arizona Coordinating Committee and Members

arizona@thirdact.org