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Via Email Only

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To Whom It May Concern:

As you are aware, EPCOR has been heavily involved with the development of a transitional or alternate designation concept including participation in the Governor's Water Policy Council. We are keenly aware of the importance and historical success of the Assured Water Supply program. Smaller and newer water providers that did not receive large CAP or SRP allocations face multiple impediments to obtaining designations of assured water supply and thus historically grew relying upon certificates of assured supply. This 'piecemeal' approach often left large portions of demands in non-designated water providers not only outside of the Assure Water Supply program but led to continued and increasing groundwater mining. We appreciate the Department initiating this process and working with stakeholders on modifying the Assured Water Supply program.

Some of the impediments for water providers obtaining a designation are currently being addressed in proposed legislation by the Arizona State Legislature. Those bill are still pending. Statutory provisions provide the foundation upon which the administrative rules are built. Those pending legislative proposals are crucial to allow the ADAWS concept to function. It is difficult to assess the impact and likelihood of success of the proposed rules without those statutory modifications in place. Until we know what the statutory landscape is, rule commentary is limited at best.

We support the ADAWS concept and look forward to working with the Department on crafting a sensible program. However, we have several concerns on the rules as initially drafted including the 25% "tax" on new non-AMA groundwater supplies by reduction of physically available groundwater. We need to remind the Department that the mere fact of getting designated immediately stops groundwater mining within the service area and stops new future groundwater mining associated with non-subdivision demands. In EPCORs West Valley service area these non-subdivision demands represent 60% of total demands. The mere act of getting designated is net benefit to the aquifer. To place further impediments to this shared goal of allowing more providers to become designated seems counterproductive. Effluent should not be included in these new supplies as effluent is already in the system, while also is double hit for effluent produced from the new supply. We are also concerned that the continued reduction of groundwater availability would artificially truncate supplies available, raising the possibility of the provider not being able to meet the minimum of current and committed demands.

As an alternative to the 25% reduction in physical availability of groundwater availability EPCOR offers the following concept:

For alternate water resources brought into an ADAWS that are imported into the AMA a 5% dedication to meet Consistency With Goal requirements for current groundwater use. This would replace any GRD replenishment and could be done with recharge/recovery or direct deliveries.

This “imported water” would include CAP and any other imported supply such as: tribal lease, Harquahala or other allowable groundwater transportation basin groundwater, Colorado River water, and others such as desalination. It would not include effluent (which we have always encouraged use of and already exists within the system) and AMA surface water.

This gives several advantages:

- 1) Preserves the physical availability of groundwater other than the calculated decline based on actual use.
- 2) Helps alleviate the concerns with increased reliance on the CAGR and the new impacts from legacy pumping.
- 3) Would most likely be more acceptable to ACC and City/Town Councils in that it is a direct cost replacement of GRD fees (see comment below). CAGR rates will continue to climb and are open ended where new importation costs will be fixed.

The final rule package will need to be crafted with political and economic realities in mind. If the requirements are too onerous the proposal will likely be a failure as each water provider has an elected board of public officials who must approve such actions and those elected leaders must face their constituencies. If the economics are too burdensome those councils and commissions will never approve such rate impacts to their customers. Historically, the ACC has been hesitant to fully support designation efforts. This is why few private utilities are designated. More recently, EPCOR has experienced difficulty in recovering costs at the Commission associated with CAP costs. These are real world economic impacts.

Lastly, we are concerned about potential unintended consequences. The act of seeking a designation is voluntary. If the ADAWS requirements are too burdensome and water providers are unable to physically obtain sufficient supplies or economically pay for them that would mean not obtaining the ADAWS. This most likely will drive the development of commercial, industrial, and non-subdivision growth, which would have the perverse result in increased groundwater mining.

I thank the Department for bringing forward the ADAWS concept and look forward to working with the Department and other stakeholders to develop a sensible program.

Sincerely,



Douglas W. Dunham,
Water Resource Manager, EPCOR