



Delivered via E-Mail

July 29, 2024

Director Tom Buschatzke
Arizona Department of Water Resources
1110 W. Washington Street
Suite 310
Phoenix, AZ 85007

Dear Director Buschatzke:

Re: Comments on the Informal Rulemaking Process relative to the Alternative Path to Designation of a 100-year Assured Water Supply

On behalf of our respective organizations, we want to thank the Arizona Department of Water Resources (Department) for their continued work on a rulemaking process to develop an alternative path to designation of a 100-year assured water supply (ADAWS). This endeavor is one in which we all share a collective goal in wanting to be successful. In light of the final comment period before formal rulemaking commences, we feel it is important to draw your attention to a few outstanding issues which collectively are essential for our future participation in the ADAWS program. These issues are as follows:

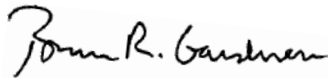
- A legislative or rulemaking path that allows for the conversion of agricultural acres to urban development in exchange for physically available credits in the Phoenix AMA, similar to what was proposed in Senate Bill 1172 during the 2024 Legislative Session. It is critical that the conversion provides sufficient water to support a determination of assured supply on the land, capable of meeting the Department's standards for projected demand. An opportunity exists to provide necessary additional water resources that can count towards a designation while realizing the significant groundwater savings achievable through the program as a whole.
- Reduction of the required 25% groundwater offset from each new alternative water supply and an accounting for how this will be imposed. The necessary "cut to the aquifer" should be fair to both ratepayers and justifiable by the governing bodies of the municipal entities involved. Furthermore, this figure must be substantiated in the economic impact analysis when the formal rulemaking is presented to the Governor's Regulatory Review Council (GRRC). This rule package, like all rulemakings, is required to comply with A.R.S. §1052 D.3 and the GRRC cannot approve any rule unless, "the probable benefits of the rule outweigh within this state the probable costs of the rule **and the agency has demonstrated that it has selected the least burdensome costs to**

persons regulated by the rule". We believe that ADWR is mandated to design the rules so they are the least burdensome on the impacted communities. This is particularly important for the communities who will be spending hundreds of millions of dollars to build infrastructure and acquire new sources of water. These rules have major financial impacts not only on potential designees but also on the ratepayers themselves. Addressing this issue now will avoid any potential delays during the rulemaking process.

- The details of a member service area agreement associated with the Central Arizona Groundwater Replenishment District (CAGRDR) are still to be determined. The costs of replenishment through CAGRDR are extremely high and increasing every year. Therefore, the manner in which these agreements are structured and the transition time allowed, will likely determine whether the alternative designation is financially viable for us.

We appreciate the Department's contemplation and consideration of these matters and are hopeful that we will be able to satisfactorily address these issues so that all signatories may utilize the rulemaking procedure in the future. Our organizations remain committed to continuing to work through the process, providing information and resources and meeting with the Department. Again, thank you for your important work on behalf of our customers and residents and we look forward to continuing to partner.

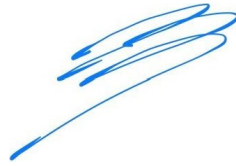
Sincerely,



Bruce R. Gardner
Town Manager
Queen Creek, Arizona



Javier Setovich
Deputy City Manager
Buckeye, Arizona



Thomas Loquvam
General Counsel & V.P. of Public Policy
EPCOR

cc: Chad Campbell, Chief of Staff, Office of the Governor
Jennifer Loreda, Deputy Chief of Staff of Legislative, Policy & Intergovernmental Affairs
Sean Berens, Deputy General Counsel, Office of the Governor
Patrick Adams, Water Policy Advisor, Office of the Governor