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ARIZONA CORPORATION COMMISSION

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October 15, 2007

Chairman Mike Gleason
Commissioner William A. Mundell
Commissioner Jeff Hatch-Miller
Commissioner Gary Pierce

Re: Commission Policy on Department of Water Resources' Best Management Practices for Water Utilities

Dear Colleagues:

As you know, earlier today the Commission received a copy of the Department of Water Resources ("DWR") proposed Best Management Practices ("BMP") for water providers. DWR is requiring that all water providers implement a basic water conservation program. In addition, the BMP rules require water providers that serve up to 5,000 connections to implement one additional BMP, water providers that service 5,001 – 30,000 connections must implement five additional BMPs, and water providers that service more than 30,000 connections must implement ten additional BMPs.

According to Commission Staff, more than 89 percent of the Commission's regulated water companies fall into DWR's lowest category, water providers serving less than 5,000 connections, meaning that these companies would only be required to implement one of DWR's approved BMPs. Additionally, there may be some medium and large water companies that are capable of adopting more BMPs than would be required under the DWR BMP plan.

I believe that in order to aggressively encourage conservation, the Commission should seriously examine requiring water companies to adopt more BMPs than would be necessitated under DWR's BMP program. In an era of documented and persistent drought, it makes little sense over the long term to adopt a program that would result in minimal conservation by the vast majority of the companies we regulate and that does not adequately challenge our largest companies to do all they can to conserve.

Initially, I would propose that regulated water companies be required to follow DWR's BMP program. However, I do not think the Commission should stop there. Rather, the Commission should commence a rulemaking proceeding whereby we would consider the question of requiring regulated water companies to implement more BMPs than DWR has proposed.

I look forward to further addressing this issue at an upcoming Commission Staff Meeting.

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Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kris Mayes', with a long horizontal stroke extending to the right.

Kris Mayes
Commissioner

Cc: Dean Miller
Ernest Johnson
Steve Olea
Chris Kempley
Lyn Farmer
Lace Collins