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ANDY TOBIN
COMMISSIONER

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ARIZONA CORPORATION COMMISSION

Dear Residents and Business Owners within New River and Desert Hills:

I am writing to provide you with an update on the Arizona Corporation Commission activities related to the New River-Desert Hills water hauling situation. As Chair of the Corporation Commission's Water Committee, I value the importance of clean, available water in our desert state.

Last week, our Utilities Division received a letter from EPCOR Water Arizona Inc. offering to provide service to residents and business owners effected by water hauling operations expected to expire on December 31, 2017. I have asked our Utilities Division Director and staff to fully review Epcor Water Arizona Inc.'s proposal as well as all possible water solutions in the area.

To give you an idea of our regulatory authority in this situation, the Corporation Commission is required by law to approve rates set by water providers. In this case, any company proposing to charge residents or business owners for water delivery would be required to come before the Corporation Commission for approval of those rates.

In its letter to the Commission, EPCOR Water Arizona Inc. cites A.A.C. R14-2-402E to allow it to provide service to the area. There are no legal requirements for the company to meet through the Corporation Commission and the company may begin infrastructure upgrades within its service area at any time. The company would then need to come before the Corporation Commission to receive approval for its proposed water rates.

The Corporation Commission is aware of New River's unique needs for water delivery service because of its low water supply. We understand you have a December 31 deadline and will work swiftly to ensure residents and business owners have time to consider and determine the best water service options available. The Commission has also received letters from Phoenix Council Member Thelda Williams, Maricopa County Commissioner Bill Gates and State Senator Karen Fann of Legislative District 1 and will work with this great team of concerned leaders to find a solution.

I will provide you with an update as soon as our staff review is complete. I anticipate that will happen within the next two weeks. In the meantime, please feel free to contact my office at (602) 542-3625 or tobin-web@azcc.gov should you have any questions on the Corporation Commission process and authority.

I look forward to working with your community to find a solution to your water challenges.

Regards,

A handwritten signature in cursive script that reads "Andy M. Tobin".

Commissioner Andy Tobin