

Utilities, Inc. of Central Nevada
1240 E. State St., Ste. 115
Pahrump NV 89048

Pahrump Utility Company Inc.
5250 Hafen Ranch Rd.
Pahrump NV 89061

Desert Utilities Inc.
4060 N. Blagg Rd. #110
Pahrump NV 8906

August 5, 2016

Senator Pete Goicoechea
Attn: Alysa Keller, Subcommittee Policy Analyst
Legislative Commission's Subcommittee to Study Water
Research Division
Legislative Counsel Bureau
401 South Carson Street
Carson City, Nevada 89701-4747

**Re: Recommendation for Possible Consideration by the Legislative Commission's
Subcommittee to Study Water**

Dear Honorable Chairman Goicoechea,

Water and sewer service is provided to many areas of the Pahrump Valley by three privately owned publicly regulated utilities, Desert Utilities Inc. (DUI), Pahrump Utility Company Inc. (PUCI) and Utilities, Inc. of Central Nevada (UICN). The utilities own the majority of the permitted/appropriated water rights in Pahrump. There are approximately 60,000 acre feet of permitted/appropriated water rights in the Pahrump basin, Basin 162. There are also many sections of the Pahrump Valley which are served by domestic wells and septic tank systems. There are 11,000 domestic wells and septic systems in Pahrump. It is estimated that there are approximately 9,000 additional lots that would qualify for domestic wells. The State Water Engineer at the Nevada Division of Water Resources (NWDR) has estimated the annual water recharge to the Pahrump Valley aquifer at 20,000 acre-feet. Clearly the Pahrump Valley basin is over appropriated.

The three utilities are keenly aware of the over appropriation issue and have been working diligently with the State Engineer and the Public Utilities Commission of Nevada to try to balance projected water use with the annual aquifer recharge. In pursuit of that goal utilities have:

1. Worked with and supported the State Engineer's implementation in 2009 of a graduated dedication of water rights schedule that requires larger dedications of water rights as lots increase in size. This has resulted in a 2 to 1 and in some cases a 3 to 1 dedication in excess of actual usage;
2. Implemented a comprehensive conservation plan for all development within the utilities service areas that has been approved by the state engineer. The conservation plan requires use of low-flow fixtures, drought tolerant plants, and limits the amount of turf that can be planted;
3. Implemented Tiered Water Rates to promote water conservation; and
4. Participated in the Pahrump Basin 162 Groundwater Management Advisory Committee for implementation of a groundwater management plan for the Pahrump basin.

It has become quite clear that for any groundwater management plan to balance the basin, it will require not only the cooperation of the three utilities, but all members of the community in the Pahrump Valley basin. It has also become clear that the State Engineer needs additional tools to best manage water in over appropriated basins. At the last legislative session the three utilities and other major

permitted/appropriated water right holders supported SB 81, a bill proposed to give the State Engineer additional tools that would be helpful in managing an over appropriated basin. Because of the over appropriation issue in the Pahrump Valley basin, the three utilities and major permitted/appropriated water right holders support Bill Draft Requests by the State Engineer that would further the path, which the utilities have been pursuing, to a balanced Pahrump Valley basin.

On behalf of the three utility companies in the Pahrump Valley, we would respectfully recommend that the Subcommittee to Study Water support the following recommendations from the State Engineer for Bill Draft Requests (BDRs).

1. Suspend the "Use It or Lose It" law in over appropriated basins. Suspending or eliminating the "Use It or Lose It" law in over appropriated basins is important to conservation of our limited resource. The "Use It or Lose It" statute is simply counterintuitive to conservation. Water right holders, when faced with losing the water right, will put it to use even though that use could be, and should be, postponed. There are agricultural water right holders, who farm to put their water rights to Beneficial Use. These farmers have no incentive to conserve because conservation would jeopardize their water rights. In addition, the "Use It or Lose It" law can be unworkable in a utility service area. A prime example is the person who purchased a lot with water dedicated to it and a well serve from the utility. Because the owner does not intend to retire and build on his lot for another 5-7 years, he and the utility could be in the predicament of losing the water dedicated to serve the lot under the "Use It or Lose It" law and the owner would be unable to build on the lot. It is also fundamentally unfair to require a 2-1 or 3-1 over dedication by the lot owner to balance the basin and the owner still be faced with the prospect of losing the water rights entirely if not promptly used.
2. In times of curtailment, allow indoor domestic well water use without regard to the priority date of the well. In addition to the State Engineer's recommendation, we also recommend domestic well water use for domestic animals (i.e. horse, dog, cat, etc.) without regard to the priority date of the well. These uses are health and safety issues that must be protected even in time of curtailment.
3. Clarify that a Groundwater Management Plan applies to everyone in the basin. To be effective, it is imperative that any groundwater management plan require the involvement of the community in its entirety to be effective in an over appropriated basin. Without the participation of all the parties in an over appropriated basin, the aquifer cannot be balanced.

Thank you for the opportunity to provide these comments. If you have any questions please feel free to contact Wendy Barnett at 844-694-4404, Gregory T. Hafen II at 775-727-1629 or Lenny Badger at 702-242-4949.

Sincerely,



Wendy Barnett
President
Utilities, Inc. of Central NV



Gregory T. Hafen II
General Manager
Pahrump Utility Co. Inc.



Lenny Badger
Manager
Desert Utilities Inc.