

Service areas have played an important role in Arizona for over a century

Clearly defined service areas are essential for the operation of any utility. By plainly indicating where cities can build infrastructure and develop water resources, they help ensure that cities provide clean, plentiful drinking water to their residents and businesses. Despite their importance, service areas are something that most of us take for granted. They seem like a given; they just make so much sense that we don't give any thought to them. Yet, without understanding their history and role in developing the Arizona we know and love, we risk eroding the effectiveness of these crucial components of sound water management.



The origins of service areas can be traced all the way back to feudal Europe. Back then, rulers would issue “franchises” to the owners of essential infrastructure. These franchisees were usually lords and other nobles who owed allegiance to the ruler, and the franchise granted these nobles the right to conduct services that were otherwise reserved for the ruler. For example, the ruler could grant a noble a franchise to operate a grain mill on the noble's estate. This franchise gave the noble a monopoly right, and all peasants on the estate were required to grind all of their wheat at the noble's mill. However, this right also came with a “duty to serve.” This duty meant that the noble could only charge the peasants a small fee for the use of the mill because it was recognized that the peasants had no choice but to use the noble's mill and that the mill was a service that the peasants needed to survive.

These ideas of a monopoly right and a “duty to serve” were carried forward into what we consider the core tenets of public utility service today. These tenets include an obligation to provide consistent and reliable service to all within a service area. Early utilities in the United States operated through franchises, much like what was seen in feudal Europe. Instead of a ruler granting a franchise to a noble, it was a government granting authorization to a private company. Over time, it became clear that many of these private companies could not earn a profit while maintaining the core tenets of the “duty to serve.” These conflicting priorities were especially prevalent in the case of private water companies in the late 19th and early 20th centuries. This led to an increasing number of public water utilities and the phasing out of private ones. Today, private water companies are regulated by government agencies such as the Arizona Corporation Commission, allowing them to operate without this conflict becoming as much of a problem.

Arizona's history of water service follows a similar trend and is full of examples of why clearly defined water service areas are necessary for sound water management. European settlers in Arizona first put water to widespread use in the Phoenix area when they began building

irrigation canals in 1867. Then, there was no single authority to manage the Valley's irrigation water. Instead, a complex system of competing canal companies were constantly suing each other and vying for control of the precious irrigation water resources. Some landowners even had to physically defend their canals to use the water they legally had rights to.

In 1903, the Salt River Valley Water Users Association was established, and it eventually folded all of these competing canal companies into the Salt River Project. With one central management agency with a clear service area covering the Valley, the conflict over irrigation water was largely stopped.

While potable domestic water was considered secondary to irrigation water in early Arizona, it was still necessary for population centers like the burgeoning city of Phoenix. In the earliest days of Phoenix, domestic water was gathered from irrigation canals that went through the center of town. This water proved too unreliable in quality and quantity, so some businesses began to build their own wells and distribution systems to serve their customers. One of these private systems grew into the Phoenix Water Company, which was granted an exclusive franchise to serve domestic water to the City of Phoenix in 1889.

The Phoenix Water Company built the city's first fully underground water distribution system and treatment plant, which treated and distributed two million gallons of groundwater each day. The Company was required to provide enough water to serve all residents of the rapidly growing city, in addition to as much as the city needed for its system of fire hydrants. Eventually, mirroring what happened to many private water companies in early American history, the Phoenix Water Company could not provide secure water service and make an ample profit. The City of Phoenix acquired the Company in 1907 and turned it into what would become today's Phoenix Water Services Department.

As Phoenix continued its rapid growth into the 1950s, numerous small private water companies still served many outlying suburbs that relied on wells and septic systems. Repeated instances of poor management led many of these septic systems to fall into disrepair and caused widespread aquifer pollution in the Phoenix suburbs. Fed up with the poor service, many residents actively petitioned for the city to acquire their water provider. Phoenix did so, eventually acquiring all of these small providers to improve service and stop aquifer pollution threatening groundwater supplies.

These same stories played out across the Valley and Arizona in the early 20th century. Consolidated water service under a single provider for the entire city gave residents stability. It prevented the kind of price gouging and poor service quality caused by competing water providers within these growing cities. Today's municipal water providers take their "duty to serve" seriously. This duty, coupled with secure, clear water service areas, ensures that the 4.5 million residents who call the Valley home will continue to flourish and prosper.

For 55 years, the Arizona Municipal Water Users Association has worked to protect our member cities' ability to provide assured, safe, and sustainable water supplies to their communities. For more water information, visit www.amwua.org.