



Champions For Effective Local Government

March 7, 2012

The Honorable Mary Fallin
Governor of the State of Oklahoma
Oklahoma State Capitol
212 State Capitol Building
Oklahoma City OK 73105

SUBJECT: Proposed ODEQ Fee Increases

Dear Governor Fallin:

The Oklahoma Municipal League (OML) respectfully asks you to disapprove the Oklahoma Department of Environmental Quality (ODEQ) rule amending Chapter 252:631-3-21. This rule significantly increases fees on public water supply systems, primarily rural water districts and municipalities. Water customers of municipalities and rural water districts will consequently bear the burden such large increases. Individuals on fixed incomes and water-dependent businesses will be hit the hardest but it is safe to predict that Oklahoma's overall economy will suffer.

Cities and towns cannot accept unjustified increases ranging on the order of 3 times, 7 times, 12 times and higher depending on the circumstances of a particular public water system. One example is the City of Stillwater whose increase will go from \$5,000 to \$28,000. OML believes this result is unjustified and unnecessary. A little history on the issue:

The OML, through its Municipal Utility Providers Group (OMUP), met with DEQ on six (6) occasions once DEQ staff became available in August 2011 to try to develop a methodology for determining appropriate fees for public water supply systems. After several months in meetings exploring the cost drivers for DEQ programs, there was little to no progress on agency efficiencies, cost savings, program & organizational changes. Several of the municipal representatives from throughout the state had extensive background with the regulatory approach in other states. Even so, our committee was not able to obtain sufficient information to justify a fee increase or to learn whether DEQ had taken efficiency measures to minimize the need for such an increase.

After several months of frustration we were able to reach a consensus with DEQ staff on a different methodology for figuring fees per regulated entity but made it clear all along that was just the first step toward understanding “whether” a fee increase should be adopted. Unfortunately, DEQ could not be persuaded to disclose the basis for its cost figures or to discuss ideas for cutting its costs. As a consequence, OML must oppose the huge fee increases proposed by DEQ.

The rule containing the increases was considered and approved by the DEQ board on Friday, February 24, 2012. These rules should now be in the process of being transmitted to both you and both Houses of the Legislature.

Steve Thompson is asking for additional appropriations from the legislature and says if he receives these then the fees will be less than they would have been otherwise. Mr. Thompson has said if no funding or fee increase is approved, this would force DEQ to let EPA take primacy over the public water system regulation. Due to the economic downturn of the past few years, cities and towns have developed efficient alternatives to this type of thinking and believe that DEQ can do so also.

We appreciate your continued efforts to promote transparency and to hold state agencies accountable. As we have continued to share with DEQ, cities and towns are unwilling to fund “business-as-usual” for a state program without knowing the true costs of managing these programs. Under the teaching of the recent *Holland* case, a “fee” in amounts above that true cost is an unauthorized “tax” and should be rejected.

The OML respectfully asks you to disapprove DEQ Rule amending Chapter 252:631-3-21. Please let me know if you have any questions or desire additional information.

Respectfully submitted,



Carolyn Stager
Executive Director

cc: The Honorable Earl Sears, House of Representatives
The Honorable George Faught, House of Representatives
Denise Northrup, Chief of Staff for Governor Fallin
Katie Altshuler, Director of Policy for Governor Fallin
Glenn Coffee, Secretary of State
Marie Maule, Deputy General Counsel for Governor Fallin