

ORIGINAL



0000170411

BEFORE THE ARIZONA CORPORATIC

RECEIVED

2016 MAY 17 P 4: 22

AZ CORP COMMISSION
DOCKET CONTROL

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27

COMMISSIONERS

- DOUG LITTLE, Chairman
- BOB STUMP
- BOB BURNS
- TOM FORESE
- ANDY TOBIN

ARIZONA CORPORATION COMMISSION
 INVESTIGATION INTO POTENTIAL
 IMPROVEMENTS TO ITS WATER POLICIES

DOCKET NO. W-00000C-16-0151

NOTICE OF ERRATA

On May 13, 2016, several proposed policy statements were filed with the Commission on behalf of a working group of water and wastewater utilities. The proposed "Policy Statement on Water Utility Acquisition Processes" inadvertently omitted a page. A corrected copy of that proposed policy statement is attached

RESPECTFULLY submitted this 17th day of May, 2016.

SNELL & WILMER L.L.P.

Arizona Corporation Commission

DOCKETED

MAY 17 2016

DOCKETED BY	<i>[Signature]</i>
-------------	--------------------

By *[Signature]*

Timothy J. Sabo
 One Arizona Center
 400 East Van Buren Street
 Phoenix, Arizona 85004

Attorney for Global Water Resources, Inc.

1 Original + 13 copies of the foregoing
filed this 17th day of May, 2016 with:

2 Docket Control
3 ARIZONA CORPORATION COMMISSION
1200 West Washington
4 Phoenix, Arizona 85007

5 Copies of the foregoing hand-delivered/mailed
6 this 17th day of May, 2016, to:

7 Dwight D. Nodes
Administrative Law Judge
8 Hearing Division
Arizona Corporation Commission
9 1200 West Washington
Phoenix, Arizona 85007

10 Janice Alward
11 Legal Division
Arizona Corporation Commission
12 1200 West Washington
Phoenix, Arizona 85007

13 Thomas Broderick
14 Director, Utilities Division
Arizona Corporation Commission
15 1200 West Washington
Phoenix, Arizona 85007

16
17 By: *Jacqueline Howard*

18
19
20
21
22
23
24
25
26
27

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

DOUG LITTLE – Chairman
BOB STUMP
BOB BURNS
TOM FORESE
ANDY TOBIN

Arizona Corporation Commission)
Investigation into Potential Improvements)
to its Water Policies) Docket No. W-00000C-16-0151

Arizona Corporation Commission

Policy Statement on Water Utility Acquisition Processes

This substantive policy statement is advisory only. A substantive policy statement does not include internal procedural documents that only affect the internal procedures of the agency and does not impose additional requirements or penalties on regulated parties or include confidential information or rules made in accordance with the Arizona administrative procedure act. If you believe that this substantive policy statement does impose additional requirements or penalties on regulated parties you may petition the agency under § 41-1033, Arizona Revised Statutes, for a review of the statement.

Arizona’s water utility industry remains highly fragmented. We acknowledge the hard work and dedication of many operators of small water utility systems. However, such systems lack economies of scale, and often they also have difficulties accessing equity and debt capital, and some lack the management and technical expertise that a larger enterprise can offer. The

Commission has faced—time and time again—urgent problems posed by some small water utilities who become unable to meet their public service responsibilities. Thus, the Commission encourages consolidation in the water and wastewater industry. Beneficial consolidation includes both acquisitions by large utilities with extensive financial, technical and managerial capabilities, as well as smaller utilities merging together to realize increased capabilities and economies of scale.

Unfortunately, the process for Commission approval of acquisitions has often been too lengthy and burdensome. We do not want the process itself to stand as a deterrent or disincentive to pursuing consolidation. Accordingly, we adopt the attached policy statement to streamline and accelerate the process for Commission approval of acquisitions.

ORDER

IT IS THEREFORE ORDERED that the Commission adopts this substantive policy statement in accordance with A.R.S. § 41-1091.

IT IS FURTHER ORDERED that the Commission Utilities Division and Legal Division shall cause the attached policy statement to be posted on the Commission's website in accordance with A.R.S. § 41-1091.01 and that they cause the policy statement (or a summary thereof) to be published in the Arizona Administrative Register in accordance with A.R.S. §§ 41-1091(A) and 41-1013(B)(15).

Policy Statement on Water Utility Acquisition Process

Notice

This substantive policy statement is advisory only. A substantive policy statement does not include internal procedural documents that only affect the internal procedures of the agency and does not impose additional requirements or penalties on regulated parties or include confidential information or rules made in accordance with the Arizona administrative procedure act. If you believe that this substantive policy statement does impose additional requirements or penalties on regulated parties you may petition the agency under § 41-1033, Arizona Revised Statutes, for a review of the statement.

Policy Statement

1. For sales of water or wastewater utility systems and/or transfers of certificates of convenience and necessity which require Commission approval, where the acquiring entity is a water or wastewater utility in good standing with the Commission and has more customers than the selling utility, the following procedures will apply: [SELECT ONE OR MORE OF THE FOLLOWING]

OPTION ONE: We direct Commission Staff to open a rulemaking docket in order to adopt a “time clock” rule to govern such cases under A.R.S. § 41-1072 to 41-1079, with an “Administrative completeness review time frame” of 30 days and a “substantive review time frame” of 90 days. Until such a rule takes effect, the Hearing Division should establish procedural orders in such cases that establish procedural schedules to designed to complete such cases within the timeframes described in this paragraph.

OPTION TWO: We direct the Commission's Government Affairs Liaison to request that the Legislature add an exemption from the hearing requirement in A.R.S. § 40-282(C) for such cases.

OPTION THREE: The Commission Staff shall review each such application and shall prepare a Staff Report and Proposed Order which shall be issued within 30 days after the sufficiency letter is issued. The Staff Report does not need to include detailed financial or engineering reports, especially where Staff is familiar with the financial, technical, and managerial capabilities of the acquiring utility. The proposed order will be placed on the agenda for the next available Commission open meeting, and the open meeting will constitute the hearing required by A.R.S. § 40-282(C).

2. For stock purchase transactions or mergers that require Commission approval under the Commission's affiliated interest rules, in cases where a Class A water or wastewater utility (or holding company thereof) in good standing with the Commission acquires the stock of or merges with a Class C, D, or E water or wastewater utility, the following procedures shall apply:

OPTION ONE

Absent extraordinary circumstances, when a Class A water or wastewater utility requests a waiver under A.A.C. R14-2-806 for such a transaction, the Commission will allow the waiver to take effect by operation of law under A.A.C. R14-2-806(C). The waiver application must comply with A.A.C. R14-2-806(B) but need not include the information specified in A.A.C. R14-2-803(A).

OPTION TWO

[Can be combined with Option One]

We direct the Commission staff to commence a rulemaking to consider the following amendment to A.A.C. R14-2-803: “D. A notice of intent under this section is not required when the reorganization of an existing Arizona water or wastewater public utility holding company is due to the purchase of the shares (or merger of) a Class C, D, or E water or wastewater utility”.

OPTION THREE

We hereby grant a waiver under A.A.C. R14-2-806 to each Class A water or wastewater utility for all such transactions.