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Y TOBIN'S PROPOSED AMENDMENT RECEIVED

AZ CORP COMMISSION  
DOCKET CONTROL

TIME/DATE PREPARED: September 6, 2016

2016 SEP -6 P 3:57

COMPANY: Arizona Corporation Commission Investigation into Potential Improvements to its Water Policies

AGENDA ITEM NO.: 12

Arizona Corporation Commission

DOCKETED

DOCKET NO.: W-00000C-16-0151 SEP 06 2016 MEETING DATE: September 7 and 8, 2016

DOCKETED BY *[Signature]*

On page 20, line 9, **INSERT** the following:

77. The purpose of establishing acquisition premiums for non-viable companies and "giving credit" to viable companies that purchase them is to incentivize water system consolidation across the state. We know that when a viable company provides service to customers, customers benefit from that company's financial, managerial, and technical competence. The last thing we want to do is be an impediment to that goal. The Arizona Department of Environmental Quality has also expressed similar sentiments for all water systems (including those regulated by the ACC). Some industry stakeholders, however, have expressed concern that certain regulatory enforcement actions against a prospective new owner of a non-viable water system may actually discourage or inhibit that acquisition due to potential negative perceptions in the financial community that some regulatory actions, both formal and informal, may cause.

78. These stakeholders raise legitimate concern, yet they must be balanced with the Commission and ADEQ's primary obligation: the health and welfare of Arizonans. We possess enforcement authority to assure that the new owner is:

- a. making reasonable progress with identifying system deficiencies;
- b. making reasonable progress with correcting identified deficiencies; and
- c. is regularly communicating findings/updates with pertinent regulatory agencies (e.g., ACC, ADEQ, etc.)

We direct ACC Staff to engage with ADEQ and other regulatory agencies to clearly articulate a Policy Statement or Memorandum of Understanding this Commission can adopt that assures regulatory bodies of health and safety deficiencies being timely remedied while attenuating the financial risk that acquisitions of non-viable companies may pose for viable companies. Staff is directed to report back to the Commission with recommendations by September 30, 2016.

**\*\* Add ordering paragraphs, and make all conforming changes**

<b>THIS AMENDMENT:</b>		
_____ Passed _____	Passed as amended by _____	
_____ Failed _____	_____ Not Offered _____	_____ Withdrawn _____