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**Memorandum**  
From the office of  
**Commissioner Andy Tobin**  
**Arizona Corporation Commission**  
1200 W. WASHINGTON  
PHOENIX, ARIZONA  
(602) 542-3625

Arizona Corporation Commission

**DOCKETED**

TO: Docket Control

APR 27 2017

DATE: April 27<sup>th</sup>, 2017

DOCKETED BY  
GP

FROM: Commissioner Andy Tobin's Office

SUBJECT: Global Water Resources, Inc. W-20446A-17-0080, W-03936A-17-0080, SW-20445A-17-0080

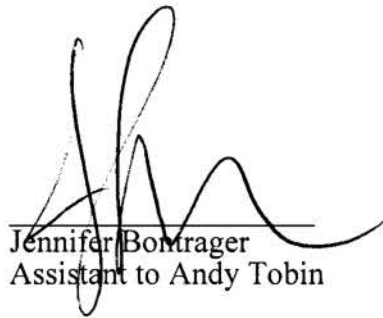
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Following is correspondence from Commissioner Tobin's office.

## CERTIFICATION OF SERVICE

On this 27th day of April, 2017, the foregoing document was filed with Docket Control as a correspondence from Commissioner Andy Tobin, and copies of the foregoing were mailed on behalf of Commissioner Andy Tobin to the following who have not consented to email service. On this date or as soon as possible thereafter, the Commission's eDocket program will automatically email a link to the foregoing to the following who have consented to email service.

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## ARIZONA CORPORATION COMMISSION

April 27, 2017

Chairman Tom Forese  
Arizona Corporation Commission  
1200 W. Washington St.  
Phoenix, AZ 85007

Dear Chairman Forese:

On March 22, 2017, Global Water-Santa Cruz Water Company, LLC and Global Water-Palo Verde Utilities Company, LLC jointly applied for a waiver of the Commission's Affiliated Interest and Holding Company Rules, A.A.C. R14-2-801 *et seq.* (Affiliated Rules) to allow a merger transaction whereby Global Water, LLC, the immediate parent of the two applicants could also become the parent of Eagletail Water Company, L.C. (Eagletail).

The applicants note in their submission that Eagletail faces a number of challenges. The Class E water company, which services approximately 50 customers, is remote, needs significant repairs to its infrastructure, and lacks the requisite managerial, technical and financial capacity to sustainably operate. In other words, Eagletail is a case study the Commission envisioned in Decision No. 75626, the water policy reform package. In that decision the Commission affirmed its "wish to encourage the consolidation of small water utilities through the acquisition because this can result in real benefits to small utilities' customers. Many small utilities lack the financial resources or access to capital needed for capital replacements."<sup>1</sup>

Part of the Commission's approach to achieve this policy is to reduce regulatory burdens that are unnecessary, especially in these transactions. One change the Commission announced in Decision No. 75626 was its view on applying the Affiliated Rules:

"In instances where a Class A, B, or C water utility that is in good standing with the Commission, ADEQ and ADWR seeks to purchase a class D or E water utility and absent extraordinary circumstances, when the acquiring utility requests a waiver under A.A.C.

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<sup>1</sup> Decision No. 75626, Page 16, Lines 28-29; Page 17, Line 1.

R14-2-806...for such a transaction, the Commission will strongly consider allowing the waiver to take effect by operation of law under A.A.C. R14-2-806(C)."<sup>2</sup>

The applicants meet all of the conditions specified above.

Pursuant to Decision 75626, I respectfully request that the Application for Waiver in Docket No. W-03936A-11-0080, *et al.* not be placed on the agenda and be deemed approved by operation of law. Doing so will send a strong message to the water industry that the Commission is serious about removing regulatory impediments that stand in the way of providing all Arizonans, regardless of where they live, safe and reliable water service.

Thank you for your consideration,



Andy Tobin  
Commissioner

cc: Bob Burns, Commissioner  
Doug Little, Commissioner  
Boyd W. Dunn, Commissioner  
Arizona Corporation Commission Docket Control; RE: Docket Nos. W-03936A-17-0080,  
W-20446A-17-0080, and SW-20445A-17-0080

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<sup>2</sup> *Ibid.*, Page 17, Lines 7-11.