



THE ARIZONA SUPREME COURT AFFIRMS THE COMMISSION'S AUTHORITY TO APPOINT AN INTERIM MANAGER FOR JOHNSON UTILITIES

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On Friday, July 31, 2020, the Arizona Supreme Court in a 6-1 opinion affirmed the Corporation Commission's constitutional authority to appoint an interim manager for public service companies under the regulatory authority of the Commission.

"This is a historic day for the citizens of Pinal County and the state of Arizona," said Corporation Commission Chairman Bob Burns. "The Court has recognized the Commission's authority to act and to protect the public from utility operations that pose a risk to the public health and safety of Arizonans statewide."

In 2018, after receiving numerous complaints from Johnson Utilities customers regarding water quality and billing issues, the Corporation Commission commenced an action against Johnson Utilities to appoint an interim manager. After a lengthy evidentiary hearing, the Commission found that Johnson Utilities operations were a threat to public health and safety and detailed the utility's numerous public health violations, including the release of over 400,000 gallons of raw sewage between 2010 and 2018. Upon conclusion of the hearing, the Corporation Commission ordered the immediate appointment of an interim manager.

Commissioner Boyd Dunn applauded the Court's decision saying, "This is a great and historical win for the ACC before the Supreme Court. Such precedence will benefit the ACC for decades to come in allowing us to fully protect the utility customer when necessary."

Johnson Utilities failed to comply with the Commission's order, forcing the Commission to obtain an injunction from the Pinal County Superior Court, compelling Johnson's compliance. Johnson Utilities launched a series of lawsuits aimed at challenging the Commission's constitutional authority to appoint an interim manager. The Arizona Supreme Court rebuffed Johnson's challenge and upheld the Commission's appointment of an interim manager.

Commissioner Justin Olson praised the interim manager appointed to Johnson Utilities stating, "Putting in place an interim manager was a decision that the Commission did not take lightly, but it was a necessary measure to protect the public health and safety of the citizens in San Tan Valley. Prior to the Commission's actions, the utility had an unprecedented amount of sewer system overflows and failed to meet peak demand for water in multiple areas of its jurisdiction. The interim manager has turned things around and put Johnson Utilities on a path toward providing consistently safe and reliable public services. With much work still needed, I am very pleased that the court upheld the Commission's critical decision in this matter."

In 2019, Johnson Utilities served approximately 28,392 water customers and 39,230 wastewater customers.

Commissioner Lea Márquez Peterson stated, "This is a monumental decision by the Justices and provides long awaited relief for the people and businesses in San Tan Valley and Pinal County - as well as statewide."

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About us:

The Arizona Corporation Commission was established by the state's constitution to regulate public utilities and business incorporation. The Corporation Commission is Arizona's co-equal, fourth branch of government. The five Commissioners elected to the Corporation Commission oversee executive, legislative, and judicial proceedings on behalf of Arizonans when it comes to their water, electricity, telephone, and natural gas resources as well as the regulation of securities, pipeline, and railroad safety. To learn more about the Arizona Corporation Commission and its Commissioners, visit <http://azcc.gov>.

