



BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

COMMISSIONERS

DOCKETED

JUN 05 2006

JEFF HATCH-MILLER, Chairman  
WILLIAM A. MUNDELL  
MARC SPITZER  
MIKE GLEASON  
KRISTIN K. MAYES

DOCKETED BY RB

IN THE MATTER OF THE APPLICATION OF  
LIVCO WATER COMPANY FOR AN INCREASE  
IN ITS WATER RATES FOR CUSTOMERS  
WITHIN APACHE COUNTY, ARIZONA.

DOCKET NO. W-02121A-05-0820

IN THE MATTER OF THE APPLICATION OF  
LIVCO SEWER COMPANY FOR AN INCREASE  
IN ITS WASTEWATER RATES FOR  
CUSTOMERS WITHIN APACHE COUNTY,  
ARIZONA.

DOCKET NO. SW-02563A-05-0820

DECISION NO. 68751

ORDER

Open Meeting  
May 2 and 3, 2006  
Phoenix, Arizona

BY THE COMMISSION:

On November 4, 2005, Livco Water Company ("LWC") and Livco Sewer Company ("LSC") (collectively "Applicants") filed with the Arizona Corporation Commission ("Commission") applications for a permanent water rate increase and wastewater treatment rate increase, respectively.

On November 29, 2005, Applicants filed certification that they had provided public notice to their customers of their proposed rate increases by first class U.S. mail and, in response thereto, the Commission received four telephone protests.

On December 2, 2005, pursuant to A.A.C. R14-2-103, the Commission's Utilities Division ("Staff") issued a Notice of Deficiency that LWC's and LSC's applications were deficient and also pointed out to the Applicants that LWC was a Class D utility and LSC was a Class E utility which created a timing problem in the processing of the applications.<sup>1</sup>

On December 19, 2005, Mr. Donald O. Borg filed a request to intervene. Applicants did not oppose this request.

<sup>1</sup> Since the applications were filed together, Staff treated them as consolidated and processed the applications as Class D utilities without objection.

1 On January 3, 2006, Mr. Borg was granted intervenor status.

2 On January 4, 2006, pursuant to A.A.C. R14-2-103, Staff issued a notice of administrative  
3 completeness with respect to the applications filed by LWC and LSC and informed the Applicants  
4 that both applications would be processed as Class D utilities.

5 On March 20, 2006, Staff filed a request for an extension of time in which to file its Staff  
6 Report indicating that it would be filed on March 24, 2006. Applicants did not file any opposition to  
7 this request.

8 On March 24, 2006, Staff filed its report with respect to the applications by LWC and LSC  
9 recommending that the rates and charges proposed by Staff be approved.

10 On March 31, 2006, Staff filed a revised Staff Report due to computation and typographical  
11 errors recommending that its revised rates and charges be approved.

12 \* \* \* \* \*

13 Having considered the entire record herein and being fully advised in the premises, the  
14 Commission finds, concludes, and orders that:

15 **FINDINGS OF FACT**

16 1. Pursuant to authority granted by the Commission, LWC and LSC are Arizona  
17 corporations engaged in the business of providing water and wastewater treatment service,  
18 respectively, in an area approximately 18 miles southwest of St. Johns, Apache County, Arizona.

19 2. LWC's present rates and charges for water were approved in Decision No. 55892  
20 (February 19, 1988).

21 3. LSC's present rates and charges for wastewater treatment service were approved in  
22 Decision No. 55765 (October 21, 1987).

23 4. On November 4, 2005, LWC and LSC filed applications requesting the Commission's  
24 authorization to increase their water and wastewater treatment rates and charges, respectively.

25 5. On November 29, 2005, LWC and LSC provided notice to its customers of their  
26 proposed rates and charges by first class U.S. mail and, in response thereto, four telephone protests  
27  
28

1 were received by the Commission and one customer requested and was granted intervenor status.<sup>2</sup>

2 6. During the test year ended December 31, 2004 ("TY"), LWC served an average of 353  
 3 metered customers, the majority of which are residential users who are served by 5/8" x 3/4" meters.  
 4 LSC served an average of 22 customers, the majority of which, 15, are residential users with 5/8" x  
 5 3/4" water meters and one customer is a country club with both a one and one-half inch and a three-  
 6 inch meter.

7 7. Average and median water usage by residential users during the TY were 6,619  
 8 gallons and 3,423 gallons of water per month, respectively.

9 8. Staff conducted an investigation of LWC's and LSC's proposed rates and charges for  
 10 water and wastewater treatment service, respectively, and filed a revised Staff Report on the  
 11 Applicants' rate requests on March 31, 2006.

12 9. The water rates and charges for LWC at present, as proposed in the application, and as  
 13 recommended by Staff, are as follows:

	<u>Present Rates</u>	<u>Proposed Rates Company</u>	<u>Staff</u>
<u>MONTHLY USAGE CHARGE:</u>			
5/8" x 3/4" Meter	\$11.00	\$11.00	\$11.00
3/4" Meter	11.00	11.00	11.00
1" Meter	14.00	18.00	14.00
1 1/2" Meter	20.00	36.00	20.00
2" Meter	34.00	58.00	50.00
3" Meter	40.00	200.00	116.00
4" Meter	100.00	181.00	181.00
6" Meter	N/A	362.00	362.00
2" Old Concho Townsite Interconnection <sup>3</sup>	100.00	200.00	120.00
Gallons included in minimum	1,000	0	0
Gallons included in minimum - Old Concho Townsite	20,000	20,000	0
...			

28 <sup>2</sup> Approximately a 100 signature petition supported the request for intervention filed by Mr. Borg.  
<sup>3</sup> The Concho Townsite is served by a master meter and is operated as a separate, consecutive utility.

**Commodity Rate (per 1,000 gallons):****5/8 x 3/4 Inch to 1 1/2 inch Meters**

Up to 4,000 gallons	\$1.30	\$1.35	\$1.10
4,000 to 10,000 gallons	1.30	1.60	1.50
Over 10,000 gallons	1.30	1.75	1.65

**2 Inch and larger Meters (per 1,000 gallons)**

Up to 50,000 gallons	\$1.30	\$1.35	\$1.10
50,001 – 100,000 gallons	1.30	1.60	1.50
Over 100,000 gallons	1.30	1.75	1.65

**Old Concho Interconnection (per 1,000 gallons)**

Up to 50,000 gallons	\$1.30	1.35	1.10
50,001 – 100,000 gallons	1.30	1.60	1.50
Over 100,000 gallons	1.30	1.75	1.65

**Commodity Rate:**

Standpipe – Bulk Water	N/A	3.50	3.50
------------------------	-----	------	------

**SERVICE LINE AND METER INSTALLATION CHARGES:**

(Refundable pursuant to A.A.C. R14-2-405)

5/8" x 3/4" Meter	\$200.00	\$500.00	\$500.00
3/4" Meter	300.00	575.00	575.00
1" Meter	250.00	660.00	660.00
1 1/2" Meter	325.00	900.00	900.00
2" Meter – Turbo	400.00	1,525.00	1,525.00
2" Meter – Compound	0.00	2,220.00	2,220.00
3" Meter – Turbo	500.00	2,165.00	2,165.00
3" Meter – Compound	0.00	2,960.00	2,960.00
4" Meter – Turbo	600.00	3,360.00	3,360.00
4" Meter – Compound	0.00	4,265.00	4,265.00
6" Meter – Turbo	0.00	6,035.00	6,035.00
6" Meter – Compound	0.00	7,750.00	7,750.00

**SERVICE CHARGE:**

Establishment	\$10.00	\$25.00	\$25.00
Establishment (After Hours)	15.00	40.00	40.00
Reconnection (Delinquent)	10.00	40.00	40.00
Meter Test (If Correct)	10.00	25.00	25.00
Deposit	*	*	*
Deposit Interest	*	2.00%	*
Reestablishment (Within 12 Months)	**	**	**
Reestablishment (Within 12 months after hours)	N/A	**	**

1	NSF Check	10.00	25.00	25.00
	Deferred Payment (per month)	***	1.50%	1.50%
2	Meter Reread (If Correct)	5.00	20.00	20.00
3	Moving Customer Meter (customer request)	N/A	****	****
4	Late Payment Penalty (per month)	N/A	1/50%	1.50%
	After Hours Service Charge	N/A	50.00	0.00

5 \* Per Commission rule A.A.C. R-14-2-403(B).

6 \*\* Number of months off system times the monthly minimum per Commission rule A.A.C. R14-2-403(D).

7 \*\*\* Per Commission rule R14-2-409(G).

8 \*\*\*\* Per Commission rule R14-2-405.

### 9 LWC

10 10. Pursuant to the Staff Report, LWC's fair value rate base ("FVRB") is determined to be  
11 \$152,145 which is the same as its original cost rate base. LWC's FVRB reflects a \$27,378 increase  
12 by Staff of LWC's proposed FVRB due in large part to an increase in net plant and working capital.

13 11. Staff decreased LWC's TY operating expenses by \$4,963 primarily due to an  
14 adjustment which decreased LWC's depreciation expense by \$4,987.

15 12. LWC's present water rates and charges produced operating revenues of \$94,953 and  
16 adjusted operating expenses of \$87,779 which resulted in operating income of \$7,174 or a 4.71  
17 percent rate of return on FVRB during the TY.

18 13. The water rates and charges LWC proposed would produce adjusted operating  
19 revenues of \$114,205 and adjusted operating expenses of \$89,986 resulting in operating income of  
20 \$24,219 or a 15.92 percent rate of return on FVRB.<sup>4</sup>

21 14. The water rates and charges Staff recommended would produce operating revenues of  
22 \$105,499 and adjusted operating expenses of \$89,986, resulting in operating income of \$15,513 or a  
23 10.20 percent rate of return on FVRB.

24 15. LWC's proposed rate schedules would increase the average monthly customer water  
25 bill by 12.51 percent, from \$18.30 to \$20.59, and increase the median monthly customer water bill by  
26 10.39 percent, from \$14.15 to \$15.62.

27 16. Staff's recommended rates would increase the average monthly customer water bill by

28 <sup>4</sup> It appears that LWC miscalculated its proposed operating revenue at \$112,558. However, Staff's calculations established higher proposed operating revenue of \$114,205 based on the bill count.

1 5.63 percent, from \$18.30 to \$19.33, and increase the median monthly customer water bill by 4.38  
2 percent, from \$14.15 to \$14.77.

3 17. According to the Staff Report, LWC is in compliance with Commission filing  
4 requirements and prior Commission Orders. Additionally, according to Staff, LWC is current on the  
5 payment of its property taxes and its sales taxes, and is providing water which meets the requirements  
6 of the Safe Drinking Water Act as established by the Arizona Department of Environmental Quality  
7 ("ADEQ").

8 18. Based on the revised Staff Report, LWC has two wells in service and they are both in  
9 compliance with the new maximum contaminant level for arsenic since they both produce water  
10 below the new maximum contaminant level of 10 parts per billion.

11 19. According to the narrative review by Staff, LWC's existing water production facilities,  
12 storage facilities, and distribution system are adequate to serve its present customers and reasonable  
13 future growth. However, Staff noted that its calculations conclude that LWC is experiencing a 17.2  
14 percent water loss which exceeds Staff's recommended level of 10 percent or less.

15 20. LWC has received Commission approval for its curtailment tariff and its back-flow  
16 prevention tariff which both became effective on May 11, 2005.

17 21. Staff additionally recommended that the Commission order the following:

- 18 • that LWC adopt the depreciation rates shown on Table B of the engineering report  
19 attached to the revised Staff Report on a going-forward basis;
- 20 • that LWC file, within 90 days of the effective date of this Decision, an application  
21 for the extension of its Certificate to include sections 29 and 33 as defined in  
22 Figure 2 – Certificated Areas in the engineering report which is attached to the  
23 revised Staff Report;
- 24 • that LWC monitor its gallons of water pumped and sold to determine the actual  
25 loss for one full year. If the reported water loss for the period is greater than 10  
26 percent, LWC shall prepare a report containing a detailed analysis and plan to  
27 reduce water loss to 10 percent or less. If LWC believes it is not cost effective to  
28 reduce water loss to less than 10 percent, LWC should submit a detailed cost  
benefit analysis to support this opinion. In no case shall LWC allow water loss to  
be greater than 15 percent. The water loss reduction report or the detailed  
analysis, whichever is submitted, shall be filed, within 15 months of the effective  
date of this Decision, with the Commission's docket control as a compliance item  
in this docket;
- that LWC correct its plant accounts to reflect Staff's Plant in Service adjustments  
as reflected in the revised Staff Report;

- that LWC file, within 30 days of the effective date of this Decision, a tariff schedule of its approved rates and charges, with the Commission's docket control, as a compliance item in this docket; and
- that LWC, in addition to the collection of its regular rates and charges, collect from its customers their proportionate share of any privilege, sales, or use tax as provided for in A.A.C. R14-2-409(D).

**LSC**

22. The wastewater treatment rates and charges for LSC at present, as proposed in the application and as recommended by Staff, are as follows:<sup>5</sup>

**PHASE I**

	<u>Present Rates</u>	<u>Proposed Rates Company</u>	<u>Staff</u>
<u>MONTHLY CHARGE (Residential):</u>			
5/8" x 3/4" Meter	\$8.60	\$20.61	\$16.00
3/4" Meter	8.60	20.61	16.00
1" Meter	8.60	43.00	20.00
1 1/2" Meter	8.60	55.26	39.00
2" Meter	8.60	71.76	72.00
3" Meter	8.60	137.76	139.00
4" Meter	8.60	212.01	214.00
6" Meter	8.60	418.26	422.00

**PHASE II**

	<u>Present Rates</u>	<u>Proposed Rates Company</u>	<u>Staff</u>
<u>MONTHLY CHARGE (Residential):</u>			
5/8" x 3/4" Meter	\$8.60	\$32.62	\$25.00
3/4" Meter	8.60	32.62	25.00
1" Meter	8.60	77.17	32.00
1 1/2" Meter	8.60	101.92	70.00
2" Meter	8.60	134.92	136.00
3" Meter	8.60	266.92	269.00
4" Meter	8.60	415.42	419.00
6" Meter	8.60	827.92	836.00

...  
...  
...  
...  
...

<sup>5</sup> Both LSC and Staff are proposing an increase in wastewater treatment rates which would be phased in over three years.

**PHASE III**

	<u>Present Rates</u>	<u>Proposed Rates Company</u>	<u>Staff</u>
MONTHLY CHARGE (Residential):			
5/8" x 3/4" Meter	\$8.60	\$45.00	\$35.00
3/4" Meter	8.60	45.00	35.00
1" Meter	8.60	112.50	45.00
1 1/2" Meter	8.60	150.00	100.00
2" Meter	8.60	200.00	200.00
3" Meter	8.60	400.00	400.00
4" Meter	8.60	625.00	625.00
6" Meter	8.60	1,250.00	1,250.00

**PHASE I**

	<u>Present Rates</u>	<u>Proposed Rates Company</u>	<u>Staff</u>
MONTHLY CHARGE (Commercial):			
5/8" x 3/4" Meter	\$43.00	\$20.61	\$43.00
3/4" Meter	43.00	20.61	43.00
1" Meter	43.00	42.89	117.00
1 1/2" Meter	43.00	55.26	110.00
2" Meter	43.00	71.76	127.00
3" Meter	43.00	137.76	162.00
4" Meter	43.00	212.01	237.00
6" Meter	43.00	418.26	445.00

**PHASE II**

	<u>Present Rates</u>	<u>Proposed Rates Company</u>	<u>Staff</u>
MONTHLY CHARGE (Commercial):			
5/8" x 3/4" Meter	\$43.00	\$32.62	\$82.00
3/4" Meter	43.00	32.62	82.00
1" Meter	43.00	77.17	191.00
1 1/2" Meter	43.00	101.92	177.00
2" Meter	43.00	134.92	211.00
3" Meter	43.00	266.92	281.00
4" Meter	43.00	415.42	431.00
6" Meter	43.00	827.92	847.00

...

...

...

...

...

...

<b>PHASE III</b>			
	<u>Present Rates</u>	<u>Proposed Rates Company</u>	<u>Staff</u>
<b>MONTHLY CHARGE (Commercial):</b>			
5/8" x 3/4" Meter	\$43.00	\$45.00	\$125.00
3/4" Meter	43.00	45.00	125.00
1" Meter	43.00	112.50	265.00
1 1/2" Meter	43.00	150.00	295.00
2" Meter	43.00	200.00	325.00
3" Meter	43.00	400.00	400.00
4" Meter	43.00	625.00	625.00
6" Meter	43.00	1,250.00	1,250.00
<b>PHASE I</b>			
	<u>Present Rates</u>	<u>Proposed Rates Company</u>	<u>Staff</u>
<b>MONTHLY CHARGE (Country Club):</b>			
1 1/2" Meter	\$43.00	\$55.26	\$127.00
3" Meter	52.00	71.76	168.00
<b>PHASE II</b>			
	<u>Present Rates</u>	<u>Proposed Rates Company</u>	<u>Staff</u>
<b>MONTHLY CHARGE (Country Club):</b>			
1 1/2" Meter	\$43.00	\$101.92	\$211.00
3" Meter	52.00	134.92	284.00
<b>PHASE III</b>			
	<u>Present Rates</u>	<u>Proposed Rates Company</u>	<u>Staff</u>
<b>MONTHLY CHARGE (Country Club):</b>			
1 1/2" Meter	\$43.00	\$150.00	\$295.00
3" Meter	52.00	200.00	400.00
<b>SERVICE CHARGES:</b>			
	<u>Present Rates</u>	<u>Proposed Rates Company</u>	<u>Staff</u>
Establishment	N/A	\$25.00	\$25.00
Establishment (After Hours)	N/A	40.00	40.00
Reconnection (Delinquent)	100.00	100.00	100.00
Deposit	20.00	40.00	40.00

1	Deposit Interest	6.00%	2.00%	*
2	Reestablishment (Within 12 Months)	**	**	**
3	Reestablishment (Within 12 months after hours)	N/A	**	**
4	NSF Check	10.00	25.00	25.00
5	Deferred Payment (per month)	0.00%	1.50%	1.50%
6	Late Payment Penalty (after 30 days)	5.00	10.00	5.00
7	After hours service charge (Rule 14-2- 603(D))	N/A	50.00	0.00

• Per Commission rule A.A.C. R14-2-603(B).

\*\* Per Commission rule A.A.C. R14-2-603(D).

23. Pursuant to the Staff Report, LSC's FVRB is determined to be \$29,077 which is the same as its original cost rate base. LSC's FVRB reflects a \$75,567 decrease by Staff of LSC's proposed FVRB due in large part to a \$77,543 reduction to net plant.<sup>6</sup>

24. LSC's 22 customers produce an average monthly flow of only 5,080 gallons of wastewater per day. As a result, the wastewater treatment system does not have sufficient flow to utilize the entire lagoon, wetlands and reuse sites, but is currently adequate to handle the projected customer growth of 33 customers by 2009. Although the entire system's existing 337,000 gallon plant is not used and useful at this time, the cost of the lagoon site was not paid for by LSC and is not shown on its books and records.

25. After Staff's review of LSC's claimed operating expenses of \$22,189, Staff reduced this amount by a total of only \$87 to \$22,102 for the TY.

26. LSC's present wastewater treatment rates and charges produced operating revenues of \$4,000 and adjusted operating expenses of \$22,102 which resulted in an operating loss of \$18,102 during the TY.

27. LSC's proposed wastewater treatment rates and charges involve a three-year phase-in of its proposed rates and charges in order to produce operating revenues projected at \$23,050 after three years and adjusted operating expenses of \$22,102 resulting in net operating income of \$948 or a

<sup>6</sup> LSC's initial wastewater treatment system apparently consisted of a 50,000 gallon per day extended aeration plant located in the southern portion of the golf course in LSC's certificated service area, but this plant no longer exists. LSC's wastewater is now transported northward along State Highway 61 approximately 5 miles to a 337,000 gallons per day primary settling lagoon which is located just west of the Old Concho Townsite.

1 3.26 percent rate of return on FVRB.<sup>7</sup>

2 28. The wastewater treatment rates and charges as recommended by Staff also reflect a  
3 three-year phase-in as proposed by LSC to avoid rate shock and would produce operating revenues of  
4 \$22,140 and adjusted operating expenses of \$22,102, resulting in net operating income of \$38 or a  
5 .13 percent rate of return on FVRB.

6 29. LSC's proposed three-year increase in wastewater treatment rates would increase a  
7 customer's monthly bill as follows: Phase I from \$8.60 to \$20.61, a 139.7 percent increase; Phase II  
8 from \$8.60 to \$24.02, a 279.3 percent increase; and Phase III from \$8.60 to \$45.00, a 423.3 percent  
9 increase.

10 30. Staff's proposed three-year wastewater rate increase would increase a customer's  
11 average monthly bill as follows: Phase I from \$8.60 to \$16.00, an 86.1 percent increase; Phase II  
12 from \$8.60 to \$25.00, an 190.7 percent increase; and Phase III from \$8.60 to \$35.00, a 307.0 percent  
13 increase.

14 31. According to the Staff Report, LSC is in total compliance with the requirements of the  
15 ADEQ and has no deficiencies. Additionally, LSC is current on the payment of its property taxes.  
16 LSC is also current on its filings with the Commission.

17 32. Staff, besides recommending the approval of its three-year phase-in of its  
18 recommended rates and charges for LSC, is also recommending that the Commission order the  
19 following:

- 20 • that LSC be ordered to adopt the depreciation rates as shown on Table A of the  
21 engineering report attached to the Staff Report;
- 22 • that LSC file, within 90 days of the effective date of this Decision, an application  
23 for the extension of its Certificate to include sections 29 and 33 as defined in  
24 Figure 2 – Certificated Areas in the engineering report which is attached to the  
25 revised Staff Report;
- 26 • that, if LSC owns the 337,000 gallons per day primary settling lagoon site, that  
27 LSC account for the contribution of the lagoon site on its books and records and  
28 maintain its books and records in compliance with the National Association of  
Regulatory Utility Commissioners ("NARUC") Uniform System of Accounts; and

<sup>7</sup> According to the Staff Report, LSC's proposed increase in the monthly flat fee at the end of the three-year phase in would produce operating revenues of only \$19,050 and not the \$23,050 which appears to be the revenue level sought by LSC in its application requesting a permanent rate increase.

- that LSC file, within 30 days of the effective date of this Decision, with the Commission's docket control, as a compliance item in this docket, a tariff schedule of its approved rates and charges.

33. Under the circumstances, after our review of LWC's and LSC's applications herein, and our review of the revised report which was prepared by Staff in this proceeding, we believe that Staff's recommended rates and charges for both LWC and LSC should be approved with the exception that the Country Club should be charged the regular commercial rates for wastewater service according to meter size along with the Staff's additional recommendations in Findings of Fact Nos. 21 and 32.

34. Because an allowance for the property tax expense of LWC and LSC is included in the companies' rates and will be collected from its customers, the Commission seeks assurances from the Applicants that any taxes collected from ratepayers have been remitted to the appropriate taxing authority. It has come to the Commission's attention that a number of water and wastewater companies have been unwilling or unable to fulfill their obligations to pay the taxes that were collected from ratepayers, some for as many as twenty years. It is reasonable, therefore, that as a preventive measure, LWC and LSC annually file, as part of their annual reports, affidavits with the Utilities Division attesting that the companies are current in paying their property taxes in Arizona.

#### CONCLUSIONS OF LAW

1. LWC and LSC are public service corporations within the meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-250 and 40-251.

2. The Commission has jurisdiction over the LWC and LSC and the subject matter of the applications.

3. Notice of the applications was provided in the manner prescribed by law. Under the circumstances described herein, the rates and charges for LWC and LSC as authorized hereinafter are just and reasonable and should be approved without a hearing.

4. Staff's recommendations as set forth in Findings of Fact Nos. 21 and 32 are reasonable and should be adopted.

5. LWC and LSC should comply with Staff's recommendations as set forth in Findings of Fact Nos. 21 and 32, respectively.



SERVICE LINE AND METER INSTALLATION CHARGES:

(Refundable pursuant to A.A.C. R14-2-405)

5/8" x 3/4" Meter	\$500.00
3/4" Meter	575.00
1" Meter	660.00
1 1/2" Meter	900.00
2" Meter – Turbo	1,525.00
2" Meter – Compound	2,220.00
3" Meter – Turbo	2,165.00
3" Meter – Compound	2,960.00
4" Meter – Turbo	3,360.00
4" Meter – Compound	4,265.00
6" Meter – Turbo	6,035.00
6" Meter – Compound	7,750.00

SERVICE CHARGE:

Establishment	\$25.00
Establishment (After Hours)	40.00
Reconnection (Delinquent)	40.00
Meter Test (If Correct)	25.00
Deposit	*
Deposit Interest	*
Reestablishment (Within 12 Months)	**
Reestablishment (Within 12 Months after hours)	**
NSF Check	25.00
Deferred Payment (per month)	1.50%
Meter Reread (If Correct)	20.00
Moving Customer Meter (Customer Request)	***
Late Penalty Payment (per month)	1.50%

- Per Commission rule A.A.C. R-14-2-403(B).

\*\* Number of months off system times the monthly minimum per Commission rule A.A.C. R14-2-403(D).

\*\*\* Per Rule A.A.C. R14-2-405(B)

IT IS FURTHER ORDERED that Livco Sewer Company is hereby directed to file, on or before June 1, 2006, revised rate schedules setting forth the following rates and charges:

PHASE I (effective June 1, 2006)MONTHLY CHARGE (Residential):

5/8" x 3/4" Meter	\$16.00
3/4" Meter	16.00
1" Meter	20.00

1	1 ½" Meter	39.00
	2" Meter	72.00
2	3" Meter	139.00
	4" Meter	214.00
3	6" Meter	422.00

**PHASE II (effective June 1, 2007)**

## MONTHLY CHARGE (Residential):

6	5/8" x ¾" Meter	\$25.00
7	¾" Meter	25.00
	1" Meter	32.00
8	1 ½" Meter	70.00
9	2" Meter	136.00
	3" Meter	269.00
10	4" Meter	419.00
	6" Meter	836.00

**PHASE III (effective June 1, 2008)**

## MONTHLY CHARGE (Residential):

14	5/8" x ¾" Meter	\$35.00
	¾" Meter	35.00
15	1" Meter	45.00
16	1 ½" Meter	100.00
	2" Meter	200.00
17	3" Meter	400.00
	4" Meter	625.00
18	6" Meter	1,250.00

**PHASE I (effective June 1, 2006)**

## MONTHLY CHARGE (Commercial):

21	5/8" x ¾" Meter	\$43.00
22	¾" Meter	43.00
	1" Meter	117.00
23	1 ½" Meter	110.00
24	2" Meter	127.00
	3" Meter	162.00
25	4" Meter	237.00
	6" Meter	445.00

**PHASE II (effective June 1, 2007)**

## MONTHLY CHARGE (Commercial):

1	5/8" x 3/4" Meter	\$82.00
2	3/4" Meter	82.00
	1" Meter	191.00
3	1 1/2" Meter	177.00
	2" Meter	211.00
4	3" Meter	281.00
	4" Meter	431.00
5	6" Meter	847.00

6 **PHASE III (effective June 1, 2008)**

7 **MONTHLY CHARGE (Commercial):**

8		
9	5/8" x 3/4" Meter	\$125.00
	3/4" Meter	125.00
10	1" Meter	265.00
	1 1/2" Meter	295.00
11	2" Meter	325.00
	3" Meter	400.00
12	4" Meter	625.00
13	6" Meter	1,250.00

14 **OTHER CHARGES:**

15	Establishment	\$25.00
	Establishment (After Hours)	40.00
16	Reconnection (Delinquent)	100.00
	Deposit	40.00
17	Deposit Interest	*
	Reestablishment (Within 12 Months)	**
18	Reestablishment (within 12 months after hours)	**
	NSF Check	25.00
19	Deferred Payment (Per Month)	1.50%
20	Late Payment Penalty	5.00

21 \* Per Commission rule A.A.C. R14-2-603(B).

22 \*\* Per Commission rule A.A.C. R-14-2-603(D).

23  
24 IT IS FURTHER ORDERED that Livco Water Company and Livco Sewer Company notify  
25 their customers of the water and wastewater rates and charges approved hereinafter and their  
26 effective date by means of an insert in their next monthly billings and file copies of the notices when  
27 sent to its customers with docket control as a compliance item in this docket.

28 IT IS FURTHER ORDERED that the above water and wastewater rates and charges shall be

1 effective for all service provided after June 1, 2006.

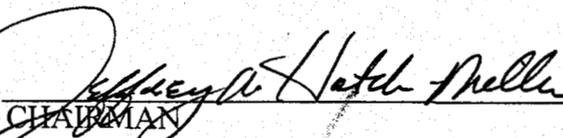
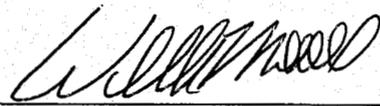
2 IT IS FURTHER ORDERED that Livco Water Company and Livco Sewer Company are  
3 hereby directed to comply with Staff's recommendations as set forth in Findings of Fact Nos. 21 and  
4 32, respectively.

5 IT IS FURTHER ORDERED that in addition to the collection of its regular rates and charges  
6 approved herein, Livco Water Company shall collect from its customers the proportionate share of  
7 any privilege, sales or use tax pursuant to A.A.C. R14-2-409(D).

8 IT IS FURTHER ORDERED that Livco Water Company and Livco Sewer Company shall  
9 annually file as part of their annual reports, affidavits with the Utilities Division attesting that the  
10 Applicants are current in paying their property taxes in Arizona.

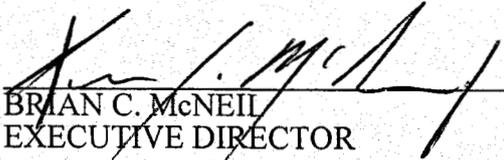
11 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

12 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

13  
14    
15 CHAIRMAN COMMISSIONER

16     
17 COMMISSIONER COMMISSIONER COMMISSIONER

18  
19 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive  
20 Director of the Arizona Corporation Commission, have  
21 hereunto set my hand and caused the official seal of the  
22 Commission to be affixed at the Capitol, in the City of Phoenix,  
23 this 5<sup>th</sup> day of June, 2006.

24   
BRIAN C. McNEIL  
EXECUTIVE DIRECTOR

25 DISSENT \_\_\_\_\_

26  
27 DISSENT \_\_\_\_\_

28 MES:mj

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  
28

SERVICE LIST FOR: Livco Water Company and Livco Sewer Company

DOCKET NOS.: W-02121A-05-0820 and SW-02563A-05-0820

Richard L. Sallquist  
SALLQUIST, DRUMMOND & O'CONNOR  
4500 S. Lakeshore Drive, Ste. 339  
Tempe, AZ 85282

Donald O. Borg  
P.O. Box 263  
Concho, AZ 85924

Christopher Kempsey, Chief Counsel  
Legal Division  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, AZ 85007

Ernest G. Johnson, Director  
Utilities Division  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, AZ 85007