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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

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2007 JUN 12 P 3:40

AZ CORP COMMISSION  
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF  
UTILITY SOURCE, L.L.C. FOR A  
DETERMINATION OF THE CURRENT FAIR  
VALUE OF ITS UTILITY PROPERTY AND FOR  
AN INCREASE IN ITS WATER AND  
WASTEWATER RATES AND CHARGES FOR  
UTILITY SERVICES.

DOCKET NO. WS-04235A-06-0303

RESPONSE TO AMENDMENT TO  
APPLICATION/MOTION TO  
CONTINUE HEARING

On May 1, 2006, Utility Source, LLC ("USLLC" or "Company") filed an application for determination of the fair value of its utility plant and for increases to its charged rates with the Arizona Corporation Commission ("Commission"). On April 30, 2007, a procedural order issued extending the hearing date to June 19, 2007.

On June 8, 2007, the Company filed an amendment to its application for the purpose of obtaining a rate to charge for effluent that the Company produces. The Company suggested a starting rate of \$200.00 per acre foot or \$0.62 per 1,000 gallons sold. However, USLLC indicated that it has no present customers for effluent product.

Commission Utilities Division Staff ("Staff") supports the use of effluent by utilities. However, in order for Staff to make a meaningful evaluation, analysis and eventual recommendation on this change, Staff will need additional information and time. For example, Staff will need to establish how much effluent that USLLC is able to produce. Further, Staff will have to examine how the Company arrived at its recommended rate charge to make its recommendation as to reasonableness of the amount. With respect to evaluating the quantity of available effluent the Company might produce, Staff will have to reopen its engineering analysis, an effort that will be hampered by Staff engineer Mr. Jian Liu's absence on planned vacation until June 15, 2007.

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Arizona Corporation Commission

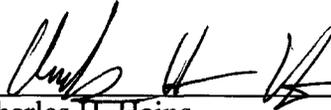
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1 For these reasons, Staff requests a continuance of the hearing in this matter by sixty days as  
2 well as an appropriate suspension of the time clock.

3 RESPECTFULLY SUBMITTED this 12<sup>th</sup> day of June, 2007.

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5   
6 Charles H. Hains  
7 Attorney, Legal Division  
8 Arizona Corporation Commission  
9 1200 West Washington Street  
10 Phoenix, Arizona 85007  
11 (602) 542-3402

12 The original and thirteen (13) copies  
13 of the foregoing were filed this  
14 12<sup>th</sup> day of June, 2007 with:

15 Docket Control  
16 Arizona Corporation Commission  
17 1200 West Washington Street  
18 Phoenix, Arizona 85007

19 Copies of the foregoing were mailed  
20 this 12<sup>th</sup> day of June, 2007 to:

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