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BEFORE THE ARIZONA CORPORATION

COMMISSIONERS

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MIKE GLEASON  
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KRISTIN K. MAYES  
GARY PIERCE

JAN 16 P 4:23

SECRET

IN THE MATTER OF THE APPLICATION OF  
LIVCO WATER AND SEWER COMPANY-  
WATER DIVISION FOR A RATE APPLICATION  
FOR WATER COMPANIES WITH ANNUAL  
GROSS OPERATING REVENUES.

DOCKET NO. W-02121A-07-0506

IN THE MATTER OF THE APPLICATION OF  
LIVCO WATER COMPANY FOR THE  
APPROVAL OF AUTHORITY TO ISSUE LONG  
TERM PROMISSORY NOTES OR BONDS AND  
OTHER EVIDENCE OF INDEBTEDNESS.

DOCKET NO. W-02121A-07-0688

**NOTICE OF ERRATA**

On January 15, 2008, Utilities Division Staff ("Staff") of Arizona Corporation Commission ("Commission") filed its Staff Report in the above captioned matter. Due to an error in the spreadsheet used to develop the rate design, Staff inadvertently used incorrect breakover points in its rate design. Attached are Staff Revised Schedules JMM-4 and JMM-5 as well as appropriate conforming modifications to make in the Staff Report to reflect the correction.

RESPECTFULLY SUBMITTED this 16<sup>th</sup> day of January, 2008.

Charles H. Hains  
Attorney, Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007  
(602) 542-3402

The original and eighteen (15) copies  
of the foregoing were filed this  
16<sup>th</sup> day of January, 2008 with:

Docket Control  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Arizona Corporation Commission

**DOCKETED**

JAN 16 2008

DOCKETED BY

1 Copy of the foregoing mailed this  
2 17<sup>th</sup> day of January, 2008 to:

3 Richard L. Sallquist  
4 Sallquist & Drummond & O'Connor  
5 4500 South Lakeshore Drive, Suite 339  
6 Tempe, Arizona 85282-0001  
7 Attorneys for Livco Water Company

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**LIVCO WATER COMPANY  
DOCKET NOS. W-02121A-07-0506 and W-02121A-07-0688  
TEST YEAR ENDED DECEMBER 31, 2006**

**Executive Summary, Rate Case,**

DELETE: \$18.74, for an increase of \$4.31 or 29.87 percent.

INSERT: \$19.49, for an increase of \$5.06 or 35.07 percent.

**Page 1, Metered Rates,**

DELETE:

Recommended	Company Current  <u>Rates</u>	Company Proposed  <u>Rates</u>	Staff  <u>Rates</u>
Monthly Minimum Charge Based on 5/8 X 3/4 inch meter	\$11.00	\$16.74	\$14.75
Gallons in minimum	0	0	0
Tier One from 1 gallon to 3,000 gallons	\$1.10	\$1.67	\$1.25
Tier Two from 3,001 gallons to 10,000 gallons	\$1.50	\$2.28	\$2.00
Tier Three all gallons over 10,001	\$1.65	\$2.51	\$2.40
Typical residential bill (based on median usage of 3,122 gallons)	\$14.43	\$21.95	\$18.74

INSERT:

Recommended	Company Current  <u>Rates</u>	Company Proposed  <u>Rates</u>	Staff  <u>Rates</u>
Monthly Minimum Charge Based on 5/8 X 3/4 inch meter	\$11.00	\$16.74	\$15.50
Gallons in minimum	0	0	0
Tier One from 1 gallon to 4,000 gallons	\$1.10	\$1.67	N/A
Tier Two from 4,001 gallons to 10,000 gallons	\$1.50	\$2.28	N/A
Tier Three all gallons over 10,001	\$1.65	\$2.51	N/A

**LIVCO WATER COMPANY**  
**DOCKET NOS. W-02121A-07-0506 and W-02121A-07-0688**  
**TEST YEAR ENDED DECEMBER 31, 2006**

Tier One from 1 gallon to 3,000 gallons	N/A	N/A	\$1.25
Tier Two from 3,001 gallons to 10,000 gallons	N/A	N/A	\$2.00
Tier Three all gallons over 10,001	N/A	N/A	\$2.40
Typical residential bill (based on median usage of 3,122 gallons)	\$14.43	\$21.95	\$19.49

**Page 2, Summary of Rate Filing,**

DELETE: \$18.74, for an increase of \$4.31 or 29.87 percent.

INSERT: \$19.49, for an increase of \$5.06 or 35.07 percent.

**Page 6, Rate Design,**

DELETE: \$18.74, for an increase of \$4.31 or 29.87 percent.

INSERT: \$19.49, for an increase of \$5.06 or 35.07 percent.

Schedules:

DELETE: Schedule JMM-4, Schedule JMM-5,

INSERT: Attachment, Revised Schedule JMM-4, and Revised Schedule JMM-5.

**LIVCO WATER COMPANY**

Docket Nos. W-2121A-07-0506 and W-02121A-07-0688  
 Test Year Ended December 31, 2006

Revised Schedule JMM-4  
 Page 1 of 2

**RATE DESIGN**

Monthly Usage Charge	Present	-Proposed Rates-	
	Rates	Company	Staff
5/8" x 3/4" Meter	\$11.00	\$16.74	\$15.50
3/4" Meter	11.00	\$16.74	\$17.75
1" Meter	14.00	\$21.31	\$27.00
1 1/2" Meter	20.00	\$30.44	\$50.00
2" Meter	50.00	\$76.10	\$88.00
3" Meter	116.00	\$176.55	\$248.00
4" Meter	181.00	\$275.48	\$387.50
6" Meter	362.00	\$550.96	\$775.00
2" Old Concho Townsite Interconnect	120.00	\$182.64	\$124.00
Gallons Included in Minimum	\$0.00	\$0.00	\$0.00
Gallons Included in Minimum - Old Concho Townsite	\$0.00	\$0.00	\$0.00
<u>Commodity Rate (per 1,000 gallons):</u>			
<u>5/8 x 3/4 Inch Meters to 1 1/2 Inch Meters</u>			
Up to 4,000 gallons	\$1.10	\$1.67	N/A
4,001 to 10,000 gallons	\$1.50	\$2.28	N/A
Over 10,000 gallons	\$1.65	\$2.51	N/A
<u>2 Inch and Larger Meters</u>			
Up to 50,000 gallons	1.10	1.67	N/A
50,001 to 100,000 gallons	1.50	2.28	N/A
Over 100,000 gallons	1.65	2.51	N/A
<u>Old Concho Interconnect</u>			
Excess of Minimum per 50,000 gallons	1.10	1.67	N/A
50,001 to 100,000 gallons	1.50	2.28	N/A
Over 100,000 gallons	1.65	2.51	N/A
<u>5/8 x 3/4 Inch and 3/4 inch (Residential)</u>			
Up to 3,000 gallons	1.10	1.67	1.25
3,000 to 10,000 gallons	1.50	2.28	2.00
Over 10,000 gallons	1.65	2.51	2.40
<u>5/8 x 3/4 Inch and 3/4 inch (Commercial)</u>			
Up to 3,000 gallons	1.10	1.67	N/A
3,000 to 10,000 gallons	1.50	2.28	2.00
Over 10,000 gallons	1.65	2.51	2.40
<u>3/4 Inch (Residential)</u>			
Up to 3,000 gallons	1.10	1.67	1.25
3,000 to 10,000 gallons	1.50	2.28	2.00
Over 10,000 gallons	1.65	2.51	2.40
<u>3/4 Inch (Commercial)</u>			
Up to 3,000 gallons	1.10	1.67	N/A
3,000 to 10,000 gallons	1.50	2.28	2.00
Over 10,000 gallons	1.65	2.51	2.40
<u>1 Inch (Residential and Commercial)</u>			
Up to 30,000 gallons	N/A	N/A	2.00
Over 30,000 gallons	N/A	N/A	2.40
<u>1 1/2 Inch (Residential and Commercial)</u>			
Up to 80,000 gallons	N/A	N/A	2.00
Over 80,000 gallons	N/A	N/A	2.40

**LIVCO WATER COMPANY**

Docket Nos. W-2121A-07-0506 and W-02121A-07-0688  
 Test Year Ended December 31, 2006

Revised Schedule JMM-4  
 Page 2 of 2

**RATE DESIGN - CONTINUED**

2 Inch (Residential, Commercial, and Old Concho)

Up to 170,000 gallons	N/A	N/A	2.00
Over 170,000 gallons	N/A	N/A	2.40

3 Inch (Residential and Commercial)

Up to 550,000 gallons	N/A	N/A	2.00
Over 550,000 gallons	N/A	N/A	2.40

4 Inch (Residential and Commercial)

Up to 890,000 gallons	N/A	N/A	2.00
Over 890,000 gallons	N/A	N/A	2.40

6 Inch (Residential and Commercial)

Up to 1,800,000 gallons	N/A	N/A	2.00
Over 1,800,000 gallons	N/A	N/A	2.40

Commodity Rates

Standpipe - Bulk Water	3.50	5.33	5.00
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Service Line and Meter Installation Charges

			Service Line Charge	Meter Installation	Total Recommended
5/8" x 3/4" Meter	\$500.00	\$500.00	\$370.00	\$130.00	\$500.00
3/4" Meter	\$575.00	\$575.00	\$370.00	\$205.00	\$575.00
1" Meter	\$660.00	\$660.00	\$420.00	\$240.00	\$660.00
1½" Meter	\$900.00	\$900.00	\$450.00	\$450.00	\$900.00
2" Meter - Turbo	\$1,525.00	\$1,525.00	\$580.00	\$945.00	\$1,525.00
2" Meter - Compound	\$2,220.00	\$2,220.00	\$580.00	\$1,640.00	\$2,220.00
3" Meter - Turbo	\$2,165.00	\$2,165.00	\$745.00	\$1,420.00	\$2,165.00
3" Meter - Compound	\$2,960.00	\$2,960.00	\$765.00	\$2,195.00	\$2,960.00
4" Meter - Turbo	\$3,360.00	\$3,360.00	\$1,090.00	\$2,270.00	\$3,360.00
4" Meter - Compound	\$4,265.00	\$4,265.00	\$1,120.00	\$3,145.00	\$4,265.00
6" Meter - Turbo	\$6,035.00	\$6,035.00	\$1,610.00	\$4,425.00	\$6,035.00
6" Meter - Compound	\$7,750.00	\$7,750.00	\$1,630.00	\$6,120.00	\$7,750.00

Service Charges

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

\* Per Commission Rules (R14-2-403.B)  
 \*\* Months off system times the minimum (R14-2-403.D)  
 \*\*\* 1.5% of unpaid monthly balance.

**TYPICAL BILL ANALYSIS**

General Service 5/8 X 3/4 - Inch Meter

Average Number of Customers: 299

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	6,354	\$18.93	\$28.79	\$9.86	52.09%
Median Usage	3,122	\$14.43	\$21.95	\$7.52	52.11%

Staff Recommend

Average Usage	6,354	\$18.93	\$25.96	\$7.03	37.14%
Median Usage	3,122	\$14.43	\$19.49	\$5.06	35.07%

Present & Proposed Rates (Without Taxes)  
General Service 5/8 X 3/4 - Inch Meter

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Proposed Rates	% Increase
0	\$11.00	\$16.74	52.18%	\$15.50	40.91%
1,000	12.10	18.41	52.15%	16.75	38.43%
2,000	13.20	20.08	52.12%	18.00	36.36%
3,000	14.30	21.75	52.10%	19.25	34.62%
4,000	15.40	23.42	52.08%	21.25	37.99%
5,000	16.90	25.70	52.07%	23.25	37.57%
6,000	18.40	27.98	52.07%	25.25	37.23%
7,000	19.90	30.26	52.06%	27.25	36.93%
8,000	21.40	32.54	52.06%	29.25	36.68%
9,000	22.90	34.82	52.05%	31.25	36.46%
10,000	24.40	37.10	52.05%	33.25	36.27%
15,000	32.65	49.65	52.07%	45.25	38.59%
20,000	40.90	62.20	52.08%	57.25	39.98%
25,000	49.15	74.75	52.09%	69.25	40.90%
50,000	90.40	137.50	52.10%	129.25	42.98%
75,000	131.65	200.25	52.11%	189.25	43.75%
100,000	172.90	263.00	52.11%	249.25	44.16%
125,000	214.15	325.75	52.11%	309.25	44.41%
150,000	255.40	388.50	52.11%	369.25	44.58%
175,000	296.65	451.25	52.12%	429.25	44.70%
200,000	337.90	514.00	52.12%	489.25	44.79%