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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

MIKE GLEASON, Chairman  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
KRISTIN K. MAYES  
GARY PIERCE

Arizona Corporation Commission

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AZ CORP COMMISSION  
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IN THE MATTER OF THE APPLICATION OF  
LIVCO WATER COMPANY FOR A RATE  
INCREASE.

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

PROCEDURAL ORDER

BY THE COMMISSION:

On August 31, 2007, Livco Water Company ("Livco" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for an increase in rates in Docket No. W-02121A-07-0506 ("Rate Case").

On September 28, 2007, the Commission's Utilities Division ("Staff") issued a Letter of Deficiency regarding the application.

On October 12, 2007, the Company filed a response to the deficiency letter with various attachments.

On November 1, 2007, Staff issued a Letter of Sufficiency in the Rate Case and classified Livco as a Class D water utility.

On December 14, 2007, Livco filed with the Commission, an application for approval of authority to issue long-term promissory notes or bonds and other evidence of indebtedness in Docket No. W-02121A-07-0506 ("Finance Case").

On December 19, 2007, Staff filed a Motion to Consolidate the Rate Case and Finance Case dockets. Staff stated that the matters are related and consolidation would assist the Commission in its evaluation of both applications.

1 On December 24, 2007, the Company filed a Response to Staff's Motion to Consolidate.  
2 Livco indicated that it does not oppose Staff's request to consolidate the above-captioned dockets.

3 By Procedural Order issued January 3, 2008, the Rate Case and Financing Case dockets were  
4 consolidated.

5 On January 15, 2008, as amended on January 16, 2008, Staff filed its Staff Report in the  
6 consolidated dockets.

7 On January 23, 2008, Livco filed Objections to the Staff Report.

8 IT IS THEREFORE ORDERED that **Staff shall file a Response to the Company's**  
9 **Objections by no later than February 1, 2008. Staff's Response should include an explanation**  
10 **of its proposed rate design which treats 5/8 inch and 3/4 inch residential and commercial**  
11 **customers differently (i.e., does not impose commodity charges on commercial customers for**  
12 **the first 3,000 gallons of usage).**

13 IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend,  
14 or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at  
15 hearing.

16 DATED this 24<sup>th</sup> day of January, 2008.

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19 \_\_\_\_\_  
20 DWIGHT D. NODES  
21 ASSISTANT CHIEF ADMINISTRATIVE LAW JUDGE

22 Copies of the foregoing mailed/delivered  
23 this 24<sup>th</sup> day of January, 2008 to:

24 Richard L. Sallquist  
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26 4500 S. Lakeshore Dr., Suite 339  
27 Tempe, AZ 85282  
28 Attorneys for Livco Water Co.

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11 By:   
12 Debra Broyles  
13 Secretary to Dwight D. Nodes  
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