

OPEN MEETING ITEM



0000082448

ORIGINAL
COMMISSIONERS
MURIEL LEASON - Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE



ARIZONA CORPORATION COMMISSION

DATE: MARCH 20, 2008
DOCKET NOS: W-02121A-07-0506 and W-02121A-07-0688
TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Lyn Farmer. The recommendation has been filed in the form of an Order on:

LIVCO WATER COMPANY
(RATE INCREASE/FINANCE)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and ten (10) copies of the exceptions with the Commission's Docket Control at the address listed below by 4:00 p.m. on or before:

MARCH 31, 2008

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Working Session and Open Meeting to be held on:

APRIL 8, 2008 and APRIL 9, 2008

For more information, you may contact Docket Control at (602)542-3477 or the Hearing Division at (602)542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

BRIAN C. McNEIL
EXECUTIVE DIRECTOR

RECEIVED
2008 MAR 20 P 4: 14
AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
DOCKETED

MAR 20 2008

DOCKETED BY

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 MIKE GLEASON, Chairman
4 WILLIAM A. MUNDELL
5 JEFF HATCH-MILLER
6 KRISTIN K. MAYES
7 GARY PIERCE

8 IN THE MATTER OF THE APPLICATION OF
LIVCO WATER COMPANY FOR A RATE
INCREASE.

DOCKET NO. W-02121A-07-0506

9 IN THE MATTER OF THE APPLICATION OF
LIVCO WATER COMPANY FOR THE
10 APPROVAL OF AUTHORITY TO ISSUE LONG-
TERM PROMISSIORY NOTES OR BONDS AND
11 OTHER EVIDENCE OF INDEBTEDNESS.

DOCKET NO. W-02121A-07-0688

DECISION NO. _____

ORDER

12 Open Meeting
13 April 8 and 9, 2008
14 Phoenix, Arizona

15 **BY THE COMMISSION:**

16 On August 31, 2007, Livco Water Company ("Livco" or "Company") filed with the Arizona
17 Corporation Commission ("Commission") an application for a permanent water rate increase in
18 Docket No. W-02121A-07-0506 ("Rate Application").

19 On September 28, 2007, pursuant to A.A.C. R14-2-103, the Commission's Utilities Division
20 ("Staff") issued a Letter of Deficiency stating that Livco's application was deficient.

21 On November 1, 2007, pursuant to A.A.C. R14-2-103, Staff issued a Letter of Sufficiency and
22 classified Livco as a Class D utility.

23 On December 14, 2007, Livco filed a Financing Application for approval to enter into certain
24 loan agreements necessary to fund a Water Meter Replacement Program in Docket No. W-02121A-
25 07-0688 ("Financing Application").

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

28 On January 15, 2008, Staff filed its Staff Report on the Rate and Financing Applications

1 recommending, among other things, that Staff's proposed rates and charges be approved and that the
2 Financing Application be approved.

3 On January 16, 2008, Staff filed a Notice of Errata to correct two of the rate schedules
4 attached to the Staff Report.

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

6 On February 1 and 15, 2008, Staff filed Responses to the Company's Objections.

7 On February 29, 2008, Livco filed the Affidavit of Publication for the Financing Application.

8 * * * * *

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

11 **FINDINGS OF FACT**

12 1. Pursuant to authority granted by the Commission, Livco is an Arizona corporation
13 engaged in the business of providing water utility service in the communities of Old Concho
14 Townsite and Concho Valley, which are located approximately 15 miles west and 18 miles
15 southwest, respectively, of St. Johns, along Highway 61 in Apache County, Arizona.

16 2. Livco's present rates and charges for water were approved in Decision No. 68751
17 (June 5, 2006).

18 3. On August 31, 2007, Livco filed its application for an increase in rates.

19 4. On September 13, 2007, Livco filed an affidavit attesting that the Company had
20 provided public notice to its customers of the proposed rate increase by first class U.S. mail.

21 5. On September 28, 2007, Staff issued a Letter of Deficiency regarding the Rate
22 Application.

23 6. On October 12 and 18, 2007, the Company filed additional information in support of
24 the Rate Application.

25 7. On November 1, 2007, Staff issued a Letter of Sufficiency and classified Livco as a
26 Class D water utility.

27 8. On December 14, 2007, Livco filed its Financing Application.

28 9. On December 19, 2007, Staff filed a Motion to Consolidate the Rate Application and

1 Financing Application dockets, and by Procedural Order issued January 3, 2008, the dockets were
2 consolidated.

3 10. On February 29, 2008, Livco filed an affidavit of publication verifying that it had
4 published notice of its Financing Application on January 4, 2008, in the *White Mountain*
5 *Independent*.

6 11. In response to the notices, the Commission's Consumer Services Division received
7 contacts from six customers stating opposition to the proposed rate increase.

8 12. During the test year ended December 31, 2006, Livco served an average of 368
9 metered customers, the majority of which are residential users who are served by 5/8" x 3/4" meters¹.

10 13. Average and median water usage by residential users during the test year were 6,354
11 gallons and 3,122 gallons per month, respectively.

12 14. Staff conducted an investigation of Livco's proposed rates and charges for water
13 service and filed a Staff Report on the Company's rate request on January 15, 2008. Staff filed
14 corrected schedules on January 16 and February 15, 2008. On January 23, 2008, Livco filed
15 Objections to the Staff Report, and on February 1 and 15, 2008, Staff filed Responses to the
16 Company's Objections.

17 15. The water rates and charges for Livco at present, as proposed in the application, and as
18 recommended by Staff, are as follows:

	<u>Present Rates</u>	<u>Company</u>	<u>Proposed Rates Staff</u>
<u>MONTHLY USAGE CHARGE:</u>			
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

19
20
21
22
23
24
25
26
27
28
¹ An affiliated company, Livco Sewer Company ("LSC"), provides wastewater treatment service to approximately 22 customers (as of the last rate case), 15 of which are residential users and one of which is a country club with both a one and one-half inch and a three-inch meter. LSC's wastewater rates were approved in Decision No. 68751 (June 5, 2006) pursuant to a three-year phase-in plan agreed to by LSC and Staff (See Decision No. 68751 at 10-12).

1	6" Meter	362.00	550.96	775.00
2	2" Old Concho Townsite Interconnect ²	120.00	182.64	124.00
3	Gallons included in minimum	\$0.00	\$0.00	\$0.00
4	Gallons included in minimum – Old Concho Townsite	0.00	0.00	0.00
5	<u>Commodity Rate (per 1,000 gallons):</u>			
6	<u>5/8 x 3/4 Inch Meters to 1 1/2 Inch Meters</u>			
7	Up to 4,000 gallons	\$1.10	\$1.67	N/A
8	4,001 to 10,000 gallons	1.50	2.28	N/A
9	Over 10,000 gallons	1.65	2.51	N/A
10	<u>2 Inch and Larger Meters</u>			
11	Up to 50,000 gallons	1.10	1.67	N/A
12	50,001 to 100,000 gallons	1.50	2.28	N/A
13	Over 100,000 gallons	1.65	2.51	N/A
14	<u>Old Concho Interconnect</u>			
15	Excess of Minimum per 50,000 gallons	1.10	1.67	N/A
16	50,001 to 100,000 gallons	1.50	2.28	N/A
17	Over 100,000 gallons	1.65	2.51	N/A
18	<u>5/8 x 3/4 Inch and 3/4 Inch (Residential)</u>			
19	Up to 3,000 gallons	1.10	1.67	1.25
20	3,001 to 10,000 gallons	1.50	2.28	2.00
21	Over 10,000 gallons	1.65	2.51	2.40
22	<u>5/8 x 3/4 Inch and 3/4 Inch (Commercial)</u>			
23	Up to 3,000 gallons	1.10	1.67	2.00
24	3,001 to 10,000 gallons	1.50	2.28	2.00
25	Over 10,000 gallons	1.65	2.51	2.40
26	<u>3/4 Inch (Residential)</u>			
27	Up to 3,000 gallons	1.10	1.67	1.25
28	3,001 to 10,000 gallons	1.50	2.28	2.00
29	Over 10,000 gallons	1.65	2.51	2.40
30	<u>3/4 Inch (Commercial)</u>			
31	Up to 3,000 gallons	1.10	1.67	2.00
32	3,001 to 10,000 gallons	1.50	2.28	2.00
33	Over 10,000 gallons	1.65	2.51	2.40
34	<u>1 Inch (Residential and Commercial)</u>			
35	Up to 24,000 gallons	N/A	N/A	2.00
36	Over 24,000 gallons	N/A	N/A	2.40

² The Concho Townsite is served by a master meter and is operated as a separate, consecutive system.

1	<u>1 ½ Inch (Residential and Commercial)</u>			
2	Up to 60,000 gallons	N/A	N/A	2.00
3	Over 60,000 gallons	N/A	N/A	2.40
4	<u>2 Inch (Residential, Commercial and Old Concho)</u>			
5	Up to 150,000 gallons	N/A	N/A	2.00
6	Over 150,000 gallons	N/A	N/A	2.40
7	<u>3 Inch (Residential and Commercial)</u>			
8	Up to 500,000 gallons	N/A	N/A	2.00
9	Over 500,000 gallons	N/A	N/A	2.40
10	<u>4 Inch (Residential and Commercial)</u>			
11	Up to 830,000 gallons	N/A	N/A	2.00
12	Over 830,000 gallons	N/A	N/A	2.40
13	<u>6 Inch (Residential and Commercial)</u>			
14	Up to 1,750,000 gallons	N/A	N/A	2.00
15	Over 1,750,000 gallons	N/A	N/A	2.40
16	<u>Commodity Rates</u>			
17	Standpipe – Bulk Water	\$3.50	\$5.33	\$5.00

15 SERVICE LINE AND METER INSTALLATION CHARGES:
 16 (Refundable pursuant to A.A.C. R14-2-405)

	<u>Present Rates</u>	<u>Company</u>	<u>Service Line Charge</u>	<u>Meter Installation</u>	<u>Total Recommendations</u>	
18	5/8" x 3/4"					
19	Meter	\$ 500.00	\$ 500.00	\$ 370.00	\$ 130.00	\$ 500.00
20	3/4" Meter	575.00	575.00	370.00	205.00	575.00
21	1" Meter	660.00	660.00	420.00	240.00	660.00
22	1 ½" Meter	900.00	900.00	450.00	450.00	900.00
23	2" Meter – Turbo	1,525.00	1,525.00	580.00	945.00	1,525.00
24	2" Meter – Compound	2,220.00	2,220.00	580.00	1,640.00	2,220.00
25	3" Meter – Turbo	2,165.00	2,165.00	745.00	1,420.00	2,165.00
26	3" Meter – Compound	2,960.00	2,960.00	765.00	2,195.00	2,960.00
27	4" Meter – Turbo	3,360.00	3,360.00	1,090.00	2,270.00	3,360.00
28	4" Meter – Compound	4,265.00	4,265.00	1,120.00	3,145.00	4,265.00
	6" Meter –					

1	Turbo	6,035.00	6,035.00	1,610.00	4,425.00	6,035.00
2	6" Meter – Compound	7,750.00	7,750.00	1,630.00	6,120.00	7,750.00
3	<u>SERVICE CHARGES:</u>					
4	Establishment			\$25.00	\$25.00	\$25.00
5	Establishment (After Hours)			40.00	40.00	40.00
6	Reconnection (Delinquent)			40.00	40.00	40.00
7	Deposit			25.00	25.00	25.00
8	Deposit Interest			*	*	*
9	Reestablishment (Within 12 Months)			*	**	**
10	Reestablishment (Within 12 Months after Hours)			**	**	**
11	NSF Check			\$25.00	\$25.00	\$25.00
12	Deferred Payment (Per Month)			1.50%	1.50%	1.50%
13	Meter Reread (If Correct)			20.00	20.00	20.00
14	Moving Customer Meter (Customer Request)			***	***	***
15	Late Penalty Payment (Per Month)			1.50%	1.50%	1.50%

- 13 * Per Commission rule (R-14-2-403.B).
- 14 ** Months off system times the monthly minimum (R14-2-403.D).
- 15 *** 1.5% of unpaid monthly balance.

16 16. According to the Staff Report, Staff determined Livco's original cost rate base
 17 ("OCRB") to be \$183,278, which is the same as its fair value rate base ("FVRB"). This is a \$3,400
 18 decrease to Livco's proposed OCRB of \$186,678, due primarily to Staff's adjustment to working
 19 capital as a result of adjustments to operating expenses.

20 17. Staff made several adjustments to Livco's proposed test year operating revenues,
 21 resulting in an increase of \$1,201, from \$107,243 to \$108,444. Staff disallowed the Company's
 22 proposed pro-forma adjustment to post test year revenue related to meter changes, but agreed to use
 23 the test year billing determinants with the rates adopted in Decision No. 68751 which became
 24 effective during the test year.

25 18. Staff decreased Livco's test year operating expenses by \$4,631, to \$123,484, due to a
 26 number of minor expense adjustments to purchased power, repairs and maintenance, office supplies
 27 and expense, outside services, water testing, insurance, rate case expense, miscellaneous expense,
 28 property taxes, and income taxes.

1 19. Based on Staff's analysis, Livco's present water rates and charges produced operating
2 revenues of \$108,444 and adjusted operating expenses of \$123,484, which resulted in net operating
3 income of negative \$15,040, for no return on FVRB during the test year.

4 20. The water rates and charges Livco proposed would produce adjusted operating
5 revenues of \$160,077 and adjusted operating expenses of \$139,170 resulting in operating income of
6 \$20,907 or an 11.20 percent rate of return on Livco's proposed OCRB.

7 21. The water rates and charges Staff recommended would produce operating revenues of
8 \$154,116 and adjusted operating expenses of \$133,040, resulting in operating income of \$21,076, or
9 an 11.50 percent rate of return on the \$183,278 FVRB.

10 22. Livco's proposed rate schedules would increase the average monthly customer water
11 bill by \$9.86, or 52.09 percent, from \$18.93 to \$28.79, and increase the median monthly customer
12 water bill by \$7.52, or 52.11 percent, from \$14.43 to \$21.95.

13 23. Staff's recommended rates would increase the average monthly customer water bill by
14 \$6.28, or 33.17 percent, from \$18.93 to \$25.21, and increase the median monthly customer water bill
15 by \$5.06, or 35.07 percent, from \$14.43 to \$19.49.

16 24. On January 23, 2008, Livco filed Objections to several of Staff's recommended
17 adjustments. The Company argued that the \$1,201 adjustment to water meter revenues was
18 inappropriate because the revenue changes cited in the Staff Report are known and measurable and
19 should be reflected in this rate case. Livco also disputed disallowance of a \$1,361 charitable
20 contribution associated with the Company's subsidization of part of the water bill for the Lions Park,
21 based on Livco's assertion that its contribution benefits the entire community. The Company also
22 objected to Staff's income tax calculation due to the differences in the revenue recommendations.
23 Finally, Livco objected to Staff's proposal to impose a three-tier rate design on 5/8 inch and 3/4 inch
24 meter residential customers but a rate design for 5/8 inch and 3/4 inch commercial customers that it
25 believes is unduly beneficial to commercial customers.

26 25. Based on the rationale set forth in the Staff Report for Staff's proposed adjustments
27 and rate design and in the Responses to the Objection, we believe Staff's recommendations should be
28 adopted. With respect to the \$1,201 test year revenue reduction, Staff explained that the Company's

1 pro-forma proposal included projections that were not known and measurable and created a mismatch
2 between test year revenues and expenses. Regarding the disputed charitable contribution of water for
3 the community park, Staff noted that in its bill inserts, the Company urges customers to support the
4 Lions' Club and the Park and has a "contribution jar" at its office soliciting support for the Lions'
5 Park water bill. Staff argues that through these methods, the Company has given ratepayers a choice
6 to support the Park or not, and that customers should not be forced to pay the costs if they do not
7 wish contribute. We agree that test year expenses were properly reduced by Staff. Staff's proposed
8 rate design as corrected and clarified in its February 15, 2008 filing responds to the Company's rate
9 design concern, and does not unduly benefit commercial customers.

10 26. Accordingly, we adopt the rates and charges as proposed by Staff, which include the
11 appropriate income tax expense.

12 27. Staff recommended approval of its proposed rates and charges and also recommended
13 the following:

14 (a) The Company should collect from its customers a proportionate share of any
15 privilege, sales or use tax as provided for in Arizona Administrative Code ("A.A.C.")
R-14-2-409(D).

16 (b) The Company be ordered to file with Docket Control, as a compliance item in this
17 docket, a tariff schedule of its new rates and charges within 30 days after the effective
18 date of the Decision in this proceeding; and

19 (c) The Company shall continue using depreciation rates by individual NARUC
20 category on a going-forward basis.

21 28. According to the Staff Engineering Report, the Company's current system can
adequately serve its present customer base as well as any reasonable growth.

22 29. According to the Staff Report, Livco is in compliance with Commission filing
23 requirements and prior Commission Orders.

24 30. Staff states that the Arizona Department of Environmental Quality reported no
25 deficiencies for the Company and determined that Livco's water system is currently delivering water
26 that meets the water quality standards required by A.A.C., Title 18, Chapter 4.

27 31. The Company is not within an Active Management Area, and, as such, is not subject
28 to Arizona Department of Water Resources reporting and conservation requirements.

1 32. Livco's two wells are both in compliance with the new maximum contaminant level
2 for arsenic as they both produce water below the new MCL of 10 parts per billion.

3 33. Livco has Commission-approved curtailment and back-flow prevention tariffs.

4 34. According to the Staff Report, Livco is current on the payment of its property taxes
5 and is in good standing with the Arizona Department of Revenue and the Corporations Division of
6 the Commission.

7 35. In Decision No. 68751, the Company was ordered to monitor its system and submit a
8 water loss reduction report or detailed analysis and plan to reduce its water loss to 10 percent or less.
9 According to the Staff Engineering Report, in its 2006 Annual Report, the Company submitted its
10 monitoring results which indicated a 21.1 percent water loss. The Company explained that the high
11 water losses were caused by 20-year old customer meters and a 30-year old well meter not registering
12 accurately, and that although approximately 25 percent of the customer meters have been replaced,
13 the Company did not have enough revenue to replace the remaining approximate 300 meters.

14 36. Livco plans to replace the 300 meters with new electronic sensor meters which will
15 include remote meter-reading capability.

16 37. The Company's Financing Application requests Commission approval to obtain a
17 \$124,000 loan from the Water Infrastructure Financing Authority ("WIFA") for a term of 20 years
18 and at a 6.5 percent annual interest rate. The funds from the loan will be used to replace the
19 approximate 300 meters, as well as the appurtenant facilities. Engineering Staff concluded that the
20 Water Meter Replacement Program is appropriate and the cost estimate of \$124,000 is reasonable.

21 38. Staff analyzed the Company's adjusted test year financial statements dated December
22 31, 2006, as adjusted by Staff. The Company's capital structure consisted of 100 percent equity, and
23 the drawing of the entire proposed WIFA loan would result in a pro-forma capital structure
24 comprised of 1.04 percent short-term debt, 40.43 percent long-term debt, and 58.53 percent equity.

25 39. Staff examined the effects of the proposed financing on the Company's debt service
26 coverage ("DSC") and times interest earned ("TIER") ratios.³ Using Staff's recommended revenue

27 ³ DSC represents the number of times internally generated cash cover required principal and interest payments on debt. A
28 DSC greater than 1.0 means operating cash flow is sufficient to cover debt obligations. TIER represents the number of
times earnings before income tax expense covers interest expense on debt. A TIER greater than 1.0 means that operating

1 requirement and fully drawing the proposed \$124,000 loan results in pro forma DSC and TIER of
2 3.93 and 3.34, respectively. These ratios show that the Company would have adequate cash flow to
3 meet all obligations, including the proposed debt.

4 40. Staff recommended approval of the Financing Application.

5 41. Staff's recommendations in Findings of Fact Nos. 27 and 40 are reasonable and should
6 be adopted.

7 **CONCLUSIONS OF LAW**

8 1. Livco is a public service corporation within the meaning of Article XV of the Arizona
9 Constitution and A.R.S. §§ 40-250, 40-251, 40-301, 40-302, and 40-303.

10 2. The Commission has jurisdiction over Livco and of the subject matter of the
11 application.

12 3. Notice of the applications was given in accordance with the law.

13 4. The rates and charges authorized herein are just and reasonable and should be
14 approved without a hearing.

15 5. The financing approved is for lawful purposes within Livco's corporate powers, is
16 compatible with the public interest, with sound financial practices, and with the proper performance
17 by Livco of service as a public service corporation, and will not impair its ability to perform the
18 service.

19 6. The financing approved herein is for the purposes stated in the application, is
20 reasonably necessary for those purposes, and such purposes are not, wholly or in part, reasonably
21 chargeable to operating expenses or to income.

22 7. Staff's recommendations, as set forth in Findings of Fact Nos. 27 and 40, are
23 reasonable and should be adopted.

24 **ORDER**

25 IT IS THEREFORE ORDERED that Livco Water Company is hereby directed to file with
26 Docket Control, as a compliance item in this docket, on or before April 30, 2008, revised rate

27
28 income is greater than interest expense. A TIER less than 1.0 is not sustainable in the long term but does not necessarily mean that debt obligations cannot be met in the short term.

1 schedules setting forth the following rates and charges:
 2

3 MONTHLY USAGE CHARGE:

4	5/8" x 3/4" Meter	\$15.50
	3/4" Meter	17.75
5	1" Meter	27.00
6	1 1/2" Meter	50.00
	2" Meter	88.00
7	3" Meter	248.00
	4" Meter	387.75
8	6" Meter	775.00
9	2" Old Concho Townsite interconnect	124.00

10 Commodity Rate (per 1,000 gallons):
 11

12 5/8 x 3/4 Inch and 3/4 Inch (Residential)

13	Up to 3,000 gallons	1.25
	3,001 to 10,000 gallons	2.00
14	Over 10,000 gallons	2.40

15 5/8 x 3/4 Inch and 3/4 Inch (Commercial)

16	Up to 10,000 gallons	2.00
	Over 10,000 gallons	2.40

17 3/4 Inch (Residential)

18	Up to 3,000 gallons	1.25
	3,001 to 10,000 gallons	2.00
19	Over 10,000 gallons	2.40

20 3/4 Inch (Commercial)

21	Up to 10,000 gallons	2.00
	Over 10,000 gallons	2.40

22 1 Inch (Residential and Commercial)

23	Up to 24,000 gallons	2.00
24	Over 24,000 gallons	2.40

25 1 1/2 Inch (Residential and Commercial)

26	Up to 60,000 gallons	2.00
	Over 60,000 gallons	2.40

27 2 Inch (Residential, Commercial and Old Concho)

28	Up to 150,000 gallons	2.00
----	-----------------------	------

1	Over 150,000 gallons	2.40
2	<u>3 Inch (Residential and Commercial)</u>	
	Up to 500,000 gallons	2.00
3	Over 500,000 gallons	2.40
4	<u>4 Inch (Residential and Commercial)</u>	
	Up to 830,000 gallons	2.00
5	Over 830,000 gallons	2.40
6	<u>6 Inch (Residential and Commercial)</u>	
	Up to 1,750,000 gallons	2.00
7	Over 1,750,000 gallons	2.40
8		
9	<u>Commodity Rates</u>	
	Standpipe – Bulk Water	\$5.00

11 SERVICE LINE AND METER INSTALLATION CHARGES:
 12 (Refundable pursuant to A.A.C. R14-2-405)

	<u>Service Line Charge</u>	<u>Meter Installation</u>	<u>Total</u>
14	5/8" x 3/4" Meter	\$ 370.00	\$ 500.00
	3/4" Meter	370.00	575.00
15	1" Meter	420.00	660.00
	1 1/2" Meter	450.00	900.00
16	2" Meter – Turbo	580.00	1,525.00
	2" Meter – Compound	580.00	2,220.00
17	3" Meter – Turbo	745.00	2,165.00
	3" Meter – Compound	765.00	2,960.00
18	4" Meter – Turbo	1,090.00	3,360.00
	4" Meter – Compound	1,120.00	4,265.00
19	6" Meter – Turbo	1,610.00	6,035.00
20	6" Meter – Compound	1,630.00	7,750.00

21 SERVICE CHARGES:

22	Establishment	\$25.00
23	Establishment (After Hours)	40.00
24	Reconnection (Delinquent)	40.00
	Deposit	25.00
25	Deposit Interest	*
	Reestablishment (Within 12 Months)	**
26	Reestablishment (Within 12 Months after Hours)	**
27	NSF Check	\$25.00
28	Deferred Payment (Per Month)	1.50%

1	Meter Reread (If Correct)	20.00
	Moving Customer Meter (Customer Request)	***
2	Late Penalty Payment (Per Month)	1.50%

- 3 * Per Commission rule (R-14-2-403.B).
- 4 ** Months off system times the monthly minimum (R14-2-403.D).
- 5 *** 1.5% of unpaid monthly balance.

6 IT IS FURTHER ORDERED that the above rates and charges shall be effective for all service
7 provided on and after May 1, 2008.

8 IT IS FURTHER ORDERED that within 15 days of the effective date of this Order, Livco
9 Water Company shall notify its customers of the rates and charges authorized hereinabove and their
10 effective date in a form acceptable to the Commission's Utilities Division Staff.

11 IT IS FURTHER ORDERED that Livco Water Company is hereby authorized to borrow up
12 to \$124,000 from the Arizona Water Infrastructure Finance Authority for a term of 20 years, and
13 upon such other terms and interest rates as the Water Infrastructure Finance Authority may require at
14 the time it approves the loan.

15 IT IS FURTHER ORDERED that such financing authority shall be expressly contingent upon
16 Livco Water Company's use of the proceeds for the purposes stated in the application and approved
17 herein.

18 IT IS FURTHER ORDERED that Livco Water Company is authorized to engage in any
19 transactions and to execute any documents necessary to effectuate the authorization granted herein.

20 IT IS FURTHER ORDERED that Livco Water Company shall file with Docket Control, as a
21 compliance item in this docket, copies of its executed financing documents as soon as practicable but
22 no later than 120 days after the effective date of this Decision.

23 IT IS FURTHER ORDERED that approval of the financing set forth hereinabove does not
24 constitute or imply approval or disapproval by the Commission of any particular expenditure of the
25 proceeds derived thereby for purposes of establishing just and reasonable rates.

26 IT IS FURTHER ORDERED that in addition to collection of its regular rates and charges,
27 Livco Water Company shall collect from its customers a proportionate share of any privilege, sales or
28 use tax per A.C.C. R14-2-409(D).

1 IT IS FURTHER ORDERED that Livco Water Company shall continue to use the
2 depreciation rates by individual NARUC category on a going-forward basis.

3 IT IS FURTHER ORDERED that Livco Water Company shall continue to file as part of its
4 annual report, affidavits with the Utilities Division attesting that it is current on payment of its
5 property taxes in Arizona.

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

7 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.
8
9

10 CHAIRMAN

COMMISSIONER

11
12 COMMISSIONER

COMMISSIONER

COMMISSIONER

13
14 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
15 Director of the Arizona Corporation Commission, have
16 hereunto set my hand and caused the official seal of the
17 Commission to be affixed at the Capitol, in the City of Phoenix,
18 this ____ day of _____, 2008.

19 _____
BRIAN C. McNEIL
EXECUTIVE DIRECTOR

20
21 DISSENT _____

22
23 DISSENT _____

24 LAF:dap
25
26
27
28

1 SERVICE LIST FOR: LIVCO WATER COPANY
2 DOCKET NOS.: W-02121A-07-0506 and W-02121A-07-0688

3
4 Richard L. Sallquist
5 SALLQUIST & DRUMMOND
6 4500 S. Lakeshore Dr., Suite 339
7 Tempe, AZ 85282
8 Attorneys for Livco Water Company

9 Christopher Kempley, Chief Counsel
10 Legal Division
11 ARIZONA CORPORATION COMMISSION
12 1200 West Washington Street
13 Phoenix, Arizona 85007

14 Ernest Johnson, Director
15 Utilities Division
16 ARIZONA CORPORATION COMMISSION
17 1200 West Washington Street
18 Phoenix, Arizona 85007

19
20
21
22
23
24
25
26
27
28