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BEFORE THE ARIZONA CORPORATION COMMISSION

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**COMMISSIONERS**

KRISTIN K. MAYES, CHAIRMAN  
GARY PIERCE  
PAUL NEWMAN  
SANDRA D. KENNEDY  
BOB STUMP

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

DOCKET NOS. W-02121A-07-0506  
W-02121A-07-0688

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.

**NOTICE OF COMPLIANCE  
REGARDING WATER LOSS  
REPORT**

Pursuant to Decision No. 70380, as amended by 71246, Livco Water Company  
hereby files its Water Loss Report set forth in Attachment 1.

RESPECTFULLY SUBMITTED this 24<sup>th</sup> day of November, 2009.

**MOYES SELLERS & SIMS**

  
Steve Wene

Original and 15 copies of the foregoing  
filed this 24<sup>th</sup> day of November, 2009, with:

Arizona Corporation Commission  
**DOCKETED**

NOV 24 2009

DOCKETED BY 

1 Docket Control  
2 Arizona Corporation Commission  
3 1200 West Washington  
4 Phoenix, Arizona 85007

5 Copies of the foregoing mailed  
6 this 24<sup>th</sup> day of November, 2009 to:

7 Mr. Ernest G. Johnson, Director  
8 Utilities Division  
9 Arizona Corporation Commission  
10 1200 West Washington Street  
11 Phoenix, Arizona 85007

12 Ms. Janice M. Alward, Chief Counsel  
13 Legal Division  
14 Arizona Corporation Commission  
15 1200 West Washington Street  
16 Phoenix, Arizona 85007

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# **ATTACHMENT 1**

## **Water Loss Report**

### **1.0 Purpose of Report**

In Decision No. 70308, the Arizona Corporation Commission (“Commission”) ordered Livco Water Company (“Livco”) to monitor its water loss for a year. The Commission further ordered that if water loss exceeded 10%, then Livco had to file a report containing an analysis and a plan to reduce water loss to no more than 10% of its water withdrawals. This report is submitted to the Commission by Livco to comply with Decision No. 70308.

### **2.0 Relevant Facts**

The Livco water delivery system consists of more than 35 miles of pipeline servicing 380 homes within a 5 square mile area. In contrast, a typical urban system can serve 400 customers with 12 miles of pipeline. So even under ideal conditions, the goal of attaining 10% water loss will be 3 times more difficult for Livco to achieve. The Livco underground system is between 20 and 40 years old.

Nevertheless, Livco’s efforts to reduce water losses have already rendered positive results. In 2007, water loss was 22%. In 2008, Livco reduced water loss to 19%. From November 1, 2008 to October 31, 2009, Livco monitored the amount of water pumped as well as the amount of water sold to customers. The table below sets forth the results of this monitoring program:

Month	Gal pump	Gal sold	Unmetered	Purchased	Loss	%
Nov 08	2,370,700	2,002,000	160,000		208,700	8.8%
Dec 08	2,478,800	1,968,200	10,000		500,600	20.2%*
Jan 09	2,209,500	1,754,355	10,000		445,145	20.1%*
Feb 09	1,928,300	1,471,200	10,000		447,100	23.2%
Mar 09	2,299,100	1,916,600	10,000		372,500	16.2%
Apr 09	3,168,700	2,751,800	50,000		366,900	11.6%
May 09	4,408,700	3,787,100	50,000		571,600	13.0%
Jun 09	4,646,000	4,076,800	20,000		549,200	11.8%
Jul 09	5,670,200	5,047,100	60,000		563,100	9.9%
Aug 09	5,353,300	4,703,900	60,000		589,400	11.0%
Sep 09	4,300,800	3,793,200	21,300		486,300	11.3%
Oct 09	3,506,500	2,971,100	23,000	107,000^	619,400	17.7%
				<u>Averages:</u>	<u>476,662</u>	<u>14.6%</u>

\* Estimated readings in December due to snow. January reading adjusted for December estimates.

^ Unmetered water is mainly due to line flushing and water used by the fire department

From November 2008 to October 2009, Livco reduced water loss to 14.6%. Livco believes that the high losses from December through February were the result of a substantial leak of a 6-inch main pipeline, which was discovered and repaired in February 2009. Further, Livco discovered a leak that accounts for the high water loss in October 2009, which was repaired in November. Accordingly, Livco has calculated the water loss for the past month as 10%. Livco has already reduced its water losses by more than 7%.

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### 3.0 Analysis and Plan

Reducing Livco's water loss to 10% or less will be difficult. It is important to keep in mind that 476,600 gallon water loss could be from 3 leaks at an average of 4 gpm to 11 leaks at 1gpm. These are the normal size leaks that may not result in above-ground indications of a leak.

Nonetheless, Livco's plan to detect and reduce water losses is working. First, Livco upgraded all customer water meters to reduce loss caused by inaccurate water meters at a cost of \$88,000. This first step has been completed and Livco believes that this has reduced the water loss by approximately 4%.

Second, Livco implemented a leak identification program. Livco maintenance personnel now conduct regular inspections of areas where water distribution pipelines are buried to look for indications of pipeline leaks. If there are signs of leakage, then Livco personnel will excavate the pipeline and conduct a visual inspection. Using this approach, Livco has already repaired approximately 12 to 15 leaks this year. Livco will continue this program and believes that this approach should result in reducing water losses to less than 10% over time.

If Livco determines that more extreme steps are necessary, then Livco will investigate grant funding to create a water system map, a comprehensive master plan of the water system, purchase underground leak detection equipment, or take similar action. Livco estimates that the water system mapping and master plan will cost approximately \$50,000 to \$80,000 due to the size of the water

system. Further, leak detection equipment is expensive as well. The only way to cover these costs would be to raise the customer rates or receive grant funding. Thus, Livco believes that it should continue the leak identification program and only take additional steps if deemed absolutely necessary.

Authorized Signatory



Jenni Wicks

Date 11/24/09