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BEFORE THE ARIZONA CORPORATION COMMISSION

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DOCKET CONTROL

Arizona Corporation Commission

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DEC 30 2010

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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**

To ensure compliance with Decision No. 70308, Livco Water Company
("Livco") is submitting the attached water loss report dated December 30, 2010. *See
Attachment 1.*

RESPECTFULLY SUBMITTED this 30th day of December, 2010.

MOYES SELLERS & SIMS

Steve Wene

1 Original and 15 copies of the foregoing
2 filed this 30th day of December, 2010, with:

3 Docket Control
4 Arizona Corporation Commission
5 1200 West Washington
6 Phoenix, Arizona 85007

7 *Donnelly Herbert*
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ATTACHMENT 1

Livco Water & Sewer Co.
PO Box 659 Concho, Arizona 85924
ph: (928) 337-2266 fax: (928) 337-3578 e-mail: livco@conchoaz.com
www.conchoaz.com/livco.htm

December 30, 2010

Water Loss Data for November 2009 through October 2010

	sold	pumped	Loss	Ave loss
Nov	1,460,700	1,673,400	212,700	13%
Dec	1,573,900	2,096,800	522,900	25%
Jan*	1,688,700	2,643,600	954,900	36%
Feb*	1,780,900	2,605,900	825,000	32%
Mar*	1,476,200	4,408,500	2,932,300	67%
Apr	2,526,200	3,148,200	622,000	20%
May	3,207,300	3,522,100	314,800	9%
Jun	5,282,200	5,543,800	261,600	5%
Jul	4,471,500	5,054,300	582,800	12%
Aug	2,943,600	3,393,100	449,500	13%
Sep	4,319,100	4,763,300	444,200	9%
Oct	2,723,300	3,077,700	354,400	12%
			Annual	21%
			May through Oct	10%

** 3 major leaks caused by construction accidents and one underground break*

Approximately 20,000 to 50,000 gallons each month, which are not included in these figures, are used for flushing of lines.

Livco Water Co's system is unique in that it services a small rural population with a large amount of pipeline. 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 homes with 12 miles of pipeline. So, even under ideal conditions, the goal of attaining a consistent monthly 10% water loss will be 3 times more difficult for Livco to achieve.

Since the first order to reduce the water loss, Livco has already reduced the annual average from 22% in 2007 to 19% in 2008 to 14% in 2009. If the data is used excluding the non-recurring leaks in the first quarter of 2010, then the average loss is 10% in 2010. To achieve a

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Underground leaks may go undetected for weeks due to the porous nature of the soil in the Concho area which means the water does not rise to the surface for quite a while. This also means that the water is not being lost to evaporation or pollution but is returning to the same water aquifer from which Livco is obtaining the water.

Livco has a maintenance plan in place where all of the water line easements are traveled and inspected at least once per month. Any signs of water or unusual weed growth are tested for water leaks and all discovered leaks are repaired within 48 hours.

Livco's water system was installed to service approximately 1800 properties though at present it is only servicing 380. The water loss Livco is experiencing is due to underground leaks and not at customer meter sites. Thus, if Livco's system was being utilized to even 1/3 of its present capacity, the percentage of water loss would be well below the required 10% loss.

As per the filing on November 24, 2009, an analysis was described of the costs to search and repair underground leaks to bring the monthly waster loss consistently under 10%. The estimated costs of \$80,000 or more would have to be obtained as a loan and then the costs passed on to the 380 Livco customers. The population of Concho consists of below average incomes and Livco does not feel that the water loss warrants burdening the customers with costs for these purposes. When the population of Concho grows and there are more connections, the percentage of pumped vs sold gallons will reduce the water loss to an acceptable level thus resolving the issue.



Jenni Wicks
Office Manager
12/30/10