

PUBLIC NOTICE OF HEARING ON THE APPLICATIONS OF LIVCO WATER COMPANY, YAVAPAI WATER COMPANY, MOUNTAIN GLEN WATER SERVICE, INC., WALNUT CREEK WATER COMPANY, INC., AND DOUBLE R WATER DISTRIBUTORS, INC. TO SET RATES AND CHARGES FOR WATER UTILITY SERVICE AND FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF THEIR UTILITY PLANT AND PROPERTY AND FOR CHANGES IN THEIR RATES AND CHARGES THEREON FOR UTILITY SERVICE AND FOR CERTAIN RELATED APPROVALS.
(DOCKET NO. W-02121A-24-0201, ET AL)

Summary

On August 29, 2024, Livco Water Company (“Livco”) filed with the Arizona Corporation Commission (“Commission”) an application for a determination of the current fair value of its utility plant and property and for changes in its rates and charges thereon for utility service and for certain related approvals. On that same date, rate applications were filed by Livco’s affiliates, Yavapai Water Company (“Yavapai Water”), Mountain Glen Water Service, Inc. (“Mountain Glen”), Walnut Creek Water Company, Inc. (“Walnut Creek”), and Double R Water Distributors, Inc. (“Double R”) (collectively the “Hearthstone Utilities” or “Companies”). In addition to seeking rate increases for the individual systems, the Hearthstone Utilities seek approval to consolidate and merge the Companies into a new single utility, Hearthstone Water North, and have proposed corresponding consolidated rates applicable to all systems if the proposal is adopted.

The Hearthstone Utilities assert that for the test year ending December 31, 2023, (“TY”) the Companies had the following adjusted operating incomes, adjusted operating revenues, original cost rate bases (“OCRB”), and rates of return:

System	Original Cost Rate Base	Operating Revenue	Operating Income	Current Return on Rate Base
Livco	\$357,118	\$274,654	\$16,356	4.58%
Yavapai Water	\$1,271,736	\$330,420	\$(17,300)	-1.36%
Mountain Glen	\$385,228	\$236,218	\$26,220	6.81%
Walnut Creek	\$562,682	\$204,120	\$(31,850)	-5.66%
Double R	\$269,074	\$61,556	\$7,077	2.63%

The Hearthstone Utilities’ proposed rates and charges would produce the following overall revenue increases and rates of return on OCRB as standalone utilities:

System	Original Cost Rate Base	Revenue Increase	Proposed Return on Rate Base	Percentage Revenue Increase
Livco	\$357,118	\$19,306	8.56%	7.03%
Yavapai Water	\$1,271,736	\$195,645	10.0%	59.21%
Mountain Glen	\$385,228	\$16,646	10.0%	7.05%
Walnut Creek	\$562,682	\$114,123	9.31%	55.91%
Double R	\$269,074	\$88,229	10.0%	43.33%

The Hearthstone Utilities’ proposed rates and charges for customers with typical usage on the most common meter within each system would result in the following monthly bills for a residential customer if the proposed standalone rate is adopted or if the proposed consolidation is adopted:

System	Meter Size/ Monthly Usage	Bill Impact (Current Rates)	Bill Impact (Standalone)	Bill Impact (Consolidated)
Livco (Average)	5/8 x 3/4” (4,640 gallons)	\$37.01	\$39.75	\$54.97
Livco (Median)	5/8 x 3/4” (2,553 gallons)	\$29.86	\$32.08	\$41.39
Yavapai Water (Average)	5/8 x 3/4” (3,787 gallons)	\$45.35	\$65.96	\$49.17
Yavapai Water (Median)	5/8 x 3/4” (1,480 gallons)	\$34.72	\$51.22	\$35.55
Mountain Glen (Average)	5/8 x 3/4” (6,245 gallons)	\$40.75	\$43.72	\$65.89
Mountain Glen (Median)	5/8 x 3/4” (3,512 gallons)	\$31.27	\$33.55	\$47.30
Walnut Creek (Average)	5/8 x 3/4” (5,640 gallons)	\$44.73	\$72.48	\$61.77
Walnut Creek (Median)	5/8 x 3/4” (4,471 gallons)	\$38.65	\$62.56	\$53.82
Double R (Average)	5/8 x 3/4” (5,579 gallons)	\$54.94	\$85.91	\$61.36
Double R (Median)	5/8 x 3/4” (3,463 gallons)	\$43.09	\$67.63	\$46.97

NEITHER THE COMMISSION’S UTILITIES DIVISION (“STAFF”) NOR ANY INTERVENOR HAS YET MADE ANY RECOMMENDATION REGARDING THE HEARTHSTONE UTILITIES’ APPLICATIONS. THE COMMISSION IS NOT BOUND BY THE PROPOSALS OF THE COMPANIES, STAFF, OR ANY INTERVENORS. THE COMMISSION WILL DETERMINE THE APPROPRIATE RELIEF TO BE GRANTED IN RESPONSE TO THE COMPANIES’ APPLICATIONS BASED ON THE EVIDENCE PRESENTED IN THIS MATTER. THE FINAL RATES APPROVED BY THE COMMISSION MAY BE HIGHER, LOWER, OR DIFFERENT THAN THE RATES PROPOSED BY THE COMPANIES OR BY OTHER PARTIES.

If you have any questions concerning how the Application may affect your bill or other substantive questions about the Application, you may contact the Companies at:
Hearthstone Water, 6808 N Dysart Rd Ste 116, Glendale, AZ 85307, by phone at 623-219-4740, or email at hearthstonewater@hearthstonecompany.com.

How You Can View or Obtain a Copy of the Application

Copies of the Application are available from Livco's website at <https://hearthstonewater.com/livco-water-company/>; Yavapai Water's website at <https://hearthstonewater.com/yavapai-water-company/>; Mountain Glen's website at <https://hearthstonewater.com/mountain-glen-water-service/>; Walnut Creek's website at <https://hearthstonewater.com/walnut-creek-water-company/>; Double R's website at <https://hearthstonewater.com/double-r-water-distributors/>; at the Commission's Docket Control Center at 1200 West Washington Street, Phoenix, Arizona, and the Commission's office at 400 West Congress Street, Suite 218, Tucson, Arizona, during regular business hours, and on the Commission website (www.azcc.gov) using the e-Docket function and the Docket Number shown above.

Arizona Corporation Commission Public Hearing Information

The Commission will hold a hearing on this matter beginning **April 23, 2025, at 10:00 a.m.**, at the Commission's offices at 1200 West Washington Street, Phoenix, Arizona 85007.

A public comment meeting will be held at the beginning of the first day of hearing, and comment may be provided in person or telephonically. To provide telephonic public comments, call **1-877-309-3457** and enter passcode **801972877##**.

Written public comments may be submitted by mailing a letter referencing **Docket No. W-02121A-24-0201, ET AL.** to Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007, or by submitting comments on the Commission's website (www.azcc.gov) by clicking on "Divisions" then "Hearing" and "eFiling Services" and clicking on "Make a Public Comment in a Docket" If you require assistance, you may contact the Consumer Services Section at 602-542-4251 or 1-800-222-7000.

If you do not intervene in this proceeding, you will receive no further notice of the proceedings in this docket unless you sign up to Follow the Docket. However, all documents filed in this docket are available online (usually within 24 hours after docketing) at the Commission's website (www.azcc.gov) using the e-Docket function. **Information on how to Follow a Docket is available on the Commission's website clicking on "Divisions", then "Hearing" and "Following a Docket."**

About Intervention

The law provides for an open public hearing at which, under appropriate circumstances, interested persons may intervene. An interested person may be granted intervention if the outcome of the case will directly and substantially impact the person, and the person's intervention will not unduly broaden the issues in the case. Intervention, among other things, entitles a party to present sworn evidence at hearing and to cross-examine other parties' witnesses. **Intervention is not required for you to appear at the hearing and provide public comment, to file written comments in the docket for the case, or to receive emailed notice of each filing made in the case by following the docket.**

Information about what intervention means, including an explanation of the rights and responsibilities of an intervenor, is available on the Commission's website (www.azcc.gov)

by clicking on “**Cases and Open Meetings**” and then clicking on “**Intervene in a Case.**” The information includes a Sample Intervention Request and a Fillable Intervention Request Form.

To request intervention, you must file a written request to intervene, either (a) by filing a hard copy request (meeting filing requirements) with Docket Control (Docket Control, 1200 West Washington, Phoenix, AZ 85007), or (b) by [eFiling](#) the request. Your request **must be filed or eFiled no later than January 6, 2025**. Instructions and restrictions for eFiling are available on the Commission’s website at <http://azcc.gov/hearing/eFile-for-utilities-instruction>. You also **must** serve a copy of the request to intervene on each party of record, on the same day that you file the request to intervene with the Commission.

Your request to intervene **must** contain the information below:

1. Your name, address, and telephone number;
2. The docket number for the case in which you are requesting to intervene;
3. A short statement explaining:
 - a. Your interest in the proceeding (e.g., a customer of the regulated company involved, a property owner in an area to be affected by the case, etc.),
 - b. How you will be directly and substantially affected by the outcome of the case, and
 - c. Why your intervention will not unduly broaden the issues in the case,
4. A statement certifying that you have sent a copy of your request to intervene to the regulated company or its attorney and to all other parties of record in the case; and
5. If you are not represented by an attorney who is an active member of the Arizona State Bar, and you are not representing yourself as an individual, sufficient information and any appropriate documentation to demonstrate compliance with Arizona Supreme Court Rules 31.1, 31.2, 31.3, 38, 39, and 42, as applicable. This only applies if you are NOT representing yourself and you are not a licensed attorney.

The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except that all motions to intervene must be filed on or before **January 6, 2025**.

ADA/Equal Access Information

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator for the Hearing Division, E-mail HearingDivision@azcc.gov, voice phone number 602-542-4250. Requests should be made as early as possible and no later than 48 hours in advance of the event to allow time to arrange the accommodation.