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November 9, 2004

BY HAND DELIVERY

Ernest Johnson, Director
Utilities Division
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, Arizona 85007

Arizona Corporation Commission
DOCKETED

NOV 19 2004

DOCKETED BY	<i>PKB</i>
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Re: New River Utility Company
Docket No. W-01737A-04-0274
Compliance with Decision No. 67164 (August 10, 2004)

Dear Mr. Johnson:

Pursuant to Commission Decision No. 67164, enclosed please find New River Utility Company's Arsenic Treatment Plan.

Very truly yours,

Patrick J. Black

Enclosure

cc: Robert Fletcher, New River Utility Company (w/enc.)
Brian Bozzo, Compliance Manager (w/enc.)
Docket Control (w/enc.)

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AZ CORP COMMISSION
DOCUMENT CONTROL

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NEW RIVER UTILITY COMPANY

ARSENIC TREATMENT PLAN

November 2004

In Decision No. 67164 (August 10, 2004), the Arizona Corporation Commission required that New River Utility Company ("New River") provide to the Director of the Utilities Division a report describing New River's plan for meeting federal safe drinking water guidelines for arsenic content by 2006.

Currently, New River plans to blend water from existing wells that comply with the new arsenic standard with non-compliant water sources in sufficient quantities to produce water that meets the new standard. Of the five wells owned by New River, three produce water that falls below the new arsenic standard. This treatment plan may require New River to drill a new well(s) to produce enough water to make the blending activity feasible.

However, New River is also negotiating an interconnection with the City of Glendale near the intersection of Deer Valley Road and 75th Avenue that would provide New River access to approximately 300 acre-feet of treated Central Arizona Project water. Such an agreement would not only allow New River to supplement its water supplies for greater reliability and operational flexibility, but also give New River a separate water source for blending purposes. This new source of water is New River's preferred alternative to drilling new wells.

If New River is unsuccessful in negotiating an interconnection agreement with the City of Glendale, New River will conduct a detailed analysis of its present water sources and begin testing to determine how blending can produce water that meets the new arsenic standard.