

**ORIGINAL**



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**BEFORE THE ARIZONA CORPORATION COMMISSION**

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**COMMISSIONERS**  
MIKE GLEASON, CHAIRMAN  
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2008 DEC -2 P 2:30  
AZ CORP COM  
DOCKET NO. W-02859A-08-0137

Arizona Corporation Commission  
DOCKETED

MM

IN RE NOTICE OF DIVERSIFIED  
WATER UTILITIES, INC.  
TERMINATION OF ITS OFF-SITE  
FACILITIES HOOK UP FEE TARIFF

DOCKET NO. W-02859A-08-0137  
NOTICE OF COMPLIANCE FILING  
(REVISION NO. 1 TO PLAN SUBMITTED  
PURSUANT TO DECISION NO. 70477)

On September 19, 2008, pursuant to Decision No. 70477, Diversified Water Utilities, Inc. ("Diversified") submitted its plan for utilization of monies from the hook-up fee tariff terminated by Decision No. 70477 (the "Original Plan"). Diversified hereby submits its Revision No. 1 to the Original Plan to update and modify the Original Plan to reflect the status of and changes to the Original Plan. Except as specifically set forth in this Revision No. 1, the Original Plan remains in full force and effect, subject, of course, to future amendments to better reflect the needs of Diversified's backbone system.

Diversified is finalizing plans for upgrades at Well No. 3 necessary to put the well in service (Item No. 1 to the Original Plan). A Main Line Extension Agreement including advances-in-aid-of-construction for the portion of Well No. 3 improvements needed to enable Diversified to provide service, including fire flows the developer/owner is required by local governmental authorities to demonstrate are available to the developer's particular property, was recently filed with the Utilities Division for review and approval. The Well No. 3 improvements remain Item No. 1 of Diversified's plan, as revised.

Since filing its Original Plan, water quality tests of water withdrawn from Diversified's Well No. 1 unexpectedly exceeded the acceptable MCL for nitrates/nitrites by

1 twice the allowable limit. As a result, Well No. 1 has been taken out of service and a  
2 hydrological study is being conducted to identify the source of the nitrates/nitrites and  
3 potential solutions. Potential solutions include, but are not limited to, re-casing the well,  
4 sealing a portion of the existing casing, deepening the well, drilling a replacement well or  
5 installing treatment. Implementation of any of the potential solutions is likely to consume all  
6 or a significant portion of the hook-up fee funds. This activity is a new item not reflected in  
7 the Original Plan. Addressing the water quality issue at Well No. 1 is now Item No. 2 in the  
8 plan, as revised. Diversified will submit a Revision No.2 to the Original Plan after a  
9 preferred alternative for addressing the water quality issue has been identified and  
10 preliminary cost estimates are available.

11 Well No. 4 represents a potential location of a replacement well for Well No. 1.  
12 The well obstruction investigation listed as Item 4 in the Original Plan will be pursued if it is  
13 determined that use of Well No. 4 as a replacement well for Well No. 1 is a preferred solution  
14 to the nitrate/nitrite issue. Therefore, this may be considered Item 2.A. under the plan as  
15 revised and Items 2 and 3 under the Original Plan may be considered Items 3 and 4 under the  
16 plan as revised.

17 The electrical improvements to Well No. 1 (listed as Item 5 in the Original  
18 Plan) are necessary to allow Well No. 1 to increase production capacity. The current  
19 electrical panel limits the maximum pump size that can be installed at Well No. 1 and thus  
20 creates an artificial cap on the well's pumping capacity. Diversified's service area is divided  
21 into a Northern zone and Southern zone. Well No. 1 has historically been the primary source  
22 of water for the Southern zone. Increasing the pumping capacity of Well No. 1 will enhance  
23 the reliability of water service in the Southern zone. Of course, this improvement will not be  
24 pursued unless a solution is found to the water quality issue at Well No. 1.

1 DATED this 2<sup>nd</sup> day of December, 2008.

2 CURTIS, GOODWIN, SULLIVAN,  
3 UDALL & SCHWAB, P.L.C.

4 

5 William P. Sullivan  
6 501 East Thomas Road  
7 Phoenix, Arizona 85012-3205  
8 Attorneys for Diversified Water Utilities, Inc.

8 PROOF OF AND CERTIFICATE OF MAILING

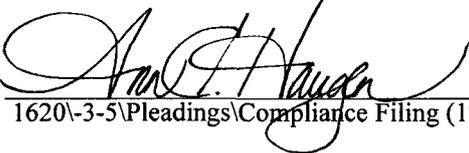
9 I hereby certify that on this 2<sup>nd</sup> day of December, 2008, I caused the foregoing  
10 document to be served on the Arizona Corporation Commission by delivering the original and thirteen  
11 (13) copies of the above to:

11 Docket Control  
12 Arizona Corporation Commission  
13 1200 West Washington  
14 Phoenix, Arizona 85007

14 Copies of the foregoing hand delivered  
15 this 2<sup>nd</sup> day of December, 2008 to:

15 Kevin Torrey, Esq.  
16 Legal Division  
17 Arizona Corporation Commission  
18 1200 West Washington Street  
19 Phoenix, Arizona 85007

19 Ernest Johnson, Director  
20 Utilities Division  
21 Arizona Corporation Commission  
22 1200 West Washington  
23 Phoenix, Arizona 85007

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23 1620\3-5\Pleadings\Compliance Filing (1<sup>st</sup> Revision of Plan)v2