

ORIGINAL



0000116088

Sheila Stoeller

From: Champion [dachamps@cox.net]
 Sent: **RECEIVED** Wednesday, September 01, 2010 1:01 PM
 To: Kennedy-Web; Newman-Web; Pierce-Web; Stump-Web; Mayes-WebEmail; 'Thomas Broderick'
 Cc: 2010 SEP -2 P Bob Colemba; cfraulob@azruco.gov; cfraulob@azruco.gov
 Subject: Meter Size Rate Differential Commission
 Attachments: NFPA Study 2009 Residential Fire Systems.pdf

W-013034-09-0343
 SA-013034-09-0343

Arizona Corporation Commission
 DOCKET CONTROL

DOCKETED

SEP 2 2010

Arizona Corporation Commissioners:

DOCKETED BY [Signature]

During the ongoing water rate hearings, the subject of meter size rate differentials was raised repeatedly. In all of the discussion, there was never an answer provided regarding why some homes had 1" water meters and others 3/4". The inaccurate conclusion reached by some was that larger homes required a larger supply. That is not the answer and has nothing to do with the meter sizing done in Anthem.

To correctly answer the question and provide some insight into the cost implications, I provide the following information extracted from a September 2009 study of 20 U.S. Communities commissioned by the National Fire Protection Association. (Attached is a full copy of the report.) Three of the Communities studied were in Arizona.

- Standards for water meter sizing for homes with residential fire sprinkler systems are covered under NFPA 13D. Residential systems are typically sized to produce a system demand of 26 gpm. To provide for this, most new home construction sizes water meters at 1" to ensure sufficient supply. To accommodate builder requirements to control costs, most systems are metered dual-service. (This means that a single supply line provides for both regular home usage and the higher demand of a residential fire sprinkler system.) The other typical installation is dual lines with house service using a metered 3/4" line and a second un-metered service line dedicated for the sprinkler system.
- The one-time average incremental cost of a 1" water meter over a 3/4" or 5/8" water meter ranges from \$100.00 to \$200.00 and averages approximately \$130.00 in Arizona.
- Homes with local water service typically pay a monthly charge to cover administrative fees associated with providing water service. Ninety percent of the U.S. Communities surveyed did not experience an increase in monthly service fees with the advent of residential sprinklers. For those communities where higher service fees typically resulted from the use of sprinklers in homes, the average monthly cost impact was \$6.05.

In Summary: The 1" water meter is used to supply sufficient water to properly operate the residential fire system. The one-time incremental cost of a 1" water meter versus a 3/4" water meter is about \$130.00. Beyond that one-time expense, there is no ongoing incremental monthly or annual cost being incurred by Arizona American Water. However, Arizona American Water currently charges a large monthly differential rate for 1" versus 3/4" meters regardless of consumption. The current differential runs close to \$50.00 per month. In their application for rate adjustment, they propose to increase this rate differential rather than minimize it. In other U.S. Communities, the average monthly rate differential is about \$6.05.

The question that our Arizona Corporation Commission needs to answer is why are the homeowners' with 1" water meters being unfairly discriminated against? Better yet, perhaps Arizona American Water should provide that answer to their customer base.

Respectfully,

Stephen Champion