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Sheila Stoeller

From: Champion [dachamps@cox.net]  
 Sent: Tuesday, September 07, 2010 9:45 AM  
 To: Mayes-WebEmail; Kennedy-Web; Newman-Web; Pierce-Web; Stump-Web  
 Cc: 'Jodi Jerich'; Utilities Div - Mailbox; Sheila Stoeller; 'Judith Dworkin'; 'Senator David Braswell'; 'Bob Tack'; 'Bob Golembe'; dachamps@cox.net  
 Subject: Docket: W-01303A-09-0343 and SW-01303A-09-0343

Commissioners:

I am writing to express concern about the rate setting mechanics related to 3/4" meter service versus 1" meter service. As you know, the existing structure provides for a large pricing differential that is simply not supportable. To make matters worse, I understand you are contemplating increasing that differential pricing structure.

To fully understand the situation, I contacted three distributor/dealers that handle the Neptune T-10 water meters that service the Anthem Communities. Each distributor/dealer provided Neptune's MSRP (list) for both the 3/4" and 1" meters. (Two were West Coast, one was East Coast.) Pricing was nearly identical for each as follows:

- 3/4" Meter \$133.33, \$133.33, and \$133.84
- 1" Meter \$226.04, \$243.13, and \$226.04

The average list cost of a 3/4" meter is \$133.50 and the average list cost of a 1" meter is \$231.74 for a net difference of \$98.23. (It is important to note that these are list prices and not dealer or large quantity prices as would have been originally paid.) This confirms the results of the 2009 study I recently provided to the Arizona Corporation Commission wherein the estimate was \$130.00.

With all other things being equal, it remains difficult to understand how we have such a disparate rate structure from Arizona American Water. Referring once again to the 2009 study, most municipal water districts charge equal pricing for 3/4" versus 1" water meters. For those that charge a differential rate, the average was \$6.05 per month.

It seems clear that Arizona American Water should be charging equitably for the services they actually provide. Those homeowners with fire sprinkler systems paid the builder (Pulte/Del Webb) for those systems, including connection to the water meter, when they bought the home. The only difference to Arizona American Water was a one-time cost of less than \$100.00.

Respectfully,

Stephen Champion

Arizona Corporation Commission

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