

W-01303A-05-0910
W-01303A-05-0405

ORIGINAL



ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Investigator: Guadalupe Ortiz

Phone: (602) 542-2406

Fax: (602) 542-2129

Priority: Expedite

Complaint No. 2011 92555

Date: 1/13/2011

Complaint Description: 05G Quality of Service - Pressure/Voltage
N/A Not Applicable

First:

Last:

Complaint By: Mary Lou

Reid, Executive Director

Account Name: Clearwater Hills Improvement Association

Home: (000) 000-0000

Street: 7300 N Tatum Blvd.

Work: (480) 922-9080

City: Paradise Valley

CBR: 480-948-1512

State: AZ Zip: 85253

is: Fax

Utility Company: Arizona - American Water Company

Division: Water

Contact Name: Karl Wilkins

Contact Phone: (623) 815-3109

Nature of Complaint:

*****AAWC PLEASE EXPEDITE INVESTIGATION AND RESPONSE TO COMMISSION STAFF*****

REFERRED FROM CHAIRMAN PIERCE:

CLEARWATER HILLS IMPROVEMENT ASSOCIATION

January 11, 2011

The Honorable Kristin K. Mayes, Chairwoman
Arizona Corporation Commissioner
1200 West Washington
Phoenix, Arizona 85007

Arizona Corporation Commission
DOCKETED

JAN 20 2011

DOCKETED BY [Signature]

RECEIVED
2011 JAN 20 A 10:40
ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

Re: Insufficient Fire Hydrant Water Pressure/
Arizona American Water Company, water utility provider for the
Clearwater Hills Improvement Association

Dear Commission Chairwoman Mayes:

There was a house fire in Clearwater Hills at 7537 N. Lakeside Lane, Paradise Valley, Arizona, on November 27, 2010. The house was declared a total loss due to the damage. Fortunately, the owner was in Hawaii when the fire occurred or this would have been a far more serious tragedy. The Clearwater Hills Improvement Association was advised by our security officers that the Phoenix Fire Department found little water pressure at the fire hydrant and had to bring in water pumping trucks to extinguish the fire. Based on this report, Clearwater Hills obtained the enclosed Phoenix Fire Department Incident History Report through a public records request. Please review pages nine and ten where it references the lack of water pressure.

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In as much as the Arizona Corporation Commission regulates Arizona American Water Company and on July 28, 2006, authored Decision No. 68858, which authorized Arizona-American Water Company to recover the construction costs associated with fire flow improvements via a Public Safety Fire Flow Surcharge and a High Block Usage Surcharge with such amounts to be accounted for as Contributions in Aid of Construction, said costs of construction estimated at \$16,000,000 to \$17,000,000, Clearwater 1-fills believes the Commission has a responsibility to ensure the improvements were actually made. Arizona American Water Company has been collecting these charges for four flail years, yet there is insufficient water pressure at the hydrants in Cleat-water Hills.

Given that the Arizona Corporation Commission authorized the above referenced increases as well as another increase in 2009 that has tripled and quadrupled water utility costs to rate payers, the Clearwater Hills community believes the Arizona Corporation Commission should respond to the following questions:

- Why is there insufficient water pressure to the water hydrants?
- Who is responsible for determining there is adequate pressure at the fire hydrants? I hope your response will not be Arizona American Water Company.
- Does the Arizona Corporation Commission conduct audits to determine if the collected Public Safety Fire Flow Surcharge and a High Block Usage Surcharge are being actually spent on Fire flow improvements?

Our Association supports the Town of Paradise Valley Town Manager in finding a municipality to replace Arizona American Water Company as the water utility provider for the Paradise Valley area. There appears to be little or no oversight of Arizona American Water Company and no recourse for their rate payers.

Our community looks forward to your response.

Sincerely,

Mary Lou Reid
Executive Director
cc: Board of Directors

Enclosures:
Phoenix Fire Department Incident Report

Questions to AAWC:

- Why is there insufficient water pressure to the water hydrants?
- Who is responsible for determining there is adequate pressure at the fire hydrants?
- How often is the water pressure tested to determine if there is adequate pressure?

Did the fire department express concern to AAWC of insufficient water pressure at the hydrants to extinguish the fire promptly? If so, on what date and how? How did AAWC respond to the fire departments concern? What action was taken by AAWC to prevent the same issue from continuing to occur?

Did a house burn down due to a lack of water pressure? Please explain.
Did AAWC receive approval of a high block surcharge for the purpose of replacing pipes and equipment to improve hydrant water pressure and flows in Paradise Valley and Clearwater Hills? If so, on what date and per what decision? What was the total amount approved? And, have the replacements/improvements been performed? Please provide a detailed explanation.

PLEASE CONTACT CUSTOMER TO DISCUSS FINDINGS OF AAWC's INVESTIGATION.
End of Complaint

Utilities' Response:

ARIZONA CORPORATION COMMISSION

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1/19/11 Email from AAWC:

-----Original Message-----

From: Karl.Wilkins@amwater.com [mailto:Karl.Wilkins@amwater.com]

Sent: Wednesday, January 19, 2011 3:37 PM

To: Guadalupe Ortiz

Cc: Jeannie.Franz@amwater.com

Subject: Fw: ACC complaint - 2011-92555 - Clear Water Hills (Mary Lou Reid, Executive Director)

Lupe please find attached AZAW response to complaint # 2011-92555. Please let me know if there are any further questions.

Thanks,

Karl B. Wilkins
Manager, Customer Services
Arizona American Water
15626 N. Del Webb Blvd.
Sun City, Arizona 85338
Office: (623) 815-3109
Cell: (602) 614-6226
Fax: (623) 933-0032
Email Karl.Wilkins@amwater.com

ATTACHED RESPONSE FROM AAWC:

To: Guadalupe Ortiz, Arizona Corporation Commission
From: Jeffrey W. Stuck, Arizona American Water
CC: Karl Wilkins, Arizona American Water
Date: January 18, 2011
Re: ACC Complaint # 2011-92555

Dear Ms. Ortiz:

Below I have listed specific answers in response to ACC complaint number 2011-92555 filed with your office by the Clearwater Hills Improvement Association.

→ As general background, Arizona American Water (AAW) utilizes a Supervisor Control and Data Acquisition (SCADA) system in the operation of the AAW Scottsdale - Paradise Valley water system. SCADA systems collect real-time data of water systems and allow for constant monitoring by system operators of a large number of water system parameters that indicate proper operation. The SCADA system also has numerous alarms that are triggered when real-time system conditions indicate a problem is occurring.

Pressure is among many data collection and analysis routines performed by the SCADA system. The SCADA system monitors the water system in real time and contains an alarming system to notify operators immediately if any operational issues occur. On the date of this event there was no low pressure alarms associated with the booster pump that supplies the Clear Water Hills portion of the water system. Pursuant to the Arizona Administrative Code R14-4-207.E, AAW is required to maintain minimum delivery pressure of 20 PSI. The pressure reading at the hydrant located at 7501 Lakeside, which is the closest to the location of the fire, was measured at 92 PSI the morning immediately following the house fire.

The Public Safety and High Block surcharges were established by ACC decision 68858 on July 28, 2006. Both of these surcharges funded capital improvements to address fire flow issues throughout the Scottsdale - Paradise Valley water system service area. In decision 70488 issued September 3, 2008 the ACC reset the Public Safety Surcharge to \$0.00 and reset the High Block Surcharge to \$1.00 per 1000 gallons for commercial

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customers' usage above 400,000 gallons. Subsequent to this ACC decision 71410 further reset the High Block Surcharge to \$0.00. When the surcharges were reduced to \$0.00 a total of \$5,138,144 was collected and used for the replacement of Country Club Booster Station pumps, replacement of the water main in McDonald Drive from 44th street to Tatum boulevard, replacement of water main in Jackrabbit road and Invergordon road, replacement of water main in McDonald drive between Cattletrack road and Scottsdale road, replacement of 2,400 feet of 4 inch distribution line in Nauri drive, installation of increased storage at Cattletrack, and installation of 44 hydrants. At this point the monies collected under the surcharges were exhausted and the fire flow improvements ceased.

Below are the specific answers to your questions.

Question: Why is there insufficient pressure to the water hydrants?

Answer: The hydrant at 7501 Lakeside, which is the closest hydrant to the house, was tested for pressure immediately after the fire and measured 92 psi.

Question: Who is responsible for determining there is adequate pressure at the fire hydrants?

Answer: Arizona American Water is required to supply a minimum of 20psi at all times to the distribution system by Arizona Corporation Commission Regulations. Additionally, pressure in the distribution system is constantly monitored via the SCADA system. Any regulatory entity is entitled to measure pressures in the Scottsdale - Paradise Valley water system at anytime.

Question: How often is water pressure tested to determine if there is adequate pressure?

Answer: The water pressure is monitored real time on a continuous basis through the SCADA system.

Question: Did the fire department express concern to AAWC of insufficient water pressure at the hydrants to extinguish the fire properly?

Answer: No. The Supervisor for the AAW Scottsdale - Paradise Valley District contacted the Phoenix Fire Department the morning after the fire to inquire if there were any issues with the AAW water system. The Fire Department indicated that there were no issues with the water system. It is our understanding from the fire department that the house was located at high elevation and that the driveway was narrow making it difficult for the fire department to deploy its equipment.

Question: Did a house burn down due to a lack of water pressure?

Answer: No. As stated above the hydrant located at 7501 Lakeside has a pressure of 92 psi.

Question: Did AAWC receive approval of a high block surcharge for the purpose of replacing pipes and equipment to improve water pressure and flows in Paradise Valley and Clear Water Hills?

Answer: A Public Safety Surcharge was approved by the ACC in decision 68858 to fund infrastructure upgrades to improve fire flows throughout the AAWC Scottsdale - Paradise Valley system. In decision 70488 in 2008 the ACC eliminated the Public Safety surcharge. At that time the funds collected were expended making improvements listed above. Once the surcharge was eliminated further infrastructure improvements for fire flow were no longer funded.

The High Block Surcharge was approved in ACC decision 68858 as well. This surcharge was to encourage water conservation and revenue generated under this surcharge was directed to be used to further fund fire flow improvements. In ACC decision 70488 this surcharge was reduced from \$2.15 per 1000 gallons for commercial use above 400,000 gallons to \$1.00. In ACC decision 71410 the High Block Surcharge was reduced to \$0.00.

Also of
interest.*

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Question: What was the total amount approved for the Public Safety Surcharge?

Answer: The Public Safety surcharge approved by the ACC was \$1.00 per thousand gallons for usage above 25,000 gallons for residential customers and was \$1.00 per 1000 gallons for usage over 400,000 gallons for commercial customers.

Question: Have the replacements/improvements been performed?

Answer: As listed above, improvements were completed until the surcharges were eliminated.

Please feel free to contact me at 623-815-3125 if you have any additional questions regarding this matter.

End of Response

Investigator's Comments and Disposition:

1/13/11 - Correspondence docketed by Chairman Pierce's office

1/13/11 Emailed to AAWC:

From: Guadalupe Ortiz
Sent: Thursday, January 13, 2011 3:46 PM
To: Karl.Wilkins@amwater.com
Cc: 'Jeannie.Franz@amwater.com'
Subject: ACC Complaints: Reid, Executive Director, Mary Lou - Complaint No. 92555

ATTACHED: ACC Complaint No 92555
Fire Department Incident Report

1/13/2011 Email to AAWC:

From: Guadalupe Ortiz
Sent: Thursday, January 13, 2011 3:53 PM
To: 'Karl.Wilkins@amwater.com'; 'Jeannie.Franz@amwater.com'
Subject: ACC Complaints: Reid, Executive Director, Mary Lou - Complaint No. 92555

Please see the attached complaint. It is in PDF format.

Karl,

The Chairman is requesting the investigation be performed on an expedited basis. Please feel free to call me at (602) 542-2406, if you have any questions.

Thank You,

Guadalupe Ortiz
Public Utilities Consumer Analyst
Arizona Corporation Commission
Utilities Division
Phone: (602) 542-2406
Fax: (602) 542-2129
Email: Gortiz@azcc.gov

ATTACHED: ACC Complaint No 92555
Fire Department Incident Report

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1/19/11 A copy of the closed complaint will be provided to Chairman Pierce's office on 1/20/11 for further review and response to customer. CLOSED
End of Comments

Date Completed: 1/19/2011

Complaint No. 2011 - 92555

Un-Substantiated

Notes: