

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: September 12, 2012

Board Item: V-D-1

Creation of Residential Multiplex Customer Class

Action by Consent

Action

Information

Denver Water staff proposes the creation of a new customer class within the rate structure to accommodate a relatively new form of residential development. In the usual case of a single-family residence, as required by Operating Rule 2.06(c), each structure is individually metered, with the service line running perpendicular from the main into the structure. In 2002, the Stapleton developer proposed a different type of configuration referred to as a “green court.” In these developments, the single-family residential structures are situated around a common area; most of the structures do not face the main and therefore do not provide sufficient space for an individual service line for each dwelling unit. Denver Water approved use of this configuration, but the issue of how best to set rates for these “residential multiplexes” was not addressed.

Currently, the residential multiplexes are classified variously as single family residential, multifamily, or “all other” non-residential. As a result, monthly bills for like-sized multiplexes with similar consumption can vary significantly. Approximately 75% are billed the nonresidential rate. In addition to equity issues, the existing rate classes do not fit multiplex consumption patterns. The single family rate structure is based on thresholds for the increasing blocks that are not appropriate for multiple units. On the other hand, the nonresidential rate is essentially a flat rate, and not suitable for customers who irrigate.

Denver Water rate staff analyzed consumption data from the residential multiplexes to determine the most equitable rate structure. Multiplex consumption patterns are similar to single-family residential customers, rather than nonresidential or multifamily customers. While the existing rate structure for single-family residential is appropriate, the thresholds are not. Adjusting the block thresholds by the number of units would treat these residential customers in a similar manner. Stated differently, the average unit cost per 1,000 gallons per bill would be similar. This multiple unit/one tap configuration is currently used only within Denver in the Stapleton Redevelopment area. There are approximately 70 multiplex configurations in service now with more planned in the future. The number of residential units on a single tap ranges from 5 to 16.

The table below compares the current single family rate structure for one unit to proposed thresholds for a residential multiplex with 8 units.

Block	Typical SFR (1,000 gal)	8-Unit Multiplex (1,000 gal)
1	0-11	0-88
2	12-30	89-240
3	31-40	241-320
4	>40	>320

Recommendation

It is recommended that the Board adopt the proposed residential multiplex rate class using the single family rate structure with blocks adjusted for the number of units.

Respectfully submitted,

Approvals:



Jim Lochhead, Manager



Angela Bricmont, Director of Finance