

Charlotte-Mecklenburg Utilities
Rate Study Stakeholder Advisory Group
Meeting #1: Wednesday, August 25, 2010 at 6 p.m.
Environmental Services Facility on Westmont Drive

Present: Ken Szymanski, Buddy Murrow, Alison Royal-Combs, Jim Duke, Bruce Andersen, Andy Munn, George Beckwith, Angeles Ortega-Moore, David Merryman, Craid Dargan, Chris Matthews, Elaine Piraneo, Natalie Kennedy Beard

Absent: Jim Patterson and Lauren Domm

Staff and Consultants: Steve Miller, Barry Gullet, Vic Simpson, Mickey Hicks, John Mastracchio, Meg McElwain

Barry Gullet welcomed the Stakeholder Advisory Group (SAG) members and introduced the project team. He defined the role of the SAG and gave an overview of the rate study process that will be used, and explained that the members of the SAG were selected based on their various interest groups in an effort to create a diverse group to advise the project team during this process. Mr. Gullet explained that CMU often hears from its customers about the importance of rate equity and Utilities desires that the various interest groups represented on the SAG serve as a sounding board and assist the rate study project team balance various interests, even though sometimes these interests are in conflict with each other. The SAG group will be asked to provide feedback on the most important rate design criteria, as well as to provide feedback on various rate structure alternatives that are presented to them, in order to find a rate setting methodology that suits the community.

The existing rate study methodology stems from a rate study that was done in 1977. There have been several changes to this rate methodology since 1977, and many of these changes were made without an extensive public input process. Mr. Gullet and his team believe that it is time to evaluate and reconsider the existing rate structure with significant input from the community and Utilities' customers.

The members of the SAG each introduced themselves.

Following introductions, John Mastracchio with Red Oak Consulting, informed the group that an audio recording of the meeting was underway and presented the idea of videotaping future meetings. The SAG group agreed that videotaping the meetings was appropriate.

Mr. Mastracchio then advised that members of the group might be contacted by members of the media. He gave three options for dealing with the media:

1. Talk to them directly

2. Assign a spokesperson for the group
3. Refer them to CMU Communications team

Members of the committee decided that they will choose how they handle media inquiries on their own. Some will talk directly to the media and others expressed they were more comfortable referring them to the Utilities communications team. No SAG spokesperson was assigned.

Mr. Mastracchio advised that goal of the project team was to listen to ideas and feedback from the SAG then he proceeded to present the power point presentation to the group.

POWER POINT PRESENTATION

Mr. Mastracchio gave a presentation that described the rate-setting process and the existing water and sewer rate structure. He then described the involvement of the SAG in the process. The SAG will be asked to provide input regarding the most important rate structure criteria to be used to evaluate the existing rates and to develop potential alternative rate structures. Mr. Mastracchio asked the group if there were any specific requests for more information that they would like for the project team to cover at the next meeting. There was a request to provide rate structure information for the other communities that Utilities compares itself with. No other specific requests were made.

Gullet gave final details on the how the process will work and definition of the groups involved. The comments that are gathered from the SAG and Public Meetings will be presented to the Restructuring Government Committee. The RG committee will make a recommendation to the full City Council on the direction that CMU should take on the setting a new rate methodology. The City Council will ultimately approve a new rate methodology or recommend that CMU continue with the existing rate methodology. If a change in the rate methodology is recommended, a joint public hearing is required to be held between the Charlotte City Council and the Utilities Advisory Council before a change can be made.

The meeting was adjourned at approximately 7:40 p.m.