

Charlotte-Mecklenburg Utilities
Rate Study Stakeholder Advisory Group
Meeting #2: September 22, 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, Jim Patterson

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

Media: Frank Deloache from Carolina Weekly Newspaper Group

John Mastracchio welcomed the Stakeholder Advisory Group (SAG) members and gave an overview of the agenda for the evening. He also gave a recap from the last meeting. He went over the ways that the SAG group will provide input during the rate study process.

Mr. Mastracchio reviewed the criteria summary scoring worksheet with the group and explained the exercise. He provided a 50 minute overview of the different criteria listed on the worksheet before the group began the criteria scoring exercise. SAG members took 10 minutes to complete the criteria summary scoring worksheet and after an additional 10 minute break, the SAG reconvened and Mr. Mastracchio called the meeting back to order and shared the scoring results.

The group was surprised that conservation ranked so high and noted that the exercise showed that the majority of the SAG members were interested in a rate structure that emphasized conservation. There was a short discussion about the definition of conservation incentives.

Mr. Mastracchio reminded the group that the rate study team's focus at this point is that given the revenue requirement for CMU to operate; the rate study team will determine the best way to recover that revenue through the rate structure. CMU is looking to develop a rate methodology that the organization can apply to the revenue requirement each year on an on-going basis. So the rate methodology would not change from year to year, but the revenue requirement would.

Mr. Mastracchio advised that the rate study team will look at the rate structure change and how that impacts revenue requirement and how that is distributed among the different customer classes.

Mr. Mastracchio held a brief discussion about how to deal with drought conditions and how this impacts the rate structure.

SAG Member Jim Duke asked if the SAG conversations go beyond the rate methodology discussions and go into the issue of public trust about how much CMU spends and the control over how it is spent. Mr. Mastracchio and Barry Gullet both advised that this was not part of the scope of this process but were part of the budget process. The budget process begins in February.

SAG Members Buddy Murrow and Chris Matthews both discussed how to encourage conservation without penalty. SAG Member Murrow said that you can incentivize the rate structure to encourage conservation instead of penalize for conservation. SAG Member Murrow also advised that public education about conservation and outdoor irrigation is important to this process. SAG Member George Beckwith initiated a discussion about the potential to lower the sewer cap and what that would mean to the rate methodology.

SAG Member Bruce Andersen suggested that we pay for water the same way we pay for goods. Lower for larger quantities and higher for lower quantities until you get to drought conditions and conservation is critical.

Mr. Mastracchio ended the meeting by giving details on what the group could expect at the next meeting. He advised that he would share results from a criteria summary scoring exercise that he would be conducting with CMU staff and that the SAG would compare the results to the exercise they had participated in during the meeting. Mr. Mastracchio also shared information on comparisons of how utility departments in other cities have structured their rates and a summary of the public comments that have been received so far. The comments have come from the rate study website, oral comments at public meetings and comment cards.

All meeting hand outs and both the criteria summary scoring worksheet and the SAG and CMU Employee criteria scoring exercise results are available at www.cmutilities.com in the Rate Study section of the website.

Next meeting is October 25, 2010 at 6 p.m.

The meeting was adjourned at approximately 8:00 p.m.