

**PUBLIC UTILITIES COMMISSION
SPECIAL MEETING
FEBRUARY 6, 2007 4:00 P.M.
FAYAL TOWN HALL**

Commissioner Campbell called the meeting to order at 4:03 p.m.

ROLL present were: Campbell, M. Erjavec, D. Pernu, Damberg and Town Board Chairman Kniefel & Supervisor Tamaro, and recording secretary Stewart. Absent – Bertucci & Troutwine.

Purpose:

To discuss water and sewer rates for a counter proposal to the City of Gilbert.

Julie Kennedy, PE from Short Elliott Hendrickson Inc. presented her Water and Sanitary Sewer Rate Review Report, dated 02/06/07. Ms. Kennedy explains the report was based on readily available information, and it was not an exhaustive look at the financials of both party's systems.

Fayal wholesale water rate of \$ 4.45 is 44.5% increase. Fayal uses about 10% of Gilbert's water volume; Gilbert has 54% of unaccounted water. The average Fayal users pay 35.5% more than a Gilbert resident. (Using an average of 4,500 gallons per month)

Fayal wholesale Wastewater rate of \$3.90 is an 11.4% increase. Fayal contributed about 27% of Gilbert wastewater flow and the Fayal portion of revenue was 38.4%. The average Fayal user pays 111% more than the average user in Gilbert.

Ms. Kennedy recommends a formal rate study be completed in which the detailed information of each party's systems are analyzed. The information should be made available to both parties so as to serve as the basis for their negotiation of both wholesale and user rates.

Ms. Kennedy states this is common practice when communities share services, such as Fayal and Gilbert. It will be costly for the formal rate study but there are grants available for cooperative studies.

Campbell feels the next step is to send a letter to the City of Gilbert stating we reject the new rates due to lack of justification. We will continue to pay our bill at the old wholesale rates. And we will request a work session with the City of Gilbert Mayor & staff, a daytime meeting would be best. Ms. Kennedy will prepare a list of items to be brought to the discussion, Chairman Kniefel will bring the recommendation to the Town Board and then send the letter to Gilbert.

Meeting at adjourned at 5:55 p.m.

Respectfully Submitted,

Diane Stewart
PUC Coordinator/Billing Clerk