

High Knob Utilities, Inc.

Meeting Minutes for February 14, 2004

Call to Order: Keith Arnett called the monthly meeting of the High Knob Utilities, Inc (HKUI) Board to order at 8:05 am. HKUI Board members in attendance were Keith Arnett, Jem Anderson, Bob Brown, Scott Cooper, and Josh Douglas.

Previous Minutes: The Board deferred accepting the minutes of the January meeting, because the initial email distribution of minutes contained an “old” version. Jem Anderson committed to send the proper file via email and to solicit updates from the Board at that time.

Treasurer’s Report: Mr. Brown provided a verbal report, indicating \$49,000 in revenue and \$10,900 spent in January (and an additional \$28,800 already committed in February, with an expectation that the final February report would contain substantial expenses). In addition, the first \$100,000 of the State loan was in-house and Sareen had provided the 2002 audit report. No tap fees were collected in January. Finally, the Board members were asked to sign a signature card for the Greater Atlantic Bank account.

Operations Committee Report: Poor weather caused cancellation of scheduled meetings of the Operations Committee. Due to the relatively short time between this meeting and the next Board meeting, none is scheduled for February.

Water Manager’s Report: Dan Althouse reported that the crew had repaired a pump on the Mountain Top booster system which blew out during the month, and that the office received over 100 complaints of outages due to frozen pipes (the ground is frozen up to four feet deep in places). The worst issues were a 12,500 gallon/day leak on Massanutten Mountain, a Ridge system shutdown due to a frozen/burst pipe at a residence (water was found to be running out the front door), and a misguided attempt by a homeowner on Deer Trail to excavate and repair a frozen feed line (yanking out the meter and draining the feeding reservoir). Two taps were installed in the past month.

In addition, a pipe on Alpine Road (a supplemental feed from the Mountain Top main) froze, cutting off service to 147 Alpine Drive until a temporary tie was installed to a lower system. However, this “fix” does not provide satisfactory pressure to the residence, and the Board approved a temporary “loan” of a pump until the Mountain Top feed line is upgraded to 2” pipe (scheduled for this summer). The resident will arrange installation of the pump.

Finally, Dan Althouse provided a tentative project schedule, which will be updated after an early March meeting with E.C. Pace to show all “force work” HKOAI employees will perform to support the large-scale water system improvements to be made during the warm-weather months.

Unfinished Business: A review of the proposed 2004 budget prompted questions about how the figures for Administrative Services (paid to HKOAI to fund half of Kim Renz’s salary), expenses for time spent by Jerry and Lee (reflected as Contractor Service – Other and Backhoe Operator), Transportation costs (truck rental from HKOAI, maintenance, gasoline, etc.) and our fee to pay the expenses for the Virginia Department of Health engineering office. The budget was adopted as presented.

New Business: The Board reviewed the Rate Schedule and Operating Policies for High Knob Utilities, Inc. (which are based upon the State Corporation Commission-approved Tariff for HKUI). Josh Douglas noted that the reference to a “water impact fee” should be amended to indicate it is a “water capitalization fee”. Jem Anderson recommended that HKUI adopt a standard of the average of three consecutive occupied quarters to estimate bills in cases where a meter fails or cannot be read on-schedule, and that the HKUI Treasurer, vice Business Manager, manage payment disputes. In addition to adopting these changes, the Board agreed to define the meter installation fee (payable by a customer who seeks water service at an address which has an existing tap, but whose meter was previously removed) as half of the full connection fee, thus closing a point of ambiguity in the HKUI Billing Policies. The Board also clarified that those customers who requested temporary discontinuation of water service remained responsible for the \$81.00 quarterly fee.

The February meeting of the HKUI Board adjourned at 9:10 am. The next meeting will be March 8, 2004 at 7:00 pm.

JEM P. ANDERSON
HKUI Board Secretary