

High Knob Utilities, Inc.

Meeting Minutes for March 14th, 2005

Call to Order: Keith Arnett called the monthly meeting of the High Knob Utilities, Inc (HKUI) Board to order at 7:05 p.m. HKUI Board members in attendance were Keith Arnett, Bob Brown, Jem Anderson, Robert Clough, and Josh Douglas.

Previous Minutes: The Board reviewed and approved minutes for the February HKUI Board Meeting, as presented.

Treasurer's Report: Bob Brown reported total 2005 revenue of \$57,110 as of February 28th, with \$55,310 in customer billings. Operating expenses for 2005 totaled \$33,091 due mostly to materials and supplies and payments to contractors and HKOAI employees. There were no February expenses from work on water project elements, thus maintaining a total of \$4,063 in the Capital Projects account. Deposits into the Greater Atlantic Bank account since the last report totaled \$77,120.85 (including the penultimate funds draw from the State Loan account and water capitalization fees). Most of the deposited water capitalization fees will be deposited back into the HKOAI account to reimburse paying costs. Expenditures totaled \$38,097.57, leaving a balance of \$47,163.39 as of February 28th. HKUI owes \$875,666 on the Virginia state loan, and has an accounts receivable balance of \$10,560. Bob also reported that the property tax relief issue (which could result in a refund of taxes paid recently by HKUI) is on the agenda for the March 15, 2005 meeting of the Warren County Board of Supervisors, and that reconciliation of HKUI and HKOAI accounts is underway.

Operations Committee Report: The Joint Operations Committee meeting was cancelled due to snow. The next meeting is scheduled for March 28th.

Staff Reports: Kim Renz reported 18 service disconnects; most disconnected customers reported that they received no prior notice. Further, Bob Brown and Kim Renz found that a \$4,000 payment HKUI made to Hughes never arrived at its destination. The Post Office stated they would not conduct an investigation unless there was a pattern to the losses. There was a suggestion to use certified mail to deliver disconnection notices, but past experience indicates the fee (about \$5) simply provided the customers the notice required to evade receiving the notice, without improving collection of due accounts.

Jerry Pomeroy reported that a contractor struck a main on Split Rail, causing \$715.96 in damage. The High Knob crew will read customer meters after they fix a serious leak (5,000-15,000 gallons per day) in a remote part of the Ridge System caused by a falling tree. The leak has been depleting the Salt Lake Spring reservoir, which was supplying Alpine via the pump system. There is also a pump motor contact failure whose cause is still being investigated.

In customer relations, the customer on Massanutten Mountain Road whose unrepaired leak was consuming significant amounts of water (see February 2005 HKUI Board Meeting minutes) has begun making the agreed payments. The customer who dug up a water line on Deer Trail last year (see minutes of February 2004 HKUI Board Meeting) stopped making the agreed payments; Keith Arnett will review the tariff to determine what action(s) to take. The Office also mentioned a case where a lessee left without paying their final bill. The lessor has sold the property and denied responsibility for the bill; Keith Arnett will evaluate HKUI's options, including legal action if warranted. Keith Arnett also sent a letter to the customer who complained last month about a contractor using their water without permission.

Dan Althouse indicated the ongoing problems with the SCADA system is not yet resolved—the electrician and pump contractor disagree on the cause. Further, all the electrical parts are now in for the SCADA system, the local programmable logic circuits on the SCADA system are performing properly, and the personal computer software is being upgraded/fixed by Synchronity at its offices. The water manager has not yet tested all the features of the SCADA system as yet, but there is a test plan established for all key functions once the new software is installed.

Mr. Althouse requested a test kit and expects to conduct radiological and other testing in April. In answer to a question from Keith Arnett, he indicated that strengthened lead standards will probably require High Knob to treat its water in the future. He is about half finished with the annual capitalization effort and reported that Jerry Pomeroy successfully diagnosed and fixed three “crises” in the past five weeks, with minimal telephone support from Mr. Althouse.

Unfinished Business: The issue of the property owner on Alpine Rd who complained about unauthorized contractor use of his water service was the only issue addressed.

New Business: Rob Clough spoke with a vendor representative about a meter unit with touchpad (the touch “wand” that would allow our crew to obtain a reading instantly would cost about \$1200, but the meters could be read manually without it) that, if the quote provided was complete and accurate, would reduce material costs from \$150 per unit to \$88. The vendor would like to provide a full presentation to our staff. Mr. Clough believes the warranty was 10 years, but the staff will check with the vendor. We have about 18 of the current meters on hand—a dozen of which the High Knob crew could use immediately to replace defective meters.

Question and Comment Period: Jerry Soucy asked about the status of the Mountain Top system. Dan Althouse replied that the crew was awaiting better weather to remove the old pump, move the air tanks, and install air check valves.

The January meeting of the HKUI Board adjourned at 7:45 p.m. The next meeting is scheduled for 8:00 a.m. on April 9th, and the Operations Committee meeting is scheduled to meet at 7:30 p.m. on March 28th.

JEM P. ANDERSON
HKUI Board Secretary