

Inscription Canyon Water Company

Board of Directors Meeting

November 28th, 2022

Talking Rock Club

DRAFT Minutes

Mark Armstrong called the meeting to order at 9am. Quorum was established.

In Attendance:

Randy Joly – Secretary – via conference line

Giles Howard – Treasurer

Mike Hubbard – VP Operations

Dan Cancelleri – Director

Cheryl Ibbotson – Business Office

Pat Carpenter – Aquality Ops

Derek Scott – Aquality Ops

Mark Armstrong – President

Mark Armstrong made a motion to accept minutes of meeting held October 6th, 2022. There were no questions. The motion was seconded by Dan Cancelleri and passed.

Finance Report:

Giles Howard reviewed the Variance analysis to budget. Electric power costs were the only significant cost above budget. He also reviewed the current Cash position/trend. It showed that YTD the company had a negative \$275K cash flow. This was primarily due to the approx. \$150K for replacement and re-housing of TRR well #2 with well #4, and the planned engineering work that is nearing phase 2 completion. He also confirmed that the Funds available for Engineering improvements stemming from the phase 1 Civiltec report were getting tight. Mark Armstrong suggested deferring the electric generator purchase until the rate case was decided.

Giles Howard also made reference to some rather large electrical contractor invoices that had not been managed by the purchase order process. The board and Pat Carpenter agreed that all non-emergency purchases over \$2.5K would be accompanied by a P.O.

Giles Howard also presented the findings of his investigation into interest bearing investments for our reserves. He stated that in the current market, the fees for treasury bonds and CD's if they need to be liquidated are very high. The board decided to defer this topic until next year.

Operations report:

Mike Hubbard did a brief Action Log Review. There have been issues getting a spec sheet for the planned Cle Val valve. There are also challenges getting concrete for the TRR#4 structure.

Mark Armstrong asked Pat Carpenter about revised Tank inspection schedule. The contractor has now promised Dec 22nd.

Derek Scott confirmed that the spare pump and motor for the ICR wells had arrived and was in storage.

Mike Hubbard inquired as to the status of the PLC updates that the board had requested. The only system that has not yet been completed is the TRR Double Adobe station, which is awaiting a Mission Control module. This should be completed in December.

Mark Armstrong asked about the plans for TRR wells #1 and #3 inspections. The board agreed to have Drill tech pull and video TRR well #1 while the system was in winter operation.

Dan Cancelleri updated the board on the purchase of eyewash stations and vent fans. These were pointed out as OSHA requirements during phase 1 of the Civiltec work.

Randy Joly updated the board on the completion of this year's hydrology report. He stated that it should be in our hands for review by mid- December. The report still requires a full summer stress test of TRR #4 well to be fully complete.

Electrical Usage and Tracking update

Dan Cancelleri presented his up to date usage summary. The data showed that both systems were showing growth in consumed power due to growth and construction, but that we were also incurring much higher costs per KWH. This was shown to be caused by a combination of peak hour usage and a substantial rate hike by APS. Dan Cancelleri felt that we now had sufficient data and history that he could work with the Civiltec team to try to eliminate some of the peak time usages.

Engineering Work

Mike Hubbard gave an update on Project schedules. The check and control valve installs were approved to move ahead. Bids are underway and specifications are being reviewed. Civiltec will be presenting the first iteration of the TRR system static model later this week. Phase 2 of the overall effort is on schedule to be completed by the end of the year.

Rate Case Progress

Mark Armstrong reviewed the final rate case submission. Some changes to the tiering of rates were implemented in order to align the tariff with the current ACC standards. The average rate increase requested was 12.3% The expected schedule is as follows:

November 30 – Filing application – Docket initiated

Week of December 5th – Notice to members/customers

January – ACC review, questions and possible inspection – Public comments

March/April 2023 - adjudication

May 2023 – Rates effective

Election status

Mark Armstrong and Cheryl Ibbotson reviewed the status of the 2022 board election. Cheryl confirmed that only one nomination was received by the deadline for the 2 open positions. After review with our attorney, the board was advised to acclaim the one nominee, and leave the other position open until next December. Mark Armstrong made a motion to do so, it was seconded by Giles Howard and passed.

The board discussed the amount of ongoing work and how that would be affected by having only 4 board members. The board agreed to introduce the opportunity for other members to participate as sub-committee members. Civiltec liaison, Electric Power reduction and budgeting were all suggested as places where committees made sense. The board agreed to present this idea and solicit volunteers at the first public board meeting in 2023.

As there was no further business suggested, Mark Armstrong moved to adjourn the meeting at 10:12am. The motion was seconded by Mike Hubbard and passed.