

Inscription Canyon Water Company

Annual Meeting

January 31st, 2023

DRAFT Minutes

Mark Armstrong called the meeting to order at 10am. Quorum was established.

In Attendance:

Randy Joly - Secretary

Giles Howard – Treasurer

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 November 28th, 2022. There were no questions. The motion was seconded by Dan Cancelleri and passed.

Mark Armstrong welcomed members in attendance and on the conference call. He asked everyone to thank Mike Hubbard for his two-year term as VP Operations. Mike contributed substantially to both operational improvement and our engineering efforts.

The 2022-23 election results were reviewed. Only one candidate was nominated and he was acclaimed. The other director position will remain vacant. Dan Cancelleri was introduced as the re-elected board member.

Election of Officers:

Giles Howard nominated Mark Armstrong for President of the board, Randy Joly for Secretary and Dan Cancelleri for VP operations. Mark Armstrong nominated Giles Howard for treasurer. All motions were seconded and passed unanimously.

Finance Report:

Giles Howard reviewed the 2022 annual financials. He pointed out that the major variances were the expenditures on electric power and purchased water, both of which had price increases last year. The revenue summary was also reviewed, which showed a marked decrease in sales to the golf course. This was as a result of the well failure last spring.

Giles Howard also presented the change in cash position year over year, which showed a deficit of \$303K. This was due to the well replacement costs and some of the engineering expenses. Much of this was financed through ongoing cash flow and short-term savings, with much of the capital reserve account being intact. A summary may be found in the attached presentation and all monthly, quarterly and annual financial statements are on www.ICWC.info.

Operations report:

Mark Armstrong reviewed activity and pumping statistics for the year. They are contained in the attached presentation. There was a sharp increase in construction usage as the WC phase 6 and 7 excavation proceeds.

Mark Armstrong reviewed challenges and accomplishments from last year. The most significant challenges were the failure of TRR well #2 and the fact that the water sales to the golf course will now need to start being rationed as new homes come online.

The biggest accomplishments were the addition of SCADA systems to the major boost stations and tanks, allowing for 24x7 visibility and alerting to those sites, as well as the significant improvement to the control logic at all of the pumping facilities.

Mark Armstrong then gave an update on the engineering work underway with Civiltec. He presented the phase 1 and 2 reports to the group and confirmed that they would both be on the website

Electrical Usage and Tracking update

Dan Cancelleri presented his annual usage summary. The data showed that both systems were showing an increase 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.

Rate Case Progress

Mark Armstrong reviewed the progress of the rate case. He stated that the ACC had accepted the ICWC proposal and financials and that the staff was evaluating the request for a 12.3% increase in rates. The engineering survey of plant and equipment was completed earlier this month. The recommendation of the ACC staff to the commissioners is expected to occur in March.

Introduction of Sub-committees:

The board introduced the topic of non-board members participating in company work. Several areas of possible participation were nominated. A sign up sheet was placed at the back of the meeting room. Other volunteers can do so by email through the website.

Member's questions and comments:

There were several member questions regarding the change in price tiering in the rate case submission. Randy Joly explained that we had conformed to the current rate template used by the ACC. The board recommended that members make their concerns known to the ACC staff by placing a note on the case docket.

A member asked whether there were actions underway to add to the total water supply such that the golf course would not be reduced. Randy Joly stated that some discussions had started but that no substantial plan was in place. Mark Armstrong made it clear that ICWC was not-for-profit water delivery company and not a developer. Any additional water source for the golf course is the responsibility of the golf course owner. ICWC has pledged to help in any way practical.

No questions were fielded from the conference call as the attempt to un-mute the callers resulted in them being disconnected. Apologies.

As there was no further business suggested, Mark Armstrong moved to adjourn the meeting at 11:46am. The motion was seconded by Giles Howard and passed. Note that the presentation given at the meeting is on the website and the link to it is here:

Thank you

Your ICWC Board of Directors