

TOWN OF BLACK CREEK

TOWN BOARD MEETING

Date: Sept 11, 2007

Time: 7:30 PM

Place: Black Creek Town Hall

Present: Mayor Howard Moore, Commissioners Seltzer, Smith, Godwin, Lucas, Franks

Absent: None

Minutes Taped Yes

Mayor Moore: Meeting for September 11, 2007 is now in session. First thing on the agenda are the bills. Has everyone had a chance to look at the bills? Motion made by Commissioner Lucas to pay the bills, seconded by Commissioner Franks, all in favor say I all opposed, motion carried unanimously. Approval of our August minutes, we had a meeting on the 14th and one on the 20th. Motion to approve the minutes made by Commissioner Seltzer, second by Commissioner Godwin, all in favor say I, all opposed, motion carried unanimously. I think Mr. O'Donnell has got another meeting to go to, so we're going to step out of order on our agenda and let him make his presentation.

Kevin O'Donnell: Thanks for taking me out of order as I do have another town meeting to go to tonight. I'm here tonight to present to you something that has been in the works for four years now. It has been that long really since we started working on the power supply project. I have a contract for you tonight. When I get done, what I'm going to ask you to do is vote whether or not you want to enter into this agreement. If you like everything you see, Barbara will then take the contract and overnight it back to Raleigh. Then basically for all intents and purposes we'll be done at that point. I'll still have a lot of work ahead of me, but in terms of coming back to you and asking you to hear me any more and things like that, that part will be over with. I'm going to start with passing out an analysis that I did for you to discuss the results of the RFP. That will pretty well analyze the results, and tell you what I'm going to recommend that we go with. Supplier A and the contract that I have before you is with Progress Energy. As you know we currently take our power supply from Dominion. Dominion is under no obligation to continue to serve us. It's totally deregulated on the pump and wholesale market right now. They don't have to serve us if they don't want to, and quite frankly they don't want to. But it's not us; they have pulled in their horns across the markets. They are no longer selling wholesale to towns like us. A town in Virginia is the one they stopped first, now it's our turn. The best supplier as to cost is the closest and that's Progress Energy. The difference in the proposal that they put on the table to us, versus the next lowest supplier was about \$673,000.00 over 5 years. Roughly that's about \$160,000.00 a year over the next 5 years. To the typical homeowner that's about \$15.00 a month. The numbers point to Progress Energy. Now if you will flip over to the next page, there's a bar graph. The big question that everyone wants to know is what kind of retail increases are we going to have to go forward with, with this new contract with Progress. It is more expensive than

what we had with Dominion Resources, no doubt about it. I'll be perfectly honest with you; Dominion was crazy to give us that contract. And the 5 people that we worked with have all been fired. The markets went opposite of what Dominion thought they would go. They have a trading floor right there in Richmond. And they went through and they cleaned house. Others got contracts like ours as well. They've decided not to be active in the wholesale market any more and they passed legislation in Va. to deregulate the State of Virginia. They were a deregulated state; you could buy your power from any state, even your homeowners'. I know I've painted a doom and gloom picture of what our wholesale cost was going to be. That's what I honestly thought the price was going to be. They turned out to be much better than I thought. Some answers to some prayers were received. Based on the preliminary I've seen so far, I do not believe we will have to do another retail rate increase at the start of the year. Our new contract goes into place February 1st. I think we're going to be fine without another rate increase. Over the winter and early spring I'm going to be doing a rate study for Black Creek. And I will know for certain whether or not we're going to need it, but right now I don't think so. If we don't need any revenue added to our electric fund, we've got a rate stabilization fund that we've stored up over a year and a half that will help us get through this. So that's good news in that respect. I'm going to leave the contracts with you and you are free to read it, but there are some differences in this contract and what we had with Dominion. The first one is, Dominion gave us a fixed rate contract, and it was nutty for them to do that. We've had a fixed price for 5 years till January, 2008. We figured out what profit we needed to sustain the town on. And we design rates around that. There's a demand component and an energy component on the bill, and they're split about 50-50 in terms of the cost. The energy component is going to change every month. For the year 2008 they have forecasted a rate of 2 1/2 cents a kilowatt hour. It's going to fluctuate somewhere between 2.1 to 3.0 cent per kilowatt hour. It will fluctuate monthly. We're going to see fluctuating bills. What I'm going to recommend we do is what we call a fuel adjustment clause. I've been in the business for 24 years; a fuel adjustment clause is very common. We forecast out what our energy use is going to be. We forecast out what fuel cost is going to be, we build that into the rates and at the end of the year we look at that. We take that value and flow it back to the customer in a rate cut. We lower their rates the following year. If the costs are higher than what we anticipated we go the opposite way, we increase. Its standard practice, Progress Energy does it. I'm involved in every one of their fuel hearings. Commissioner Seltzer asks that if it goes the wrong way is it a big jump in increase for the consumer. We may have to increase the following year of about 5% or it may be a little higher. I've seen 10% before. Don't be surprised if I come back to you and say 10% or 15%, if it happens. That's the worst case scenario. We are hitching our wagon to Progress Energy. If they do well, we do well. If they do badly, we do badly. But that's true of everyone around us. Other details of this contract, this is what we call a load agreement. If they have energy problems, they're going to cut their load, and they're going to cut our load. We're at the same quality level that the retail customers are. It's called native load. Historically, there have been 6 customers of CP&L and they're known as the fantastic 6. They have been customers of CP&L for decades. The town of Waynesville is a client of mine and they have been taking power from CP&L for 80 years now. They are one of the fantastic 6. We're going to be joining them. We still have to get approval from the NC utilities commission and the federal regulatory commission on this. I think we've got that issue straightened out. I'll be working with Barbara about getting some letters sent from our state representatives in

support of the filing that we've made to Progress Energy at the utilities commission. They will make a filing stating that this is a native load contract and please approve it. The public staff, the consumer advocate, they have already approved it. In some ways this will be kind of a coming home. I think everyone may remember Sam Irving, our attorney during the first go around 10 years ago. He's now on the utilities commission. Jimmy is a good friend of mine. I had lunch with him about 3 months ago; he was asking what was going on. I couldn't tell him because I knew he would have to take himself away from ruling on this matter when it came before him. I'm sure the filing will be of great interest to him since he did the contract for us 10 years ago. This agreement has been reviewed by George Weaver. He sent me and Barbara an e-mail, saying it's ok. A couple of other items in the contract, this power are priced at the generation point, which is different than how we currently get it from Dominion. They priced the power at the town delivery point, so they absorbed all the line losses from our delivery point through the sub, back to the sub. About 5% line losses, they absorbed it all. Progress is not going to do that. They legally can't do that, because they are still under what we call cost based rates, because they have market power and being the only game in town. The piece that we have not ironed down is the contract because CP&L transmission people by law cannot analyze line losses until we present them a contract. There is going to be the line losses all the way down from our sub stations all the way down to our town delivery point. I've already run some numbers on that, and my calculations indicate a line loss of about 2 and a half percent. That plus the OTT line loss equates to about 5% line loss. That's built into the numbers that you see here. Two other things and I'll stop talking, everyone heard me talk extensively about the RTO that we have access into. When we sign this contract with Progress Energy we lose our access into RTO. We lose our access into the most competitive power market in the United States. I hate to give that up, because we have something that I guarantee you that others would probably die to have. But I can't come before you and recommend that we pay as much as one hundred and sixty thousand dollars a year more, in the hope that the competitive power markets in Virginia and above come down to these lower rates that we are currently seeing in Progress Energy. I don't know if they will or not, because everything up there is based on the price of natural gas. It's a long story but what I'm saying is once we sign this contract we give up that access to PJM. We may never get it back. That is a price we have to pay, but I'm willing to pay it given the numbers that we're seeing in this contract. If I had a crystal ball and I knew for a fact that wholesale prices are going to dive in 3 years and we could get something better, I may have a different feeling about that. All I can do is see what's on our plate right now. It looks pretty good. The last thing I'm going to say is, and this tells you why this contract is more than just about the numbers. Everyone may remember the NC General Assembly passed senate bill 3 this past session, it was a renewable energy portfolio standard. I was heavily involved in that bill on the consumer side. I was down at the general assembly every day. That bill will require all the electric utilities including municipalities like Black Creek to buy at least 10% of their electric power from renewable sources, wind, solar, hog waste, any type of renewable resource like that produce electricity by burning it, solar, hydro, whatever the case may be. We're going to have buy 10% of our resources. I was very nervous when this bill came out, and I worked on it very hard, and what I ended up doing was getting up the electric co-ops because I felt like they had more in common with us, being a municipality than any other body in the room. I ended out working out an agreement with the co-ops, that found its way into the bill, that said as long as an electric supplier municipality, co-

op buys all or part of their power supplies from a utility that has a renewable energy portfolio standard then we meet our obligation. So what that means is that as long as we buy our power from Duke or CP&L for example we meet our standard. Now the alternative is we could have stayed with PJM and we could buy our power from an independent supplier up there. But either way they are going to have to handle that 10% for us at a price, or I'm going to have to stock up big time in my office so we can get that 10%. And neither one of them is something I think you want to pay for. This contract is more than about numbers, it's also about a requirement that the general assembly has put on us, and this is how we meet it. A couple of other things, there are some re-openers in this contract that progress wants put in there, to basically take some risk off them. I understand what their doing. For the past 24 years I've worked in the regulatory field of the utility industry, what these two openers are, if Progress feels like they need base load plant prior to the end of this contract then they have the option of going to the federal energy regulatory commission filing what they call a 205 case, whereby they can increase the demand components that are found in this contract. Considering the difference in the cost I don't see anything wrong with that, because if their cost goes up on the retail side, our costs are going to go up. Every one is going to see some cost increases. That's a risk; I'm willing to take it given what I see in the market today. The other risk, is an environmental opener, if they get hit with some pretty tough environmental cost, they want the ability to pass that on to a separate writer in this contract. We don't know what's going to happen on the federal side, again I understand why they want to have it done, and I don't think our cost is going to be outrageous, but again the numbers you see before you are kind of compelling to accept it. The reality is that if the suppliers we had in here side by side and everything were equal we could negotiate some of these openers away but we can't. That's it. I met with Lucama, and Stantonsburg last night, they are both good to go on the agreement. I'll be leaving here and going to Sharpsburg to present the contract to them. I'd ask everyone to consider the agreement, and vote to go ahead and accept it, pending a review by Barbara so they don't find anything that they can't live with. The goal is to get all 4 contracts back to Progress by this Friday or Monday of next week. Get them to make the filing at the utilities commission, and hopefully get that sped through pretty quickly. And then you'll see me doing a lot of behind the scenes work with transmission people getting that straightened out.

Mayor Moore: Is there any discussion? Do I hear a motion?

Commissioner Smith: Let me ask you one thing first. They have all these outs, do we have any outs in case something happens. Say, three years from now we're in a depression, recession whatever, and it's cheaper, can we cut loose and go buy from somebody cheaper. Mr. O'Donnell responds, no. Commissioner Smith states, they have all the outs and we don't. I guess they're in the better bargaining position right now.

Kevin O'Donnell: Let me just say if they file a base load re-opener, and they want to increase our base load rates, our demand cost, they have to do that at the FERC. We have a right to intervene, and to challenge those numbers. If they want to increase our cost 10% and we feel like only 1% is warranted we can go up there and fight them, and I have done that in the past. I've been involved in some wholesale rate cases up there and the same thing goes for the environmental re-opener, if we don't like it we can fight them on it.

Commissioner Smith: It looks like they have an increase every year. Am I reading it right?

Kevin O'Donnell: Yeah, you are. Some of that is load growth; I factored in a 3% load growth for Black Creek which is more than the other towns. There are some cost increases, but the energy component is going to fluctuate up and down. Right now the forecast they have given me it goes up roughly a tenth of a cent for the next 5 years, which is not a lot, but they are estimates, they could fly out. They are system energy average numbers. They are going to look at their total variable cost and then they are going to take those numbers and divide by the number of kilowatt hours, and that's going to be their energy rate. That's the way everybody does it. I'm at the utilities commission every week. I'm going to be filing testimony in less than two weeks. We have to trust them, but there are provisions in the contract that let us go back and audit their books. If something pops up, I'm probably going to see it. I will tell you that the reality is that utilities are so big, and they have so many accountants that it is hard to find things. CP&L has never done anything wrong, and I trust the company. But I'll also tell you that Duke Power was dragged through the press about two years ago as an internal whistle blower. The long and the short of it was that they were fined twenty five million dollars, because an independent auditor came back and said we believe the whistle blower. The reality is that I think it's a good contract, but at the same time we have the right to go back and audit them. And I will be doing that from time to time. I did it for Waynesville about three years ago.

Commissioner Seltzer: I think his points are good. We also have the strength of his proven track record and also what he's already accomplished. I feel really good in relying on Kevin's expertise on this matter and the fact that I know he will be watching over it. He's proved that to us in the past. Because the markets are so explosive, we've got to rely on expertise, and that's what we've done here.

Kevin O'Donnell: I appreciate that. Part of the reason they are giving us rates that are so attractive is that they cannot offer what the true market cost is in their own control area, Eastern NC and the Ashville, Waynesville areas. They cannot do that because they have been deemed to have market power, which is an economic term for saying they are the only folks in town. You can't really go to anybody else, so since they have market power they can only offer cost base rates. This is the old regulatory rate making scheme that I've been involved in for 24 years. The cost base rates right now are about 25% lower than market base rates; that's why Progress is doing what they are doing. They can't offer us anything else, it has to be this. They have been good to work with. This contract that you have before you is almost identical to the contract that I worked with Waynesville. We just got done with that one about 4 months ago. There is some track record in terms of this contract. Every thing you say Mack, is true, it's a risk, but if Dominion knew 5 years ago they wouldn't have given us that contract. Since we don't have a crystal ball all I can do is look at what I have before me, I think it's a good agreement.

Mayor Moore: Do I hear a motion that we accept this contract? Motion made by Commissioner Godwin, second by Commissioner Seltzer, all in favor say I, all opposed, motion carried unanimously. We'll go back to our agenda now. Old business: Wireless internet with computer central.

Commissioner Seltzer: I'm going to be honest with you. After the workshop, I don't think we're where we need to be to bring this up for a vote at this time. Does everybody feel like the agreement should be that we are paid a commission or are we looking at two items that we discussed in the workshop?

Mayor Moore: According to what you said probably one but it needs to be in the contract doesn't it?

Commissioner Seltzer: I would say right now at this point, and I know they're pushing to get this thing in and this may actually hurt us, but another company has gone right in front of the building with cable this week. Unless we are willing to word it such that we get the commission part stated into the contract we'll go ahead and take a vote on it. How does everyone feel? We also need to get the liability issues worked out that Greg was talking about. Barbara makes a suggestion after having talked to George Weaver. I think that would be the intelligent thing to do at this point, because there are a couple of things we need to work out. I make a motion that we do approve it with the approval of George making a final look see that everything is correct and the liability issues are correctly covered as far as down time for maintenance and that type of thing. Commissions will be stated in the contract and the contract will be for one year.

Computer Central: And typically what we do when we do that, if I may add we would do that. The broad band for Black Creek would be for Mr. Mullet to get what he needs on the water tower and then whichever way you want to do as far as commission bases will be on a separate agreement. What Mr. Mullet wants to do needs to be a separate issue? I would do it on two contracts based on what you want. And your contract would be renewable yearly. Mr. Mullet still as a part of this agreement said he still wanted to offer that to the town for the town use. He will not be responsible for the monthly service. And your upload and download speeds would be faster than what you are getting now.

Commissioner Smith: So what you need tonight is a contract to help Mr. Mullet out and we'll worry about ours later. Do you want to go ahead and give her our issues, Greg?

Computer Central: I brought my engineer tonight, he's also my husband. That way if there's any technical stuff, I can put him on the spot. What are your issues that you've got while I've got him here?

Greg Gates: The one issue was tank maintenance. If for some unseen reason the tank has to be taken out of service for 2 weeks, we have to have something wrote in there. Let's say we had to paint the tank, it would have to be covered with plastic and everything else. If that happens what's going to happen to Mr. Mullet's service.

Computer Central: Well we've already started looking at difference bounce points as they're called for the wireless. We're not doing a mesh network which means that person,

that person, etc. The transit equipment that we've got can extend the service out without everybody meshing on each other. We are always looking for what ifs. We have to fight that logistical problem all the time with bounce points. If something were to happen, and I hate to say the word but you do have dial up as something to fall back on temporarily. If you have to work on that tower, he does have a backup. You will not be held liable and I can put that in there. If you want a monthly fee we will have to base it on how many people get on and what speed they get. The average is \$2.50 to \$5.00 per customer per month. That's not set in stone, it depends on what speed they get. I don't want to knock on doors, so maybe I could leave something in the Town Hall letting people know that this is what Black Creek has, or it could be printed right on the light bills. With one on the tower and we will put one in here as well and everybody is Black Creek could get internet service. If you can see the tower it's 100% sure, if there are trees and you can't see the tower then it can vary. Mr. Mullet would be your first commission, and his account would be a \$5.00 account because of the speed he's getting. All our customers that do wireless, we do require that they sign an agreement. With some places you have an agreement and its 11 months, 2 weeks, and 3 days, and they are going to make you follow that to the letter. I've had customers that are moving to another location or something like that, and I waive the fee. It really depends on what kind of customer they have been. I try to work with everybody.

Mayor Moore: Motion made by Commissioner Seltzer to accept the offer with 2 different contracts taking care of any maintenance issues that may come up. Seconded by Commissioner Godwin, all in favor say I, all opposed. Motion carried unanimously. Next thing is staggered terms for commissioners.

Commissioner Lucas: We talked about it in the workshop and I'm inclined to agree with most of what Mack said. Do we want to scrap it or do we want to go with every year.

Mayor Moore: I don't see any way to do it.

Commissioner Godwin: The only reason it was brought up is because at one point several years ago we had a whole new board and a mayor. We were all green. It could happen again. It probably won't, but that's the reason it was brought up.

Mayor Moore: Motion made by Commissioner Lucas to drop it, second by Commissioner Seltzer, all in favor say I, all opposed. Motion carried unanimously. Next thing is a proclamation for alcohol and drug use. Wilson County substance abuse coalition is asking us to issue this proclamation for alcohol and drug abuse. Motion made by Commissioner Seltzer, second by Commissioner Lucas, all in favor say I, all opposed, motion carried unanimously.

Candy Minshew: Every month after we do our utility bills there is a report that I run and it's called the Aged Trial Balance, and we have some old accounts that are 5, 10, and 15 maybe 20 years old. Barbara spoke to the auditor about this and they suggest that we could go ahead and write these off. But we have to get the boards approval to do that. Commissioner Seltzer asks if we have a company that can try to collect for us, and Barbara states that we do. We have done everything we can to try to collect.

Mayor Moore: Motion made by Commissioner Lucas that we do this, second by Commissioner Seltzer, all in favor say I, all opposed, motion carried unanimously. Next thing is Commissioner Business.

Commissioner Lucas: All I have is a note about Christmas wreaths and I thought we settled that last year.

Mayor Moore: Greg is there enough wreaths to go around? Greg states that there are some that are looking old. Where would these be put up? Barbara states that they would go further down Center Street. What we really need to know is how many need replacing. Commissioner Godwin states that you can get snowflakes a whole lot cheaper than the wreaths, which Barbara stated were about \$250.00 last year. Motion made by Commissioner Lucas to get 5 snowflakes, second by Commissioner Seltzer, all I favor say I, all opposed, motion carried unanimously. Motion made by Commissioner Lucas to put a nice wreath at town hall, second by Commissioner Godwin, all in favor say I, all opposed, motion carried unanimously.

Commissioner Godwin: Did you finish out at Sonny Scotts, Greg? Greg states that they have one more service to hook up, but everything is there. Are all the lights back on over on Mercer Street. Greg states that was done today.

Commissioner Smith: We've got a letter here about the lift station. I think we can probably just table it, and see what happens with it. The main thing is we sent them a letter saying that we would accept it, if they wanted to give it to us.

Mayor Moore: Motion made by Commissioner Smith to table it for now, second by Commissioner Seltzer, all in favor say I, all opposed, motion carried.

Commissioner Seltzer: Roland wasn't here for the workshop on the T and H thing. They said that there was a misunderstanding and they would like to piggy back off our poles. It's probably not in the best interest of the town to do so. We decided we would just vote yes or no on it, and give them their answer. And then let them choose what they want to do, because what they are after is the power beyond that point. Maybe we should contact them and tell them we don't have any record of a formal request.

Mayor Moore: It appeared to me that the letter they sent us was just an answer to our letter, it didn't say anything. I think we should just wait and see. The discussion was whether this was a request or not and I don't see this as a request. Motion made by Commissioner Godwin to deny this request until they contact us and we have a meeting to decide exactly what they want to ask us. We need to be contacted by Grant Goings, second by Commissioner Smith, all in favor say I, all opposed, motion carried unanimously.

Commissioner Seltzer: When we appointed Robert in charge of the clean up and supervision of the streets we forgot to shift the supervisory responsibility away from the safety officer. I make a motion that we restate that ordinance to say that the supervisor of Robert would be Greg Gates and he would answer directly to Greg, so this would all be

in one department, not scattered through two departments. That's my motion, that we reassign the duties of supervisory capacity to Greg Gates

Mayor Moore: Motion made by Commissioner Seltzer, second by Commissioner Godwin, all in favor, all opposed, motion carried unanimously. Motion made by Commissioner Seltzer to get started with checking the minutes for the last couple of years to start to make a new ordinance manual, so that all the ordinances can be found in the manual without having to go back and check minutes. Second by Commissioner Lucas, all in favor say I, all opposed, motion carried unanimously.

Commissioner Seltzer: We had some complaints on the painting that was going on around the corner. I called Erader Mills and Jerry Breedlove; they came down and met with me, and I called Greg in on it and we went over the violations that they had in that corner trailer park, Howard trailer park, I think they call it. He's started cleaning it up. It's not a commercial zone, and it's not zoned for paint spraying on cars. That building has been torn down. They are not in violation any more. Erader Mills and Jerry Breedlove were very cooperative. There are two letters that they sent their tenants to let them know that they have to comply with the town and keep that trailer park clean and neat.

Mayor Moore: Now it's time for department heads. Do you have anything Ms. Aycock? Ms. Aycock states that the planning board is meeting on the 20th at 7.

Greg Gates: This is going to be in the water and sewer department. We've got telemetry at our sewer lift station. The state has started requiring that now. Basically it's a little computer that sits there, if something fails or the level gets up, it calls my house. We have one at the water plant that tells us if that fails. We also have one at the main station on Evansdale Rd. We've got four of these units. As of February of next year, I know you have probably seen this on the news about the analog signals. That signal will be cut off, the FCC has mandated that. Three of our four units have got analog radios in them. So they are basically going to be history. One of them is actually under warranty, so they are going to have to replace that one for free. If you purchase one, one unit is \$1975.00 and the other is \$650.00. But because this has hit everybody, they are trying to do a bulk purchase, to save money for everybody. Believe me; I gave the man an ear full because this is going on. But it's out of their hands. It's also affecting On-Star, and GM, if it's a certain age it's not going to work. Cell phones that are analog are not going to work anymore. What this all boils down to is us having to spend about \$3075.00, to update these units. We can check for grants, but they've got to have a commitment by the 15th of next month, that we are going to do this. If it makes you feel better, I'm going to try to change them out and save us about \$1500.00. We've got some units that are probably 6 or 7 years old and some that are not all that old. The whole reason we went to this is because we had land lines. There is not a cost effective alternative. It's a cheap fix, and if it makes you feel any better, Myrtle Beach has got 80 of these units. These are all digital signal, and it's going to be around for a long time.

Mayor Moore: Motion made by Commissioner Smith to purchase these things, second by Commissioner Lucas, all in favor say I, all opposed, motion carried unanimously.

When do you think the telephone people will have their things moved over? Greg responds that they are working on it. Does anybody in the audience have anything?

Christine: I work at Lee Woodard School. I also live at Hunters Landing. That's a subdivision outside of Black Creek, but we get Black Creek water. We've been talking amongst ourselves, and we're concerned about the water bill. Everyone that I have talked to in the subdivision has a water bill of over \$100.00, and I am a single person, with no children, so it seems to me to be high. I just want to know why we are charged more because we don't live in Black Creek. I know things cost more now, but what's causing it to be so expensive?

Commissioner Seltzer: I really wish you would have been here last month at the meeting. Kevin O'Donnell made a presentation on the water and the cost and where it was going. There were some people from out there who came in and addressed the issue. I'll let the mayor handle that response to you.

Mayor Moore: He explained that I believe it's 85% if municipality's state wide is higher. The citizens of the town have this system and they extend them out of town. Six or seven years ago the town put sewer lines outside of town, and you are probably hooked on to that one, at a cost of \$400,000.00 to the town. This spring we just finished a water line extension. The town is going to be paying on these for the next 40 years.

Christine: Wilson would have brought the water out at no extra charge. But they won't do it now because we already have water.

Commissioner Smith: The reason our rates got raised is because our cost went up. Black Creek has not raised their water rates in many years. The cost has increased and we kept it the same for a long time. A study was done as to how much it cost and we had to do something. What we did was structure our rates on what it should cost and what it would take to recoup to continue to operate. I know it went up and was probably a big shock to start with, but our rates are still less than Wilson, or any other area around. The sewer didn't go up that much, but the water did.

Commissioner Godwin: We went for many years, and I used to argue with this board to raise the rates. When you realize you are in the red you've got to do something.

Christine: I don't mean to sound rude, and I want to be professional about it but many people in our neighborhood are considering moving. For me to have to pay over \$100.00, that's a lot of money. I've been trying to conserve and I brought my bill down to 2900 gallons and I still pay \$70.00. I grew up in Washington DC, and my parents there use 10,000 gallons and they pay about half of that. I just want to make sure that everyone is being treated fairly. Another concern that I have is that the rate is not listed on the bill, and I wonder if there is any way it can be added on to where it shows what the charge is if it changes. I've heard there is a higher rate the more water you use. Are there any other options for the people in our subdivision? Commissioner Seltzer responded that they could voluntarily annex in and that would drop it a little. How does that work? Commissioner Seltzer responded; just let the town know that the people out there are interested. How much would the compensation be towards taxes, because that would

make us have to pay city taxes? It's about tit for tat. Commissioner Smith responds that he doesn't see another rate increase for a while. Commissioner Seltzer states that we can't say that because the city has already said their sewer rates were going up and if that happens then we will have to go up. Greg responds that her rate has not quite doubled, but what we are paying for the pipe that goes in the ground has tripled and some has quadrupled. So if that doesn't level out then we can't level out what we do. But you don't think that the water will have that big of an increase again any time soon. Commissioner Seltzer responds, not that big, but I do think you will see another increase.

Mayor Moore: There is always going to be a difference between in town and out of town. We don't foresee any increases for a while.

Audience Member: Did you not get grants for what you were just talking about, your sewer and your water lines? Barbara states that we didn't qualify for them. The article that was in the paper did state that the customer rates out of town did double. Was that article incorrect? Mayor Moore states that yes they were wrong, the rates did not double.

Mayor Moore: Does anybody else have anything? On September 20th Barbara is going to be in Raleigh for a park grant meeting. And October 24th and 25th Barbara is going to be at the Raleigh Rural Center for NC Rural Leaders meeting. If nobody else has got anything, do I hear a motion that we adjourn the meeting? Motion to adjourn made by Commissioner Smith, second by Commissioner Franks, all in favor say I, all opposed, motion carried unanimously, meeting adjourned.

Barbara Aycock
Secretary to Board

Howard Moore
Mayor¹

¹ TOWN OF BLACK CREEK 9-11-07
BOARD MEETING