



**Commission Members Present:** Donna Benz, Joe King, Bob Schasse, Phillip Smith, Jim Turpin and Bob Vaughan

**Commission Members Absent:** Jeff Liverman and Fred Shanks

**Staff Present:** Ken Ashworth, Patricia Conner, Barry Dunkley, Barbara Dameron, Jason Grey, Arnold Hendrix, Jennifer Holley, Ken Larking, Nate Lewis, Becky Meadows, Amanda Paez, Steve Saum, Eric Walker, Clarke Whitfield and Allen Wiles

**Others Present:** Aubrey Hilliard, Texican Natural Gas

### **Call to Order & Announcements**

Chairman Vaughan welcomed Ms. Benz to the Commission.

Chairman Vaughan then opened the meeting and asked that the attendance be recorded. As a quorum was present, the meeting was called to order.

### **Discussion / Business Items**

Minutes of May 13, 2013 Commission Meeting: Chairman Vaughan asked for any corrections, deletions, or adjustments to the minutes of May 13, 2013. There were none.

Mr. King made a motion to approve the minutes. Mr. Schasse seconded the motion. The motion was unanimously approved.

Review of Utilities' Financial Statements: Patricia Conner reviewed the April 2013 financial statements.

Ms. Conner then addressed questions from the Commissioners.

Natural Gas Market Update: Aubrey Hilliard, Danville's natural gas consultant, said that gas rigs currently operational have hit an 18 year low. The cause, said Mr. Hilliard, is

record low natural gas prices and the lack of gas company profits due to an increase in shale drilling.

In addition, it was discovered that the lifespan of the fracking wells is less than originally thought and demand is projected to increase by the year 2018, explained Mr. Hilliard. As a result, Mr. Hilliard said, he anticipates that natural gas prices will begin to rise.

Mr. Hilliard said that Danville's hedging portfolio is good until 2017 and he suggests that the City place hedges for five additional years.

Mr. Hilliard then addressed questions from the Commissioners.

Demand Response Discussion: Mr. Vaughan said he had received an email from a third party aggregator requesting the City allow the company to provide demand response credits to Danville's customers. The Pittsylvania County Schools System had been approached by the aggregator and also requested that City change the ordinance that currently disallows third party aggregators.

In attendance was Robert Anderson from Cloverdale Lumber who said that he was also contacted by the same third party aggregator.

Nate Lewis then explained that demand response is used during peak power times to temporarily reduce demand. Credits are paid from the regional transmission organization (RTO) to the utility. Customers who agree to reduce their load when needed are then compensated under this type of plan. Danville does not currently offer a demand response electric rate.

Third party aggregators receive the credits from the RTO and pay the customers a portion of those credits.

After a discussion Mr. Smith made a motion that the Commission recommend to City Council that the 2007 ordinance be repealed therefore allowing third party aggregators. Mr. Schasse seconded the motion. A vote was cast and the motion passed unanimously.

### **Communications from Utility Staff**

Nate Lewis told the Commissioners that he would be leaving Danville Utilities and Eric Walker would be serving in his position in the interim. Mr. Vaughan thanked Mr. Lewis for his service.

### **Communications from the Commissioners**

Mr. Schasse asked about recreational releases from the hydro plant. Mr. Ashworth explained that, because of repairs to the turbines, releases were not possible at this time.

## **Director's Report**

Mr. Saum said that Barry Dunkley would speak on the wastewater plant's capital projects at the next meeting. At the August meeting, Ken Ashworth will present the Power and Light capital projects and the September meeting would include Allen Wiles' presentation on the Water and Gas capital projects. Jason Grey will speak on the Telecommunication projects in October.

## **Adjournment**

Chairman Vaughan stated the next meeting is scheduled for July 22, 2013. There being no further business Chairman Vaughan adjourned the meeting at 5:40 p.m.

Submitted by Patti OKeefe  
Secretary to the DUC

**July 22, 2013**  
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Date Approved

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Chairman  
Danville Utility Commission