



Danville Utility Commission
4:00 p.m. January 27, 2014 Meeting
Council Conference Room, City Hall
Minutes

Commission Members Present: Joe King, Fred Shanks, Phillip Smith, Jim Turpin and Bob Vaughan

Commission Members Absent: Bob Schasse

Staff Present: Michael Adkins, Ken Ashworth, Barry Dunkley, Barbara Dameron, Carolyn Evans, Jason Grey, Arnold Hendrix, Jennifer Holley, Steve Saum, Alan Spencer, Cynthia Thomasson, Eric Walker, and Allen Wiles

Others Present: Rick Drezenovich, Chris Goss, Kent Shelton and Denise Wyatt from Danville's Public Works Department

Call to Order & Announcements

Chairman Vaughan 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 the December 23, 2013 Commission Meeting: Chairman Vaughan asked for any corrections, deletions, or adjustments to the minutes of December 23, 2013. Mr. Turpin said the minutes stated Mr. Shanks had voted at the last meeting. Mr. Shanks, being appointed by City Council, is a non-voting member. The secretary said she would reflect the change in the minutes.

Mr. Smith made a motion to approve the corrected minutes. Mr. Turpin seconded the motion. The motion was unanimously approved.

Review of Utilities' Financial Statements: Michael Adkins reviewed the November financial statements.

Mr. Adkins then addressed questions from the Commissioners.

Review of FY 2015 Budget: Jennifer Holley reviewed the FY 2015 Budget figures. Ms. Holley said that Doug Handley, consultant from Utility Consulting Services, had forecasted figures in the Biennial Rate Study. Ms. Holley said that to derive her revenue figures she used actual numbers from the last sixteen months.

Ms. Holley said that her projected revenue figures were lower because of the decrease in consumption in the residential sales over the last sixteen months. Ms. Holley added that the operating expenses were also lower in this budget.

Ms. Holley also said that the budget includes a reduction in capital improvement projects this year. Rick Drazenovich explained the capital improvement budget figures regarding sewer line extensions and repairs.

In answer to a question from Mr. Smith, Ms. Holley said she would check into how the rate change revenue is split between residential and commercial in 2014. Mr. Saum added that part of the number is an increase of service fees shown in the 2015 budget. The Commissioners asked that the revenue number be categorized.

Ms. Holley said that this year there will be a discrepancy between budget and actual in all funds because the 2014 budget was formed using Mr. Handley's calculations based on the past three years.

Mr. Turpin asked about the transportation rate margin that was scheduled over a period of years. Ms. Holley said she would check on that information.

Ms. Holley, Mr. Saum, Mr. Ashworth and Mr. King addressed additional questions from the Commissioners.

Ms. Holley said the Commissioners will receive an analysis of regular capital maintenance by email and the next budget package would include details of each capital project.

Discussion on Energy Efficiency Rate and PCA: Mr. Saum asked for a recommendation on whether the department should continue to fund the energy efficiency program. Currently the program is funded with money from the PCA. Mr. Saum said the contract for the company that was hired to run the program will be complete in June.

Mr. Saum also discussed Doug Handley's recommendation for increases to the PCA. Mr. Saum said that staff will bring his figures to the new rate consultants who will be present at the March Commission meeting. Mr. Saum said he would advise that the PCA be more flexible and follows the actual cost of power to prevent large deficits in the electric fund.

Mr. Turpin asked about the unrestricted funds in the energy efficiency account. He suggested that some of the money be used to alleviate the necessary increase in the PCA.

Eric Walker spoke on how much was needed if the program would continue.

Mr. Smith asked that an analysis of the fund be brought to the next meeting.

Mr. Saum then addressed questions from the Commissioners and informed the members that AMP will be having a seminar that they could attend.

Communications from Utility Staff Ken Ashworth spoke on the Hydro loss of operations and the difficulty faced in recovering damages from the contractor.

Communications from the Commissioners Mr. Turpin asked that staff survey the surrounding communities to evaluate if their Commissions receive benefits. He asked that they bring the information to the next meeting.

Adjournment

Chairman Vaughan stated the next meeting is scheduled for February 24, 2014. There being no further business Chairman Vaughan adjourned the meeting at 5:40 p.m.

Submitted by Patti OKeefe
Secretary to the DUC

February 24, 2014
Date Approved

Chairman
Danville Utility Commission