



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

**Commission Members Absent:**

**Staff Present:** Michael Adkins, Ken Ashworth, Barbara Dameron, Barry Dunkley, Carolyn Evans, Jason Grey, Arnold Hendrix, Jennifer Holley, Cynthia Thomasson, Eric Walker, Clarke Whitfield and Allen Wiles

**Others Present:** Dave Bennett, Intertape Polymer Group Inc.

### **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.

Mr. Vaughan welcomed Michael Nicholas to the Commission.

### **Discussion / Business Items**

Minutes of February 24, 2014 Commission Meeting: Chairman Vaughan asked for any corrections, deletions, or adjustments to the minutes of February 24, 2014. There were none.

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

Review of Utilities' Financial Statements: Michael Adkins reviewed the December 2013 financial statements.

Mr. Turpin asked about the expenses related to the recent Duke Energy coal ash spill and testing and treating Danville's drinking water. Barry Dunkley said that no additional chemicals were required and all lab analysis costs would be covered by Duke Energy. Mr. Dunkley said that extra testing would continue as long as required but no contamination issues were expected.

Mr. Smith asked if the Pinnacles Hydro Plant was now operational. Ken Ashworth answered that operations were expected to resume around April 1, 2014.

Review of FY 2015 Budget: Jennifer Holley brought the revised FY 2015 budget proposals to the Commissioners for review and approval.

Mr. Shanks asked if the Pumpkin Creek Extension sewer line project was still on hold. Ms. Holley said that she would request that information from the Public Works Department.

Mr. Smith said that as the money from last year's bonds for the mega park project had not been spent, the money should be applied to this year's budget shortfall instead of borrowing additional funds. Mr. King agreed that it should be transferred to this budget.

Mr. Schasse asked when the water plant's THM reduction project would be complete. Barry Dunkley answered that this year would mark the completion of the project.

Mr. Shanks questioned the annexation agreement and if it included mandatory water and sewer service in the annexed areas. Clarke Whitfield said he would check into the agreement.

Staff then addressed additional questions from the Commissioners after which Mr. Turpin moved that the Danville Utility Commission approve the updated version of the Utility Department's Proposed FY 2015 Budget for submission to the City Manager and inclusion in his budget proposal to the City Council, with the Commission's recommendation for its adoption by the Council. He further move that staff make the budget expenditure adjustments necessary to bring the budgets back into balance without further rate increases and brief the Commission on actions taken at the March 24th meeting, should on-going evaluations reveal revenue shortfalls.

Mr. Smith seconded the motion. A vote was cast and the motion passed unanimously.

Discussion on Energy Efficiency Rate and PCA: Eric Walker presented an analysis of the Energy Efficiency Budget.

Mr. Walker said that the current fund balance was sufficient to continue the program for the next year with no additional transfers from the PCA. Mr. King explained that the resources currently collected for the program could then be used for the PCA.

Mr. Schasse questioned the administrative costs to run the program. Ms. Holley said that the first year cost included a customer survey and consulting costs to initiate the program. Ms. Holley said that this year's costs would be lower.

Mr. Shanks asked if Danville should initiate a RFP as the current company's, Nexant, contract ends in June.

Mr. King said that staff had checked with AMP on costs to administrate a program and found the price to be twice what the current company charges.

Mr. Walker explained that currently Danville processes industrial rebates in house and many companies will not process only residential rebates.

Mr. Walker said the new rate consultants, Utility Financial Solutions, will be making a presentation at March meeting regarding their recommendation on PCA. Staff will also bring a narrative about using the surplus fund balance towards this year's budget.

Mr. Turpin said that with such a significant increase in the PCA this year he felt that customers should be notified.

Mr. King said that it may be well advised to give notification in cases such as the PCA increase and staff would discuss that with the rate consultants.

### **Communications from Utility Staff**

Ken Ashworth said that Danville Utilities was awarded the American Public Power's RP3 award for the third year in a row with a score of 97% out of 100%. The award is based on reliability and safety.

Mr. Vaughan asked about the 70 mile coal ash plume and how it affects Danville's water system. Barry Dunkley said that operators worked diligently as the plume passed Danville and that the harmful chemicals stayed bound to the coal ash that was filtered out of the raw water.

### **Communications from City Manager**

Joe King said that he made it a priority to inform the Commissioners and the public during the spill. He added that the City's website had a compilation of all of the information to date.

Mr. King added that Barry Dunkley and his staff did a great job during the crisis.

Mr. Vaughan thanked Mr. King for the emails he sent keeping the Commissioners informed of the progress.

### **Communications from the Public:**

Dave Bennett from Intertape Polymer Group Inc. said that companies should get earlier information about rate increases. Intertape, said Mr. Bennett, does their budget in October and the impact of the first round of PCA increases would cost the company one half million dollars and cause 20 job loses. Additional increases would cost 30 jobs, Mr. Bennett said.

Mr. Bennett said that nationally the average industrial power rate is 6.5 cents. According to Mr. Bennett, Danville's rate is currently 8.5 cents and will climb to 9.5 cents and then 10 cents.

Mr. Bennett said that the rate consultants should consider an industrial rate to stay competitive and keep business in the area.

### **Communications from the Commissioners**

Mr. Smith thanked Joe King and Barry Dunkley for their work on the coal ash spill and the transparency of information.

Mr. Shanks Also thanked Mr. King and Mr. Dunkley and acknowledged Ken Ashworth and the Power and Light staff for the reliability of the system during the recent snowstorm.

Mr. Shanks also said he had received calls about the cast iron replacement project and the road conditions afterward. Allen Wiles said that, because asphalt is scarce at the moment, crews will smooth the pavement after all of the repairs are complete.

Mr. Schasse said that staff did a great job handling the coal ash spill.

Mr. Turpin asked if staff had surveyed other areas to compare Commissioner's pay. Ms. Holley said that Mr. Saum had requested that AMP survey their members and is awaiting that information.

Ms. Holley answered Mr. Turpin's question from the last meeting saying that the Gas Transport Rate increase began in 2011 and July 2014 would be the last increase.

Mr. Nicholas said that he was glad to be serving on the Commission.

### **Adjournment**

Chairman Vaughan stated the next meeting is scheduled for March 24, 2014. There being no further business Chairman Vaughan adjourned the meeting at 5:42 p.m.

Submitted by Patti OKeefe  
Secretary to the DUC

March 24, 2014  
Date Approved

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Chairman  
Danville Utility Commission