



Danville Utility Commission
4:00 p.m. March 24, 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: Bill Donohue, Michael Nicholas and Bob Schasse

Staff Present: Michael Adkins, Barbara Dameron, Barry Dunkley, Jason Grey, Jennifer Holley, Steve Saum, Cynthia Thomasson, Eric Walker, Clarke Whitfield and Allen Wiles

Others Present: Mark Beauchamp, Utility Financial Solutions
Dave Bennett, Intertape

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. Whitfield discussed the Holland Road project status saying all requirements have been met.

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 January 2014 financial statements.

Utility Financial Solutions Presentation and Discussion on the PCA: Mark Beauchamp, president of Utility Financial Solutions, presented the Commission with information on UFS and the PCA.

Mr. Beauchamp said that UFS took the current PCA adjustment plan and did a long term financial projection. The company put Danville's information into their models to find a method to mitigate customer impacts.

Mr. Beauchamp said that this year the average power cost is projected to increase to 8.5 cents from 7.3 cents.

Mr. Shanks asked about the large changes in the PCA during 2012/2013 and in again in January 2014. Mr. Saum answered that in 2013 the Fremont Power Plant came online and it was a mild summer so power costs were down. In January, Mr. Saum said, there was a large increase because of a large power bill of \$4.8 million above normal due to transmission costs, congestion costs and extreme temperatures.

Mr. Saum added that there were concerns from utilities and large industrial customers about the PJM market and how it operated. Currently money that is paid to the market is not used for new transmission as was agreed upon. Mr. Saum said he took those concerns to Washington and he believes that their operations will be investigated.

Mr. Beauchamp said UFS developed a proposed step up plan for the PCA per kilowatt hour.

Mr. Beauchamp discussed the impacts on customers due to this plan. Mr. Beauchamp said when you have power costs in the rates and PCA, customers that are energy efficient tend to be penalized more than if the base rate reflected the cost of power.

Mr. Beauchamp suggested a true up on the rates therefore minimizing the effects high load customers.

Mr. Beauchamp also suggested bringing an increase in the PCA balance before City Council. The current balance is capped at \$9 million. Mr. Beauchamp said that it should instead be raised to \$12 million to accommodate the step up plan.

Mr. Beauchamp said that Danville's cash reserve policy is very conservative and he recommended changing the cash reserve policy to help pay for part of the \$4.8 million

January power bill. According to Mr. Beauchamp, the fund would be fully restored in 2016. This change would need council approval.

Mr. Beauchamp then addressed questions from the Commissioners.

Communications from Utility Staff

Jennifer Holley said that a change was made to the gas fund capital improvement budget as the Mega Park project was moved from 2016 to 2015.

Communications from the Commissioners

Mr. Turpin asked about the Commissioners' pay survey that AMP was conducting. Mr. Saum said he would bring that information to the next meeting.

Mr. Turpin also asked about the vacuum process to remove the coal ash sludge from the river and the turbidity it would cause. He asked if it would be a concern for the water treatment plant. Barry Dunkley said they would prepare for the turbidity and, if possible, shut down for a short time.

Mr. King said that the cleanup company has equipment that should cause minimal disruption in the river.

Mr. Smith asked if staff would be talking about the Energy Efficiency program in the future. Mr. Saum said it would be spoken to at the next meeting.

Mr. Smith also asked for an update on the Pinnacles plant at the next meeting.

Communications from the Director

Mr. Saum spoke on the AMP Public Certification that began in February. Mr. Saum said the program was receiving good reviews and would be offered again in August if the Commissioners were interested.

Communications from the Public

Dave Bennett from Intertape said that Mr. Beauchamp had presented the problems that Intertape was also facing due to increased power costs and he urged the commissioners to consider the options available.

Adjournment

Chairman Vaughan stated the next meeting is scheduled for April 28, 2014. There being no further business Chairman Vaughan adjourned the meeting at 5:45 p.m.

Submitted by Patti OKeefe
Secretary to the DUC

April 28, 2014
Date Approved

Chairman
Danville Utility Commission