



Danville Utility Commission
4:00 p.m. April 28, 2014 Meeting
Council Conference Room, City Hall
Minutes

Commission Members Present: Bill Donohue, 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, Carolyn Evans, Jason Grey, Arnold Hendrix, Jennifer Holley, Alan Johnson, Ken Larkin, Becky Meadows, Cynthia Thomasson, Eric Walker, Clarke Whitfield and Allen Wiles

Others Present: Dr. Miller
Larry Campbell, Jr.
John Gilstrap
Alonzo Jones
Buddy Rawley
Lee Vogler

Mark Beauchamp, Utility Financial Solutions
Dave Bennett, Intertape
Mike Jones, Intertape
Denise Thibedeau, Danville Register and Bee
Susan Light, Star Tribune

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. Smith said he would like to discuss the PCA adjustment and the use of the unrestricted fund balance to pay for the \$4.8 million congestion charge bill that Danville Utilities received for January's power costs.

Discussion / Business Items

Minutes of March 24, 2014 Commission Meeting: Chairman Vaughan asked for any corrections, deletions, or adjustments to the minutes of March 24, 2014. Mr. Turpin said that the minutes should state that the true up on rates would minimize the effect on high load customers. The secretary stated that she would change that in the minutes.

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

Review of Utilities' Financial Statements: Michael Adkins reviewed the February 2014 financial statements.

Mr. Smith questioned where the bond money went that was not used for specific projects. Ms. Thomasson answered that the funds were allocated to other projects.

Mr. Adkins then answered additional questions from the Commissioners.

Mr. Vaughan introduced Bill Donohue and Mike Nicholas, the newest members of the Commission.

Utility Financial Solutions Presentation and Discussion on the PCA: Mark Beauchamp, president of Utility Financial Solutions, explained that the current PCA fund balance may exceed the \$9 million limit imposed by City Council. Mr. Beauchamp suggested expanding those boundaries.

Mr. Beauchamp said that staff searched for funds that could be used toward the recent \$4.8 million congestion charge and could reallocate \$2.2 million from the restricted fund balance to the unrestricted fund balance.

Mr. Beauchamp presented information on proposed rates explaining that adding the PCA to the rates would minimize the impact on customers.

The Commissioners asked for figures detailing the impact on the average customer bill.

A discussion followed and Jason Grey said he would provide the Commissioners with the correspondence from PJM explaining the large congestion charge.

Mr. Schasse added that now that the hydro plant is operational, the peaking power charges should be reduced. Mr. Schasse requested information on the affect the hydro plant repairs have had on congestion charges. He also stated that his concerns that the charges could be high again during a hot summer.

Mr. Smith said that part of the large bill should be paid from cash reserves with the remaining balance applied to customers' rates. Mr. Smith added that the funds in the energy efficiency program should also be applied.

Mr. Gilstrap asked if the change in the PCA fund balance limits would need to go for a City Council vote.

Dr. Miller suggested using money from the rainy day fund to help cut the rate increases. Mr. Campbell agreed.

Mr. King explained that those funds are generally used for economic development.

Mr. Turpin made a motion that the Danville Utility Commission recommend City Council adoption of the proposed customer class rate changes. Mr. King seconded the motion.

Mr. Nicholas said that he would like to see figures representing the change in an average bill.

Mr. Smith and Mr. Schasse said they would like to see what money could be redirected from the energy efficiency fund.

A vote was cast. Mr. Donohue, Mr. King, Mr. Nicholas, Mr. Schasse, Mr. Turpin and Mr. Vaughan voted in favor. Mr. Smith voted against. The motion passed.

Communications from Utility Staff

Ken Ashworth said that the hydro plant is now operational at two thirds capacity.

Alan Johnson spoke on the coal ash dredging operation and its impacts on the water treatment plant. He said that all ash trapped at the plant during the recent spill has been removed.

Mr. Johnson said that the plant would be treating water only at times when the company, Philips and Jordan, is not dredging.

Mr. Johnson added that most water samples for coal ash have shown no contamination and that additional samples would be collected during the operation.

Mr. Johnson then addressed questions from the Commissioners.

Communications from the Commissioners

Mr. Turpin asked about the propane peak generating plant. Mr. Schasse said the generators were sold but Danville needs to look at producing their own demand generation.

Mr. Shanks suggested that we partner with Appalachian Power for behind the meter peak power.

Communications from the City Manager

Mr. King told the Commissioners that Danville Utilities recently won two awards from the American Public Power Association. The first was a safety award which Danville has earned every year for the last four years. The second is the Reliable Public Power Provider award and, because it is only granted every three years, Danville will have achieved it for 10 years.

Mr. King said that Congressman Robert Hurt sent a letter of congratulations for the awards.

Adjournment

Chairman Vaughan stated the next meeting is scheduled for May 12, 2014. .
There being no further business Chairman Vaughan adjourned the meeting at 6:40 p.m.

Submitted by Patti OKeefe
Secretary to the DUC

May 12, 2014
Date Approved

Chairman
Danville Utility Commission