



Commission Members Present: Michael Nicholas, Bob Schasse, Phillip Smith, Jim Turpin and Dawn Witter

Commission Members Absent: Bill Donohue, Joe King and Fred Shanks

Staff Present: Ken Ashworth, Patricia Conner, Barry Dunkley, Carolyn Evans, Jason Grey, Jennifer Holley, Becky Meadows, Clarke Whitfield and Allen Wiles

Others Present: Bill Davis, Comcast

Call to Order & Announcements

An election for Chairman and Vice-Chairman of the Danville Utility Commission was held before the meeting was officially called to order. Mr. Smith was elected Chairman and Mr. Nicholas was chosen as Vice-Chairman.

Chairman Smith 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 July 28, 2014 Commission Meeting: Chairman Smith asked for any corrections, deletions, or adjustments to the minutes of July 28, 2014. Mr. Turpin asked that the minutes be changed to reflect that he would like to see a presentation on peak days last January and the terms and conditions of the contract that explain the charges during those peaks.

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

Review of Utilities' Financial Statements: Patricia Conner reviewed the May 2014 financial statements.

Mr. Turpin asked if the PGA would be dropped because of the over recovery reflected in the Gas Fund balance. Becky Meadows answered that, to balance the fund throughout the year, an over recovery is necessary at times and the PGA would stay the same.

Mr. Smith asked why the \$5.7 million in stranded costs would need to be recorded outside of the PCA. Jason Grey answered that because those costs and the recent congestion charges were a liability in 2014, they would need to be placed on the books in 2014. Mr. Grey said the Finance Department is still researching the best way to handle those costs.

Mr. Smith asked for a discussion and resolution at the next meeting to use \$3 million from the unrestricted fund balance instead of increasing rates to cover the entire charge.

Mr. Turpin asked if any funds that were over budget at the end of the year would be added to the unrestricted fund balance. Ms. Conner said other factors would have to be considered first.

Ms. Conner then answered additional questions from the Commissioners.

Discussion of the Water and Gas Capital Improvement Projects: Jason Grey said in an effort to update the Commissioners before the upcoming budget review, staff will be presenting information on the capital improvement projects in the following months.

Allen Wiles spoke on current and future capital improvement projects in the Water and Gas division. Mr. Wiles said the ongoing Gas Main Replacement Project has significantly reduced gas that is unaccounted for and gas leak emergency calls.

Mr. Turpin said that low pressure should be considered when setting the Cast Iron Replacement Project areas.

Ms. Witter asked to see a breakdown of the costs of the projects.

Mr. Grey said that using contractors and staff has saved money and increased the speed at which the projects were completed.

Other: Bill Davis from Comcast spoke on a utility pole that Comcast placed on Craghead Street and their plans for its removal. Mr. Davis said that they will be placing the cables underground and, if possible, would need to leave the pole in its current location until September 30, 2014. Current Comcast contracts with the City require approval before setting a pole.

Mr. Nicholas asked for a vote on the matter. Ms. Witter seconded the motion. A vote was cast and the Commission agreed to allow the pole to stay until September 30th.

Communications from Utility Staff

Mr. Grey said the AMP hydro projects were due to come online in the middle of next year and would provide 28 megawatts of additional power for Danville Utilities. He also said that staff is searching for options that provide power behind the meter to reduce transmission charges.

Mr. Dunkley said the Water Quality Reports have been mailed and are using a different format this year. The new format, he hopes, will make them easier to read.

Ms. Holley said the Biennial Rate Study is underway and she would keep the Commissioners updated on its progress.

Communications from the Commissioners

Mr. Smith said that at the City Council meeting the representative from the EPA complimented Barry Dunkley and Alan Johnson for their work during the recent coal ash spill.

Mr. Smith asked about the funds that were being diverted to the energy efficiency program. Mr. Grey said that starting on July 1, 2014 for one year those funds would not be added to that account.

Mr. Schasse said that he had concerns about the rebate program and he feels the rebate amounts should be in proportion to the kilowatt savings created by replacing equipment.

Mr. Turpin asked if the PCA factor previously used for the energy efficiency program is now being applied to the cost of power.

Mr. Smith asked for clarification at a future meeting.

Adjournment

Chairman Smith stated the next meeting is scheduled for August 25, 2014. There being no further business Chairman Smith adjourned the meeting at 5:15 p.m.

Submitted by Patti OKeefe
Secretary to the DUC

August 25, 2014
Date Approved

Chairman
Danville Utility Commission