



Danville Utility Commission
4:00 p.m. October 23, 2017 Meeting
Council Chambers, City Hall
Minutes

Commission Members Present: Vanessa Cain, Bill Donohue, Ken Larking, Jim Turpin, and Sheila Williamson-Branch

Commission Members Absent: Helm Dobbins, Michael Nicholas, Fred Shanks

Staff Present: Michael Adkins, Amy Chandler, Greg Disher, Carolyn Evans, Jason Grey, Jenny Holley, Alan Johnson, Kelly Kinnett, Mike Spencer, and Allen Spencer

Others Present: Jerry Shupe and Charles Overby of Severn Trent; Ed Wilborne of Gamewood Technology Group Inc.

Call to Order and Announcements

Chairman Donohue 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 August 28, 2017 Commission Meeting

Chairman Donohue asked for any corrections, deletions, or adjustments to the minutes of August 28, 2017.

Mr. Turpin made a motion to approve the minutes. Ms. Cain seconded, all members voted in favor, and the motion carried unanimously.

Review of Utilities' Financial Statements

Ms. Chandler presented the utility financial statements for each utility fund and addressed questioned from the commissioners. Mr. Turpin inquired about the significant difference in Electric fund net income as compared to the prior year. Ms. Chandler responded that there are several components including a decrease in sales revenue for the period, the effect of moving tree trimming expenditures from regular capital maintenance to operating accounts, an increase in dues and subscriptions and the expense associated with absorbing credit card fees. Chairman Donohue asked if prior periods would be restated to reflect moving the tree trimming operation. Ms. Chandler responded that prior periods would not be restated.

nDanville Telecommunication Updates

Michael Spencer, Division Director of Telecommunications, updated Commission concerning nDanville Fiber to the Home, a capital project in the Telecommunications fund. His presentation included the history of the phases: Phase 1 fiber to government and schools (completed in 2004); Phase 2 fiber to businesses (ongoing since 2007); and Phase 3 fiber to the home (ongoing). Mr. Spencer reported that including work to be completed within the next three weeks more than 1800 homes will be passed and by the end of fiscal year 2019, more than 3000 homes in ten Danville neighborhoods will have access to the network. Chairman Donohue inquired concerning the take rate and how it compares to other municipalities. Mr. Grey responded that Danville's take rate is approximately 13% which is comparable to other municipalities with an open access network. Mr. Turpin questioned whether there is a business case analysis of the project. Mr. Grey replied that there was a business case analysis in 2007 and that Danville emphasizes service, reliability, quality and speed rather than pricing comparability.

Following Mr. Spencer's update, Mr. Ed Wilborne, Chief Information Officer of Gamewood Technology Group presented an overview of Gamewood. Gamewood is a local provider of television, internet and telephone services delivered over Danville's fiber network. Mr. Wilborne gave a history of Gamewood since inception in 1993 including improvements to equipment, infrastructure and reliability. He concluded by identifying packages currently offered to subscribers as well as future product offerings.

Gas Extension Policy Proposed Revision

Kelly Kinnett, Division Director of Water and Gas, provided an overview of the Utility's natural gas customer count over the past twenty-five years. Citing the downward trend in residential customers, Mr. Kinnett recommended changes in the natural gas main and service line extension policy. The recommendations include replacing the standard one-hundred-foot allowance in the existing policy with an evaluation of the extension by the department and a feasibility evaluation when an existing main is not accessible. Mr. Turpin requested a present value analysis of the recommended three-hundred-foot allowance. Further, he requested that the policy revision explicitly state the number of feet allowed before a customer will be charged for the extension. Staff will prepare a follow up on these issues for the November 27 meeting.

Updated Power Supply Project Rates

Mr. Grey presented an update to Danville's power supply resource. The presentation compared forecasted per megawatt hour costs with actual October 2017 costs for each resource including AMP projects, block, and market purchases. The total weighted cost for actual results were \$.23 per megawatt hour less than the forecast. When considering transmission and PJM capacity charges, total actual costs exceeded the forecast by \$.84 per megawatt hour. Chairman Donohue noted that through our demand response program we averted additional increases in capacity charges. He inquired whether the department is considering a voluntary opt in program for residential

demand response. Mr. Grey stated that the addition of smart thermostats to the Home\$ave energy efficiency rebate program this year is an initial step in establishing a residential demand response program.

Department Discussions

Ms. Evans reported that as of September 30, we have completed 90 days of absorbing the credit card fee for residential customers. There was a 30% increase in the number of customers using credit cards to pay their utility bills as compared to the prior period. Commission was pleased with the results and Chairman Donohue inquired about the complexity of being able to pay with a credit card at the Harris Building. Ms. Evans responded there is not a projected date and the vendor is working through complex issues dealing with compliance.

Mr. Turpin inquired about the status of the repairs at the Industrial Water Treatment Plant. Mr. Johnson responded that the repairs were completed in June 2017. Repairs included rebuilding two motors and a pump as well as procuring a new pump. He further stated that the clarifier is now under repair. Costs associated with operations and repairs of the Industrial Water Treatment plant are paid by the customer through their rate.

There was no further communication from staff or the public.

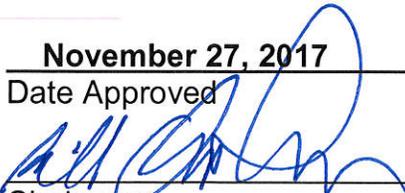
Mr. Donohue noted that due to the Holiday schedule the November and December meetings are scheduled to be held two weeks apart. He suggested that due to the proximity of the meetings that Commission consider holding one meeting on the November date. Mr. Turpin made a motion to hold one meeting on November 27 and to cancel the December meeting. Ms. Williamson-Branch seconded the motion. All members voted in favor, and the motion carried unanimously.

Adjournment

Chairman Donohue stated the next meeting is scheduled for November 27, 2017. There being no further business, Chairman Donohue adjourned the meeting at 5:24 p.m.

Submitted by Jennifer Holley
Acting Secretary to the DUC

November 27, 2017

Date Approved


Chairman
Danville Utility Commission