



Commission Members Present: Vanessa Cain, Bill Donohue, Ken Larking, Jim Turpin, and Sheila Williamson-Branch, Helm Dobbins, Michael Nicholas, Fred Shanks

Commission Members Absent:

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

Others Present: Jerry Shupe and Charles Overby, Severn Trent Services

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 October 23, 2017 Commission Meeting

Chairman Donohue asked for any corrections, deletions, or adjustments to the minutes from October 23, 2017.

Mr. Dobbins made a motion to approve the minutes. Mr. Turpin 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. There were no questions.

Gas Extension Policy Proposed Revision

Kelly Kinnett, Division Director of Water and Gas, provided a follow up from the gas extension policy from the October Utility Commission meeting.

Mr. Turpin asked if the net present value of hot water heaters is a negative number with or without transfer does it still justify giving them 300 feet and what interest rate was used. Mr. Kinnett responded yes, but the point is to change customer's behavior. The time period used was 20 years with a five percent interest rate.

Mr. Dobbins inquired about requiring two appliances. Mr. Nicholas asked are we then telling the customer what they should have if we require two appliances. Mr. Grey stated likelihood of not having two is unlikely. It's worth giving them the extension to entice them to add a second appliance.

Mr. Turpin made a motion that the Danville Utility Commission recommend to City Council to modify Municipal Code 38-80 describing gas extension to customer's home or business. Mr. Larking seconded the motion.

Mr. Spencer noted that the current motion was to accept the motion as written. Mr. Nicholas made a substitute motion to approve the modifications striking the word "major" from the line describing the additional appliance. Mr. Larking seconded the motion. All members voted in favor, and the motion carried unanimously.

Proposed FY2019 Capital Improvement Projects

Mr. Grey commented that staff wanted to get a head start on FY2019 to cover capital projects in preparation of presenting the fiscal year 2019 budget in January. Recommending funding methods will come in January with the official budget proposal.

Alan Johnson presented the wastewater capital improvement projects (CIP). Mr. Shanks asked if the savings would be substantial if the projects were sped up before fiscal year 2020. Mr. Johnson replied that this can be analyzed and if funds and resources were available, the project could proceed in fiscal year 2019.

Alan Johnson then presented the water CIP. Mr. Shanks asked if the study was complete on how the Dan River Reservoir can be used. Mr. Johnson replied that the study is complete and is favorable to move to the engineering phase of the project. The project is currently going through design phase with the Cornwell Group to be completed in Spring 2018.

Kelly Kinnett presented on the water and gas capital projects. Mr. Kinnett gave a summary of the areas in the City to have cast iron replaced in fiscal year 2019. Mr. Grey mentioned that biggest thing to note is the discontinuing of the Northern gas feed. Discussion occurred regarding redundancy in the gas pipelines. Mr. Turpin asked if one transmission line could supply the City if the second line was lost from Transco. Mr.

Kinnett replied that there are two lines – a 10” and a 6”, and that while that has not been studied, he suspected the City would still have natural gas service while repairs were made to the damage pipeline.

Greg Disher Division Director of Power and Light presented power and light capital projects. Mr. Disher said that the streetlight LED RFP received 25 proposals from 14 responders.

Mr. Shanks asked will existing poles be used or will spacing be looked at. Mr. Disher said that the spacing is good and existing will be used as much as possible. Mr. Shanks commented that the number of poles looks overly abundant. Mr. Grey commented that the consultant hired to advise staff used VDOT standards to determine adequate light levels Mr. Shanks commented that there could be less light on more poles or more light on fewer poles. Mr. Disher said the program looked at foot-candles, and that the lighting meets VDOT standards

Mr. Donahue said light pole repositioning was not budgeted. An analysis would have to be done cooperatively with Public Works. Mr. Grey said he can ask the consultant that assisted with the study and discuss road lighting at a future meeting.

Electric Power Cost Adjustment Update

Mr. Grey presented an example of the Power Cost Adjustment (PCA) with the changes made in July 2017 and what the PCA would be if no changes were applied. This information was requested to be presented quarterly He expects a staggered \$4 million increase starting in January due to AEP’s increase in their transmission rate.

Mr. Grey proposed increasing the PCA from \$0.014 in December to \$0.016 in January and reviewing quarterly. Mr. Turpin asked if the increase would happen every quarter and for how long. Mr. Grey replied that they would watch how the increases are applied and make adjustments appropriately over the next three quarters.

Department Discussions

Mr. Shanks said he wanted to thank the departments that presented capital budgets, and that the presentations were excellent.

Mr. Donahue said a knowledgeable person about utilities made complimentary comments about the infrastructure and capital planning processes of Danville Utilities.

Mr. Grey said things are moving very quickly with the solar project. The panels are coming in mid-late December and will be installed January-February.

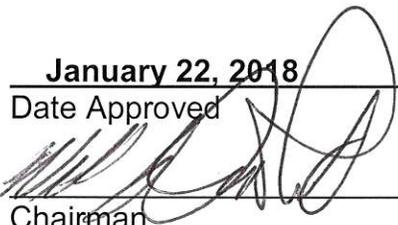
There was no further communication from staff or the public.

Adjournment

Chairman Donohue stated the next meeting is scheduled for January 22, 2018. Mr. Nicholas made a motion for adjournment of the meeting. Mr. Turpin seconded. There being no further business, Chairman Donohue adjourned the meeting at 6:11 p.m.

Submitted by Janet C. Davis
Secretary to the DUC

January 22, 2018

Date Approved


Chairman
Danville Utility Commission