



Commission Members Present: Vanessa Cain, Bill Donohue, Earl Reynolds, Jim Turpin, Sheila Williamson-Branch, Michael Nicholas

Commission Members Absent: *Fred Shanks, *Ken Larking, **Helm Dobbins

Staff Present: Ryan Dodson, Amy Chandler, Greg Disher, Jason Grey, Janet Davis, Alan Johnson, Kelly Kinnett, Mike Spencer, Jennifer Holley, Michael Adkins

Others Present: Alice Wolfe, General Manager, Blue Ridge Power Agency; Garrett Cole, GDS Associates

*Mr. Shanks and Mr. Larking were absent due to official City business.

**Mr. Dobbins was absent due to a work conflict.

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 February 26, 2018 Commission Meeting

Chairman Donohue asked for any corrections, deletions, or adjustments to the minutes from February 26, 2018.

Mr. Donahue stated that a summary of action items from the previous meeting separate from the minutes is available on the website.

Mr. Nicholas 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 January financial statements for each utility fund.

Mr. Turpin asked why there was more net income for electric than last year. Mr. Adkins explained that there is a timing difference between the billing dates and the purchase of power.

Mr. Nicholas inquired why the department does not bill all customers on the first of the month with payment due on the last day of the month or some other set date. Mr. Grey explained that the Customer Service Department would run inefficiently if staff produced and processed all customer bills over the course of two days. Mr. Nicholas requested that the billing process be a topic for discussion at the next meeting.

Federal and State Legislative Update

Ms. Alice Wolfe, General Manager from the Blue Ridge Power Agency summarized federal and state legislation that has been passed this year. She noted that the Build America Bonds interest received was actually 33%, down from 35% the original interest rate prior to sequestration.

Mr. Donahue asked who the Build America Bonds congressional advocate is for this area. Ms. Wolfe replied that she receives the best responses from Representative Morgan Griffith because he sits on the Energy and Commerce Committee.

Mr. Turpin asked for an explanation of advanced refunding. Ms. Wolfe stated that when interest rates drop for bonds due 10-15 years in the future issuers often refund to take advantage of the lower rate. This was eliminated as of December 31, 2017.

Mr. Turpin asked if Federal Energy Regulatory Commission (FERC) is aware of how transmission costs increases and costs affect areas like Danville. Ms. Wolfe replied that this has been brought to legislators, but not to FERC.

Mr. Donahue inquired concerning the difference between baseline and supplemental projects. Ms. Wolfe replied that supplemental projects are at the transmission owner's discretion.

Mr. Turpin asked what does joining the Regional Greenhouse Gas Initiative (RGGI) mean for Virginia. Ms. Wolfe replied that it results in an increase cost because of offsetting carbon emissions.

Mr. Turpin asked if Prairie State is affected by RGGI. Mr. Donahue replied that Prairie State is not affected and this is one benefit of Prairie State.

2018 Power Supply Discussion-January Energy Prices

Mr. Garrett Cole from GDS Associates summarized the January events that led to high energy and congestion prices.

Mr. Donahue asked about our investment and returns from hedging Financial Transmission Rights (FTRs). Mr. Grey said that if you compare January 2018 and 2017, we benefitted in 2018 but not 2017; when averaged, we are making good decisions. Mr. Donahue said we will need more accountability and more transparency. Mr. Cole said he sees FTRs as an insurance policy.

Mr. Donahue asked if the Transco zone five natural gas prices will continue and what geographic area is covered by zone five. Mr. Garrett responded southern Virginia and

northern North Carolina are the covered areas and that we should experience additional cost stability through the volume of natural gas.

Mr. Turpin asked if it is possible to offset congestion and congestion prices by buying from North Carolina. Mr. Garrett replied that we are not restricted by state, but economically we are restricted because the transmission would have to be built out.

Department Discussions

Mr. Grey mentioned that significant progress had been made in recovering power cost from the most recent snow storm. Additional contractors were brought in from North Carolina, and he appreciates the patience from the customers.

Mr. Grey also stated that the solar panel system went online last week and is already very productive and will be more productive during the summer months.

Mr. Grey added that the next meeting, scheduled for May 7, 2018, will be a strategic planning session for all utilities. Prior to May 7, the facilitator will conduct one-on-one interviews and would like each commissioner's input.

Mr. Williamson-Branch read an email request from Mr. Dobbins requesting copies of excerpts from all hedging contracts, futures contracts and any other financial instrument used by DPU to "hedge" any items related to the purchase/cost/acquisition of gas and/or electricity. Further, he requested copies of any contracts or agreements to provide consulting, advice or any recommendations whatsoever in regard to the future outlook, forecast or projection of any kind relating to the price and/or market supply, now or in the future, of natural gas and/or electricity.

Ms. Cain thanked the crews that worked to repair lines from the recent outages.

Mr. Turpin said that the utility crews did a good job.

Mr. Donahue mentioned the large number of comments about customer service. He asked that the Department and the Commission look more in depth and find opportunities for improvement.

There was no comment from City staff.

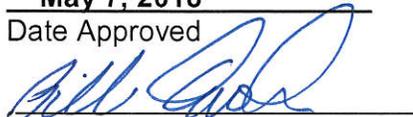
Adjournment

Mr. Nicholas made a motion to adjourn. Mr. Turpin seconded the motion. There being no further business, Chairman Donohue adjourned the meeting at 5:55 p.m.

Submitted by Janet C. Davis
Secretary to the DUC

May 7, 2018

Date Approved



Chairman

Danville Utility Commission