



Danville Utility Commission
4:00 p.m. September 27, 2010 Meeting
Council Conference Room, City Hall
Minutes

Commission Members Present: Steve Daniels, Joe King, Jeff Liverman, Bob Schasse, Fred Shanks, Jim Turpin, and Bob Vaughan

Commission Members Absent: Phillip Smith

Staff Present: Ken Ashworth, Barbara Dameron, Barry Dunkley, Carolyn Evans, Jason Grey, Jennifer Holley, Jim Harr, Linda Mills, Diane Morris, R.B. Sloan, and Alan Spencer

Others Present: Doug Handley, Utility Consulting Services
Dr. Gary Miller, Danville City Council

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.

Discussion / Business Items

Minutes of August 23, 2010 Commission Meeting: Chairman Vaughan asked for any corrections, deletions, or adjustments to the minutes of August 23, 2010. There were none. Mr. Turpin made a motion to approve the minutes as revised. Mr. King seconded the motion. The motion was unanimously approved.

Review of Utility Funds Financial Statements: Barbara Dameron discussed the financial statements for month ending July 31st by stating that all funds performed well. Ms. Dameron also spoke on Bad Debts by saying there was an increase in the fund due to a large payment received. Ms. Dameron then answered the Commissioners questions by stating that the funds would have to be watched over time to determine any profit or loss compared to last year.

Policy Modification for Utility Billing Payment Agreements & Arrangements: Barbara Dameron told the Commission that Danville is reviewing its policies regarding billing dates, payment arrangements and agreements. Ms. Dameron said that current policy is a due date 10 days after the bills are processed with a 30 day grace period before disconnection of services. Customers currently have 45 days to make a payment arrangement and are allowed 2 extensions per year.

Ms. Dameron stated that Reverend Motley and others have requested the policy be reviewed to allow customers more time to pay their utility bill. Staff is evaluating other options including extending the grace period to 45 days and sending a second and third disconnect notice. Ms. Dameron explained that this would reduce the volume of calls and free the clerks' time to focus on collection efforts.

Mr. Shanks questioned the \$36 fee charged after a customer is disconnected. Ms. Dameron explained that the funds were used to offset the price incurred to send the delinquent notices. The Commission asked if there was another way to recoup the cost of the notices that would make every customer receiving a notice pay a portion and not only the customers that were disconnected. Staff explained that it was also an incentive to pay before services were disconnected.

Mr. King explained that staff is seeking the Commission's advice before going to City Council with any proposed changes and that Danville Utilities should be run as a business to stay viable.

The Commissioners spoke on the 10 day due date saying it was difficult to pay with such short notice. Mr. King said that staff would look into extending the due date.

Dr. Miller questioned why there was a reconnect fee if the meters could be reconnected remotely from the central offices. R.B. Sloan explained that only the electric meters could be reconnected remotely and perhaps a lower fee should be evaluated for the customers with only electric service.

It was decided that staff would evaluate such options as extending the due date, changing the disconnect date to 40 days, setting a lower fee for reconnects with no truck rolls and dividing the cost of late notices among all customers that receive them and will bring their findings back before the Commission.

Department of Energy's Weatherization Innovation Pilot Program Grant: Diane Morris, Danville's Housing and Development Director explained that the City received a preliminary grant notification from the Department of Energy. The funds, which the City must match, would be used to provide energy efficient upgrades to approximately 300 aging rental houses in the City. The matching funds from the City would be used to provide loans for energy efficient upgrades to owners of low income rental units.

Joe King stated that the energy efficiency programs developed with monies from the rate stabilization plan would start at the beginning of the next fiscal year, with the Council's approval.

Ms. Morris answered questions from the Commissioners by explaining that the Department of Housing and Development distributes loans and has mechanisms in place to run the program and that landlords would have to sign a contract stating they would not increase the rent on the properties for a one year term.

Mr. King explained that these programs are just one piece of the energy efficiency strategy and that landlords would need assistance marketing their properties as energy efficient.

The Commission questioned how the upgrades would be inspected. Ms. Morris said that the Institute for Advance Learning and Research would offer training to contractors who would like to be certified to inspect the properties. Ms. Morris also said that Housing and Development staff would do spot checks on the units.

Update on Tunstall Substation Construction: Ken Ashworth presented information on the construction of the Tunstall substation which was scheduled to be commissioned later that week. Ken explained that the project began in early 2009 and was constructed mostly by City employees with very little contractor labor at a savings of more than \$172 thousand.

Mr. Ashworth stated that his crews were able to work on the substation because of the knowledge they had gained while completing the apprenticeship program.

R.B. Sloan said that Danville has been proactive in reinforcing its utility backbone and increasing its capacity which will benefit the community when economic development projects arise.

Communications

Communications from City Manager: There was none.

Communications from Utilities Staff: Jim Harr updated the Commissioners on the progress of the pipeline replacement project and other projects in the Water and Gas Division.

Jenny Holley told the Commission that the Support Services Division is working on preparing for upcoming budget workshops.

Jason Grey stated that last year Danville was recognized at the Intelligent Community Forum as a Smart 21 Community. Jason said that Danville had applied again this year and hoped to become internationally recognized as a Smart 7 Community.

Barry Dunkley spoke on projects in the Water and Wastewater Division. Barry also told the Commissioners that Alan Johnson received the Virginia Water Works Association award for Water Works Operator of the Year.

Carolyn Evans stated that her department is currently testing Version 3 of the billing system that was implemented 2.5 years ago. Carolyn said that Version 2 would no longer be supported and that in January a hard parallel would be done in anticipation of a February go live date.

Communications from Commissioners: Mr. Shanks asked what part the Commission would play in the Part C Energy Efficiency plan and the Department of Energy grant project.

Mr. Shanks also asked who regulates the distance between the street lights and whether there were plans to go to LED street lights to save the City money. Mr. Shanks suggested that LED street lights may be a big savings for the City and perhaps a portion of the funds from Part C should go toward replacing the older, less energy efficient street lights.

Mr. Liverman said the City did install LED street lights at the Science Center.

Ken Ashworth said that retrofitting the older lights would cost between \$400-500 per light and the capital outlay may be more than the energy savings.

RB Sloan said that he had already asked for information to be gathered on the subject.

Mr. Turpin asked how often the PGA and PCA were calculated and if the Commissioners could see the calculations each month.

Mr. Schasse congratulated The Community Development Department on the Department of Energy grant.

Mr. Vaughan discussed a recent court ruling that decided what a utility could charge to provide services to customers out of their service area. Mr. Vaughan explained that, although it was not a local ruling, the case should be watched because it sets a precedent.

Director's Report: R.B.Sloan explained that Danville is working on reducing power supply costs and is currently dealing with seven vendors. Mr. Sloan said that he will have more information in four to six weeks.

Mr. Sloan also said that Danville has been chosen by AMP as a potential site for a large solar power plant.

Mr. Sloan said that next month staff would bring changes to the service policies and give an update on natural gas.

Public Comments: There were none.

Adjournment

Mr. Vaughan stated the next meeting is scheduled for October 25, 2010. There being no further business, Chairman Vaughan adjourned the meeting at 5:35 p.m.

October 25, 2010
Date Approved

Chairman
Danville Utility Commission

Submitted by Patti O'Keefe
Secretary to the DUC