



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

Commission Members Absent: Bob Schasse

Staff Present: Michael Adkins, Ken Ashworth, Barry Dunkley, Carolyn Evans, Jason Grey, Jim Harr, Linda Mills, R.B. Sloan, and Clarke Whitfield

Others Present: 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 September 27, 2010 Commission Meeting: Chairman Vaughan asked for any corrections, deletions, or adjustments to the minutes of September 27, 2010. There were none. Mr. Smith made a motion to approve the minutes as revised. Mr. Daniels seconded the motion. The motion was unanimously approved.

Review of Utility Funds Financial Statements: Michael Adkins discussed the financial statements for month ending August 31st saying the gross profits in the Electric Fund were higher than budgeted because of the higher than anticipated summer temperatures. Mr. Adkins then answered the Commissioners' questions by stating that the funds were also performing better than budget due to changes in collections practices that decreased bad debt figures and purchased power costs. Mr. Turpin questioned the increase in the General Administrative figures in the Telecommunications fund. Jason Grey said he would do research and bring details back to the next meeting.

Consideration of Revised Service Policies and Procedures: R.B. Sloan spoke on changes made to the Service Policies and Procedures. Joe King presented a timeline explaining that customers would have five days longer to pay before interest charges would be added and the service termination date had been extended an additional ten

days. Mr. Sloan added that payment arrangements would no longer be offered as customers would have more time to pay each month.

Mr. Turpin questioned why the cost for late notices was not charged to all delinquent customers instead of the current practice of adding a disconnect fee to customers whose services are turned off for non payment. Mr. Sloan said that, after completion of installation of smart meters, a cost analysis would be done.

Mr. Shanks questioned why the deposits for businesses were so much more than residential deposits when many small businesses do not use a great deal of water or gas.

Carolyn Evans answered that each application for service is considered on a case by case basis and that a letter of credit often waives the deposit.

Ms. Evans addressed additional questions from the Commissioners. Mr. Smith then moved that the Danville Utility Commission concur with the Staff's recommendation for the Service Policies and Procedures including typographical changes. Mr. Liverman seconded the motion. A vote was cast and the motion passed unanimously.

Consideration of Solar Energy Subscription Ordinance: R.B. Sloan stated that the Commission's recommendation was sought to subscribe to 2 megawatts of solar output contingent on construction of a solar energy facility on Danville's footprint. Mr. Sloan explained that Danville would benefit from a diverse energy portfolio and that AMP is working with Solar Energy Corporation to build a solar energy farm. Danville is under consideration as a site for that project.

Mr. Sloan also reminded the Commission that US Green Energy announced plans to bring its manufacturing operations to Danville and that the solar farm would be a magnet for other like businesses.

Mr. Sloan answered questions from the Commissioners by explaining that the cost of solar energy would be slightly higher than other forms of energy but it is possible that the government would soon require renewable energy in Danville's portfolio.

Mr. Liverman moved that the Danville Utility Commission concur with the staff's recommendation that City Council approve and execute the Ordinance containing solar energy schedule with American Municipal Power, Inc. and taking other actions in connection therewith regarding solar electric generation. Mr. Smith seconded the motion that was then put to a vote. The motion passed unanimously.

Presentation on American Electric Power Energy Supply: R. B. Sloan stated that, in an effort to procure low cost, reliable energy resources during the next few years, Danville recently had discussions with, and requested proposals from, other power suppliers. Mr. Sloan explained that American Electric Power offered a flexible plan based on Danville's needs that would take much of the risk away and help levelize power costs. Mr. Sloan

said he brought the proposal to AMP who agreed to administer the product that is estimated to save Danville \$4.6 million over the next four years.

Jim Harr related that the agreement represented much hard work from Mr. Sloan, Ken Ashworth and Doug Handley.

Proposal of Danville Utilities Energy Efficiency Program Plan: Nate Lewis presented the Commissioners with information on proposed energy efficiency programs that would be funded from Part C of the Power Cost Stabilization Strategy. The recommended programs would include energy efficiency education, residential, municipal, commercial and industrial energy audits as well as commercial lighting and HVAC rebates and industrial improvement financing.

Mr. Lewis and Mr. Sloan then addressed questions by explaining no new staff would be needed and the contractors would return to inspect the work before rebates would be paid for the audits.

Informational Items for the Commission's Review: Jim Harr and Ken Ashworth gave more details on the FY 2009/10 Gas and Electric Income and Expense Reports and the LED Streetlight Replacement Assessment that were provided in the agenda packets.

Mr. Ashworth explained that replacement LED streetlights would have an eight year payback and the life of the LED units is estimated at twelve years.

Communications

Communications from City Manager: There was none.

Communications from Utilities Staff: Ken Ashworth told the Commissioners the Tunstall Substation had been commissioned and was now operational.

Jason Grey said that Danville had been recognized as a Smart 21 Community by the Intelligent Community Forum. Danville is one of only six U.S. cities named to the list, Jason said, and should be notified early next year if they are designated as a Smart 7 Community.

Barry Dunkley updated the Commission on projects in the Water and Wastewater Division and spoke on obtaining a \$2 million Department of Environmental Quality Virginia Revolving Loan that would be used for renovations to the Wastewater Plant. Barry said City Council would have to approve acceptance of the loan funds.

Communications from Commissioners: Mr. Shanks stated that many businesses use small amounts of water and no natural gas. Mr. Shanks requested that Staff consider reducing the deposit requirements for businesses that fit those criteria.

Mr. Turpin stated that he would email questions regarding the financials to the staff. Mr. Vaughan asked the staff to share the questions and answers with the Commission.

Director's Report: There was none.

Public Comments: There were none.

Adjournment

Mr. Vaughan stated the next meeting is scheduled for November 22, 2010. There being no further business, Chairman Vaughan adjourned the meeting at 6:25 p.m.

November 22, 2010

Date Approved

Chairman

Danville Utility Commission

Submitted by Patti OKeefe
Secretary to the DUC