



Commission Members Present: Joe King, Jeff Liverman, Bob Schasse, Phillip Smith, Jim Turpin, and Bob Vaughan

Commission Members Absent: Steve Daniels, Fred Shanks

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

Others Present: Dr. Gary Miller, Danville City Council
Aubrey Hilliard, Texican Horizon Energy

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 October 25, 2010 Commission Meeting: Chairman Vaughan asked for any corrections, deletions, or adjustments to the minutes of October 25, 2010. There were none. Mr. Turpin made a motion to approve the minutes. Mr. Schasse seconded the motion. The motion was unanimously approved.

Review of Utility Funds Financial Statements: Michael Adkins reviewed the September 30, 2010 financial statements. Mr. Adkins also said that in the future the money collected for the energy efficiency programs would be separated out of the Electric Fund.

Jason Grey addressed questions raised at the last meeting on the Telecommunications Administration Expenses by explaining that part of the figure was a software update that would be reclassified at the end of the year.

Natural Gas Update: Jim Harr introduced Aubrey Hilliard, president of Texican Horizon Energy. Mr. Hilliard told the Commission that because of Danville's forethought when they entered into the prepay agreements; Danville currently has the lowest gas prices in the Southeast.

Mr. Hilliard then detailed the recent history of natural gas prices and projected trends. Mr. Hilliard explained that due to new technologies that allow extraction of natural gas from shale and supplies of natural gas in storage at an all time high, the market prices should be relatively stable in the future.

Consideration of Net Metering Rider: R.B. Sloan spoke on net metering saying it was a commitment made by the Commission and City Council. Relative to the Public Utility Regulatory Policies Act, Danville was required to develop a rate schedule for customers that generate their own renewable energy. R.B. said that the original date for developing a rate structure was July 2011 to coincide with the biennial rate study; however that date was pushed up because two of Danville's customers requested connection by December 31st and other ratepayers have expressed interest.

Mr. Sloan explained that the Net Metering Rider included two rate options for customers. Customers would have the ability to carry forward for credit any power they produce over what is needed up to a one year average amount of power toward future bills.

The second option would allow customers with larger systems to enter into a purchase power agreement whereas Danville buys the power the customer produces and the customer pays standard rates for the power they use.

Mr. Sloan addressed the Commissioners questions.

Mr. Turpin questioned page 23 section B. Mr. Sloan said it would be corrected to add "unless the utility files a written objection".

Mr. Turpin moved that the Danville Utility Commission forward the accompanying Net Metering Service Rider N to the City Council with the Commission's recommendation that it be adopted and made part of the Electric Schedules effective January 1, 2011 with any changes requested by the Commissioners.

Mr. Schasse seconded the motion. A vote was cast and the motion passed unanimously.

Consideration of Revised Service Policies and Procedures: R.B. Sloan explained that minor changes were made to the Service Policies and Procedures therefore it was brought back to the Commissioners. Mr. Sloan explained that nothing was deleted or added and the refinements were in an effort to make the document easier to read.

Mr. Vaughan questioned the deposits and fees for small usage commercial customers. Carolyn Evans stated that considerations are given to small businesses such as securing the deposit with a surety bond or line of credit, ability to use past personal history with other utilities and other methods to work with these customers. Ms. Evans

explained that her department had been given permission by the Utilities Director to work with customers in this rate group.

Mr. Sloan explained that staff would be looking at these and other fees and would bring their findings back to the Commission in the spring.

Mr. Smith moved that the Commission adopt the accompanying Service Policies and Procedures document as the “general service policies” referenced in City Code Section 2-285. Mr. Smith further moved that the Utilities Director be authorized to expand, edit, and modify the document, subject to ultimate approval of all changes by the Utility Commission, provided that no substantial change in a service policy or procedure would be put into practice without prior approval of the Commission.

Mr. Turpin seconded the motion. A vote was cast and the motion passed unanimously.

Consideration of Danville Utilities Energy Efficiency Programs: Nate Lewis presented more details on programs in the Energy Efficiency Package Proposal.

Mr. Lewis then addressed questions from the Commissioners by explaining that every program will have a detailed business plan, would go out for BIDs and homeowners would receive \$650 maximum rebate.

Mr. Smith expressed that Danville needed a really big energy efficiency idea.

Joe King said that it would be beneficial to have a demonstration from Danville’s Public Works Department on utilization of energy in the municipal buildings.

Mr. Schasse made a motion that the Danville Utility Commission concur with the staff’s recommendation that City Council approve the initial energy efficiency program plans together with the Fiscal Year 2011/12 Energy Efficiency Program Package.

Mr. Smith seconded the motion. The motion was put to vote and passed unanimously.

Communications

Communications from City Manager: There was none.

Communications from Utilities Staff: Jim Harr spoke on projects in the Water and Gas Division and on a recent leak on Riverside Drive that left customers without water.

Jennifer Holley stated that she had recently attended the AMP Conference with R.B. Sloan and Doug Handley. Ms. Holley also said that her staff was working on the budget and rate study.

Barry Dunkley said that a boil water advisory had been issued due to the water main break on Riverside Drive. Mr. Dunkley also stated that he would discuss improvements to the Wastewater Treatment Plant at the next meeting.

Jason Grey said the Telecommunications Division was currently completing the AMI project.

Carolyn Evans said that her department will be busy with the changes to the Service Policies and notifying the public of the changes with flyers, inserts and posters.

Communications from Commissioners: Mr. Turpin asked about copies of the PCA and PGA. Mr. Sloan explained that he could send the file electronically but due to the size of the documents, it would not be practical to send a paper copy. Mr. King stated that the document could be placed on the website.

Director's Report: R.B. Sloan explained that the update on Wastewater Plant improvements may not be ready until the January meeting.

Mr. Vaughan asked for the Commissioners input on rescheduling the December meeting. The Commissioners agreed that the meeting, because it falls between Christmas and New Years and some Commissioners may be unable to attend, should be cancelled. Mr. Smith asked that the financials be sent to the Commissioners.

Public Comments: There were none.

Adjournment

Mr. Vaughan stated the next meeting is scheduled for January 24, 2010. There being no further business, Chairman Vaughan adjourned the meeting at 6:05 p.m.

January 24, 2010

Date Approved

Chairman
Danville Utility Commission

Submitted by Patti OKeefe
Secretary to the DUC