



Danville Utility Commission

4:00 p.m. February 28, 2011 Meeting

Council Conference Room, City Hall

Minutes

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

Commission Members Absent:

Staff Present: Michael Adkins, Ken Ashworth, Barbara Dameron, Rick Drazenovich, Barry Dunkley, Carolyn Evans, Jason Grey, Jim Harr, Jennifer Holley, Nate Lewis, R.B. Sloan, Cynthia Thomasson, and Clarke Whitfield

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 January 24, 2011 Commission Meeting: Chairman Vaughan asked for any corrections, deletions, or adjustments to the minutes of January 24, 2011. There were none. Mr. Turpin made a motion to approve the minutes. Mr. Schasse seconded the motion. The motion was unanimously approved.

Review of Utilities' Financial Statements: Michael Adkins reviewed the December 31, 2010 financial statements. Mr. Adkins said that, at half way through the fiscal year, all funds are performing close to budget.

Review of Deposit Practices: Carolyn Evans explained that staff has made the changes requested by the Commissioners at the last meeting to the commercial deposit section of the Service Policies and Procedures document.

Clarke Whitfield stated that he would like an opportunity to change the wording to make the passages clearer without changing the context of the policy.

Mr. Vaughan asked that the document, with Mr. Whitfield's changes, be brought back to the next meeting for Commission's approval.

Review of Proposed Telecommunication Municipal Code Additions: Jason Grey said that changes requested at the last meeting had been added to the Telecommunication Municipal Code.

Mr. Grey then discussed the changes and answered questions from the Commissioners. The Commissioners questioned if there was a latecomer's agreement in the policy. A latecomer's agreement shares the initial installation costs with additional future connections. Mr. King stated that there was currently no latecomer's agreement and that one could be added to the telecommunications and other utility divisions' policies. Mr. King explained that latecomer's agreements were common at other utilities.

Mr. Vaughan asked for a motion with the understanding that a latecomer's agreement would be brought back separately.

Mr. Smith moved that the Danville Utility Commission recommend to City Council that they add the proposed Telecommunication Policies to the City's Municipal Code.

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

Review of Revised FY2012 Budget: Jennifer Holley brought the FY 2012 budget figures before the Commission and discussed the capital improvement projects included in the numbers.

Ms. Holley then addressed questions from the Commissioners. Mr. Turpin stated that only necessary capital improvement projects should be completed in fiscal year 2012. The commissioners expressed that they were pleased that the budget was balanced with no rate increases.

Mr. Schasse made a motion that the Danville Utility Commission approve the updated version of the Utility Department's Proposed FY 2012 Budget for submission to the City Manager and inclusion in his budget proposal to the City Council, with the Commission's recommendation for its adoption by the Council. He further moved that staff make budget expenditure adjustments necessary to bring the budgets back into balance without rate increases and to brief the Commission on actions taken at the March 28th meeting, should on-going rate study evaluations reveal revenue shortfalls.

Mr. Daniels seconded the motion.

Mr. Smith asked if bonds were needed to fund the budget. Mr. King answered that no bonds were needed.

A vote was cast and the motion passed unanimously.

R.B. Sloan stated that this was Ms. Holley's first budget with Danville Utilities and that he was impressed with her work.

Preliminary Review of 2011 Biennial Utility Rate Study: Mr. Vaughan departed for another appointment and Mr. Smith took over as Chairperson. Mr. Smith turned the floor over to Doug Handley who presented his preliminary rate study for 2011. Mr. Handley said his research indicated that in FY2011 no rate increases were necessary. In FY2012, however, there were revenue shortfalls and rate increases may be needed.

Mr. Handley discussed changing base rates and implementing other rate mechanisms including increasing miscellaneous and tap fees, developing a time of use power cost adjustment, adding new energy efficiency rates, and changing the gas transportation rates.

The Commissioners discussed if a bond could be issued to cover the revenue shortfall, decreasing expenses in 2011 and 2012 and decoupling the rate structure in order that residents be linked to expenses.

Mr. Handley addressed questions from the Commissioners after which an informal poll was taken on the solutions presented. The results were as follows:

1. Changing electric base rates- The majority present voted against.
2. Changing water base rates- All present voted no.
3. Changing the gas transportation rates- The majority present voted in favor.
4. Adjusting tap fees- The majority present voted in favor.
5. Implementing a time of use power cost adjustment- All present voted in favor.
6. Adjusting miscellaneous charges- All present voted in favor.
7. Other rate changes- All present voted in favor.

Communications

Communications from City Manager: Joe King expressed his best wishes and thanks to R.B. Sloan for his work while at Danville Utilities.

Communications from Utilities Staff: Ken Ashworth updated the Commissioners on projects in the Power and Light Division and stated that Danville Power and Light received the American Public Power Association Safety Award of Excellence. Mr. Ashworth said that last year the Power and Light Division had no medical accidents and no lost time due to injuries on the job.

Carolyn Evans said that the Customer Information System Version 3 went live with no problems.

Barry Dunkley updated the Commissioners on legislation that he had been following by saying that a recent bill to do away with wastewater discharges had been killed.

Nate Lewis spoke on the request for proposals issued for a company to oversee the Residential Energy Efficiency Program and the market research affiliated with it.

Communications from Commissioners: There were none.

Director's Report: R.B. Sloan told the Commissioners that Danville is well positioned for the future with the excess capacity and strong infrastructure necessary for growth. Mr. Sloan said that the Commission should be proud of the staff. The employees have tremendous knowledge in their fields, he said. Mr. Sloan also said that as he leaves, Danville's power supply is in better shape than before and he thanked everyone for the opportunity to serve Danville.

Mr. Smith thanked Mr. Sloan for his service.

Public Comments: There were none.

Adjournment

Mr. Smith stated the next meeting is scheduled for March 28, 2010. There being no further business, Vice-Chairman Smith adjourned the meeting at 6:20 p.m.

March 28, 2010

Date Approved

Chairman

Danville Utility Commission

Submitted by Patti OKeefe
Secretary to the DUC