



Commission Members Present: Joe King, Bob Schasse, Phillip Smith and Bob Vaughan

Commission Members Absent: Steve Daniels, Jeff Liverman, Fred Shanks and Jim Turpin

Staff Present: Michael Adkins, Ken Ashworth, Barbara Dameron, Barry Dunkley, Carolyn Evans, Jason Grey, Jim Harr, Jennifer Holley, Nate Lewis 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 October 24, 2011 Commission Meeting: Chairman Vaughan stated that the next meeting date mentioned in the minutes was incorrect and should be November 28th. Chairman Vaughan asked for any other corrections, deletions, or adjustments to the minutes of October 24, 2011.

There were none. Mr. Smith 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 September 2011 financial statements.

Mr. Smith asked Mr. Adkins about the terms of the wastewater loans received from the electric and gas funds. Mr. Adkins said he would provide the amortization schedules for the Wastewater – Electric loan and the Wastewater – Gas loan.

Mr. Adkins then addressed additional questions from the Commissioners.

Update on Operations and Maintenance of the Northside Wastewater Treatment Plant: Barry Dunkley introduced staff from Severn Trent Services which has been under contract for three years for operations and maintenance of the Northside Wastewater Treatment Plant. Severn Trent is currently negotiating a one year extension on the contract that expires in December 2011. In attendance from Severn Trent were- Ron Ketterman, Project Manager; Charles Fiero, Senior Area Manager; Richard Gardner, Regional Manager; Scott Jones, Technical Services; and Jim Gillam, Client Relations.

Charles Fiero spoke on improvements to safety and training and cost saving renovations that saved Danville \$290,000 last year at the wastewater treatment plant. Mr. Fiero also discussed plans for the future at the Northside Plant.

Mr. Dunkley then addressed questions from the Commissioners.

Overview of Energy Trends: Jim Kendrick spoke on Danville's energy future and projects in which Danville is part owner including the Prairie State and Freemont plants that should become operational on or around February 1st of 2012 providing approximately 100 MW total power. Mr. Kendrick said that he was surprised to find that Danville's portfolio was so diverse.

Mr. Kendrick said that transmission charges may rise as the transmission lines become bottlenecked unless more lines are built and the short term prediction is that fuel charges should be stable.

Mr. Kendrick also said that power costs could increase due to decommissioning of less efficient power plants as the EPA enforces more stringent laws.

Danville's portfolio, Mr. Kendrick explained, is looking positive as the City has been proactively diversifying with hydro, coal, gas and potentially solar generation.

Mr. Smith asked about negotiations of a contract with APCo discussed at a past meeting. Mr. Kendrick said that he would bring that information back to the Commission.

Mr. Kendrick then addressed additional questions from the Commissioners.

Communications

Communications from City Manager: There were none.

Communications from Utilities Staff: Barry Dunkley said that Alan Johnson and the water plant operators worked around the clock to insure there were no water quality issues after a recent unscheduled shut down at the plant.

Jason Grey spoke on the progress being made on the Fiber to the Home Project.

Communications from Commissioners: Mr. Smith said he was disappointed to hear that Danville would not be providing power to the Megapark. Mr. Kendrick explained that it would cost millions of dollars for the infrastructure and the profit margin would be very low to stay competitive. Mr. Kendrick also said that Danville would be collecting tax revenue from whatever industry locates at the site.

Joe King explained that the infrastructure would cost the City +/- \$35 million and the funds would have to be borrowed whereas AEP is ready to start immediately after an industry commits to build in the Megapark. Mr. King also said that AEP could beat Danville rates and may be able to draw international companies.

Director's Report: There were no additional comments.

Public Comments: There were none.

Adjournment

Chairman Vaughan stated the next meeting is scheduled for January 23, 2012. There being no further business, Chairman Vaughan adjourned the meeting at 5:25 p.m.

Submitted by Patti OKeefe
Secretary to the DUC

January 23, 2012
Date Approved

Chairman
Danville Utility Commission