



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

Commission Members Absent: Steve Daniels, Jeff Liverman, and Bob Schasse

Staff Present: Michael Adkins, Ken Ashworth, Barry Dunkley, Barbara Dameron, Jason Grey, Jim Harr, Jennifer Holley, and Clarke Whitfield

Others Present: Jerry Shupe, Severn Trent
Charles Fiero, Severn Trent
Jim Gillam, Severn Trent
Robert Clifton, Severn Trent

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.

Mr. Smith Spoke on items he would like to have addressed before the 2013 Biennial Rate Study was complete. The first item, Mr. Smith said, was the stranded costs from the AMPGS project and whether they would be included in the new rates. Mr. Smith said that there was a possibility that, after arbitration, the amount of stranded costs could be lower than the current amount and because it was a one-time payment, it should not be included in long term rates. Mr. Smith suggested that the Utility Commission entertain a resolution next month to recommend to City Council that \$3 million of the unrestricted reserve be applied to the stranded costs. The costs will not need to be paid until 2013 providing time to create a safety fund, Mr. Smith explained.

Mr. Smith also spoke on the PCA cost adjustment saying that he does not have clear understanding if that amount needs to be recovered and its effects on the future rates.

Mr. Smith also asked for clarification of the cost targets for the new coal fired plant. He asked for targets to actual comparisons for the plant and how the PCA is affected.

Mr. Smith said that the Commission should consider reinstating the customer charge to help bring rates in line with the actual cost of doing business without a big rate increase.

Discussion / Business Items

Minutes of September 24, 2012 Commission Meeting: Chairman Vaughan asked for any corrections, deletions, or adjustments to the minutes of September 24, 2012.

There were none. Mr. Smith made a motion to approve the minutes. Mr. Turpin seconded the motion. The motion was unanimously approved.

Review of Utilities' Financial Statements: Michael Adkins reviewed the August 2012 financial statements.

Mr. Turpin asked how the cash reserves were monitored and whether capital projects cutbacks were being considered. Mr. Adkins explained that the Finance Department holds regular meetings with Utility staff to review the projects and budget.

Mr. Adkins then addressed additional questions from the Commissioners.

City of Danville NSWWTP O&M Contract Summary by Severn Trent Environmental Services: Barry Dunkley introduced Jerry Shupe Project Manager, Charles Fiero, Senior Area Manager and Jim Gillam, Client Relations, from Severn Trent Environmental Services (STES).

STES has been operating and maintaining Danville's Northside Wastewater Treatment Plant (NSWWTP) for approximately four years. The contract will be up for renewal in December 2013.

Mr. Fiero presented the Commissioners with information about STES and its accomplishments at the NSWWTP.

Mr. Fiero said that since taking over operations at the plant, Severn Trent has improved process control and improved quality. Mr. Fiero explained that nocardia bacteria has been eliminated, effluent quality has been increased by 60% and maintenance schedules have been implemented. Mr. Fiero also said that repairs and upgrades have been made with in house labor. He also spoke on cost saving renovations underway at the facility.

In addition, Mr. Fiero added that STES has been active in the community raising funds for local organizations such as God's Storehouse.

Mr. Fiero then addressed questions from the Commissioners.

Communications from the City Manager: Joe King introduced Danville Utilities' new Director, Steve Saum.

Communications from Utilities Staff: Jim Harr said they were in the final stages of Phase XI of the Pipeline Replacement Project and are entering Phase XII.

Communications from Commission Members: There were none.

Director's Report: Steve Saum said he is looking forward to working with the Commission. He said he expects his experience in Richmond Indiana will prove useful in his position in Danville.

Mr. Vaughan welcomed him to Danville Utilities.

Adjournment

Chairman Vaughan stated the next meeting is scheduled for November 26, 2012. There being no further business, Chairman Vaughan adjourned the meeting at 5:05 p.m.

Submitted by Patti OKeefe
Secretary to the DUC

November 26, 2012
Date Approved

Chairman
Danville Utility Commission