



**Danville Utility Commission**  
4:00 p.m. November 26, 2012 Meeting  
Council Conference Room, City Hall  
**Minutes**

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

**Commission Members Absent:** Steve Daniels and Bob Schasse

**Staff Present:** Michael Adkins, Ken Ashworth, Barry Dunkley, Barbara Dameron, Carolyn Evans, Jason Grey, Arnold Hendrix, Jim Harr, Jennifer Holley, Nate Lewis, Steve Saum and Clarke Whitfield

**Others Present:** None

**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 22, 2012 Commission Meeting: Chairman Vaughan asked for any corrections, deletions, or adjustments to the minutes of October 22, 2012. Mr. Smith stated that in paragraph two; line five the minutes should read 'short term payment' replacing the words 'onetime payment'. The secretary also noted that Carolyn Evans, Steve Saum and Nate Lewis were not noted as present.

Mr. Smith made a motion to approve the minutes as amended. Mr. Turpin seconded the motion. The motion was unanimously approved.

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

Mr. Adkins then addressed questions from the Commissioners.

Response to Power and Light Financial Questions: Mr. Saum presented information on financial questions that were raised at the November meeting.

Mr. Saum spoke on the AmpGS stranded costs and the options available for repayment saying the total amount of those costs could not be calculated because litigation is ongoing between Amp and Bechtel.

Mr. Saum advised that Danville Utilities wait for litigation to complete and final figures to be calculated before starting a payment plan.

Mr. Smith said he would like to see a portion of the unreserved fund balance earmarked for a down payment on the stranded costs after litigation. Mr. Smith also said he would like to have a formal motion with projection figures at the January meeting that City Council consider using unreserved funds.

Staff agreed to bring a motion back to the next meeting acknowledging that there will be an uncertain liability which could be as high as nine million dollars and there are a number of options available to the city. The motion would recommend to Council that in the 2014 budget a certain amount of money in cash reserves in the budget appropriations be set aside for this purpose so that the liability does not affect the biennial rate study. The motion would continue that hereafter each year a certain amount of the unrestricted fund balance be set aside to cover this liability.

Mr. Saum then spoke on the power cost adjustment stabilization saying that, because a portion of the energy efficiency funds are now diverted to the PCA, the balance should have a positive balance in early 2013.

Mr. Saum said the Prairie State Generating Station has both units up and running and that because the members own the coal, fuel costs are stable although transmission grid charges have been rising.

Mr. Saum then addressed the current customer charges that were lowered in 2007 when the automatic meters were installed. Mr. Saum said the current charges are too low to offset actual expenses and he recommended that a gradual increase be evaluated.

Utility Fund Transfer Policy: Mr. King reminded the Commissioners that there have been transfers from the Utility Fund to the General Fund each year. He said that City Council is now considering a formal policy detailing how the transfers will be done in the future.

Mr. King said a formal policy would eliminate any special appropriations that are taken from the Utilities Funds and that rating agencies and AMP look favorably on municipal utilities that have a formal policy in place.

Mr. King explained the proposed policy and how it was calculated using a percentage of the five year average of the increase in depreciated assets added to a base number.

Mr. King and Ms. Dameron then addressed questions from the Commissioners.

Communications from Commission Members: Because of the short time frame between meetings due to the Christmas Holiday, Mr. Smith moved to cancel the December Utility Commission meeting. Mr. Turpin seconded the motion. A vote was cast and the motion passed unanimously.

### **Adjournment**

Chairman Vaughan stated the next meeting is therefore scheduled for January 28, 2013. There being no further business, Chairman Vaughan adjourned the meeting at 5:40 p.m.

Submitted by Patti OKeefe  
Secretary to the DUC

**January 28, 2013**

Date Approved

---

Chairman  
Danville Utility Commission