



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

**Commission Members Absent:** Steve Daniels

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

**Others Present:** Dr. Gary Miller, Danville City Council  
Doug Handley, Utility Consulting Services

### **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 introduced a resolution earmarking \$4 million of the Unreserved Fund balance to defer some of the stranded costs associated with the AMPGS project and requested a vote to bring the resolution before City Council.

A discussion followed during which it was decided that the resolution should be changed to read that The Danville Utility Commission recommend to the Danville City Council that it restrict all unrestricted fund balance funds over Council's established minimum fund balance requirements as of June 30, 2013, in an amount not to exceed four million dollars.

Mr. Smith motioned to table the vote until Clark Whitfield and Barbara Dameron could return with an updated resolution. Mr. Schasse seconded the motion. The vote was tabled until later in the meeting.

### **Discussion / Business Items**

Minutes of November 26, 2012 Commission Meeting: Chairman Vaughan asked for any corrections, deletions, or adjustments to the minutes of November 26, 2012. There were none.

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

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

Mr. Adkins then addressed questions from the Commissioners.

Rate Budget Analysis: Jennifer Holley presented the FY 2014 and spoke on deficits that will possibly require rate increases in the Biennial Rate Study.

Ms. Holley explained that the current charge for sewer connections is below actual costs and should be raised. Ms. Holley also said that an increase in the customer charge would be necessary to balance the water budget.

Ms. Holley then explained that, even with the increase in consumption charges and customer charges, the water budget will still be short necessary funding for capital projects.

Doug Handley then addressed questions from the Commissioners regarding the proposed rate structure pertaining to the budget.

Nate Lewis spoke on the impact the proposed rate increases would have on residential customers stating that even with the increase in water rates, Danville's rates would be far less than most of the surrounding communities.

In regards to the water line replacement capital project, Mr. Schasse asked how many water line breaks had occurred. Jim Harr stated that there were a total of 9 failures in 2013 to date.

Mr. Liverman dismissed himself from the remainder of the meeting to attend a conflicting engagement.

Ms. Holley said the budget should be formally approved at the February meeting and a work session could be scheduled if the Commissioners decided it was necessary.

Dr. Miller stated that the proposed rates should be presented before action is taken on the budget. Doug Handley said he would present the proposed rates based on the Commissioners suggestions to the next meeting.

Update on AMP Program and Project: Mr. Saum stated that AMP has decided not to pursue a solar project that was to be built on the Danville system.

Mr. Saum also explained that Danville has an opportunity to sign a mutual aid agreement with AMP which will set prices if assistance is needed during a disaster. Mr. King made a motion that the Commission recommend to City Council that Danville participate in the agreement. Mr. Smith seconded the motion. A vote was cast and the motion carried.

Communications from Utilities Staff: Mr. Whitfield and Ms. Dameron distributed the revised resolution earmarking up to \$4 million of the Unreserved Fund balance to defer some of the stranded costs associated with the AMPGS.

Mr. Smith made a motion that The Danville Utility Commission recommend the resolution to the Danville City Council. Mr. Schasse seconded the motion. A vote was cast and the motion passed unanimously.

**Adjournment**

Chairman Vaughan stated the next meeting is scheduled for February 25, 2013. There being no further business, Chairman Vaughan adjourned the meeting at 6:50 p.m.

Submitted by Patti OKeefe  
Secretary to the DUC

**February 25, 2013**  
Date Approved

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Chairman  
Danville Utility Commission