

Danville Utility Commission
4:00 p.m. April 27, 2015 Meeting
Council Conference Room, City Hall
Minutes

Commission Members Present: Joe King, Michael Nicholas, Bob Schasse, Fred Shanks, Phillip Smith, Jim Turpin

Commission Members Absent: Bill Donohue, Dawn Witter

Staff Present: Michael Adkins, Meagan Baker, Patricia Conner, Barry Dunkley, Carolyn Evans, Chris Goss, Jason Grey, Jennifer Holley, Linda Mills, Alan Spencer, Allen Wiles and Denise Wyatt

Others Present: Representatives from Nexant

Call to Order and Announcements

Chairman Smith 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 March 23, 2015 Commission Meeting

Chairman Smith asked for any corrections, deletions, or adjustments to the minutes of March 23, 2015. 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

Patricia Conner reviewed the Utilities' financial statements.

Ms. Conner then addressed questions from the Commissioners. The commissioners questioned the 3% decrease in electric revenue, which was mostly related to changes in temperature.

Electric Services Assessment Steering Committee Recommendation

Mr. Schasse questioned how this might affect the electric fund. Mr. Smith pointed Mr. Schasse to a section in the handout that refers to how the revenue will remain neutral pertaining to the distribution rate. Mr. Schasse then questioned how industries will benefit from this change. Mr. Turpin said it will depend on what type of partnership that particular industry can work out with the private energy aggregator and reminded him that those who elect this option will remain a distribution customer of Danville Utilities.

Chairman Smith made note that timelines have been tentatively set on when these recommendations will go into effect and should be completed.

Mr. Schasse asked if there was any interest in purchasing Danville Utilities. Mr. Smith stated that it was discussed at the April 13 Steering Committee meeting. Mr. Turpin replied that multiple utilities said they were interested but the option did not progress far enough for actual offers to be made due to the AMP commitments and the amount the City would need in return.

Mr. Shanks expressed interest in including in the Electric Services Assessment Report a detailed description about why the committee chose not to sell the electric utility and that the option of selling the utility was never analyzed in detail.

Mr. Nicholas commented that he thinks that the transfer amount from the electric utility to the general fund is a major part of the electric utility's issue.

Mr. Smith stated that Hometown Connections provided a very thorough report and these findings must be considered.

Mr. Nicholas moved that the Danville Utility Commission approve the Electric Services Assessment Steering Committee's recommendations and that they be presented to City Council for final adoption. He further moved that the Commission note that the sale of the utility was considered but deemed too complex and not cost effective to pursue at this time.

Mr. Schasse seconded the motion. Further comments continued.

All voted in favor with the exception of Mr. Turpin. The motion was approved. Mr. Turpin stated that he voted against the motion because the comments added to the motion concerning the sale of the utility were not sufficient to fully explain why a sale was not recommended, thereby, creating possible doubt as to the recommendations' comprehensiveness.

Electric Power Cost Adjustment Discussion

Mark Beauchamp from Utility Financial Services joined via phone and gave a presentation on the Power Cost Adjustment (PCA) information and offered three different options for the commissioners to consider.

The Commissioners and Mr. Beauchamp decided to create an Option 4: to combine two of the options and include considerations for operating income and cash reserves. The Chairman asked for a show of hands in support of option four and all voted in favor. The Commissioners will take a formal vote at the next meeting.

Energy Efficiency Consultant Presentation – Nexant

Meagan Baker, Danville Utilities' Key Accounts Manager gave a general overview of the energy efficiency program including the program objectives and the approach for ensuring customer satisfaction.

Jim Herndon of Nexant went into more details and provided specific numbers for the commission members. Commissioners decided to vote at the June meeting on whether to continue the energy efficiency project.

Mr. Schasse mentioned that he has a concern that reducing the overall demand was not a key objective listed in the presentation. He also stated a concern over the rebate amount on small capacity mini-splits. Further, he expressed that rebates should be granted only for replacements and with that said; replaced units should be removed from the service permanently. Also, air sealing should be encouraged prior to insulation and the effects of not air sealing should be explained to the home owner. He also expressed that home energy audits should be a part of the energy efficiency program and the utility commission should have approval of the content of the program.

Discussion on Miscellaneous Fees and Service Policies

Chairman Smith opened the floor for a public hearing allowing any comments on the miscellaneous fees and service policies. With no one coming forward, the hearing was closed.

Carolyn Evans, Director of Customer Service gave an update on the changes in the miscellaneous fees including new sewer tap fees and a telecommunications fee.

Mr. Nicholas made the motion for the Danville Utility Commission to adopt the proposed changes for miscellaneous fees effective July 1, 2015 as recommended by the utilities department staff. Mr. Turpin seconded the motion and the motion was approved.

Mr. Turpin made a motion to move the service policies discussion to the next meeting. Mr. Schasse seconded the motion and the motion was approved.

Customer Disconnect/Reconnect Discussion

Chairman Smith moved this topic to the next meeting as well.

Department Discussions

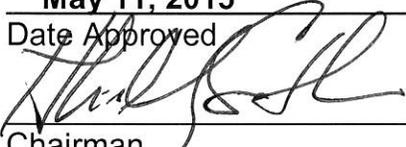
Barry Dunkley discussed the problems with the taste and odor of Danville's water. Mr. Dunkley said they are continuing to feed carbon at the water treatment plant. He also spoke about the consultant that was hired to help with purchasing new carbon feeder equipment.

Mr. Dunkley then addressed questions from the Commissioners.

Adjournment

Chairman Smith stated the next meeting is scheduled for May 11, 2015. There being no further business Chairman Smith adjourned the meeting at 7:15 p.m.

Submitted by Meagan Baker
Secretary to the DUC

May 11, 2015
Date Approved

Chairman
Danville Utility Commission