

Danville Utility Commission
4:00 p.m. May 11, 2015 Meeting
Council Conference Room, City Hall
Minutes

Commission Members Present: Bill Donohue, Joe King, Michael Nicholas, Fred Shanks, Phillip Smith, Jim Turpin

Commission Members Absent: Bob Schasse, Dawn Witter

Staff Present: Michael Adkins, Meagan Baker, Patricia Conner, Barry Dunkley, Carolyn Evans, Jason Grey, Arnold Hendrix, Jennifer Holley, Becky Meadows, Clark Whitfield and Allen Wiles

Others Present: Marc Gerken of AMP, City Councilman Lee Vogler

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 April 27, 2015 Commission Meeting

Chairman Smith asked for any corrections, deletions, or adjustments to the minutes of April 27, 2015.

On behalf of Mr. Schasse, Mr. Nicholas made a motion to amend the minutes to state the following: "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."

Mr. Turpin also made an amendment to the minutes and added the following: "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."

Mr. Nicholas made a motion to approve the minutes. Mr. Turpin 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.

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. Michael Adkins, director of finance also assisted with the presentation.

The Commissioners and Mr. Beauchamp discussed Option 4, created at the April 27 meeting. Mr. Beauchamp recommended that the commissioners approve a range to write down, prior to June 30 and subsequent to the financial statement audit in August, make a final adjustment.

Mr. Donohue expressed his concern with using cash reserves to pay off the PCA and then not having enough funds to cover capital projects, which would affect customer service.

The commissioners asked Mr. Beauchamp and Mr. Adkins to determine the available cash and modify the recommendations to present at the next meeting.

American Municipal Power (AMP) Presentation

Marc Gerken, president and CEO of AMP gave a presentation including a general overview of AMP with specifics to Danville. He discussed each of Danville's current projects: Freemont (natural gas), Prairie State (coal), Cannelton, Smithland, Willow Island, Meldahl and Greenup (all run-of-the-river hydros). Mr. Gerken answered questions and gave clarification on items requested by the commissioners.

Mr. Gerken also gave an update on the Behind the Meter (BTM) gas peaking project. AMP is continuing its development efforts on four potential sites including Danville. The Danville site has been identified and noise study evaluations have been completed as well as an electrical load flow study is in under contract.

Mr. Donohue questioned how a peaking plant can help with capacity. Mr. Gerken answered stating that concerning congestion charges, using a local peaking plant will significantly reduce load and save on transmission fees for the following year but will not help with capacity.

Mr. Donohue mentioned that Danville is really struggling with the unpredictable congestion charges and becoming impatient, waiting for a solution. He also stated that the BTM project should be completed earlier than the predicted three years.

Discussion on City Council Voting to Table the Rate Increases

Mr. Nicholas asked Mr. Franks why city council tabled the rate increases for FY 2017. Mr. Shanks stated that his guess is that city council members were given a lot of information, provided by the Electric Services Steering Committee and they hoped as part of these recommendations, they could come up with a better solution than to initiate another rate increase.

Mr. King stated that none of the steering committee's recommendations presented to city council will have effects on the rates and now that it has been fully understood, it would be appropriate to reconsider the rate recommendations. He also stated that the tradition of preparing biennial rate studies is important to maintain and in an effort to be as transparent as possible, letting them know that the rate increases will be coming the next year, better serves the city and the customer. He recommended that the DUC chair write a letter to city council explaining the commission's concerns and asking them to take action.

Mr. King made a motion for the chairman to write a letter on behalf of the utility commission to the mayor and city council, urging them to maintain the biennial rate study tradition and pass the rate increase recommendations. Mr. Turpin seconded the motion and the motion was approved.

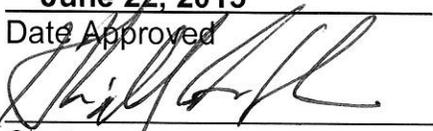
Department Discussions

Barry Dunkley gave an update on Danville's water taste and odor issues. Mr. Dunkley mentioned the surveys that the city manager has sent out to employees over the past two weeks and how responses have improved each week. They are continuing to feed carbon. He believes that the issues should be cleared up in all areas of the city's system very soon.

Adjournment

Chairman Smith stated the next meeting is scheduled for June 22, 2015. There being no further business, Chairman Smith adjourned the meeting at 6:30 p.m.

Submitted by Meagan Baker
Secretary to the DUC

June 22, 2015
Date Approved

Chairman
Danville Utility Commission