



**Danville Utility Commission**  
4:00 p.m. October 26, 2015 Meeting  
Council Conference Room, City Hall  
**Minutes**

**Commission Members Present:** Vanessa Cain, Bill Donohue, Ken Larking, Fred Shanks, Phillip Smith, Jim Turpin

**Commission Members Absent:** Bob Schasse, Michael Nicholas

**Staff Present:** Michael Adkins, Meagan Baker, Patricia Conner, Barry Dunkley, Carolyn Evans, Arnold Hendrix, Jenny Holley, Clarke Whitfield and Allen Wiles

**Others Present:** Garrett Cole of GDS Associates

**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 September 28, 2015 Commission Meeting

Chairman Smith asked for any corrections, deletions, or adjustments to the minutes of September 28, 2015.

Mr. Turpin made a motion to approve the minutes. Mr. Donohue seconded the motion and the motion carried unanimously.

Review of Utilities' Financial Statements

Patricia Conner reviewed the Utilities' financial statements. Ms. Conner then addressed questions from the Commissioners.

### Danville Utilities Electric Power Supply Evaluation – GDS

Garrett Cole of GDS Associates gave a presentation on the current and future of Danville Utilities' electric power supply. First, Mr. Cole explained the utility's current power supply position and estimated power costs.

Mr. Shanks questioned the reasoning for the predicted increase in cost for years 2018-2020. Mr. Cole stated that this is not due to one particular item but due to prior asset commitments as well as congestion and transmission costs continuing to rise.

Mr. Cole discussed the utility's hedging strategy explaining that a balanced energy portfolio includes a blend of long-term and short-term purchases of the appropriate sizes to match the load profile. Danville's current portfolio is heavily invested in long-term resources, which leaves a small amount of energy for short-term hedging. In addition, 51% of Danville's portfolio is currently influenced by gas, which has a history of volatility and its resource allocations are larger than the optimal sizes for their load profile.

Mr. Smith and Mr. Turpin questioned the AEP shaping energy asking whether this commitment was the main cause of the over hedging and if Danville is required to take the energy, even if not needed. Mr. Cole said that it was not necessarily a problem but that it was not needed to cover the load requirement and that Danville is under contract with AEP and therefore is obligated to continue taking the energy. He also mentioned that in 2021 this contract and a few others will expire and there will be a new need for shaping to fit within the remaining load requirement.

Mr. Cole moved on to discuss capacity hedging. He explained that as a result of the 2014 Polar Vortex, PJM developed a new Capacity Performance product which will replace current products in the capacity market. This could cause prices to increase

Mr. Turpin asked Mr. Cole to give an example of the current requirements of a typical peaking generation plant and how that would change for the new capacity market. Mr. Cole explained that under the current program, the plant must have resources available June – September for up to a total of possibly 60 hours in preparation of a peaking event. Under the new program, the winter months are now included which means resources have to be available year round.

Mr. Cole stated that Danville's hedging is appropriate in the near term however, the exposure increases beginning in 2017-2018. To mitigate this exposure, an RFP for peaking capacity has been issued.

### Peaking Generation – Solar Responses

The City of Danville issued an RFP requesting proposals to supply 25-75 MW of capacity market. As a result of the RFP, Danville received proposals for both solar and natural gas powered electric generating plants.

Because it is a time sensitive matter (a 30% federal investment tax credit for solar plants is scheduled to be reduced to 10% beginning January 1, 2017), Danville Utilities has chosen to focus on the solar generating plants first and will discuss the natural gas plants at a later time. Danville received six proposals for solar powered electric generating plants with multiple options.

Mr. Cole explained the solar proposal finalist recommended is "Bidder #3." This bidder provided favorable pricing, provided feedback to terms and conditions that were more favorable to Danville, demonstrated an ability to react quickly and may be able to leverage synergies/economies with other regional clients on similar project schedules.

Mr. Turpin made a motion that the Danville Utility Commission approve the proposed terms in order to negotiate a purchase power agreement for up to fifteen megawatts of solar powered generation. Mr. Larking seconded the motion and the motion carried unanimously.

### Department Discussions

Mr. Dunkley mentioned that the City of Danville Water Treatment and Wastewater Treatment Plants, participants in the demand response program, received the first of four quarterly payments for being compliant in the program.

He also mentioned that the water plant is experiencing another taste and odor episode. Mr. Larking commended Mr. Dunkley and other water treatment employees on their quick response and job well done.

Mr. Grey mentioned that Greg Disher was hired as the new Director of Power and Light starting on October 1 and could not be at today's meeting but will be at the November meeting.

He also mentioned that the Ohio Supreme Court will hear the AMP case tomorrow morning at 10:00 a.m.

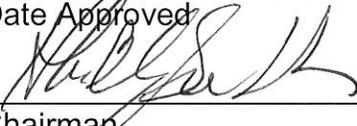
Additionally, he mentioned that Prairie State ran at 98% this past month and they continue to do a great job.

Meagan Baker reviewed the energy efficiency action items that were given to the commissioners at the beginning of the meeting. She mentioned that the only change to the program measures will be to add a new measure for mini splits and that the eligibility and incentive amount are still being determined. All other items will be handled through communication, marketing and outreach efforts.

**Adjournment**

Chairman Smith stated the next meeting is scheduled for November 23, 2015. There being no further business, Chairman Smith adjourned the meeting at 6:40 p.m.

Submitted by Meagan Baker  
Secretary to the DUC

**November 23, 2015**  
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Date Approved  
  
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Chairman  
Danville Utility Commission