



**Danville Utility Commission**  
4:00 p.m. November 23, 2015 Meeting  
Council Conference Room, City Hall  
**Minutes**

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

**Commission Members Absent:** Michael Nicholas

**Staff Present:** Michael Adkins, Meagan Baker, Patricia Conner, Greg Disher, Barry Dunkley, Jason Grey, Arnold Hendrix, Jenny Holley, Telly Tucker, Clarke Whitfield and Allen Wiles

**Others Present:** David Bennett, Mike Jones and Andrew Van Ore of Intertape Polymer Group, Paul Bacon of DanChem

### **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 October 26, 2015 Commission Meeting**

Chairman Smith asked for any corrections, deletions, or adjustments to the minutes of October 26, 2015.

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

#### **Water Municipal Code Revision**

Director of Water and Gas Distribution, Allen Wiles explained that one additional revision needs to be made to section 38-69. An incident occurred a few weeks ago that

initiated this change. The following statement would be clarified: "Repair or renewal of pipes and fixtures from main to meter; interference with pipes in street." This would state that all repairs to fire protection pipes and fixtures in the street, from the main to the property line, shall be performed by the department at its own expense. All repairs to potable water pipes and fixtures in the street from the main to the meter shall be performed by the department at its own expense. Repairs from the meter's discharge to the customer premise shall be performed by the customer or their agent at the customer's expense.

Mr. Donohue explained his concern with transferring the liability to the customer.

Mr. Shanks also agreed with Mr. Donohue and stated that he understood the need to clearly identify a demarcation point but this would put the liability on the property owner and the contractor. He further explained that it would transfer the costs to the customer whereas it has been the city's responsibility for many years.

Mr. Wiles agreed to withdraw the recommendation for the time being.

#### Distribution Rate Using Market Power for Large Industrial Customers

Mr. Grey went over some background information on the City's electric system. He presented a new Distribution Rate using Market Power. Customers that would qualify for this rate must meet certain qualifications including a demand that exceeds 1500 KW per month and a load factor of at least 75 percent.

Mr. Donohue questioned what complaints, issues or concerns the City has received regarding its natural gas transportation service, which is what this rate is modeled after. Mr. Grey stated that it was very favorable and many industrial customers participate in this service.

Mr. Turpin expressed concerns on how the utility would cover the revenue shortfall.

Mr. Turpin also asked what percentage we are adjusting the cost to be competitive with other customers. Mr. Grey said they are trying to get it to the \$0.05 - 0.06 range.

Mr. Shanks requested a copy of the information including all eight of the customers who would be eligible for the rate.

Mr. Donohue expressed his concern with industry not wanting to locate to the area because of the high electric costs.

Mr. Donohue made a motion that the Danville Utility Commission present to city council a large industrial distribution rate consistent with the requirements recommended by staff, Utility Financial Solutions and GDS Associates.

Mr. Schasse seconded the motion.

The discussion continued. Mr. Larking questioned the motion and whether or not it provided specific recommendations and how the lost revenue would be recovered.

Mr. Donohue stated that the priority was not determining how to pay for it because the utility would have to pay for it in the long run either way. He said the concern is what will happen if they do not implement this new rate.

Mr. Turpin also mentioned his concern with the motion stating that council will need to be presented with more information including the impact on the customers and how the costs would be recovered.

Mr. Donohue made a motion that the Danville Utility Commission recommend that city council adopt a large industrial distribution rate consistent with the requirements recommended by staff, Utility Financial Solutions and GDS Associates.

Mr. Schasse seconded the motion and the motion carried unanimously.

#### Danville Utilities – Appalachian Power Boundary Modifications

Mr. Grey explained that Danville Utilities and Appalachian Power (APCO) have agreed in concept to transfer the Berry Hill Mega Park tract consisting of approximately 3,250 acres to APCO. APCO already has enough capacity to serve the site whereas Danville Utilities would have to build transmission and a substation in order to serve the property at the projected loads.

Additionally, the 160 acre Coleman property located on Gypsum Road would also require Danville Utilities to build a lateral transmission line and substation to the property whereas APCO already has one that feeds Goodyear and Blue Ridge Fiberboard.

The commission decided not to transfer the Coleman property to APCO.

Mr. Turpin made a motion that the Danville Utility Commission recommend to City Council that Danville Utilities electric utility service territory boundaries be changed so that the Berry Hill Industrial Park property can be served by Appalachian Power and be a part of their electric service territory.

Mr. Larking seconded the motion and the motion carried unanimously.

#### Department Discussions

Mr. Larking made a comment that interviews will begin next month for the Director of Utilities position. He asked Mr. Smith and Mr. Turpin to participate in the interviews.

Mr. Dunkley mentioned that the water treatment plant is still experiencing a taste and odor issue but it has been minor.

Mr. Shanks mentioned that he would like a member of city council to be on the interview panel for the Director of Utility position. He also mentioned that there may be a policy issue with disconnects and reconnects needing to offer flexibility for customers who are willing to pay their debts and have their power turned on. Mr. Larking mentioned that he was aware of the situation and has already had a conversation with the finance department on how to improve this process.

Mr. Dave Bennett from Intertape Polymer Group introduced Andrew Van Ore, Intertape's Director of Operations. He mentioned that he appreciated the new rate design and looks forward to having more discussions on it. He also mentioned that the timeliness of the implementation of this rate is very important to their business. Mr. Bennett mentioned that if there is anything that they can do to help they are more than willing to do so.

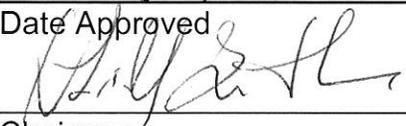
Paul Bacon of DanChem mentioned that their power costs are critical to their competitiveness. He encouraged the commission to move the rate forward as quickly as possible.

Mr. Grey mentioned that Prairie State ran at 78% in October due to a tube leak in Unit One and Unit Two.

### **Adjournment**

Chairman Smith stated the next meeting is scheduled for January 25, 2016. There being no further business, Chairman Smith adjourned the meeting at 5:54 p.m.

Submitted by Meagan Baker  
Secretary to the DUC

**January 25, 2016**  
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Date Approved  
  
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Chairman  
Danville Utility Commission