



**Danville Utility Commission**  
4:00 p.m. January 25, 2016 Meeting  
Council Chambers, City Hall  
**Minutes**

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

**Commission Members Absent:** Bill Donohue, Michael Nicholas

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

**Others Present:** Jerry Shupe

### **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.

Mr. Larking recognized and congratulated Jason Grey as the new permanent Director of Utilities.

### **Discussion/Business Items**

#### **Minutes of November 23, 2015 Commission Meeting**

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

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

### Solar Generation – Purchase Power Agreement

Jason Grey discussed the solar responses to the RFP issued back in August. Turning Point Energy/Solar City had the most beneficial proposal for the City of Danville. This project would include a 25 year purchase power agreement, with the developer being responsible for the capital costs and maintenance of the facility and the City of Danville realizing all other behind the meter benefits.

Mr. Turpin mentioned he wanted to be sure investing in this project is beneficial to the city considering the outcome of past projects and the fact that natural gas prices are continuously dropping.

The chosen project site is 2048 Kentuck Church Road which is adjacent to a Danville Utilities substation. Mr. Shanks asked who would purchase the property and Mr. Grey said that the developer would be responsible for the purchase.

Mr. Schasse questioned the solar technology, where the panels are made and how long they are estimated to last.

Mr. Turpin moved that the Danville Utility Commission recommend to City Council that Danville Utilities staff enter into a purchase power agreement for six megawatts of local solar generation to be constructed, owned and operated by Turning Point Energy.

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

### Introduction to Fiscal Year 2017 Utilities Budget

Jennifer Holley, Director of Support Services reviewed the Fiscal Year 2017 proposed budget, beginning with an overview of all utilities funds.

Mr. Turpin and Mr. Smith questioned the salary adjustments line. Ms. Holley noted that this is just a placeholder in the event that pay for performance raises are issued in July 2016.

The wastewater fund was discussed first. Mr. Smith questioned the sewer lines project that's included in the wastewater fund. Richard Drazenovich, Director of Public Works explained the need for replacing existing sewer lines and extending new lines for new services.

Mr. Smith questioned the debt from 2008 when the wastewater fund borrowed three million dollars from the gas and electric funds. This debt will be paid off in fiscal year 2017.

In the water fund, Ms. Holley noted the budget includes an increase in chemical supplies due to the high amount of carbon needed for treating the water taste and odor issues.

Mr. Schasse asked if the city has any lead water pipes. Mr. Wiles and Mr. Dunkley reported that to their knowledge there are no existing lead pipes.

Mr. Turpin questioned why the revenue is not higher after implementing a rate increase. Ms. Holley stated that this could be due to a decrease in volume.

For the gas fund, Ms. Holley reported that charges for services decreased due to a decrease in purchased gas cost recovery. The gross profit on sales remained constant as the gas cost decreased by a similar dollar amount.

Mr. Turpin questioned the Northern Gas Feed project. Mr. Wiles reported that the project is for preliminary engineering including the design, route, materials, pressure, etc. The project's goal is to add redundancy to the system so that there is a second (or back up) feed.

Concerning the electric fund, Ms. Holley noted that the total forecasted charges for services increased by 9.5 million. A rate adjustment of 1.5% as recommended by the rate consultant is included in the projected revenue.

She mentioned a net increase in engineering due to an increase in personnel and an increase in supplies for disposal of waste material. Additionally, increases are necessary for some FERC requirements that must be met at the hydro plant. Utility administrative services will also see a net increase including wages and benefits and consulting services for the energy supply consultant and rate study services.

Under capital improvement projects, Mr. Turpin questioned the GIS software project. Director of Power and Light, Greg Disher, explained that the current software did not meet expectations and therefore there is a need for a new product.

Mr. Smith mentioned his concerns with the LED street light project stating that he believes there are other projects that should take priority.

Concluding the budget discussion, the telecommunications fund was explained. Ms. Holley stated that revenues are forecasted based on actual data from the prior fiscal year and known changes in contracts.

Mr. Smith questioned what the projects are for and Mr. Grey stated that they are to complete the Windsor Heights neighborhood.

### Department Discussions

Mr. Larking thanked the commission for their thoughts and advice on the budget.

Mr. Disher commented on the earlier discussion on the LED street light project. He stated that the LED light gives a much clearer and brighter lighting than the existing

metal halide which will brighten up the streets making residents feel more comfortable and may help reduce crime. It would also greatly reduce maintenance and would pay off in the long run.

Mr. Shanks reemphasized what a great job all city staff did especially Utilities and Public Works during the past weekend's snow storm.

**Adjournment**

Chairman Smith stated the next meeting is scheduled for February 22, 2016. There being no further business, Chairman Smith adjourned the meeting at 6:23 p.m.

Submitted by Meagan Baker  
Secretary to the DUC

**February 22, 2016**  
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Date Approved  
  
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Chairman  
Danville Utility Commission