



## **Danville Utility Commission**

4:00 p.m. April 25, 2016 Meeting  
Council Chambers, City Hall

### **Minutes**

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

**Commission Members Absent:** Bill Donohue, Michael Nicholas and Bob Schasse

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

**Others Present:** Jacob Thomas and Garrett Cole of GDS

### **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 14, 2016 Commission Meeting**

Chairman Smith asked for any corrections, deletions, or adjustments to the minutes of March 14, 2016. Ms. Cain requested a date change under the customer service projects section of the minutes.

Mr. Larking made a motion to approve the minutes. Ms. Cain seconded the motion and the motion carried unanimously.

#### **Review of Utilities' Financial Statements**

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

Mr. Smith questioned the shortfall in distribution. Ms. Holley explained that the funds are separated out amongst different sections within the budget.

### Power Cost Adjustment Recommendations

Jacob Thomas of GDS Associates explained how power costs are recovered in general and specific to Danville's current situation.

He then presented several different cases to recover the PCA by 2018. Scenario 1 includes a one-time change in PCA. Scenario 2 includes a change in PCA every year. Scenario 3 changes the PCA every six months. Scenario 4 requires the PCA to change every quarter. Scenario 5 includes changing the PCA every month. All scenarios would begin in October 2016.

Mr. Thomas recommended Scenario 4 because the increase amounts are smaller and would have less impact on the customer.

Mr. Turpin questioned whether or not we would be out of the whole by the end of 2018 and would the PCA go down at that point. Mr. Thomas said the PCA would need to be reevaluated at that time in order to determine if a change would be needed and if so, how much.

With the thought in mind to minimize the impact on customers, Mr. Turpin suggested to reset the goal to reduce the PCA to 9 million instead of zero.

Mr. Shanks also expressed concern with the high increase having a direct effect on customers, many who are already having a difficult time paying their utility bill. He also stated that October did not seem to be the best month to start with cold weather approaching.

Mr. Smith questioned why 2018 was the date selected as the goal to have the balance to zero. Mr. Grey stated that there was a city ordinance in place stating that the PCA balance could not be over 2 million and utility staff approached city council and requested to extend this until 2018 in order to have time to recover.

Mr. Smith concluded by asking the utility staff to provide further information at the next meeting, adding they would like to see several scenarios with different ending balance amounts. Mr. Shanks asked staff to look at the general fund to see if any funding could be made available.

### Electric Capacity Recommendations

Garett Cole of GDS explained the difference between capacity and energy. Capacity is the maximum amount of electricity needed at a point in time whereas energy is the amount of electricity required. Danville's current power supply resources meet about half of the capacity requirements.

He explained the new Capacity Performance Plan developed by PJM as a result of the 2014 Polar Vortex. This plan requires base capacity resources to perform year round with penalties if their numbers are not met.

Mr. Turpin asked how much needs to be available on reserve. That number is calculated by the city's five highest peak hours.

Because of this new issue, Danville issued a Request for Proposal (RFP) requesting proposals to supply peaking capacity which would qualify as Capacity Performance Product within the RPM capacity market beginning in PJM planning year 2018/2019. Danville received proposals for solar which has been approved and in preparation for contract execution and non-solar traditional methods.

Mr. Cole recommended the commission to execute EEI documents with the top three bidders and then approve an initial purchase of 15 MW and continue to monitor industry for any other potential peaking capacity resources.

Mr. Larking moved that the Danville Utility Commission recommend to City Council that Danville Utilities enter into an agreement for up to fifteen megawatts of electric capacity hedging based on the responses received from the September 2015 request for proposal. Mr. Turpin seconded the motion and the motion carried unanimously.

Department Discussions

Mr. Larking expressed his appreciation to the commissioners for their continued support and voluntary work as part of this commission.

Mr. Shanks asked about the status of the DEQ grant and Mr. Dunkley stated that it had not yet been approved. He also mentioned that the water plant continues to add carbon during the water treatment process to treat the water taste and odor issues.

Mr. Grey reported that Prairie State went through a lengthy outage for maintenance and no significant issues were found. It should be well-prepared for the upcoming summer months. All of the hydros are online with the exception of one that should be online in December.

Adjournment

Chairman Smith stated the next meeting is scheduled for May 23, 2016. There being no further business, Chairman Smith adjourned the meeting at 6:15 p.m.

Submitted by Meagan Baker  
Secretary to the DUC

**May 23, 2016**  
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Date Approved  
  
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Chairman  
Danville Utility Commission