



Commission Members Present: Vanessa Cain, Bill Donohue, Ken Larking, Trina McLaughlin, Michael Nicholas, Fred Shanks, Phillip Smith, Jim Turpin

Commission Members Absent:

Staff Present: Meagan Baker, Patricia Conner, Greg Disher, Barry Dunkley, Carolyn Evans, Jenny Holley, Becky Meadows, Mike Spencer, Clarke Whitfield and Allen Wiles

Others Present: Joey Caskey of BP, Jerry Shupe of Severn Trent, Richard Brown and Jerry Wright of EE&T

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. Smith welcomed Ms. Trina McLaughlin to her first Danville Utility Commission meeting and thanked her for her service to the City of Danville.

Discussion/Business Items

Election of Officers

Mr. Whitfield took over the meeting and announced two officer positions, Chairman and Vice-Chairman were up for election. He stated these positions serve a one year term through July 2017.

He opened the floor for nominations for Chairman. Mr. Nicholas nominated Mr. Smith for Chairman. All members voted in favor and Mr. Smith was elected to serve another term. Mr. Whitfield then opened the floor for nominations for Vice-Chairman. Mr. Smith nominated Mr. Donohue for Vice-Chairman. All voted in favor and Mr. Donohue was elected Vice-Chairman. Mr. Whitfield then turned the meeting back over to Mr. Smith.

Minutes of June 27, 2016 Commission Meeting

Chairman Smith asked for any corrections, deletions, or adjustments to the minutes of June 27, 2016.

Mr. Nicholas 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 financial statements. Ms. Conner then addressed questions from the Commissioners.

Mr. Smith requested to see the city's unrestricted fund balance policy for the water and wastewater division.

Water Plant Audit Report from EE&T

Barry Dunkley, Director of Water and Wastewater Treatment introduced the speakers Richard Brown and Jerry Wright from Environmental Engineering and Technology (EE&T).

Mr. Brown started with an overview of the past water treatment plant audit which took place in 2001 and highlighted changes made at the plant as a result of the audit's recommendations.

He also discussed two unusual events, the coal ash spill and the taste and odor issues which have caused additional stress on the plant. The water treatment plant underwent a vulnerability study in 2014 to assess the aftermath of the coal ash spill. One recommendation from this study was to conduct a new audit.

As a result, another audit took place this year and Mr. Brown reviewed the goals of the 2016 audit which included assessing existing infrastructure, the plant's ability to meet current and future regulations and water quality concerns and its ability to respond to spill/storm events like those identified in the past report.

Mr. Brown then reviewed the 2016 audit recommendations, separating them into two different categories based on priority. The immediate priority recommendations included multiple plant upgrades, implementation of an Asset Management Plan (AMP), filter assessment, improvements for taste and odor and spills/storms and lead service line inventory and replacement.

Mr. Donohue questioned the Asset Management Program (AMP) and its cost. Mr. Dunkley stated that the water plant currently does not have anything to keep such records. Mr. Donohue responded that he has some reservations on this because of his history working with companies who have implemented these programs. He has seen many invest in the system and then not take full advantage of it and does not want that to happen to the city.

As part of the filter assessment, one recommendation was to consider riverbank filtration. Mr. Smith and Mr. Donohue questioned the feasibility and return on investment of the project. Mr. Brown stated some of the benefits would include preventing solids and contaminants from spills and storm events from getting in the water system, more stable water during high turbidity and PH, a more consistent water temperature and lower costs in treatment process because less treatment is needed.

Mr. Brown also discussed future regulatory issues with lead service lines. Danville currently does not have any lead distribution lines however, some lines on the customer side of the meter could be lead. Because of new rules and regulations, Danville will need to prepare and develop a plan on how to identify and replace these existing lines.

Mr. Nicholas questioned the new rules and regulations and how many years it would take for them to be put in place. He mentioned he doesn't want the water plant to get too far ahead in the process before knowing what the actual final ruling will be.

BP Presentation – Upcoming Changes to Natural Gas Market

Joey Caskey of BP gave an update on the constantly changing gas market. A few highlights over the past five years include lower prices for NYMEX, an increase in US dry gas production, a decrease in Canadian imports and increase in Mexican exports. U.S. LNG (liquefied natural gas) production has increased and exports are predicted to double.

Mr. Nicholas asked what the main causes of the lower gas prices were. Mr. Caskey stated it mostly resulted from the weather changes and the introduction of horizontal drilling. Additionally, the Marcellus Formation which uses horizontal drilling has grown tremendously and its ability to connect to the Transco pipeline allowed the pipe flow to become multi-directional.

Specifically for the state of Virginia, Mr. Caskey said the power sector has increased materially over time.

Mr. Smith questioned the differences between dry and liquefied gas. Mr. Caskey said the gas is basically liquefied because it is easier to export and ship it. Once the consumer receives it, then it's converted back to dry gas for use.

Mr. Donohue asked for the cap of the Marcellus area. Mr. Caskey said he would look into this and provide the information to the gas staff to share with the commission.

Department Discussions

Mr. Larking recognized the utility staff for working very hard, long hours in extremely hot weather during a significant amount of storms over the past month. He also mentioned a popular concern from customers saying they were not being given an estimated time of when their power would be restored. He said new processes are being put in place as well as a new website portal and IVR system which will help alleviate the issue.

Ms. Evans stated the CIS upgrade is scheduled to go online August 22.

Mr. Shanks thanked the presenters for the detailed information and reiterated what Mr. Larking said thanking the Power and Light department for the job well done during the storms.

Ms. McLaughlin stated she was excited to join the commission and looked forward to serving the citizens and learning more about municipal utilities. She also talked about transparency and how important she thinks it can be.

Mr. Nicholas brought up a topic from a past meeting on the payment process at the Charles Harris Financial Services Center. Mr. Larking said they are still reviewing the process and looking at how to improve it for all customers.

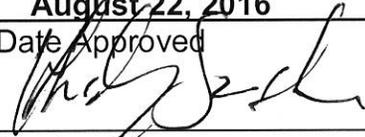
Mr. Whitfield reported on the AMP court case and said that the case is continuing. The Ohio Supreme Court said they are not going to address the lower court's decision. Therefore, AMP has appealed the decision but no further action has taken place.

Adjournment

Chairman Smith stated the next meeting is scheduled for August 22, 2016. There being no further business, Chairman Smith adjourned the meeting at 6:10 p.m.

Submitted by Meagan Baker
Secretary to the DUC

August 22, 2016

Date Approved


Chairman
Danville Utility Commission