Danville Utility Commission

4:00 p.m. October 3, 2016 Meeting
Council Chambers, City Hall

Minutes

Commission Members Present: Vanessa Cain, Ken Larking, Michael Nicholas, Fred Shanks, Phillip Smith and Jim Turpin

Commission Members Absent: Bill Donohue and Trina McLaughlin

Staff Present: Michael Adkins, Meagan Baker, Patricia Conner, Greg Disher, Barry Dunkley, Carolyn Evans, Becky Meadows, Mike Spencer, and Clarke Whitfield

Others Present: Subu Balan and Jim Herndon of Nexant, City Councilman John Gilstrap

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 August 22, 2016 Commission Meeting
Chairman Smith asked for any corrections, deletions, or adjustments to the minutes of August 22, 2016.

Mr. Nicholas made a motion to approve the minutes. Ms. Cain seconded, all members voted in favor and the motion carried unanimously.

Review of Utilities' Financial Statements
Ms. Conner reviewed the Utilities financial statements. She then addressed questions. Mr. Adkins presented on the general fund transfer policy that was requested at the last meeting.

Mr. Shanks expressed concern about the current policy and the fact it does not allow the contribution amount to decrease but only increase. He stated the policy requires an amount which may not always be in the best interest of the utility.

Mr. Turpin recommended adding language to the policy stating the amount can never exceed or fall below a certain percentage of the net fixed assets. With this language, the amount could be adjusted by increases or decreases but never over or under the established threshold.

Mr. Adkins suggested he draft an updated policy and present it to the utility commission at a later date.

Financial Impact on Absorbing Credit Card Fees (Continued)

Jason Grey presented on absorbing credit card fees, a topic which was continued from the August meeting. The follow-up information included statistics on how other utilities handle the fees. It was determined Co-ops typically cover the transaction fee whereas, investor owned and municipalities pass it on to customers. No other municipality in Virginia fully covers the transaction fees.

Grey stated the hybrid model is being proposed because it is easier to budget, allows for flexibility, and it can be modified over time as it is revaluated. For example, the program could start with absorbing the fee for residential customers only, and then be evaluated at a later date, to determine whether to open it to all customer classes.

Mr. Smith noted it is important to consider what other investor owned and municipalities are doing.

Mr. Nicholas stated there is currently a huge push for online banking and online bill pay, emphasizing Danville Utilities should work to be a leading example for other utilities.

Mr. Turpin mentioned it seems unfair to allow only a certain rate class to use credit cards with absorbed fees, while all rate classes will be covering the costs of absorbing the fees. He further stated he understands the need to be progressive but the commission needs to be conscience when dealing with multiple customer classes.

Mr. Smith recommended implementing this for the FY2018 budget since the current budget is already underway. Mr. Nicholas agreed and asked that this information be included in the next budget.

Mr. Nicholas made a motion that the Danville Utility Commission approve staff's recommendation of waiving transaction fees for credit card payments for a one year trial period, with a goal of increasing utilization of this form of payment to begin on July 1, 2017. Mr. Larking seconded the motion. Discussion continued and it was recommended that this topic be discussed with the rate consultant. All members voted in favor with the exception of Mr. Smith. The motion carried unanimously.

Update on Energy Efficiency Program

Meagan Baker presented on the Home$ave (residential) and Custom$ave (commercial and industrial) energy efficiency programs. She reviewed the current program measures

and provided statistics on the program's participation as of August 30, 2016. She also discussed KWH savings and the utility's estimated avoided costs.

Mr. Smith stated he would like more information to be provided to customers encouraging them to switch to natural gas furnaces. For the past few years, the utility has peaked in the winter, whereas traditionally it has always peaked in the summer. Therefore, more needs to be done to keep the peaks down during the winter months.

Ms. Baker also provided recommendations for the upcoming residential energy efficiency program, including the possibility of adding smart thermostats as a new program measure. She stated she is currently looking into the implementation of a load management program using the smart thermostats. An RFP has been issued but the results will not be in until the end of October.

Mr. Smith requested information on the estimated savings based on the lifetime of the rebated measures.

Discussion on AMPGS Stranded Costs

On August 31, 2016, Bechtel and AMP reached a settlement for 3.8 million towards the cancelled AMPGS coal plant construction in Meigs County, West Virginia. Danville's share will be based on the City's participation in the plant. As of September 30, the City owed just over 3 million towards the current liability and approximately 3.4 million towards the plant held for future use.

Mr. Grey recommended that Danville Utilities go ahead and use the money held in a restricted fund to pay the liability in full, so the City does not incur more interest on the repayment of the stranded costs.

Mr. Smith asked for Mr. Adkins' opinion and Mr. Adkins said he would need to sit down and look at the numbers in order to give an intelligent recommendation.

Mr. Turpin made a motion that the Danville Utility Commission approve staff's recommendation of using the 3 million held in a restricted fund designated for repayment of the AMPGS stranded costs once the settlement funds have been applied towards the final balance. Mr. Nicholas seconded the motion, all members voted in favor and the motion was approved unanimously.

Department Discussions

Mr. Larking stated City Council is requesting a recommendation on whether or not to adjust the membership of the utility commission and have it proportional for Pittsylvania County and the amount of customers they have. He asked for the commission's comments.

Mr. Turpin mentioned he always tried keep an open mind as the county's representative. He said initially, he thought it would not hurt to have another member from the county on the commission. He said if more people were on the commission,

they may have a better understanding of what all is involved when the commission is making decisions.

Mr. Shanks mentioned the DUC meetings are live, recorded, and open to the public for people to learn and offer their point of views.

Ms. Evans reported that the CIS upgrade has been completed. There have been some hick ups but for the most part the system is working as expected.

Mr. Shanks mentioned he was pleased with the path the energy efficiency programs are moving in. He is excited to see the information on Smart thermostats and load management and to see how it can help with system peaks. He also mentioned the communication on peak alerts has increased and he hopes this will benefit the utility in the long run.

Mr. Grey reviewed the handout which was given to each member at the beginning of the meeting. The handout listed each capacity and transmission system peak for 2016, thus far.

Mr. Smith announced the November and December meetings will be combined and the next utility commission meeting will be on December 5, 2016.

Closed Session

Mr. Nicholas made a motion that the meeting of the Utility Commission of the City of Danville, Virginia be recessed and that Commission immediately reconvene in closed meeting for the following purpose:

Discussion or consideration of the acquisition and/or disposition of real property for a public purpose where discussion in an open meeting would adversely impact the bargaining position of the City as permitted by Subsection (A) (3) of Section 2.2-3711 of the Code of Virginia, 1950, as amended.

Ms. Cain seconded the motion. By roll call, Ms. Cain, Mr. Larking, Mr. Nicholas, Mr. Shanks, Mr. Smith, and Mr. Turpin voted in favor of the motion.

The closed session was conducted and concluded with Mr. Nicholas' motion to approve the acquisition and/or disposition of real property for a public purpose. Mr. Larking seconded the motion. Each member voted in favor and the motion was approved.

Adjournment

Chairman Smith stated the next meeting is scheduled for December 5, 2016. There being no further business, Chairman Smith adjourned the meeting at 6:15 p.m.

Submitted by Meagan Baker
Secretary to the DUC

December 5, 2016
Date Approved

Chairman
Danville Utility Commission