



## **Danville Utility Commission**

4:00 p.m. March 27, 2017 Meeting

Council Chambers, City Hall

### **Minutes**

**Commission Members Present:** Vanessa Cain, Bill Donohue, Ken Larking, Michael Nicholas, Fred Shanks, and Jim Turpin

**Commission Members Absent:** Phillip Smith and Trina McLaughlin

**Staff Present:** Michael Adkins, Meagan Baker, Amy Chandler, Greg Disher, Barry Dunkley, Carolyn Evans, Jason Grey, Jenny Holley, Kelly Kinnett, Jerry Shupe, and Clarke Whitfield

**Others Present:** Alice Wolfe of Blue Ridge Power Association and Ken Nelson of Blue Delta Energy

### **Call to Order and Announcements**

Vice Chairman Donohue 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 February 27, 2017 Commission Meeting

Vice Chairman Donohue asked for any corrections, deletions, or adjustments to the minutes of February 27, 2017.

Mr. Turpin requested a change to the wording on page four. Mr. Turpin 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. Chandler reviewed the utilities financial statements and addressed questions from the commissioners.

#### Power Cost Adjustment Recommendation

Mr. Grey reviewed the power cost adjustment discussion that took place during last month's meeting. He stated that the intention of this item being placed on the agenda

Mr. Turpin made a motion that the Danville Utility Commission recommend to City Council to reduce the power cost adjustment balance using the remaining \$687,784.13 left in the restricted account dedicated toward the repayment of the AMPGS liability.

Mr. Nicholas seconded the motion and Mr. Donohue opened the floor for discussion. Mr. Shanks said that he appreciated the utility commission recommending this to City Council. All members voted in favor and the motion carried unanimously.

#### Re-joining the Blue Ridge Power Association

Mr. Grey introduced Ms. Alice Wolfe of the Blue Ridge Power Association (BRPA) and gave a brief presentation on the City of Danville's interest in rejoining the group. The BRPA is a joint action agency dedicated towards the needs of Virginia municipal electric utilities. The group would give the City more local and regional insight whereas the City's membership with American Municipal Power (AMP) is more on a national basis.

Mr. Shanks asked where the BRPA is located and Ms. Wolfe reported the headquarters are in Salem, Virginia.

Mr. Turpin asked how the relationship with BRPA would work with cases involving the Federal Energy Regulation Commission (FERC). Ms. Wolfe stated that in most situations, one attorney would be hired to represent all BRPA members and the association as a whole.

Mr. Turpin also asked for cost information. Ms. Wolfe reported that costs are separated out between membership dues and project fees. Membership dues are determined based on the utility's size. She estimated \$57,000 in membership fees for the City of Danville. The member utilities are only required to pay for projects they participate in. Ms. Wolfe estimated around \$33,000 for projects.

Mr. Nicholas asked if the money was allocated in the upcoming budget to cover the membership and project costs. Mr. Grey stated that the costs were included in the proposed budget.

Ms. Cain asked if the City would still continue to receive support from AMP and Mr. Grey reported that they would.

Mr. Donohue asked if the BRPA is a registered lobbyist. Ms. Wolfe reported that the BRPA is registered at the state level.

Mr. Shanks mentioned that municipalities have been subject to scrutiny during the general assembly over the past few years and that having this resource could help should a need arise in the future.

Mr. Donohue asked about alternatives to joining BRPA. Mr. Grey reported that really the only option would be for the City to continue to hire consultants and attorneys on their own, as they have been doing for the past few years.

Mr. Donohue asked for the city manager's perspective on the topic. Mr. Larking reported that he relies on Mr. Grey's expertise for these matters. He mentioned the city joined a similar group for support with managing general funds and it has been highly successful. He believes this would be as well.

Mr. Turpin made a motion that the Danville Utility Commission recommend to City Council that the City rejoin the Blue Ridge Power Association effective July 1, 2017 in order to provide additional power supply oversight and recommendations to the City of Danville.

Ms. Cain seconded the motion and Mr. Donohue asked if there was any further discussion. Mr. Nicholas asked if any commission members present today were on the commission back when the City was a member of BRPA. Mr. Shanks stated that he joined City Council shortly afterwards and he believed the City wanted to focus on its new AMP membership and that is why it withdrew from BRPA. All members voted in favor and the motion carried.

#### Hydro Renewable Energy Credit Strategy

Mr. Grey discussed renewable energy credits (RECs) and how they are sold into the market. Actual power is sold into the local grid and the environmental benefits are sold separately in the form of RECs into the marketplace.

Virginia does not have renewable energy mandates but the RECs are valued and can be sold into other states that do have renewable portfolio standards. Mr. Grey recommends selling the City's RECs for calendar years 2017 and 2018.

Mr. Nicholas asked why the motion was set for \$2.00 per REC. Mr. Grey reported that this is the lowest amount staff would accept. If prices were below this amount they would probably hold off on selling them until the prices were more favorable. He stated that the prices are based on a variety of factors such as the type of renewable energy.

Mr. Turpin asked if there was any risk in doing this. Mr. Grey stated that he does not see Virginia making any changes in the next year or two so this appears to be the best option.

Mr. Nicholas made a motion that the Danville Utility Commission recommend to City Council to sell the renewable energy credits associated with the generation at the Schoolfield Hydro Plant, Pinnacles, and the City's share in the Kerr/Philpott generation for a minimum of \$4.00 per REC for calendar years 2017 and 2018.

More discussion continued. Mr. Nicholas withdrew his initial motion and made a new motion that the Danville Utility Commission recommend to City Council to sell the

renewable energy credits associated with the generation at the Schoolfield Hydro Plant, Pinnacles, and the City's share in the Kerr/Philpott generation for a minimum of \$2.00 per REC for calendar years 2017 and 2018.

Mr. Turpin seconded the motion, all members voted in favor, and the motion passed unanimously.

#### Department Discussions

Mr. Dunkley reported that they have been working with Goodyear to provide them potable water because they have had some pumps go bad at their industrial wastewater plant. He mentioned they will repair the units, if it is possible, but if new units are required, the city will purchase new ones.

Mr. Nicholas asked for an update on accepting credit card transactions at the Charles Harris Financial Services building. Mr. Adkins reported that credit cards will begin being accepted online effective July 1, 2017. They are also looking into accepting credit card payments in person.

Mr. Turpin mentioned that the information received over the past few months in regards to payment in lieu of taxes has been extremely helpful. He recommended the commission be particularly aware of the amount being transferred to the general fund in the future.

Mr. Shanks congratulated Mr. Grey for being elected as an AMP board member.

Mr. Grey mentioned that Ms. Holley will present a report at next month's meeting which will provide information on the status of the electric and natural gas funds.

#### Adjournment

Vice Chairman Donohue stated the next meeting is scheduled for April 24, 2017. There being no further business, Vice Chairman Donohue adjourned the meeting at 5:17 p.m.

Submitted by Meagan Baker  
Secretary to the DUC

April 24, 2017  
Date Approved  
  
Chairman  
Danville Utility Commission