



Danville Utility Commission

4:00 p.m. April 24, 2017 Meeting

Council Chambers, City Hall

Minutes

Commission Members Present: Bill Donohue, Ken Larking, Fred Shanks, Phillip Smith and Jim Turpin

Commission Members Absent: Vanessa Cain, Trina McLaughlin, and Michael Nicholas

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

Others Present:

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 27, 2017 Commission Meeting

Chairman Smith asked for any corrections, deletions, or adjustments to the minutes of March 27, 2017. Mr. Turpin asked for a correction to those members present at the meeting.

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

Overview of FY2017 Electric and Gas Funds – June 30, 2017 Forecast

As a result of questions brought up at the February commission meeting, Ms. Jenny Holley prepared a forecast of how the electric and gas funds will likely perform by June 30, 2017 based on historical figures and consumption. Concerning the impact of the

weather on consumption and according to data presented, February 2017 was the warmest month ever on record for Virginia. Additionally, March was the third warmest month for Virginia on record. Ms. Holley mentioned that both of the projections are based on numbers from previous years, the year to date actual, and then what costs are expected for the upcoming months of April, May, and June. The gas fund is projected to have a \$70,887 shortfall at the end of the fiscal year. The electric fund is estimated to end positively at \$696,407.

Review of Electric and Gas Capital Projects

Mr. Greg Disher provided a summary of capital improvement projects ongoing in the power and light division. A few of these include the Brantley-Airside line construction project, Brantley substation transformer upgrade, Craghead Street lighting upgrades, and the downtown Union Street vault construction and upgrade.

Mr. Disher also highlighted some upcoming capital improvement projects for FY2018, 2019, and 2020. Some of the projects include other substation upgrades and rebuilds such as Riverside and Schoolfield, the LED street lighting program, distribution automation, and 25 KV voltage conversions.

Mr. Smith asked how many years it will take to complete the substation upgrades. Mr. Disher reported that they currently do not have this information. They are still waiting for the report from the consultant, which will provide information allowing them to prioritize what substations will be upgraded first, and over what period of time.

Mr. Donohue asked whether the projects were bid each year. He suggested bidding the consecutive projects for three or five years to see if there are any cost savings. Mr. Donohue also asked whether return on investment analyses have been completed for these projects. Mr. Disher stated that a return on investment has not been completed because some of the projects are in their initial stages and others have only recently been completed.

Mr. Disher also reviewed the monthly and yearly recovery maintenance schedule where both staff and contractors perform the inspections. He then gave details and provided photos for each of the completed and upcoming substation upgrade projects. He also discussed the Westover diesel generator project which included repairing the generator to meet EPA requirements. The generator will be used for peak shaving. Mr. Disher also reviewed the vegetation management project which has been expanded over the past few months.

Mr. Kelly Kinnett gave an overview of capital improvement projects underway in the water and gas division. The largest project consists of natural gas cast iron pipe replacement. The City was seeing a significant amount of leaks and as a result beginning in 1994, the City began replacing cast iron pipes. Currently, there are only 27.3 miles of cast iron remaining or 16% of the entire system. As a result of the replacements, the number of gas leaks has been steadily declining.

Mr. Donohue asked when the gas service territory will be expanded. Mr. Kinnett stated that the low growth rate of the natural gas fund is a major concern. Mr. Grey recommended doing a feasibility study to see what areas would be beneficial for expansion.

Mr. Shanks mentioned that in the past years there have been issues with asphalt repairs after the completion of gas main repairs. He stated that the roads are very rough. Mr. Kinnett reported that he is aware of the concern and that they are trying to improve the process. He also stated that they had purchased some new equipment to help with the repairs. Mr. Larking stated that City management is aware of the issue and it is being addressed. Moving forward, the City should experience improvements.

Mr. Shanks also commented that the City should consider whether it is more cost effective for the City or contractors to handle construction.

Department Discussions

Mr. Grey reported that the commissioners will be provided information on the City's power supply update at next month's meeting. He also notified the commission that a customer service survey will begin in May.

Adjournment

Chairman Smith stated the next meeting is scheduled for May 22, 2017. There being no further business, Chairman Smith adjourned the meeting at 6:07 p.m.

Submitted by Meagan Baker
Secretary to the DUC

May 22, 2017
Date Approved

Chairman
Danville Utility Commission