



Danville Utility Commission

4:00 p.m. June 27, 2016 Meeting

Council Chambers, City Hall

Minutes

Commission Members Present: Vanessa Cain, Ken Larking, Michael Nicholas, Bob Schasse, Phillip Smith, Jim Turpin

Commission Members Absent: Bill Donohue, Fred Shanks

Staff Present: Michael Adkins, Meagan Baker, Patricia Conner, Greg Disher, Carolyn Evans, Jason Grey, Jenny Holley, Kevin Hylar, Alan Johnson, Jon Sharp, Carlis Wells, Clark Whitfield and Allen Wiles

Others Present: Jerry Shupe of Severn Trent

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 May 23, 2016 Commission Meeting

Chairman Smith asked for any corrections, deletions, or adjustments to the minutes of May 23, 2016.

Mr. Larking made a motion to approve the minutes. Ms. Turpin 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 questioned the capital improvement projects line item within the gas budget. He also asked about the same line item under the electric fund.

Power Cost Adjustment Recommendation

Mr. Grey went over the latest PCA recovery recommendation. This recommendation includes writing off \$4 million in October 2016 after the close and final review of FY2016, adjusting the balance to \$4 million and extending the recovery period until December 2020.

Mr. Turpin made a motion that the Danville Utility Commission approve staff's recommendation of raising the minimum Power Cost Adjustment (PCA) cap from (+-) \$2 million to (+-) \$4 million, writing off \$4 million towards the PCA deficit balance in October 2016 after reviewing the financial results of FY 2016 and extending the recovery period to December 2020, in order to collect additional forecasted power costs.

Ms. Cain seconded the motion and the motion carried unanimously with all members voting in favor of the motion.

Overview of FY2016 Electric Fund

Following the request at the May meeting for more budget information on the electric fund, Support Services Director, Jennifer Holley explained one of the main reasons for lower revenue was because Virginia experienced the warmest temperatures on record in 121 years. Temperatures in the Danville area specifically were also unusually high. This resulted in less energy consumption.

She also explained that the \$2 million dollar write-off for the PCA balance that the commission approved to pay off in August 2015 directly impacted the revenue.

Utilities Current and Proposed Capital Improvement Projects

Director of Utilities, Jason Grey discussed the current and future projects for Telecommunications. He explained the Fiber to the Home CIPs which includes seven neighborhood projects which have been completed and three new ones to begin in FY2017.

Mr. Turpin asked how they determine where to extend the fiber services. Mr. Grey explained that they look at homes per mile and requests via the www.ndanville.com website. He then completed the presentation discussing the fiscal year budgets and expenditures.

Director of Water and Gas Distribution, Allen Wiles discussed the number of gas main leak repairs. He noted that as old, corroded gas mains are being replaced the number of leaks is steadily declining.

Mr. Schasse asked what percentage of gas is lost as a result of gas leaks. Mr. Wiles explained the average is around 2 percent.

He also reported that the number of remaining cast and ductile iron pipes is down to a total of 38 or 11 percent of the entire system. He reviewed the current and future gas replacement projects and the proposed north feed tie-in project.

On the water side, Mr. Wiles discussed the three phases of the proposed Ballou Park water replacement project which includes distribution mains from the water treatment plant to the Ballou Park reservoir.

Alan Johnson, Water Treatment Manager went through each project that has taken place at the wastewater treatment plant totaling around \$1.8 million. A few projects include influent pipe replacement, SCADA improvements, new influent pumps, rehabilitation of four clarifiers and pavement repair.

He then reviewed the ongoing water treatment projects such as the river monitoring station, powder activated carbon feeder, watershed evaluation, regulatory and water plant audit and the Schoolfield Dam inspection.

Mr. Johnson also mentioned a few future projects such as the Schoolfield Dam repair and adding new sed basin solids removal equipment which will take place in FY 2017 – 2018.

Greg Disher, Director of Power and Light explained the capital improvement projects for the power and light division. One large project discussed was Brantley Airside Phase III which includes upgrading the transmission circuit, installing concrete bases and steel footings, new steel transmission structures and pulling new transmission wire and is expected to be completed in August 2016.

The Brantley Substation upgrade is another large project that is currently under construction. This project includes replacing an aged (50 years +) transformer, removing old voltage regulators and a concrete base and installing a new lattice structure.

Other projects mentioned include the diesel generator upgrades, the downtown overhead to underground conversion, Schoolfield Substation upgrade, GIS software replacement, flood at the Talbot Dam, vegetation management and the LED street light project.

Department Discussions

Mr. Schasse mentioned this would be his last meeting and that he believes the commission is in good shape and appreciates the comradery and support from the other members.

Mr. Grey thanked Mr. Schasse for his service and wished him well.

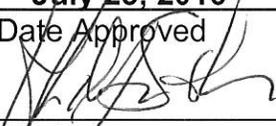
Mr. Smith thanked Mr. Schasse for his service and for providing his knowledge and expertise. He presented Mr. Schasse with a plaque in recognition of his nine years of service.

Adjournment

Chairman Smith stated the next meeting is scheduled for July 25, 2016. There being no further business, Chairman Smith adjourned the meeting at 5:52 p.m.

Submitted by Meagan Baker
Secretary to the DUC

July 25, 2016

Date Approved


Chairman
Danville Utility Commission