



Danville Utility Commission
4:00 p.m. January 27, 2020 Meeting
Council Chambers, City Hall
Minutes

Commission Members Present: Vanessa Cain, Ken Larking, Helm Dobbins, Fred Shanks, Paul Liepe, Bill Donahue, Bert Eades

Commission Members Absent: Shelia-Williamson-Branch

Staff Present: Alan Johnson, Janet Davis, Jason Grey, Ryan Dodson, Lori Millner, Michael Adkins, Michael Spencer, Philip Haley, Michael Nelson, Kelly Kinnett, Laura Blackwell

Others Present: Charles Overbey, Inframark

Call to Order and Announcements

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 November 25, 2019 Commission Meeting

Mr. Donahue asked for any corrections, deletions, or adjustments to the minutes from November 25, 2019.

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

Review of Utilities' Financial Statements

Mr. Adkins presented the November financial statements for each utility fund.

Danville Farm, Irish Road, and Whitmell Solar Metering and Billing

Jason Grey presented recommendations to allow American Municipal Power (AMP) to provide metering and billing services for the Danville Farm, Irish Road, and Whitmell solar generation facilities and to maintain the revenue grade meter/equipment and provide one power supply bill for all of the City's generation resources.

Mr. Liepe made a motion and Mr. Eades seconded that the Danville Utility Commission recommend to City Council allowing American Municipal Power to provide metering and billing services for the Danville Farm, Irish Road, and Whitmell Solar generation facilities. All present members voted in favor, and the motion carried unanimously.

Pittsylvania County Service Authority Water Proposal

Staff presented information from discussions with the Pittsylvania County Service Authority (PCSA) regarding purchasing water from the City of Danville and the City purchasing water from PCSA for Berry Hill Industrial Park.

Mr. Eades made a motion that the Danville Utility Commission recommend to City Council authorizing the City to sell water to the Pittsylvania County Service Authority (PCSA) for \$1.92/100 cubic feet. This rate change would go into effect when either the City requires water for the Berry Hill Industrial Park or when PCSA requires additional water capacity at their Brosville system.

Mr. Eades also made a motion that the Danville Utility Commission recommend to City Council authorizing the City to purchase water from the Pittsylvania County Service Authority at Henry County's audited rate plus a fixed \$0.35/1,000 gallon markup to serve the Berry Hill Industrial Park.

Mr. Liepe seconded both motions. All present members voted in favor, and the motions carried unanimously.

Introduction to Fiscal Year 2021 Utilities Budget

Lori Millner presented the proposed Wastewater, Water, Gas, Electric and Telecommunication budgets for FY2021 including capital improvement projects.

Wastewater

Mr. Grey explained to the Commission that the \$2 million for Northside Process Plant Modifications is for a digestion system added to the plant in order to be able to handle the waste. This will also allow for power generation and will provide processing for food service operations.

Gas

Mr. Grey told the Commission that Danville Utilities plans to expand the natural gas line further into Pittsylvania County to increase revenue and decrease demand on the electric system.

Mr. Shanks asked if incentives will be in place for customers who connect to the gas line. Mr. Grey responded that all rebates and incentives will apply to these customers as well.

Telecommunications

Mr. Shanks inquired as to the justification for borrowing funds from the gas fund. Mr. Grey explained that the revenue in the Telecommunications fund has been flat, and this would allow Danville Utilities to go into unserved areas.

Mr. Shanks asked what is the current fund balance for the gas fund, and what would loaning funds to the telecommunications fund to do that balance. Mr. Adkins said that Danville Utilities is required to carry about \$5.5 million in the fund. At the beginning of fiscal year 2020, there was an unrestricted fund balance of \$16 million, indicating a \$10 million surplus.

Mr. Dobbins requested that staff provide a table at the next meeting that shows each division's capital projects indicating what comes from operating revenue, the fund balance, any bonds, or

any other form of debt. This will allow the Commission to see the big picture of each division's projects.

Mr. Grey responded that there is a report available in the budget software, and that staff will provide this at the next meeting.

Mr. Dobbins further mentioned that depending on whether projects are funded through fund balances or bonded debt determines what the future of the City looks like monetarily.

Mr. Grey mentioned that all debt schedules can be provided to the Commission. Telecommunications currently does not have any debt associated with the fund.

Mr. Dobbins requested that all divisions be shown in the tables provided at the next meeting.

Mr. Donahue requested that the minutes reflect the request for the level of debt over the next five years and how that debt will increase or decrease with the bonding.

Mr. Dobbins added that the Commission would like to also see the operating revenue and fund balance.

Mr. Grey stated that in the electric fund there is a lot catching up on a lot of capital expenses and the projects are 30-40 years along and should be bonded because they are long term assets.

Mr. Donahue stated that rate payers will eventually pay for the capital expenses through principal and interest.

Mr. Grey stated that some projects such as substations will not be performed but every 30 years, and that is one of the major expenses.

Mr. Donahue replied that we are not putting capital back into Danville Utilities at a replacement rate and that our plants are continuing to get older even at the current level of investment. He wants Danville Utilities to not just look at catching up, but also towards investing in the future.

Mr. Dobbins said that Danville Utilities has to be careful not to get too much in debt to lose the bond rating.

Mr. Larking responded that there are policies in place that will prevent going in debt to the point of losing the good bond rating.

Mr. Dobbins replied that it would be good to see what the aggregate effect operating revenue, fund balance, and debt have on the bond rating.

Department Discussions

There was no further communication from Commission staff or the public.

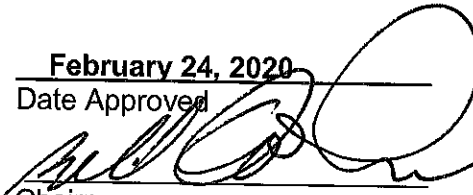
Mr. Grey reported that the construction at the solar farm is progressing nicely and it will be online June 1, 2020.

Adjournment

Mr. Donohue stated the next meeting is scheduled for February 24, 2020. There being no further business, a motion was made by Mr. Dobbins and seconded by Mr. Liepe that the meeting be adjourned. The meeting adjourned at 5:13pm.

Submitted by Janet C. Davis
Secretary to the DUC

February 24, 2020
Date Approved



Chairman
Danville Utility Commission