



Commission Members Present: Sheila Williamson-Branch, Vanessa Cain, Helm Dobbins, Ken Larking, Anna Kautzman, Bert Eades, Paul Liepe, Gary Miller

Commission Members Absent:

Staff Present: Ryan Dodson, Janet Davis, Jennifer Holley, Michael Adkins, Jason Grey

Others Present:

Call to Order

Chairman Cain opened the meeting and asked that the attendance be recorded. As a quorum was present, the meeting was called to order. Ms. Cain introduced new Danville Utility Commission member Anna Kautzman.

Discussion/Business Items

Minutes of October 26, 2020 Commission Meeting

Ms. Cain asked for any corrections, deletions, or adjustments to the minutes from October 30, 2020.

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

Review of Utilities' Financial Statements

Ms. Holley presented the utility financial statements for each utility fund and addressed questions from the commissioners.

2021 Biennial Rate Study

Mark Beauchamp from Utility Financial Solutions (UFS) presented via video conference their review of the City's electric, gas, water and wastewater rate requirements for fiscal years 2022 and 2023.

In wastewater, Utility Financial Solutions (UFS) recommended no rate changes as the current rate structure was aligned with the current cost of service. They did present a large industrial wastewater rate that could be applicable for a large user at Berry Hill Industrial Park or Cane Creek Industrial Park.

Mr. Beauchamp recommended several rate changes to the water fund that would have a neutral effect. He recommended lowering the commodity charge and raising the customer charges equally to be able to bring the customer charges closer to cost to service. This would lead to a small increase in the residential customer class while the remaining customer classes would see a small rate decrease. Mr. Beauchamp also presented a large industrial water rate that could be used for tenants in the Berry Hill Industrial Park and Cane Creek Industrial Park.

In the natural gas fund, UFS presented changes to raise the customer charges and lower the distribution charges based on the cost of service findings. The natural gas commodity charge is a pass-through to the customer and will be billed based on the cost of gas through purchase gas adjustment. Overall, customers will see a rate decrease in fiscal year 2022 because of lower natural gas supply costs.

Mr. Beauchamp presented several changes in the electric fund to meet the targeted debt coverage ratio and minimum cash fund balance goals. He recommended raising the customer charges in a phased approach over several years in order reach the cost of service targets. He also recommended raising the base rate energy charge to recover fixed costs not recovered in the power cost adjustment (PCA). He fully expects that the City will recover the remaining PCA deficit balance before fiscal year 2022 and will be able to lower that rate to offset any increases and be able to provide a net rate decrease across all rate classes.

Ms. Cain asked if adjustments could be made per the discussion at the meeting and come back with some revisions to the rate study recommendations. Mr. Grey said that he would work with each Utility Commissioner individually on their ideas and bring any revisions to the next meeting.

Battery Energy Storage System Proposal

Mr. Grey presented a proposal that would provide cost savings and lower transmission and capacity cost through the use of a battery storage system that would allow the City to discharge energy stored during transmission and capacity peak hours.

Mr. Eades made a motion and Ms. Williamson-Branch seconded that the Danville Utility Commission recommend to City Council allowing the City Manager to enter into a capacity agreement for 10.6 megawatts of battery storage capacity to be constructed, owned and operated by Delorean Power. All members voted in favor, and the motion carried.

Department Discussions

There was no further communication from staff, commission members, or the public.

Adjournment

Ms. Cain stated the next meeting is scheduled for January 25, 2020. There being no further business, Mr. Dobbins made a motion to adjourn and Mr. Larking seconded. All members voted in favor, and the motion carried. Ms. Cain adjourned the meeting at 6:30pm.

Submitted by Janet C. Davis
Secretary to the DUC

January 25, 2020

Date Approved



Chairman (Vice)
Danville Utility Commission