

Commission Members Present: Vanessa Cain, Bill Donohue, Ken Larking, Jim Turpin, Helm Dobbins, Fred Shanks

Commission Members Absent: Sheila Williamson-Branch, Michael Nicholas

Staff Present: Ryan Dodson, Amy Chandler, Greg Disher, Jason Grey, Janet Davis, Alan Johnson, Kelly Kinnett, Mike Spencer, Jennifer Holley, Todd Hobza, Rick Drazenovich, Michael Adkins

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.

Mr. Grey introduced Ryan Dodson who will serve as attorney to the Commission for the foreseeable future.

Discussion/Business Items

Minutes of November 27, 2017 Commission Meeting

Chairman Donohue asked for any corrections, deletions, or adjustments to the minutes from November 27, 2017.

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

Mr. Donahue asked if the current Power Cost Adjustment factor is enough because it does not appear to be. Mr. Grey confirmed that it is not enough. Mr. Donahue replied that he did not want to be in the hole again.

Mr. Grey mentioned that although there were recent improvements in our power supply portfolio, we were hit with higher exposure to market conditions due to cold weather at the beginning of January. We will determine what adjustments are required for planned recovery of the existing balance by 2020.

Mr. Turpin said it would be nice to have a graph showing what is making bills go up – cost of purchasing power versus fixed charges to help customers understand why their bill increases.

Mr. Shanks asked how much power generation is required to avoid the additional charges that occur in the extreme cold weather. Mr. Grey replied that it is significant – about 100 megawatts.

Mr. Shanks asked what would be the cost for an investment in power generation. Mr. Grey said we would need 20 megawatts. Mr. Shanks asked what that would cost. Mr. Grey replied about \$25 million and that the City has access to low interest loan rates. Mr. Shanks replied that he would like to consider this for peak shaving and regular generation. Mr. Donahue said it might be beneficial to have a work session on options.

Introduction to Fiscal Year 2019 Utilities Budget

Ms. Holley presented the 2019 fiscal year budget to the Commission.

Wastewater

Mr. Donahue asked if the salary adjustments are in line with other city departments. Ms. Holley replied that they are the same as proposed in the general fund and will adjust accordingly.

Water

Mr. Turpin asked if there is a water meter replacement schedule. Mr. Grey responded that there is a schedule in place based on age.

Gas

Mr. Turpin commented that it is hard to know what sales would be in the future, but that the margin appears to be high by about \$500k.

Electric

Mr. Shanks asked about the projected PCA factor. Mr. Grey replied that in April the PCA factor will increase to \$.018 and in July increase to \$.020. Mr. Shanks asked if those numbers will change. Mr. Grey answered yes, once we know the effect of the January market purchases.

Mr. Donahue asked what bonds are active versus what will be retired. Ms. Holley responded that she will get that information before the February meeting.

Telecommunications

Mr. Turpin mentioned that this is the first time borrowing money for nDanville. Do we want to diverge from this? Mr. Grey responded that we are making good progress with good exposure/visibility, but aren't covering a lot of territory and that bonding would allow us to expand.

Mr. Shanks stated that he is proud that Utilities hasn't borrowed to put telecommunications in the ground and doesn't want to see the fund go into debt.

Mr. Shanks asked what other providers are available and our current status. Mr. Grey said we need about 3,000-4,000 customers to become visible to other providers.

Department Discussions

Mr. Larking thanked the staff for the work put in on the budget.

Mr. Donahue also thanked the utilities staff.

Mr. Dobbins commented that good bond ratings can change, and w that we need to be strategic and pay attention to items. He said the staff did a great job putting the budget together.

Mr. Dobbins asked if the consultants' fees had ever been broken out. He would like to see the breakdown on an annual basis. Mr. Donahue asked to have that provided for the next month's meeting.

Mr. Grey thanked the staff and said it was the easiest budget process since he's been in the Director position. Also, he thanked the crews for their work in the adverse weather conditions of the past two months.

There was no further communication from staff or the public.

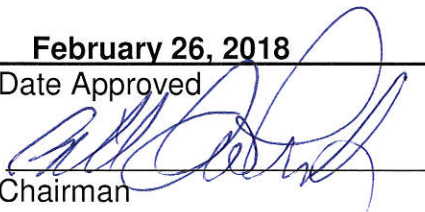
Adjournment

Chairman Donohue stated the next meeting is scheduled for February 26, 2018. Mr. Turpin made a motion for adjournment of the meeting. Mr. Dobbins seconded. There being no further business, Chairman Donohue adjourned the meeting at 5:31 p.m.

Submitted by Janet C. Davis
Secretary to the DUC

February 26, 2018

Date Approved


Chairman
Danville Utility Commission