Danville Utility Commission Meeting Agenda
3:00 p.m., December 20, 2022

City Council Chambers, Danville City Hall

I. Call to Order

A. Roll Call

II. Discussion/Business Items

A. Minutes of the October 24, 2022 Commission Meeting

B. Review of Utilities' Financial Statements

C. 2023 Biennial Rate Study

III. Communications

A. City Manager

B. Commission Members

C. Public Comments

D. Director's Report

IV. Adjournment

Next Utility Commission Meeting

4:00 p.m. Monday, January 23, 2023

City Council Chambers
4th Floor, City Hall

Danville Utility Commission

4:00 p.m. October 24, 2022 Meeting
4th Floor Conference Room, City Hall
Minutes

Commission Members Present:	Anna Kautzman, Earl Reynolds, Helm Dobbins, Vanessa Cain, Gary Miller, Vic Ingram, Sheila Williamson-Branch, Mary Williamson*
**Ms. Williamson arrived at 4:05*	
Commission Members Absent:	Steven Merricks
Staff Present:	Ryan Dodson, Jason Grey, Janet Davis, Jennifer Holley
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.

Discussion/Business Items

Minutes of August 22, 2022 Commission Meeting

Ms. Cain asked for any corrections, deletions, or adjustments to the minutes from August 22, 2022.

Mr. Dobbins made a motion to approve the minutes. Ms. Williamson-Branch 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.

Ms. Williamson-Branch asked why the bad debt in relation to last year is almost double. Ms. Holley responded that the bad debt is a function of when it is submitted to the collection agency versus when the debt actually occurs. Finance may have sent several months' worth at the same time. She did not believe bad debt was greater than any other years. She told the Commission that she would check and report back.

Proposed Fiscal Year 2024 CIP Projects

Jason Grey presented proposed Fiscal Year 2024 Capital Improvement Plan projects. The projects included replacement of the Southside Pumping Station, cast iron water main replacements, gas line replacements and extensions, substation upgrades to New Design Substation, a new substation at the Cyber Park, and additional reliability projects.

Mr. Dobbins asked what is the maximum amount of bond funding that would go into the Southside Pumping Station project. Mr. Grey responded that it was unknown currently, but that he would estimate half would be bond funding and half would be grant funding.

Mr. Dobbins asked how the water lines are inspected for lead. Mr. Grey responded that the best way to inspect is by turning off the water and running a camera down the line. He added that crews have been proactive, and that there are no known lead service lines. The customer side is the most likely source of lead water lines.

Ms. Kautzman asked about the funding for the identification of lead lines. Mr. Grey responded that there are grants available for this. There are also grant funds available to customers who have lead lines to replace them.

501(c)(3) Water Taps-Waiving Fee

Mr. Grey presented to the Utility Commission a proposal for the City to waive the $1,500 flat residential tap charge for new development to local 501(c)(3) organizations. This will assist local non-profit entities with developing new housing for those who qualify for assistance inside the City. Currently, the department on average performs approximately ten water taps per year for non-profits.

A motion was made by Ms. Williamson-Branch and seconded by Ms. Kautzman that the Danville Utility Commission approve waiving the residential water tap charge for Habitat for Humanity and any other similar nonprofit organization exempt from taxation under § 501(c)(3) of the Internal Revenue Code for the purpose of constructing single-family dwellings that will be given to or sold below the appraised value to low-income persons.

All members voted in favor, and the motion carried unanimously.

Public Utility Regulatory Policies Act of 1978-Two Additional Standards

Mr. Grey presented two new PURPA "Public Utility Regulatory Policies Act of 1978" standards that the City is required to start considering by November 15, 2022 due to the 2021 Investment and Infrastructure Jobs Act. The two standards involve 1) promoting demand response and reduction across all customer classes and 2) promote the electrification of the transportation sector by creating rate options and supporting programs. The consideration process concludes on November 15, 2023 after requesting comments and having a public hearing process.

A motion was made by Ms. Williamson-Branch and seconded by Ms. Kautzman that the Danville Utility Commission recommend to City Council approving the process to commence consideration of two new PURPA standards.

All members voted in favor, and the motion carried unanimously.

Department Discussions

Mr. Grey thanked everyone involved with power restoration from recent storm damage.

After discussion from the Commission regarding the November/December Utility Commission meeting, Mr. Grey announced that a poll will be sent out to determine the best date for the combined meeting.

Mr. Ingram praised the efforts of Danville Utilities during storm restoration, response time, and commitment to getting people back online.

Adjournment

There being no further business, Ms. Cain adjourned the meeting at 4:47pm.

December 20, 2022
Date Approved

Submitted by Janet C. Davis
Secretary to the DUC

Chairman
Danville Utility Commission

Commission Item Number: DUC221220 - 1
Utility Commission Meeting: December 20, 2022
Item: II. B. Review of Utilities' Financial Statements

Financial Report

October financials will be reviewed.

UTILITY FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE PERIOD ENDED OCTOBER 31, 2022 (YTD)
UNAUDITED

	WASTEWATER	WATER	GAS	ELECTRIC	TELECOM	TOTAL	CURRENT 22-23 BUDGET	LAST YEAR TO DATE
OPERATING REVENUE	3,068,244.37	2,834,967.55	6,911,438.94	44,340,476.47	252,972.57	57,408,099.90	162,929,530.00	51,974,824.91
COST OF SALES								
PURCHASED SERVICES	-	-	5,499,680.95	33,386,462.24	19,522.95	38,905,666.14	101,014,550.00	34,130,387.62
PRODUCTION	-	-	-	72.00	-	72.00	-	-
TOTAL COST OF SALES	-	-	5,499,680.95	33,386,534.24	19,522.95	38,905,738.14	101,014,550.00	34,130,387.62
GROSS PROFIT	3,068,244.37	2,834,967.55	1,411,757.99	10,953,942.23	233,449.62	18,502,361.76	61,914,980.00	17,844,437.29
GROSS PROFIT %	100.00%	100.00%	20.43%	24.70%	92.28%	32.23%	38.00%	34.33%
OPERATING EXPENSES								
TRANSMISSION & TREATMENT	1,084,995.84	725,097.57	-	655,137.33	-	2,465,230.74	7,125,674.44	2,201,244.52
ENGINEERING	-	87,691.61	86,396.51	257,069.00	-	431,157.12	1,865,669.45	389,767.06
DISTRIBUTION	964,722.65	287,285.53	219,470.38	4,854,657.93	-	6,326,136.49	17,626,257.93	5,464,762.14
SERVICE	12,741.07	30,969.76	16,529.24	-	-	60,240.07	451,530.00	56,442.76
METERS & REGULATORS	-	33,447.63	57,130.12	139,692.69	658.00	230,928.44	621,140.00	173,580.61
GENERAL & ADMINISTRATIVE	617,102.43	1,176,815.85	1,234,650.38	2,602,862.99	297,471.36	5,928,903.01	16,984,849.78	4,818,111.05
TOTAL OPERATING EXPENSES	2,679,561.99	2,341,307.95	1,614,176.63	8,509,419.94	298,129.36	15,442,595.87	44,675,121.60	13,103,908.14
OPERATING INCOME (LOSS)	388,682.38	493,659.60	(202,418.64)	2,444,522.29	(64,679.74)	3,059,765.89	17,239,858.40	4,740,529.15
NON-OPERATING REVENUE (EXPENSE)								
INTEREST INCOME ON INVESTMENTS	57,034.27	71,906.14	82,002.62	223,808.96	5,581.31	440,333.30	218,750.00	227,313.06
ENERGY EFFICIENCY RECOVERY	-	-	-	-	-	-	(160,251.09)	-
RECOVERIES AND REBATES	-	5,196.58	453.35	647,232.46	-	652,882.39	(145,500.00)	4,609.74
GAIN/LOSS ON DISPOSAL	-	-	-	72,234.64	-	72,234.64	52,000.00	(13,195.47)
JOBBING INCOME (LOSS)	11,673.22	86,517.93	63,941.77	156,419.08	(15.15)	318,536.85	197,240.00	252,517.13
INTEREST ON LONG TERM INDEBTEDNESS	(26,916.83)	(25,019.28)	(15,266.98)	(810,741.91)	-	(877,945.00)	(1,557,180.00)	(976,884.25)
NET INCOME (LOSS)	430,473.04	632,260.97	(71,287.88)	2,733,475.52	(59,113.58)	3,665,808.07	15,844,917.31	4,234,889.36
OPERATING TRANSFERS IN(OUT)	(235,253.04)	(317,766.96)	(1,065,443.04)	(3,524,203.04)	(27,000.00)	(5,169,666.08)	(15,509,000.00)	(5,169,666.64)
NET INCOME AFTER TRANSFERS	195,220.00	314,494.01	(1,136,730.92)	(790,727.52)	(86,113.58)	(1,503,858.01)	335,917.31	(934,777.28)
NET ASSETS JULY 1, AS RESTATED	60,256,816.42	48,812,751.44	56,788,199.80	157,529,119.48	8,150,508.29	331,537,395.43		
NET INCOME AFTER TRANSFERS	195,220.00	314,494.01	(1,136,730.92)	(790,727.52)	(86,113.58)	(1,503,858.01)		
FEDERAL GRANT	-	-	-	-	-	-		
CONTRIBUTION IN AID	10,747.00	-	-	-	-	10,747.00		
NET ASSETS JUNE 30, 2023	60,462,783.42	49,127,245.45	55,651,468.88	156,738,391.96	8,064,394.71	330,044,284.42		
NET ASSETS								
CONTRIBUTED CAPITAL - FIXED ASSETS	4,037,032.44	4,676,282.92	1,340,510.58	13,721,622.53	337,248.59	24,112,697.06		
RESTRICTED FOR INVESTMENT IN FIXED ASSETS	46,629,104.18	32,222,548.81	38,549,592.12	112,250,608.79	6,381,434.02	236,033,287.92		
RESTRICTED FOR PROJECTS IN PROGRESS	7,787,284.35	11,335,784.20	8,933,554.87	7,394,854.86	534,554.14	35,986,032.42		
RESTRICTED FOR ENCUMBRANCES	1,796,894.65	47,973.58	4,265.08	1,163,312.09	2,041.84	3,014,487.24		
RESTRICTED FOR ENERGY EFFICIENCY	-	-	-	-	-	-		
NET PENSION ASSETS	109,448.00	198,503.00	136,979.00	617,919.00	20,744.00	1,083,593.00		
DEFERRED OUTFLOWS - PENSION	429,700.00	779,334.00	537,790.00	2,425,991.00	81,443.00	4,254,258.00		
UNRESTRICTED	103,019.80	646,152.94	6,686,567.23	21,590,074.69	788,372.12	29,814,186.78		
TOTAL NET ASSETS	60,462,783.42	49,127,245.45	55,651,468.88	156,738,391.96	8,064,394.71	330,044,284.42		

CITY OF DANVILLE
UTILITY FUNDS
COMBINING STATEMENT OF NET ASSETS - UNAUDITED
OCTOBER 31, 2022

		WASTEWATER	WATER	GAS	ELECTRIC	TELECOM	OCTOBER 31, 2022
ASSETS							
Equity in pooled Cash and Investments	$	8,635,416.29	9,864,495.21	12,891,226.22	26,612,905.63	1,048,817.73	59,052,861.08
Receivables (Net of allowances for Uncollectible):							
Accounts		1,169,909.91	998,131.67	2,269,920.73	14,762,797.74	42,035.45	19,242,795.50
Power/Gas Cost Recovery		-	-	101,042.90	(1,983,013.63)	-	(1,881,970.73)
Pension Assets		109,448.00	198,503.00	136,979.00	617,919.00	20,744.00	1,083,593.00
Inventory of Gas, Materials and Supplies, at Cost		-	690,304.01	1,691,411.62	2,485,944.10	190,566.72	5,058,226.45
Fixed Assets		103,834,329.30	81,844,989.27	70,719,916.53	309,161,758.15	11,171,969.26	576,732,962.51
Accumulated Depreciation		(51,926,389.48)	(43,776,962.75)	(30,148,833.10)	(138,648,408.14)	(4,453,286.65)	(268,953,880.12)
Deferred Outflows - Pension		429,700.00	779,334.00	537,790.00	2,425,991.00	81,443.00	4,254,258.00
TOTAL ASSETS	$	62,252,414.02	50,598,794.41	58,199,453.90	215,435,893.85	8,102,289.51	394,588,845.69
LIABILITIES AND NET ASSETS							
Liabilities							
Accounts Payable	$	525,339.53	158,949.69	1,788,656.87	8,595,890.90	27,767.87	11,096,604.86
Accrued Interest Payable		22,487.87	20,918.12	12,733.34	562,121.42	-	618,260.75
Customer Deposits		-		-	4,067,100.08	-	4,067,100.08
Accrued Vacation, Sick Leave & Workers Comp.		-	122,486.36	65,614.08	555,661.68	10,126.93	753,889.05
Deferred Gain / Loss - Refunding Bonds		(104,335.76)	(100,317.40)	(54,554.19)	(1,087,442.77)	-	(1,346,650.12)
Original Issue Premium/Discount (Refunding Bonds)		132,075.19	128,672.65	64,029.13	4,328,465.44	-	4,653,242.41
General Obligation Bonds Payable		1,214,063.94	1,140,839.54	671,505.79	41,300,096.02	-	44,326,505.29
Revenue Bonds Payable		(0.17)	-	-	-	-	(0.17)
Long-Term Leases, Notes, and Contracts Payable		-	-	-	375,609.12	-	375,609.12
TOTAL LIABILITIES	$	1,789,630.60	1,471,548.96	2,547,985.02	58,697,501.89	37,894.80	64,544,561.27
Net Assets							
Contributed Capital	$	4,037,032.44	4,676,282.92	1,340,510.58	13,721,622.53	337,248.59	24,112,697.06
Retained Earnings:							
Restricted for Investment in Fixed Assets	$	46,629,104.18	32,222,548.81	38,549,592.12	112,250,608.79	6,381,434.02	236,033,287.92
Restricted for Incomplete Projects		7,787,284.35	11,335,784.20	8,933,554.87	7,394,854.86	534,554.14	35,986,032.42
Restricted for Subsequent Expenses		1,796,894.65	47,973.58	4,265.08	1,163,312.09	2,041.84	3,014,487.24
Net Pension Assets		109,448.00	198,503.00	136,979.00	617,919.00	20,744.00	1,083,593.00
Deferred Outflows - Pension		429,700.00	779,334.00	537,790.00	2,425,991.00	81,443.00	4,254,258.00
Unrestricted		103,019.80	646,152.94	6,686,567.23	21,590,074.69	788,372.12	29,814,186.78
Total Retained Earnings	$	56,425,750.98	44,450,962.53	54,310,958.30	143,016,769.43	7,727,146.12	305,931,587.36
TOTAL NET ASSETS	$	60,462,783.42	49,127,245.45	55,651,468.88	156,738,391.96	8,064,394.71	330,044,284.42
TOTAL LIABILITIES AND NET ASSETS	$	62,252,414.02	50,598,794.41	58,199,453.90	215,435,893.85	8,102,289.51	394,588,845.69

CITY OF DANVILLE
UTILITY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
FOR THE PERIOD ENDED OCTOBER 31, 2022

		WASTEWATER	WATER	GAS	ELECTRIC	TELECOM	OCTOBER 31, 2022
Operating revenues:							
Charges for Services	$	3,068,244.37	2,834,967.55	6,911,438.94	44,340,476.47	252,972.57	57,408,099.90
Operating Expenses:							
Purchased Services	$	-	-	5,499,680.95	33,386,462.24	19,522.95	38,905,666.14
Production		-	-	-	72.00	-	72.00
Transmission & Treatment		1,084,995.84	725,097.57	-	655,137.33	-	2,465,230.74
Engineering		-	87,691.61	86,396.51	257,069.00	-	431,157.12
Distribution		964,722.65	287,285.53	219,470.38	4,854,657.93	-	6,326,136.49
Service		12,741.07	30,969.76	16,529.24	-	-	60,240.07
Meters & Regulators		-	33,447.63	57,130.12	139,692.69	658.00	230,928.44
Administrative		617,102.43	1,176,815.85	1,234,650.38	2,602,862.99	297,471.36	5,928,903.01
Total Operating Expenses	$	2,679,561.99	2,341,307.95	7,113,857.58	41,895,954.18	317,652.31	54,348,334.01
Operating Income (Loss)	$	388,682.38	493,659.60	(202,418.64)	2,444,522.29	(64,679.74)	3,059,765.89
Non-Operating Revenues (Expenses):							
Jobbing Income (Loss)		11,673.22	86,517.93	63,941.77	156,419.08	(15.15)	318,536.85
Interest Income		57,034.27	71,906.14	82,002.62	223,808.96	5,581.31	440,333.30
Energy Efficiency Recovery		-	-	-	-	-	-
Gain (Loss) on Disposal of Property		-	-	-	72,234.64	-	72,234.64
Recoveries and Rebates		-	5,196.58	453.35	647,232.46	-	652,882.39
Interest Expense		(26,916.83)	(25,019.28)	(15,266.98)	(810,741.91)	-	(877,945.00)
Total Non-Operating Revenues (Expenses)	$	41,790.66	138,601.37	131,130.76	288,953.23	5,566.16	606,042.18
Income (Loss) Before Operating Transfers	$	430,473.04	632,260.97	(71,287.88)	2,733,475.52	(59,113.58)	3,665,808.07
Operating Transfers:							
Transfers In (Out)		(235,253.04)	(317,766.96)	(1,065,443.04)	(3,524,203.04)	(27,000.00)	(5,169,666.08)
Total Operating Transfers	$	(235,253.04)	(317,766.96)	(1,065,443.04)	(3,524,203.04)	(27,000.00)	(5,169,666.08)
Net Income (Loss)	$	195,220.00	314,494.01	(1,136,730.92)	(790,727.52)	(86,113.58)	(1,503,858.01)
Net Assets - July 1, 2022, as restated		60,256,816.42	48,812,751.44	56,788,199.80	157,529,119.48	8,150,508.29	331,537,395.43
Net Income (Loss)		195,220.00	314,494.01	(1,136,730.92)	(790,727.52)	(86,113.58)	(1,503,858.01)
Contribution In Aid of Construction		10,747.00	-	-	-	-	10,747.00
Net Assets -June 30, 2023	$	60,462,783.42	49,127,245.45	55,651,468.88	156,738,391.96	8,064,394.71	330,044,284.42

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED OCTOBER 31, 2022

WASTEWATER

	ORIGINAL BUDGET 2022-23	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2022-23	OCTOBER 2022	PERCENT OF CURRENT BUDGET	OCTOBER 2021
OPERATING REVENUE	9,078,570.00		9,078,570.00	3,068,244.37	33.80%	3,059,934.76
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	3,406,230.00	10,645.11	3,416,875.11	1,084,995.84	31.75%	1,023,056.87
ENGINEERING	-		-	-		-
DISTRIBUTION	2,562,230.00	251,152.37	2,813,382.37	964,722.65	34.29%	721,856.07
SERVICE	153,300.00		153,300.00	12,741.07	8.31%	20,212.78
METERS & REGULATORS	-		-	-		-
BAD DEBT	36,000.00		36,000.00	18,821.99	52.28%	11,469.91
GENERAL & ADMINISTRATIVE	1,775,230.00		1,775,230.00	598,280.44	33.70%	575,657.24
TOTAL OPERATING EXPENSES	7,932,990.00	261,797.48	8,194,787.48	2,679,561.99	32.70%	2,352,252.87
OPERATING INCOME (LOSS)	1,145,580.00	(261,797.48)	883,782.52	388,682.38	43.98%	707,681.89
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	29,950.00		29,950.00	57,034.27	190.43%	30,749.23
RECOVERIES AND REBATES	-		-	-		1,253.51
GAIN/LOSS ON DISPOSAL	-		-	-		-
JOBBING INCOME (LOSS)	40,000.00		40,000.00	11,673.22	29.18%	13,889.26
INTEREST ON LONG TERM INDEBTEDNESS	(45,060.00)		(45,060.00)	(26,916.83)	59.74%	(35,966.59)
NET INCOME (LOSS)	1,170,470.00	(261,797.48)	908,672.52	430,473.04	47.37%	717,607.30
OPERATING TRANSFERS IN (OUT)	(705,760.00)		(705,760.00)	(235,253.04)	33.33%	(235,253.32)
NET INCOME AFTER TRANSFERS	464,710.00	(261,797.48)	202,912.52	195,220.00	96.21%	482,353.98
CONTRIBUTION IN AID	40,000.00		40,000.00	10,747.00	26.87%	
REGULAR CAPITAL MAINTENANCE	(837,370.00)	(35,866.90)	(873,236.90)	(30,434.72)	3.49%	
CAPITAL PROJECTS	(1,550,000.00)	(6,085,878.83)	(7,635,878.83)	(691,396.66)	9.05%	
DEBT SERVICE	(145,330.00)		(145,330.00)	(133,459.50)	91.83%	
DEPRECIATION	2,028,770.00		2,028,770.00	676,256.00	33.33%	

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED OCTOBER 31, 2022

WATER

	ORIGINAL BUDGET 2022-23	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2022-23	OCTOBER 2022	PERCENT OF CURRENT BUDGET	OCTOBER 2021
OPERATING REVENUE	8,905,150.00		8,905,150.00	2,834,967.55	31.84%	2,981,928.58
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	1,967,950.00	29,160.57	1,997,110.57	725,097.57	36.31%	596,398.78
ENGINEERING	359,270.00	7,220.00	366,490.00	87,691.61	23.93%	96,448.37
DISTRIBUTION	723,140.00	584.41	723,724.41	287,285.53	39.70%	212,105.05
SERVICE	148,410.00		148,410.00	30,969.76	20.87%	21,536.92
METERS & REGULATORS	99,270.00		99,270.00	33,447.63	33.69%	25,174.98
BAD DEBT	30,000.00		30,000.00	19,966.59	66.56%	9,594.34
GENERAL & ADMINISTRATIVE	3,637,470.00	170.00	3,637,640.00	1,156,849.26	31.80%	1,070,163.81
TOTAL OPERATING EXPENSES	6,965,510.00	37,134.98	7,002,644.98	2,341,307.95	33.43%	2,031,422.25
OPERATING INCOME (LOSS)	1,939,640.00	(37,134.98)	1,902,505.02	493,659.60	25.95%	950,506.33
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	33,800.00		33,800.00	71,906.14	212.74%	37,309.02
RECOVERIES AND REBATES	13,000.00		13,000.00	5,196.58	39.97%	2,924.86
GAIN/LOSS ON DISPOSAL	7,000.00		7,000.00	-	0.00%	193.00
JOBBING INCOME (LOSS)	72,510.00		72,510.00	86,517.93	119.32%	26,871.59
INTEREST ON LONG TERM INDEBTEDNESS	(79,470.00)		(79,470.00)	(25,019.28)	31.48%	(34,805.76)
NET INCOME (LOSS)	1,986,480.00	(37,134.98)	1,949,345.02	632,260.97	32.43%	982,999.04
OPERATING TRANSFERS IN (OUT)	(953,300.00)		(953,300.00)	(317,766.96)	33.33%	(317,766.68)
NET INCOME AFTER TRANSFERS	1,033,180.00	(37,134.98)	996,045.02	314,494.01	31.57%	665,232.36
CONTRIBUTION IN AID	-		-	-	0.00%	
REGULAR CAPITAL MAINTENANCE	(1,638,650.00)	(566,454.28)	(2,205,104.28)	(356,788.08)	16.18%	
CAPITAL PROJECTS	(1,000,000.00)	(8,837,530.90)	(9,837,530.90)	(350,062.90)	3.56%	
DEBT SERVICE	(130,740.00)		(130,740.00)	(116,475.50)	89.09%	
DEPRECIATION	1,660,660.00		1,660,660.00	553,556.00	33.33%	

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED OCTOBER 31, 2022

GAS

	ORIGINAL BUDGET 2022-23	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2022-23	OCTOBER 2022	PERCENT OF CURRENT BUDGET	OCTOBER 2021
OPERATING REVENUE	22,408,490.00		22,408,490.00	6,911,438.94	30.84%	4,904,876.84
	-					
COST OF SALES	-					
PURCHASED SERVICES	13,715,730.00		13,715,730.00	5,499,680.95	40.10%	3,695,688.57
PRODUCTION	-		-	-		-
TOTAL COST OF SALES	13,715,730.00	-	13,715,730.00	5,499,680.95		3,695,688.57
GROSS PROFIT	8,692,760.00	-	8,692,760.00	1,411,757.99		1,209,188.27
GROSS PROFIT %	38.79%		38.79%	20.43%		24.65%
OPERATING EXPENSES						
TRANSMISSION & TREATMENT				-		-
ENGINEERING	374,400.00	9,115.79	383,515.79	86,396.51	22.53%	96,489.79
DISTRIBUTION	731,290.00	584.43	731,874.43	219,470.38	29.99%	211,075.56
SERVICE	149,820.00		149,820.00	16,529.24	11.03%	14,693.06
METERS & REGULATORS	125,380.00		125,380.00	57,130.12	45.57%	33,980.21
BAD DEBT	55,000.00		55,000.00	53,115.22	96.57%	18,421.76
GENERAL & ADMINISTRATIVE	3,786,130.00	4,097.44	3,790,227.44	1,181,535.16	31.17%	1,100,874.31
TOTAL OPERATING EXPENSES	5,222,020.00	13,797.66	5,235,817.66	1,614,176.63	30.83%	1,475,534.69
OPERATING INCOME (LOSS)	3,470,740.00	(13,797.66)	3,456,942.34	(202,418.64)	-5.86%	(266,346.42)
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	41,550.00		41,550.00	82,002.62	197.36%	41,515.54
RECOVERIES AND REBATES	(5,000.00)		(5,000.00)	453.35	-9.07%	431.37
GAIN/LOSS ON DISPOSAL			-	-	0.00%	8,175.00
JOBBING INCOME (LOSS)	111,400.00		111,400.00	63,941.77	57.40%	(15,891.64)
INTEREST ON LONG TERM INDEBTEDNESS	(25,440.00)		(25,440.00)	(15,266.98)	60.01%	(18,597.65)
NET INCOME (LOSS)	3,593,250.00	(13,797.66)	3,579,452.34	(71,287.88)	-1.99%	(250,713.80)
OPERATING TRANSFERS IN (OUT)	(3,196,330.00)		(3,196,330.00)	(1,065,443.04)	33.33%	(1,065,443.32)
NET INCOME AFTER TRANSFERS	396,920.00	(13,797.66)	383,122.34	(1,136,730.92)	-296.70%	(1,316,157.12)
CONTRIBUTION IN AID			-	-	0.00%	
REGULAR CAPITAL MAINTENANCE	(866,130.00)	(243,313.20)	(1,109,443.20)	(219,439.60)	19.78%	
CAPITAL PROJECTS	(3,000,000.00)	(5,167,512.35)	(8,167,512.35)	(123,971.08)	1.52%	
DEBT SERVICE	(88,430.00)		(88,430.00)	(86,174.50)	97.45%	
DEPRECIATION	1,690,430.00		1,690,430.00	563,476.00	33.33%	

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED OCTOBER 31, 2022

ELECTRIC

	ORIGINAL BUDGET 2022-23	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2022-23	OCTOBER 2022	PERCENT OF CURRENT BUDGET	OCTOBER 2021
OPERATING REVENUE	121,768,640.00		121,768,640.00	44,340,476.47	36.41%	40,793,174.26
COST OF SALES						
PURCHASED SERVICES	87,238,820.00		87,238,820.00	33,386,462.24	38.27%	30,410,723.68
PRODUCTION	-	-	-	72.00		-
TOTAL COST OF SALES	87,238,820.00	-	87,238,820.00	33,386,534.24		30,410,723.68
GROSS PROFIT	34,529,820.00	-	34,529,820.00	10,953,942.23		10,382,450.58
GROSS PROFIT %	28.36%		28.36%	24.70%		25.45%
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	1,667,250.00	44,438.76	1,711,688.76	655,137.33	38.27%	581,788.87
ENGINEERING	1,092,950.00	22,713.66	1,115,663.66	257,069.00	23.04%	196,828.90
DISTRIBUTION	13,254,730.00	102,546.72	13,357,276.72	4,854,657.93	36.34%	4,319,725.46
SERVICE	-		-	-		-
METERS & REGULATORS	396,490.00		396,490.00	139,692.69	35.23%	114,425.42
BAD DEBT	375,000.00		375,000.00	214,720.68	57.26%	108,216.61
GENERAL & ADMINISTRATIVE	5,978,830.00	367,082.34	6,345,912.34	2,388,142.31	37.63%	1,647,874.90
TOTAL OPERATING EXPENSES	22,765,250.00	536,781.48	23,302,031.48	8,509,419.94	36.52%	6,968,860.16
OPERATING INCOME (LOSS)	11,764,570.00	(536,781.48)	11,227,788.52	2,444,522.29	21.77%	3,413,590.42
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	110,830.00		110,830.00	223,808.96	201.94%	114,870.98
ENERGY EFFICIENCY RECOVERY	(50,000.00)	(110,251.09)	(160,251.09)	-	0.00%	-
RECOVERIES AND REBATES	(153,500.00)		(153,500.00)	647,232.46	-421.65%	-
GAIN/LOSS ON DISPOSAL	45,000.00		45,000.00	72,234.64	160.52%	(21,563.47)
JOBBING INCOME (LOSS)	309,110.00	(333,980.00)	(24,870.00)	156,419.08	-628.95%	228,561.50
INTEREST ON LONG TERM INDEBTEDNESS	(1,407,210.00)		(1,407,210.00)	(810,741.91)	57.61%	(887,514.25)
NET INCOME (LOSS)	10,618,800.00	(981,012.57)	9,637,787.43	2,733,475.52	28.36%	2,847,945.18
OPERATING TRANSFERS IN (OUT)	(10,572,610.00)		(10,572,610.00)	(3,524,203.04)	33.33%	(3,524,203.32)
NET INCOME AFTER TRANSFERS	46,190.00	(981,012.57)	(934,822.57)	(790,727.52)	84.59%	(676,258.14)
CONTRIBUTION IN AID	-		-	-	0.00%	
FEDERAL AID - CAPITAL PROJECTS	-	-	-	-	0.00%	
REGULAR CAPITAL MAINTENANCE	(3,171,090.00)	(1,098,069.18)	(4,269,159.18)	(897,168.02)	21.02%	
CAPITAL PROJECTS	-	(5,338,431.83)	(5,338,431.83)	(1,425,819.22)	26.71%	
DEBT SERVICE	(3,191,720.00)	-	(3,191,720.00)	(2,131,286.00)	66.78%	
DEPRECIATION	8,696,410.00		8,696,410.00	2,898,804.00	33.33%	

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED OCTOBER 31, 2022

TELECOMMUNICATIONS

	ORIGINAL BUDGET 2022-23	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2022-23	OCTOBER 2022	PERCENT OF CURRENT BUDGET	OCTOBER 2021
OPERATING REVENUE	768,680.00		768,680.00	252,972.57	32.91%	234,910.47
COST OF SALES						
PURCHASED SERVICES	60,000.00		60,000.00	19,522.95	32.54%	23,975.37
PRODUCTION			-	-		-
TOTAL COST OF SALES	60,000.00	-	60,000.00	19,522.95		23,975.37
GROSS PROFIT	708,680.00	-	708,680.00	233,449.62		210,935.10
GROSS PROFIT %	92.19%		92.19%	92.28%		89.79%
OPERATING EXPENSES						
TRANSMISSION & TREATMENT			-	-		-
ENGINEERING			-	-		-
DISTRIBUTION			-	-		-
SERVICE			-	-		-
METERS & REGULATORS			-	-		-
BAD DEBT	-		-	658.00		-
GENERAL & ADMINISTRATIVE	939,840.00	-	939,840.00	297,471.36	31.65%	275,838.17
TOTAL OPERATING EXPENSES	939,840.00	-	939,840.00	298,129.36	31.72%	275,838.17
OPERATING INCOME (LOSS)	(231,160.00)	-	(231,160.00)	(64,679.74)	27.98%	(64,903.07)
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	2,620.00		2,620.00	5,581.31	213.03%	2,868.29
RECOVERIES AND REBATES			-	-		-
GAIN/LOSS ON DISPOSAL			-	-		-
JOBBING INCOME (LOSS)	(1,800.00)		(1,800.00)	(15.15)	0.84%	(913.58)
INTEREST ON LONG TERM INDEBTEDNESS			-	-		-
NET INCOME (LOSS)	(230,340.00)	-	(230,340.00)	(59,113.58)	25.66%	(62,948.36)
OPERATING TRANSFERS IN (OUT)	(81,000.00)		(81,000.00)	(27,000.00)	33.33%	(27,000.00)
NET INCOME AFTER TRANSFERS	(311,340.00)	-	(311,340.00)	(86,113.58)	27.66%	(89,948.36)
CONTRIBUTION IN AID	-		-	-	0.00%	
REGULAR CAPITAL MAINTENANCE	(25,000.00)		(25,000.00)	(13,247.01)	52.99%	
CAPITAL PROJECTS	-	(526,044.66)	(526,044.66)	(8,229.24)	1.56%	
DEPRECIATION	485,610.00		485,610.00	161,872.00	33.33%	

KEY IN YELLOW CELLS ONLY. TWEAK THE PCA IN COLUMN "L" TO ACHIEVE THE DESIRED RECOVERY.

BILLING MONTH	TOTAL POWER COST	HLF POWER COST	**NON-HLF POWER COST**	TOTAL kWh SALES	HLF kWh SALES	NON-HLF kWh SALES	PCA / kWh	POWER COST / kWh RECOVERED IN BASE RATE	TOTAL POWER COST / kWh RECOVERED	HLF STRANDED COSTS RECOVERED	**NON-HLF POWER COST RECOVERED**	NON-HLF POWER COST OVER / (UNDER) RECOVERY	ADJUSTMTS	**CUMULATIVE POWER COST RECOVERY NON-HLF CUSTOMERS (+ / - $4,000,000)**	
Jun-22	$ 8,474,484.73	$ 1,361,212.05	**$ 7,113,272.68**	73,229,060	11,762,400	61,466,660	$0.030000	$0.086200	$0.116200		**$ 7,142,425.89**	$ 29,153.21		**$ (25,071.98)**	ACTUAL
Jul-22	$ 8,921,496.29	$ 1,241,888.99	**$ 7,679,607.30**	83,714,391	11,653,200	72,061,191	$0.015000	$0.086200	$0.101200		**$ 7,292,592.56**	$ (387,014.74)		**$ (412,086.73)**	ACTUAL
Aug-22	$ 9,218,214.27	$ 1,220,995.94	**$ 7,997,218.33**	93,378,330	12,368,400	81,009,930	$0.015000	$0.086200	$0.101200		**$ 8,198,204.92**	$ 200,986.59		**$ (211,100.14)**	ACTUAL
Sep-22	$ 8,034,700.40	$ 1,181,484.39	**$ 6,853,216.01**	82,724,165	12,164,400	70,559,765	$0.025000	$0.086200	$0.111200		**$ 7,846,245.87**	$ 993,029.86		**$ 781,929.72**	ACTUAL
Oct-22	$ 7,212,051.28	$ 1,291,718.71	**$ 5,920,332.57**	66,121,889	11,842,800	54,279,089	$0.045000	$0.086200	$0.131200		**$ 7,121,416.48**	$ 1,201,083.91		**$ 1,983,013.63**	ACTUAL
Nov-22	$ 7,674,565.42	$ 1,326,640.89	**$ 6,347,924.53**	64,044,143	11,070,800	52,973,343	$0.035000	$0.086200	$0.121200		**$ 6,420,369.17**	$ 72,444.64		**$ 2,055,458.26**	PROJECTED
Dec-22	$ 7,479,613.22	$ 1,081,709.03	**$ 6,397,904.19**	71,378,300	10,322,800	61,055,500	$0.020000	$0.086200	$0.106200		**$ 6,484,094.07**	$ 86,189.88		**$ 2,141,648.14**	PROJECTED
Jan-23	$ 8,510,986.68	$ 1,094,540.73	**$ 7,416,445.95**	77,858,051	10,012,800	67,845,251	$0.010000	$0.086200	$0.096200		**$ 6,526,713.10**	$ (889,732.85)		**$ 1,251,915.30**	PROJECTED
Feb-23	$ 7,710,946.32	$ 970,191.73	**$ 6,740,754.58**	85,814,614	10,797,200	75,017,414	$0.015000	$0.086200	$0.101200		**$ 7,591,762.34**	$ 851,007.76		**$ 2,102,923.06**	PROJECTED

Future months (still in blue) show projections.

After PGA's are calculated, hard code them before reconciling the month

Mo Rate Applied	WACOG	WACOG Plus Losses	Demand Rate Firm	Demand Rate Interruptible	Adjustments	PGA (f)	PGA (i)	**DEMAND Recovery** (Independent of Commod) **Cum Over (Under) Demand Recovery Current FY**	**COMMODITY - Rolling Recovery** (Does not include Demand Recovery) **Monthly Commodity Cost**	**Monthly Commodity Recovered**	**Monthly Commod Over (Under) Recovery**	Adjustments	**Commodity Recovery Balance Over (Under) +/- $2,000,000**	
Jun-22	$ 5.21693	$ 5.21693	$ -	$ -	$ 1.50000	$ 7.46549	$ 7.46549	$ (2,917.54)	$1,255,911.53	$ 1,457,944.68	$ 202,033.15		$127,035.89	FY FINAL
Jul-22	$ 6.20160	$ 6.20160	$ -	$ -	$ -	$ 6.25815	$ 6.25815	$ (212,903.60)	$ 846,844.40	$ 830,757.95	$ (16,086.46)		$110,949.43	Final
Aug-22	$ 7.64163	$ 7.64163	$ -	$ -	$ 1.00000	$ 7.14144	$ 7.14144	$ (422,889.66)	$ 1,211,618.44	$ 1,119,491.40	$ (92,127.04)		$18,822.39	Final
Sep-22	$ 5.25490	$ 5.25490	$ -	$ -		$ 7.62108	$ 7.62108	$ (624,787.46)	$ 1,218,147.07	$ 1,301,945.53	$ 83,798.46		$102,620.85	Final
Oct-22	$ 5.75899	$ 5.75899	$ -	$ -	$ 0.50000	$ 6.07613	$ 6.07613	$ (834,773.52)	$ 1,363,552.21	$ 1,159,888.46	$ (203,663.75)		($101,042.89)	Final
Nov-22	$ 5.65875	$ 5.65875	$ 2.30000	$ -	$ -	$ 7.99570	$ 5.69570	$ (836,618.37)	$ 1,556,080.61	$ 1,232,627.45	$ (323,453.16)		($424,496.05)	Est
Dec-22	$ 5.62370	$ 5.62370	$ 2.30000	$ -	$ -	$ 7.92370	$ 5.62370	$ (616,802.12)	$ 1,983,760.71	$ 1,928,942.53	$ (54,818.18)		($479,314.23)	Est
Jan-23	$ 6.03217	$ 6.03217	$ 2.30000	$ -	$ -	$ 8.33217	$ 6.03217	$ (308,901.57)	$ 2,657,820.23	$ 2,259,345.28	$ (398,474.95)		($877,789.19)	Est
Feb-23	$ 5.90289	$ 5.90289	$ 2.30000	$ -	$ -	$ 8.20289	$ 5.90289	$ 157,413.79	$ 2,145,827.67	$ 2,745,543.91	$ 599,716.24		($278,072.95)	Est

Commission Item Number: DUC221220 - 2
Utility Commission Meeting: December 20, 2022
Item: II. C. <u>2023 Biennial Rate Study</u>

2023 Biennial Rate Study

Mark Beauchamp from Utility Financial Solutions will be presenting his company's findings at the meeting based on their review of the City's electric, gas, water, and wastewater rate requirements for fiscal years 2024 and 2025.

UFS UTILITY FINANCIAL SOLUTIONS, LLC

Danville Utilities

2023 Biennial Rate and Cost of Service Study

Mark Beauchamp
President, Utility Financial Solutions, LLC

Discussion

Financial Projection

Cost of Service

Rate Design

UFS UTILITY FINANCIAL SOLUTIONS, LLC

City of Danville

FY24-25 Study Results
Wastewater Department Financial Projection and Cost of Service Summary

Significant Assumptions

	2023	2024
Inflation Rate	5.0%	5.0%
Sewer Inflation Increases	1.8%	1.8%
Growth	0.0%	0.0%
Capital Improvements	$ 4,587,370	$ 2,050,000
Investment Income	0.5%	0.5%

UFS UTILITY FINANCIAL SOLUTIONS, LLC

COS Summary Financial Results

Fiscal Year	Projected Rate Adjustments	Projected Revenues	Projected Expenses	Adjusted Operating Income	Projected Cash Balances	Capital Improvements	Debt Coverage Ratio
2023	0.00%	8,851,157	8,208,694	761,340	6,617,713	4,587,370	14.81
2024	0.00%	9,420,557	8,786,765	752,669	7,346,954	2,050,000	15.18
MINIMUM Targeted in 2024				**$ 2,915,558**	**$ 5,915,311**		**1.45**

UTILITY FINANCIAL SOLUTIONS, LLC

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COS Summary Results

Monthly Customer Charges

Meter Size	Current Monthly Charges	Cost of Service Monthly Charges
5/8"	$ 14.00	15.90
1"	$ 34.75	39.74
1 1/2"	$ 70.50	79.48
2"	$ 113.00	127.17
3"	$ 229.00	238.44
4"	$ 362.00	397.40
6"	$ 720.00	794.79
8"	$ 1,160.00	1,271.66

Commodity Charges

Meter size	Current Average Cost per CCU	Cost of Service Average Cost per CCU
All Usage	$ 2.38	$ 3.23

UFS UTILITY FINANCIAL SOLUTIONS, LLC

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Next Steps

Meeting Objectives

- Overall Rate Increase
  - Planned 0%

City of Danville

FY24-25 Study Results
Water Department Financial Projection and Cost of Service Summary

Significant Assumptions

	2023	2024
Inflation Rate	5.0%	5.0%
Water Treatment Increases	1.8%	1.8%
Growth	0.0%	0.0%
Capital Plan	$ 14,984,535	$ 4,800,000
Investment Income	0.5%	0.5%
Debt Issuances	$ 4,000,000	$ 4,000,000

UTILITY FINANCIAL SOLUTIONS, LLC

COS Summary Financial Results

Projection – No Rate Change

Fiscal Year	Projected Rate Adjustments	Projected Revenues	Projected Expenses	Adjusted Operating Income	Projected Cash Balances	Capital Improvements	Bond Issues	Debt Coverage Ratio
2023	0.0%	8,286,855	7,837,569	590,992	1,563,772	14,984,535	4,000,000	13.32
2024	0.0%	8,938,380	8,561,121	518,965	2,711,118	4,800,000	4,000,000	5.01
Targeted in 2024				**$ 2,599,156**				
MINIMUM/CRITICAL Reserves 2024					**$ 5,883,398**			**1.45**

Projection – Recommended Rate Adjustment

Fiscal Year	Projected Rate Adjustments	Projected Revenues	Projected Expenses	Adjusted Operating Income	Projected Cash Balances	Capital Improvements	Bond Issues	Debt Coverage Ratio
2023	0.0%	8,286,855	7,837,569	590,992	1,563,772	14,984,535	4,000,000	13.32
2024	5.0%	9,332,918	8,561,121	913,503	3,105,656	4,800,000	4,000,000	5.82
Targeted in 2024				**$ 2,599,156**				
MINIMUM/CRITICAL Reserves 2024					**$ 5,883,398**			**1.45**

UTILITY FINANCIAL SOLUTIONS, LLC

COS Summary Results

Monthly Customer Charges

Meter Size	Current Monthly Meter Charges	Cost of Service Monthly Meter Charges
5/8"	$ 9.50	$ 14.86
1"	23.00	32.75
1 1/2"	48.50	66.57
2"	76.50	103.53
3"	145.00	188.32
4"	232.50	309.72
6"	460.50	606.07
8"	735.50	958.25

Commodity Charges

Commodity	Current Average Cost per CCU	Cost of Service Average Cost per CCU
All Units	$ 2.50	$ 2.80

UFS UTILITY FINANCIAL SOLUTIONS, LLC

Water Rate Design Changes

Rates Current and Proposed

	Current Rates	COS Rates	Proposed Rate
Commodity Rate	$ 2.50	$ 2.80	$ 2.55
5/8"	$ 9.50	$ 14.86	$ 10.50
1"	23.00	32.75	26.00
1 1/2"	48.50	66.57	54.00
2"	76.50	103.53	85.00
3"	145.00	188.32	160.00
4"	232.50	309.72	256.00
6"	460.50	606.07	507.00
8"	735.50	958.25	810.00
Overall Revenue Increase			**5.0%**

Average Customer Impacts

	Average Change		Average Bill	
	Percent	Monthly Dollar	Current	Proposed
Residential	6.1%	1.31	21.55	22.86
Commercial	4.6%	5.24	114.08	119.32
Municipal	5.5%	5.74	105.25	110.99
Industrial	2.4%	52.48	2,156.51	2,208.99

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Proposed Water Changes

WATER ACCOUNTS

	Current	Proposed	Increase/(Decrease)
Water Consumption Rate (per 100 Cubic Feet)	$2.50	$2.55	2.0%
Customer Charge			
5/8”	$9.50	$10.50	10.5%
1”	$23.00	$26.00	13.0%
1.5”	$48.50	$54.00	11.3%
2”	$76.50	$85.00	11.1%
3”	$145.00	$160.00	10.4%
4”	$232.50	$256.00	10.1%
6”	$460.50	$507.00	10.1%
8”	$735.50	$810.00	10.1%
Water Large Industrial Rate (per 1,000 Gallons)			
Over 1,000,000 GPD	$2.10	$2.15	2.4%
500,000 to 1,000,000	$2.25	$2.30	2.2%
200,000 to 500,000	$2.40	$2.45	2.1%

RESIDENTIAL WATER BILL EXAMPLE

	Consumption 100 CCF	Current	Proposed
Customer Charge (5/8)	-	$9.50	$10.50
Consumption	5	5 * $2.50 = $12.50	5 * $2.55 = $12.75
TOTAL		$22	$23.25
% Increase			**1.09%**

UTILITY FINANCIAL SOLUTIONS, LLC

City of Danville

FY24-25 Study Results
Gas Department Financial Projection and Cost of Service Summary

Revised 11/05/2022

Projection Assumptions

Fiscal Year	Inflation	Growth	Purchased Gas per DTH	Investment Income	Capital Program
2023	5.0%	0.5%	$ 6.57	0.5%	$ 3,000,000
2024	5.0%	0.5%	$ 5.45	0.5%	1,000,000

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2023 Projection Summary

Fiscal Year	Proposed Revenue Adjustments	Debt Coverage Ratio	Projected Expenses	Projected Revenues	Projected Operating Income	Target Operating Income	Projected Cash Balances	Recommended Minimum Cash
2023	**0.00%**	18.77	$ 28,374,872	$ 32,064,713	$ 493,511	$ 2,666,596	$ 14,596,189	$ 4,641,705
2024	**0.00%**	17.00	24,632,450	28,306,314	277,533	2,701,754	15,466,071	3,952,813

UTILITY FINANCIAL SOLUTIONS, LLC

Cost of Service Summary

Projected cost of service and revenue by class

Revenue Class	Cost of Service	Projected Revenues	% Change
Residential (10)	$ 11,457,528	$ 10,203,839	12.3%
Firm Commercial (20)	5,615,172	5,167,057	8.7%
Interruptible Commercial (25)	695,010	656,457	5.9%
Firm Industrial (30)	1,245,231	1,162,957	7.1%
Interruptible Industrial (40)	1,513,849	1,488,680	1.7%
Firm Industrial Transportation (50) (45)	13,711,007	13,385,722	2.4%
Total	**$ 34,237,798**	**$ 32,064,713**	**6.8%**

UTILITY FINANCIAL SOLUTIONS, LLC

Cost of Service Summary

Current customer charge and cost of service by class

Monthly Customer Charges

Customer Class	Current Customer Charge	COS Customer Charge
Residential (10)	$ 12.15	$ 14.17
Firm Commercial (20) & Muni	24.30	35.62
Interruptible Commercial (25)	375.00	451.20
Firm Industrial (30) Sm & Lg	125.00	186.02
Interruptible Industrial (40)	550.00	760.08
Interruptible Industrial w/ Hedging (45)	475.00	734.08
Firm Industrial Transportation (50)	375.00	741.96

UTILITY FINANCIAL SOLUTIONS, LLC

Next Steps

Meeting Objectives

- Overall Rate Increase
  - Planned 0%

UTILITY FINANCIAL SOLUTIONS, LLC

Danville Utilities

Electric Cost of Service Study

Mark Beauchamp
President, Utility Financial Solutions, LLC

Significant Assumptions

Fiscal Year	Inflation	Growth	Purchase Power Change	Investment Income	Capital Improvements Plan
2023	5.0%	3.0%	-2.3%	0.5%	$ 8,250,000
2024	5.0%	6.4%	2.9%	0.5%	8,000,000
2025	3.5%	9.3%	1.0%	0.5%	8,000,000
2026	3.5%	0.5%	0.0%	0.5%	8,000,000
2027	3.5%	0.5%	2.0%	0.5%	8,000,000

New Loads	FY	MW	LF
Tyson	2024	10	70%
Aero Farms	2024	5	85%
D.O.D	2024	7	55%
Caesars	2025	8	60%

Tyson and Aero Farms not included in growth above (See next slide)

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Significant Assumptions

New Loads	Distribution Rate	Distribution Revenue
Tyson	$ 6.50	$ 780,000
Aero Farms	$ 6.50	$ 390,000

Pass through Power supply (not included in projection)

UTILITY FINANCIAL SOLUTIONS, LLC

COS Summary Financial Results

Fiscal Year	Projected Rate Adjustments	Debt Coverage Ratio	Adjusted Operating Income	Target Operating Income	Projected Cash Balances	Recommended Minimum Cash
2023	0.0%	2.34	$ 3,359,461	$ 8,613,579	$ 28,137,076	$ 29,324,513
2024	0.0%	2.99	$ 6,261,362	8,860,966	$ 29,730,661	30,549,677
2025	0.0%	3.77	$ 9,726,584	9,110,000	$ 35,116,475	31,925,359
2026	0.0%	3.72	$ 9,157,814	9,371,914	$ 40,272,543	35,414,122
2027	0.0%	4.41	$ 8,390,276	9,599,714	$ 45,857,275	35,132,914

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Debt Coverage Ratio

Description	Projected 2023	Projected 2024	Projected 2025	Projected 2026	Projected 2027
Fixed Cost Coverage Ratio					
Cash Available for Debt Service	$ 11,127,033	$ 14,418,613	$ 18,211,803	$ 17,989,962	$ 17,568,205
Total Available	$ 11,127,033	$ 14,418,613	$ 18,211,803	$ 17,989,962	$ 17,568,205
Debt Service Including Off System Debt	$ 4,761,186	$ 4,825,028	$ 4,825,990	$ 4,833,894	$ 3,983,472
Fixed Costs Coverage Ratio	**2.34**	**2.99**	**3.77**	**3.72**	**4.41**
Minimum Fixed Costs Coverage Ratio	**1.4**	**1.4**	**1.4**	**1.4**	**1.4**

UTILITY FINANCIAL SOLUTIONS, LLC

Minimum Cash Reserves

Description	Projected 2023	Projected 2024	Projected 2025	Projected 2026	Projected 2027
Minimum Cash Reserve Allocation					
Operation & Maintenance Less Depreciation Expense	12.3%	12.3%	12.3%	12.3%	12.3%
Purchase Power Expense	12.3%	12.3%	12.3%	12.3%	12.3%
Historical Rate Base	1%	1%	1%	2%	2%
Current Portion of Debt Service Payment	100%	100%	100%	100%	100%
Five Year Capital Improvements - Net of bond proceeds	20%	20%	20%	20%	20%
% Plant Depreciated	47%	49%	50%	51%	53%
Calculated Minimum Cash Level					
Operation & Maintenance Less Depreciation Expense	$ 1,635,919	$ 1,717,715	$ 1,777,835	$ 1,840,059	$ 1,904,461
Purchase Power Expense	11,843,692	12,893,219	14,127,820	14,192,739	14,537,550
Historical Rate Base	3,033,715	3,113,715	3,193,715	6,547,430	6,707,430
Current Portion of Debt Service Reserve	4,761,186	4,825,028	4,825,990	4,833,894	3,983,472
Five Year Capital Improvements - Net of bond proceeds	8,050,000	8,000,000	8,000,000	8,000,000	8,000,000
Minimum Cash Reserve Levels	**$ 29,324,513**	**$ 30,549,677**	**$ 31,925,359**	**$ 35,414,122**	**$ 35,132,914**
Projected Cash Reserves	**$ 28,137,076**	**$ 29,730,661**	**$ 35,116,475**	**$ 40,272,543**	**$ 45,857,275**

UTILITY FINANCIAL SOLUTIONS, LLC

Target Operating Income

Description	Projected 2023	Projected 2024	Projected 2025	Projected 2026	Projected 2027
Target Operating Income Determinants					
Net Book Value/Working Capital	$ 160,279,170	$ 160,262,605	$ 159,926,039	$ 159,269,473	$ 158,292,908
Outstanding Principal on Debt	40,238,925	36,841,274	33,285,360	29,558,293	26,519,813
System Equity	$ 120,040,245	$ 123,421,331	$ 126,640,679	$ 129,711,180	$ 131,773,095
Debt:Equity Ratio	25%	23%	21%	19%	17%
Target Operating Income Allocation					
Interest on Debt	3.90%	3.87%	3.82%	3.74%	3.56%
System Equity	5.87%	6.02%	6.19%	6.37%	6.57%
Target Operating Income					
Interest on Debt	$ 1,570,116	$ 1,427,377	$ 1,270,075	$ 1,106,827	$ 944,992
System Equity	$ 7,043,463	$ 7,433,589	$ 7,839,924	$ 8,265,086	$ 8,654,722
Target Operating Income	**$ 8,613,579**	**$ 8,860,966**	**$ 9,110,000**	**$ 9,371,914**	**$ 9,599,714**
Projected Operating Income	**$ 3,359,461**	**$ 6,261,362**	**$ 9,726,584**	**$ 9,157,814**	**$ 8,390,276**
Rate of Return in %	**5.4%**	**5.5%**	**5.7%**	**5.9%**	**6.1%**

UTILITY FINANCIAL SOLUTIONS, LLC

COS Summary Results

Customer Class	Cost of Service	Projected Revenues	% Change
Residential (RS-10)	$ 75,827,847	$ 72,285,915	4.9%
Residential (TOU-10)	-	-	0.0%
Small General (SGS-40)	10,021,418	9,304,331	7.7%
Worship Sanctuary (WSS-15)	1,689,524	1,370,276	23.3%
Medium General Secondary (MGS-1-50)	25,488,090	23,795,677	7.1%
Medium General Primary Customer Transformer (MGS-2-55)	108,944	142,576	-23.6%
Medium General Primary Utility Transformer (MGS-3-56)	1,920,550	2,020,467	-4.9%
Large General Secondary (LGS-1-60)	2,146,670	2,232,647	-3.9%
Large General Primary Customer Transformer (LGS-2-65)	1,835,783	1,905,296	-3.6%
Large General Primary Utility Transformer (LGS-3-66)	3,568,035	3,810,300	-6.4%
DRMC	1,502,055	1,451,985	3.4%
ESSEL	913,415	893,477	2.2%
INTERTAPE	4,806,067	4,691,404	2.4%
DANCHEM	781,736	755,773	3.4%
HLF-UNILIN	742,871	713,801	4.1%
NESTLE	2,110,000	2,050,969	2.9%
Total	$ 133,463,004	$ 127,424,895	4.7%

UTILITY FINANCIAL SOLUTIONS, LLC

Monthly Customer Charges

Customer Class	COS Customer Charge	Current Average Customer Charge
Residential (RS-10)	$ 27.22	$ 11.00
Small General (SGS-40)	39.77	16.50
Worship Sanctuary (WSS-15)	58.82	50.00
Medium General Secondary (MGS-1-50)	229.08	100.00
Medium General Primary Customer Transformer (MGS-2-55)	66.27	75.00
Medium General Primary Utility Transformer (MGS-3-56)	182.06	120.00
Large General Secondary (LGS-1-60)	1,718.06	450.00
Large General Primary Customer Transformer (LGS-2-65)	846.27	450.00
Large General Primary Utility Transformer (LGS-3-66)	1,115.36	450.00
DRMC	1,115.36	745.00
ESSEL	1,115.36	745.00
INTERTAPE	1,115.36	745.00
DANCHEM	1,115.36	745.00
HLF-UNILIN	1,115.36	745.00
NESTLE	1,115.36	745.00

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Next Steps

Meeting Objectives

- Develop Bandwidth Rates (Rate Adjustment Plan)
  - Plus or Minus 2%, Increase vary between 2% - minus2%
- Overall Rate Increase
  - Revenue Neutral- 0%
- Customer Charges
  - Move toward Cost of Service

UTILITY FINANCIAL SOLUTIONS, LLC

Proposed Electric Changes-Customer Charge

Customer Charge	Current	Proposed	Increase/(Decrease)
Residential (RS)	$11.00	$12.50	13.6%
Small General Service (SGS)	$16.50	$19.00	15.1%
Worship Sanctuary (WSS-15)	$50.00	$52.00	4%
Medium General Service (MGS-1)-Secondary Metered	$100.00	$125.00	25%
Medium General Service (MGS-3)-Primary Metered	$120.00	$150.00	25%
Large General Service (LGS-1) – Secondary Metered	$450.00	$500.00	11.1%
Large General Service (LGS-2) – Customer Transformer	$450.00	$500.00	11.1%
Large General Service (LGS-3) – Utility Owned Transformer	$450.00	$450.00	0
High Load Factor Industrial Rate (HLF)	$745.00	$800.00	7.4%

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Proposed Electric Changes

Electric – Customer Charge	Energy Current Price Per kWh	Energy Proposed Price Per kWh	Energy Monthly Increase/(Decrease)	Demand Current Price Per kW	Demand Proposed Price Per kW	Demand Monthly Increase/(Decrease)
Residential (RS)	$0.1200	$0.1190	(0.83%)	-	-	-
Small General (SGS)	$0.1200	$0.1190	(0.83%)	-	-	-
Worship Sanctuary (WGS-15	$0.1075	$0.1088	1.21%	$2.60	$3.00	15.4%
Medium General (MGS-1)	$0.0690	$0.0665	(3.62%)	$14.00	$14.50	3.6%
Medium General (MGS-2)	$0.06280	$0.0589	(6.21%)	$13.14	$13.14	0%
Medium General (MGS-3)	$0.07350	$0.0687	(0.94%)	$14.00	$14.50	3.6%
Large General (LGS-1)	$0.0640	$0.0600	(0.94%)	$17.04	$17.50	2.7%
Large General (LGS-2)	$0.0630	$0.0583	(0.93%)	$16.79	$17.25	2.7%
Large General (LGS-3)	$0.0640	$0.0600	(0.94%)	$17.04	$17.50	2.7%
High Load Factor-HLF	Market	Market		$6.29	$6.50	3.4%

RESIDENTIAL ELECTRIC BILL EXAMPLE

	Consumption (kWh)	Current	Proposed
Customer Charge	-	$11.00	$12.50
Energy Charge	1,000	$0.12 * 1,000 = $120.00	$0.1190*1,000 kWh=$119.00
PCA per kWh	1,000	$0.020 * 1,000 = $20.00	$0.020*1,000 kWh=$20.00
TOTAL		$151.00 per 1,000 kWh	$151.50 per kWh
% Increase			**0.33%**

UTILITY FINANCIAL SOLUTIONS, LLC

Proposed Customer Light Changes

	Current Rate	Proposed Rate
LED	Existing pole	Existing pole
53W-code 30	$8.40	$ 8.57
73W-code 32	$9.20	$ 9.38
106W-code 34	$10.35	$ 10.56
161W-code 36	$11.60	$ 11.83
	Current Rate	Proposed Rate
LED	new wood pole	new wood pole
53W-code 31	$12.40	$ 12.65
73W-code 33	$13.20	$ 13.46
106W-code 35	$14.35	$ 14.64
161W-code 37	$15.60	$ 15.91
Decorative LED (Sternberg, Colonial, Acorn, and Contemporary)		
LED		Proposed Rate
70W-New Code		$ 45.85

UTILITY FINANCIAL SOLUTIONS, LLC

Proposed Street Light Changes

	Current Rate	Proposed Rate	
LED	**Existing pole**	**Existing pole**	
53W-code 80	$8.40	$	8.57
73W-code 84	$9.20	$	9.38
106W-code 88	$10.35	$	10.56
161W-code 92	$11.60	$	11.83
	Current Rate	**Proposed Rate**	
LED	**new wood pole**	**new wood pole**	
53W-code 81	$12.40	$	12.65
73W-code 85	$13.20	$	13.46
106W-code 89	$14.35	$	14.64
161W-code 93	$15.60	$	15.91
	Current Rate	**Proposed Rate**	
LED	**wood pole-Underground**	**wood pole-Underground**	
53W-code 82	$15.55	$	15.86
73W-code 86	$9.20	$	9.38
106W-code 90	$10.35	$	10.56
161W-code 94	$11.60	$	11.83
	Current Rate	**Proposed Rate**	
LED	**Aluminum pole-Underground**	**Aluminum pole-Underground**	
53W-code 83	$20.15	$	20.55
73W-code 87	$20.95	$	21.37
106W-code 91	$22.10	$	22.54
161W-code 95	$23.35	$	23.82
Decorative LED (Sternberg, Colonial, Acorn, and Contemporary)			
LED			
70W		$	45.85

UTILITY FINANCIAL SOLUTIONS, LLC

Questions?

UTILITY FINANCIAL SOLUTIONS, LLC