Danville Utility Commission Meeting Agenda
4:00 p.m., September 30, 2019

City Council Chambers, Danville City Hall

I. Call to Order

A. Roll Call

B. Announcements

II. Discussion/Business Items

A. Minutes of the August 26, 2019 Commission Meeting

B. Review of Utilities' Financial Statements

C. Danville Power Supply and Market Update

III. Communications

A. City Manager

B. Utilities Staff

C. Commission Members

D. Public Comments

E. Director's Report

IV. Adjournment

Next Utility Commission Meeting

4:00 p.m. Monday, November 25, 2019

City Council Chambers
4th Floor, City Hall

	Danville Utility Commission 4:00 p.m. August 26, 2019 Meeting Council Chambers, City Hall **Minutes**

Commission Members Present:	Sheila Williamson-Branch, Fred Shanks, Bill Donahue, Ken Larking, Helm Dobbins, Paul Liepe
Commission Members Absent:	Vanessa Cain, Bert Eades
Staff Present:	Ryan Dodson, Jason Grey, Janet Davis, Kelly Kinnett, Mike Spencer, Jennifer Holley, Michael Adkins, Alan Johnson, Philip Haley, Laura Blackwell, Lori Milner, Telly Tucker
Others Present:	Jerry Shupe and Charles Overby, Inframark

Call to Order and Announcements

Chairman Donahue 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 July 22, 2019 Commission Meeting

Mr. Donahue asked for any corrections, deletions, or adjustments to the minutes from July 22, 2019.

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.

Danville Utilities Five-Year Strategic Plan

Mr. Grey presented the 2020-2025 Strategic Plan. Over the past six months, a group of community leaders and employees with various backgrounds met to provide input into the initial draft of a five-year strategic plan for the Utilities department.

Mr. Dobbins made a motion to approve the staff's proposed five-year strategic plan for 2020-2025. Ms. Williamson-Branch seconded, all members voted in favor, and the motion carried unanimously.

Berry Hill Industrial Park Water and Wastewater Services

Mr. Grey presented a plan to provide water and wastewater services to Berry Hill Industrial Park. He and Telly Tucker, the City's Director of Economic Development Director, answered questions regarding this plan.

The Utility Commission discussed prospects to the park in order to determine the probability of having a quicker payback to funds expended for the construction of the water and wastewater infrastructure. A request was made for Utility Commission members to attend a meeting to discuss those possible prospects. Mr. Larking stated that each member could sign an individual non-disclosure agreement to be privy to this information in order to make an informed decision on whether or not to proceed with recommending that City Council vote to provide water and wastewater services to Berry Hill Industrial Park.

Department Discussions

Mr. Grey requested that the next Utility Commission be combined with the October meeting to either September 30, 2019 or October 7, 2019. Consensus was that the best date was September 30, 2019.

Mr. Helms complimented Utilities' staff following the recent storms.

Mr. Shanks stated that the Utility Commission acted responsibly regarding requesting more information on the prospects at Berry Hill Industrial Park.

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

Adjournment

Mr. Donohue stated the next meeting is scheduled for September 30, 2019. There being no further business, Mr. Donohue adjourned the meeting at 5:45 p.m.

Submitted by Janet C. Davis
Secretary to the DUC

September 30, 2019
Date Approved

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Chairman
Danville Utility Commission

Commission Item Number: DUC190930 - 1
Utility Commission Meeting: September 30, 2019
Item: II. B. Review of Utilities' Financial Statements

Financial Report

July financials will be reviewed.

CITY OF DANVILLE
UTILITY FUNDS
COMBINING STATEMENT OF NET ASSETS - UNAUDITED
JULY 31, 2019

		WASTEWATER	WATER	GAS	ELECTRIC	TELECOM	JULY 31, 2019
ASSETS							
Equity in pooled Cash and Investments	$	10,729,750.27	11,339,809.40	14,419,400.51	37,624,348.42	1,189,476.45	75,302,785.05
Receivables (Net of allowances for Uncollectible):							
Accounts		1,144,388.66	415,019.73	1,181,666.37	15,003,394.27	54,211.38	17,798,680.41
Power/Gas Cost Recovery		-	-	(436,193.77)	5,082,054.00	-	4,645,860.23
Pension Assets		336,418.00	904,839.00	813,783.00	3,153,579.00	87,912.00	5,296,531.00
Inventory of Gas, Materials and Supplies, at Cost		-	595,738.84	519,667.17	1,792,020.20	197,976.53	3,105,402.74
Fixed Assets		98,211,171.28	73,824,138.83	70,024,442.16	305,554,099.25	10,579,609.31	558,193,460.83
Accumulated Depreciation		(46,368,809.29)	(38,659,169.84)	(28,733,159.63)	(134,401,520.73)	(3,047,525.80)	(251,210,185.29)
Deferred Outflows - Pension		136,399.00	366,865.00	329,945.00	1,278,610.00	35,644.00	2,147,463.00
TOTAL ASSETS	$	64,189,317.92	48,787,240.96	58,119,550.81	235,086,584.41	9,097,303.87	415,279,997.97
LIABILITIES AND NET ASSETS							
Liabilities							
Accounts Payable	$	637,200.03	181,341.13	1,057,737.30	10,280,663.34	25,087.21	12,182,029.01
Accrued Interest Payable		46,985.05	47,680.32	21,463.32	566,185.89	-	682,314.58
Customer Deposits		-		-	3,721,528.85	-	3,721,528.85
Accrued Vacation, Sick Leave & Workers Comp.		-	89,146.49	56,089.38	592,168.46	4,824.32	742,228.65
Deferred Gain / Loss - Refunding Bonds		(130,298.19)	(120,768.66)	(74,362.86)	(1,224,676.39)	-	(1,550,106.10)
Original Issue Premium/Discount (Refunding Bonds)		139,250.55	126,876.41	82,466.47	3,153,310.05	-	3,501,903.48
General Obligation Bonds Payable		2,700,202.13	2,746,030.46	1,221,000.40	40,624,011.23	-	47,291,244.22
Revenue Bonds Payable		(0.17)	-	-	-	-	(0.17)
Long-Term Leases, Notes, and Contracts Payable		-	-	-	22,865.15	-	22,865.15
TOTAL LIABILITIES	$	3,393,339.40	3,070,306.15	2,364,394.01	57,736,056.58	29,911.53	66,594,007.67
Net Assets							
Contributed Capital	$	3,880,063.44	4,676,282.92	1,340,510.58	13,721,622.53	337,248.59	23,955,728.06
Retained Earnings:							
Restricted for Investment in Fixed Assets	$	45,253,144.23	27,736,547.86	38,721,667.94	114,878,311.10	7,194,834.92	233,784,506.05
Restricted for Incomplete Projects		7,126,004.79	8,875,992.72	4,327,211.48	12,890,401.89	734,494.47	33,954,105.35
Restricted for Subsequent Expenses		81,160.54	102,157.44	88,758.77	950,438.24	6,868.07	1,229,383.06
Net Pension Assets		336,418.00	904,839.00	813,783.00	3,153,579.00	87,912.00	5,296,531.00
Deferred Outflows - Pension		136,399.00	366,865.00	329,945.00	1,278,610.00	35,644.00	2,147,463.00
Unrestricted		4,119,187.52	3,421,114.87	10,463,225.03	31,756,175.07	706,034.29	50,465,736.78
Total Retained Earnings	$	56,915,915.08	41,040,651.89	54,414,646.22	163,628,905.30	8,730,143.75	324,730,262.24
TOTAL NET ASSETS	$	60,795,978.52	45,716,934.81	55,755,156.80	177,350,527.83	9,067,392.34	348,685,990.30
TOTAL LIABILITIES AND NET ASSETS	$	64,189,317.92	48,787,240.96	58,119,550.81	235,086,584.41	9,097,303.87	415,279,997.97

CITY OF DANVILLE
UTILITY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
FOR THE PERIOD ENDED JULY 31, 2019

		WASTEWATER	WATER	GAS	ELECTRIC	TELECOM	JULY 31, 2019
Operating revenues:							
Charges for Services	$	880,830.20	661,447.29	867,526.88	10,867,484.31	19,487.03	13,296,775.71
Operating Expenses:							
Purchased Services	$	-	-	781,492.70	8,046,326.31	4,933.42	8,832,752.43
Production		-	-	-	47,546.05	-	47,546.05
Transmission & Treatment		228,317.76	133,655.46	-	142,394.61	-	504,367.83
Engineering		-	11,067.53	21,080.95	49,895.28	-	82,043.76
Distribution		271,833.11	35,684.32	39,324.61	1,067,517.45	-	1,414,359.49
Service		553.44	13,190.05	4,008.22	-	-	17,751.71
Meters & Regulators		-	8,162.13	9,468.81	24,398.19	-	42,029.13
Administrative		135,959.95	255,354.43	269,779.97	403,050.10	63,040.40	1,127,184.85
Total Operating Expenses	$	636,664.26	457,113.92	1,125,155.26	9,781,127.99	67,973.82	12,068,035.25
Operating Income (Loss)	$	244,165.94	204,333.37	(257,628.38)	1,086,356.32	(48,486.79)	1,228,740.46
Non-Operating Revenues (Expenses):							
Jobbing Income (Loss)		6,209.00	1,718.38	(1,473.42)	(23.08)	(324.77)	6,106.11
Interest Income		18,663.05	20,209.56	26,251.73	67,866.12	2,134.15	135,124.61
Energy Efficiency Recovery		-	-	-	(27,798.55)	-	(27,798.55)
Gain (Loss) on Disposal of Property		-	-	-	144.00	-	144.00
Recoveries and Rebates		3,373.51	-	225.52	-	-	3,599.03
Interest Expense		-	-	-	(5,679.18)	-	(5,679.18)
Total Non-Operating Revenues (Expenses)	$	28,245.56	21,927.94	25,003.83	34,509.31	1,809.38	111,496.02
Income (Loss) Before Operating Transfers	$	272,411.50	226,261.31	(232,624.55)	1,120,865.63	(46,677.41)	1,340,236.48
Operating Transfers:							
Transfers In (Out)		(58,813.33)	(79,191.67)	(265,527.50)	(869,134.17)	(6,750.00)	(1,279,416.67)
Total Operating Transfers	$	(58,813.33)	(79,191.67)	(265,527.50)	(869,134.17)	(6,750.00)	(1,279,416.67)
Net Income (Loss)	$	213,598.17	147,069.64	(498,152.05)	251,731.46	(53,427.41)	60,819.81
Net Assets - July 1, 2019, as restated		60,573,683.35	45,569,865.17	56,253,308.85	177,098,796.37	9,120,819.75	348,616,473.49
Net Income (Loss)		213,598.17	147,069.64	(498,152.05)	251,731.46	(53,427.41)	60,819.81
Contribution In Aid of Construction		8,697.00	-	-	-	-	8,697.00
Net Assets - July 31, 2019	$	60,795,978.52	45,716,934.81	55,755,156.80	177,350,527.83	9,067,392.34	348,685,990.30

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED JULY 31, 2019

WASTEWATER - FINAL

	ORIGINAL BUDGET 2019-20	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2019-20	JULY 2019	PERCENT OF CURRENT BUDGET	JULY 2018
OPERATING REVENUE	9,158,550.00		9,158,550.00	880,830.20	9.62%	835,222.09
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	3,050,270.00	7,031.83	3,057,301.83	228,317.76	7.47%	38,368.84
ENGINEERING	-		-	-		-
DISTRIBUTION	2,230,480.00	72,914.98	2,303,394.98	271,833.11	11.80%	147,830.68
SERVICE	143,400.00		143,400.00	553.44	0.39%	2,406.26
METERS & REGULATORS	-		-	-		-
BAD DEBT	35,800.00		35,800.00	3,278.07	9.16%	2,720.47
GENERAL & ADMINISTRATIVE	1,832,710.00		1,832,710.00	132,681.88	7.24%	131,118.73
TOTAL OPERATING EXPENSES	7,292,660.00	79,946.81	7,372,606.81	636,664.26	8.64%	322,444.98
OPERATING INCOME (LOSS)	1,865,890.00	(79,946.81)	1,785,943.19	244,165.94	13.67%	512,777.11
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	118,540.00		118,540.00	18,663.05	15.74%	15,751.79
RECOVERIES AND REBATES	-		-	3,373.51		-
GAIN/LOSS ON DISPOSAL	-		-	-		-
JOBBING INCOME (LOSS)	46,020.00		46,020.00	6,209.00	13.49%	2,590.00
INTEREST ON LONG TERM INDEBTEDNESS	(127,120.00)		(127,120.00)	-	0.00%	(4,422.82)
NET INCOME (LOSS)	1,903,330.00	(79,946.81)	1,823,383.19	272,411.50	14.94%	526,696.08
OPERATING TRANSFERS IN (OUT)	(705,760.00)		(705,760.00)	(58,813.33)	8.33%	(57,813.33)
NET INCOME AFTER TRANSFERS	1,197,570.00	(79,946.81)	1,117,623.19	213,598.17	19.11%	468,882.75
CONTRIBUTION IN AID	35,000.00		35,000.00	8,697.00	24.85%	
REGULAR CAPITAL MAINTENANCE	(598,420.00)		(598,420.00)	(9,515.21)	1.59%	
CAPITAL PROJECTS	(1,350,000.00)	(5,232,529.00)	(6,582,529.00)	(145,429.00)	2.21%	
DEBT SERVICE	(727,290.00)		(727,290.00)	-	0.00%	
DEPRECIATION	2,115,000.00		2,115,000.00	165,310.96	7.82%	
CONTINGENCY	(100,000.00)		(100,000.00)		0.00%	

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED JULY 31, 2019

WATER - FINAL

	ORIGINAL BUDGET 2019-20	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2019-20	JULY 2019	PERCENT OF CURRENT BUDGET	JULY 2018
OPERATING REVENUE	8,758,450.00		8,758,450.00	661,447.29	7.55%	715,965.98
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	1,892,690.00	(68,059.20)	1,824,630.80	133,655.46	7.33%	127,138.23
ENGINEERING	371,830.00	19,254.89	391,084.89	11,067.53	2.83%	16,392.89
DISTRIBUTION	702,810.00	4,690.02	707,500.02	35,684.32	5.04%	30,227.34
SERVICE	136,380.00		136,380.00	13,190.05	9.67%	5,840.02
METERS & REGULATORS	178,160.00		178,160.00	8,162.13	4.58%	9,634.14
BAD DEBT	27,500.00		27,500.00	2,482.20	9.03%	2,155.80
GENERAL & ADMINISTRATIVE	3,155,010.00	109,818.09	3,264,828.09	252,872.23	7.75%	224,918.69
TOTAL OPERATING EXPENSES	6,464,380.00	65,703.80	6,530,083.80	457,113.92	7.00%	416,307.11
OPERATING INCOME (LOSS)	2,294,070.00	(65,703.80)	2,228,366.20	204,333.37	9.17%	299,658.87
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	143,850.00		143,850.00	20,209.56	14.05%	18,785.09
RECOVERIES AND REBATES	13,320.00		13,320.00	-		35.38
GAIN/LOSS ON DISPOSAL	12,490.00		12,490.00	-		5,318.25
JOBBING INCOME (LOSS)	91,050.00		91,050.00	1,718.38	1.89%	(5,182.89)
INTEREST ON LONG TERM INDEBTEDNESS	(111,200.00)		(111,200.00)	-	0.00%	-
NET INCOME (LOSS)	2,443,580.00	(65,703.80)	2,377,876.20	226,261.31	9.52%	318,614.70
OPERATING TRANSFERS IN (OUT)	(950,300.00)		(950,300.00)	(79,191.67)	8.33%	(78,525.00)
NET INCOME AFTER TRANSFERS	1,493,280.00	(65,703.80)	1,427,576.20	147,069.64	10.30%	240,089.70
CONTRIBUTION IN AID	-		-			
REGULAR CAPITAL MAINTENANCE	(1,238,100.00)	(32,313.93)	(1,270,413.93)	(27,276.89)	2.15%	
CAPITAL PROJECTS	(1,000,000.00)	(6,540,155.68)	(7,540,155.68)	(7,300.00)	0.10%	
DEBT SERVICE	(821,300.00)		(821,300.00)	-	0.00%	
DEPRECIATION	1,685,000.00		1,685,000.00	131,673.10	7.81%	
CONTINGENCY	(100,000.00)		(100,000.00)		0.00%	

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED JULY 31, 2019

GAS - FINAL

	ORIGINAL BUDGET 2019-20	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2019-20	JULY 2019	PERCENT OF CURRENT BUDGET	JULY 2018
OPERATING REVENUE	21,453,960.00		21,453,960.00	867,526.88	4.04%	1,130,667.29
	-					
COST OF SALES	-					
PURCHASED SERVICES	12,794,670.00		12,794,670.00	781,492.70	6.11%	886,330.82
PRODUCTION	-		-	-		-
TOTAL COST OF SALES	12,794,670.00	-	12,794,670.00	781,492.70		886,330.82
GROSS PROFIT	8,659,290.00	-	8,659,290.00	86,034.18		244,336.47
GROSS PROFIT %	40.36%		40.36%	9.92%		21.61%
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	-			-		-
ENGINEERING	438,250.00	72,999.75	511,249.75	21,080.95	4.12%	29,197.16
DISTRIBUTION	645,870.00	9,798.00	655,668.00	39,324.61	6.00%	28,448.40
SERVICE	124,940.00		124,940.00	4,008.22	3.21%	3,166.07
METERS & REGULATORS	188,380.00		188,380.00	9,468.81	5.03%	11,291.86
BAD DEBT	51,440.00		51,440.00	11,936.59	23.20%	8,261.63
GENERAL & ADMINISTRATIVE	3,805,550.00	8,431.98	3,813,981.98	257,843.38	6.76%	250,136.97
TOTAL OPERATING EXPENSES	5,254,430.00	91,229.73	5,345,659.73	343,662.56	6.43%	330,502.09
OPERATING INCOME (LOSS)	3,404,860.00	(91,229.73)	3,313,630.27	(257,628.38)	-7.77%	(86,165.62)
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	161,550.00		161,550.00	26,251.73	16.25%	21,247.83
RECOVERIES AND REBATES	-		-	225.52		398.46
GAIN/LOSS ON DISPOSAL	5,150.00		5,150.00	-		68.25
JOBBING INCOME (LOSS)	154,820.00		154,820.00	(1,473.42)	-0.95%	6,141.83
INTEREST ON LONG TERM INDEBTEDNESS	(47,340.00)		(47,340.00)	-	0.00%	-
NET INCOME (LOSS)	3,679,040.00	(91,229.73)	3,587,810.27	(232,624.55)	-6.48%	(58,309.25)
OPERATING TRANSFERS IN (OUT)	(3,186,330.00)		(3,186,330.00)	(265,527.50)	8.33%	(254,944.17)
NET INCOME AFTER TRANSFERS	492,710.00	(91,229.73)	401,480.27	(498,152.05)	-124.08%	(313,253.42)
CONTRIBUTION IN AID			-			
REGULAR CAPITAL MAINTENANCE	(822,200.00)	(90,960.77)	(913,160.77)	(65,091.76)	7.13%	
CAPITAL PROJECTS	(1,500,000.00)	(1,989,551.81)	(3,489,551.81)	(110,409.34)	3.16%	
DEBT SERVICE	(221,390.00)		(221,390.00)	-	0.00%	
DEPRECIATION	1,556,000.00		1,556,000.00	130,330.12	8.38%	
CONTINGENCY	(100,000.00)		(100,000.00)	-	0.00%	

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED JULY 31, 2019

ELECTRIC - FINAL

	ORIGINAL BUDGET 2019-20	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2019-20	JULY 2019	PERCENT OF CURRENT BUDGET	JULY 2018
OPERATING REVENUE	127,879,720.00		127,879,720.00	10,867,484.31	8.50%	11,501,419.81
COST OF SALES						
PURCHASED SERVICES	96,067,000.00		96,067,000.00	8,046,326.31	8.38%	8,605,971.46
PRODUCTION	889,770.00	230,273.91	1,120,043.91	47,546.05		72,198.82
TOTAL COST OF SALES	96,956,770.00	230,273.91	97,187,043.91	8,093,872.36		8,678,170.28
GROSS PROFIT	30,922,950.00	(230,273.91)	30,692,676.09	2,773,611.95		2,823,249.53
GROSS PROFIT %	24.18%		24.00%	25.52%		24.55%
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	1,611,140.00	91,523.27	1,702,663.27	142,394.61	8.36%	70,416.95
ENGINEERING	959,840.00	59,443.32	1,019,283.32	49,895.28	4.90%	89,613.92
DISTRIBUTION	12,987,030.00	2,244.81	12,989,274.81	1,067,517.45	8.22%	937,521.37
SERVICE	-		-	-		-
METERS & REGULATORS	379,700.00		379,700.00	24,398.19	6.43%	20,925.84
BAD DEBT	305,800.00		305,800.00	27,113.24	8.87%	58,787.71
GENERAL & ADMINISTRATIVE	4,805,060.00	92,927.08	4,897,987.08	375,936.86	7.68%	548,791.54
TOTAL OPERATING EXPENSES	21,048,570.00	246,138.48	21,294,708.48	1,687,255.63	7.92%	1,726,057.33
OPERATING INCOME (LOSS)	9,874,380.00	(476,412.39)	9,397,967.61	1,086,356.32	11.56%	1,097,192.20
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	574,980.00		574,980.00	67,866.12	11.80%	64,131.65
ENERGY EFFICIENCY RECOVERY	-	(479,811.79)	(479,811.79)	(27,798.55)	5.79%	(13,932.26)
RECOVERIES AND REBATES	6,000.00		6,000.00	-	0.00%	144.25
GAIN/LOSS ON DISPOSAL	30,500.00		30,500.00	144.00	0.47%	1,822.00
JOBBING INCOME (LOSS)	141,590.00		141,590.00	(23.08)	-0.02%	74,176.79
INTEREST ON LONG TERM INDEBTEDNESS	(1,574,300.00)		(1,574,300.00)	(5,679.18)	0.36%	(5,750.76)
NET INCOME (LOSS)	9,053,150.00	(956,224.18)	8,096,925.82	1,120,865.63	13.84%	1,217,783.87
OPERATING TRANSFERS IN (OUT)	(10,429,610.00)		(10,429,610.00)	(869,134.17)	8.33%	(885,134.17)
NET INCOME AFTER TRANSFERS	(1,376,460.00)	(956,224.18)	(2,332,684.18)	251,731.46	-10.79%	332,649.70
CONTRIBUTION IN AID			-			
FEDERAL AID - CAPITAL PROJECTS			-			
REGULAR CAPITAL MAINTENANCE	(3,505,530.00)	(309,896.39)	(3,815,426.39)	(194,149.33)	5.09%	
CAPITAL PROJECTS	(500,000.00)	(8,631,948.27)	(9,131,948.27)	(567,665.04)	6.22%	
DEBT SERVICE	(2,916,660.00)		(2,916,660.00)	(65,000.00)	2.23%	
DEPRECIATION	8,573,000.00		8,573,000.00	681,277.21	7.95%	
CONTINGENCY	(500,000.00)		(500,000.00)	-	0.00%	

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED JULY 31, 2019

TELECOMMUNICATIONS - FINAL

	ORIGINAL BUDGET 2019-20	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2019-20	JULY 2019	PERCENT OF CURRENT BUDGET	JULY 2018
OPERATING REVENUE	560,000.00		560,000.00	19,487.03	3.48%	18,594.27
COST OF SALES						
PURCHASED SERVICES	57,000.00		57,000.00	4,933.42	8.66%	4,369.98
PRODUCTION			-	-		-
TOTAL COST OF SALES	57,000.00	-	57,000.00	4,933.42		4,369.98
GROSS PROFIT	503,000.00	-	503,000.00	14,553.61		14,224.29
GROSS PROFIT %	89.82%		89.82%	74.68%		76.50%
OPERATING EXPENSES						
TRANSMISSION & TREATMENT			-	-		-
ENGINEERING			-	-		-
DISTRIBUTION			-	-		-
SERVICE			-	-		-
METERS & REGULATORS			-	-		-
BAD DEBT			-	-		-
GENERAL & ADMINISTRATIVE	907,790.00	5,012.50	912,802.50	63,040.40	6.91%	70,161.58
TOTAL OPERATING EXPENSES	907,790.00	5,012.50	912,802.50	63,040.40	6.91%	70,161.58
OPERATING INCOME (LOSS)	(404,790.00)	(5,012.50)	(409,802.50)	(48,486.79)	11.83%	(55,937.29)
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	16,880.00		16,880.00	2,134.15	12.64%	1,752.02
RECOVERIES AND REBATES	-		-	-		-
GAIN/LOSS ON DISPOSAL	-		-	-		-
JOBBING INCOME (LOSS)	22,130.00		22,130.00	(324.77)	-1.47%	2,043.79
INTEREST ON LONG TERM INDEBTEDNESS	-		-	-		-
NET INCOME (LOSS)	(365,780.00)	(5,012.50)	(370,792.50)	(46,677.41)	12.59%	(52,141.48)
OPERATING TRANSFERS IN (OUT)	(81,000.00)		(81,000.00)	(6,750.00)	8.33%	(6,750.00)
NET INCOME AFTER TRANSFERS	(446,780.00)	(5,012.50)	(451,792.50)	(53,427.41)	11.83%	(58,891.48)
CONTRIBUTION IN AID			-		0.00%	
REGULAR CAPITAL MAINTENANCE	(25,000.00)		(25,000.00)	(143.42)	0.57%	
CAPITAL PROJECTS	(250,000.00)	(464,478.49)	(714,478.49)	(4,840.60)	0.68%	
DEPRECIATION	476,620.00		476,620.00	35,855.43	7.52%	
CONTINGENCY			-			

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** *ndependent of Commod Recover* **Over (Under) Demand Recovery**	**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**	
Feb-19	$ 3.75423	$ 3.79215	$ 3.12660	$ 0.2500	$ (0.09497)	$ 6.71460	$ 3.83800	$ 869,238.18	$ 1,177,470.51	$ 1,528,038.03	$ 350,567.52		$ 465,719.20	Final
Mar-19	$ 3.27158	$ 3.30463	$ 3.12660	$ 0.2500	$ (0.14596)	$ 6.36156	$ 3.48496	$ 1,048,916.46	$ 1,079,291.13	$ 682,473.34	$ (396,817.79)		$ 68,901.41	Final
Apr-19	$ 3.91335	$ 3.95288	$ -	$ 0.2500	$ (0.14596)	$ 3.58558	$ 3.83558	$ 741,843.69	$ 673,250.93	$ 952,074.26	$ 278,823.33		$ 347,724.74	Final
May-19	$ 3.99924	$ 4.03964	$ -	$ 0.2500	$ (0.14596)	$ 3.52427	$ 3.77427	$ 422,318.82	$ 528,866.01	$ 557,589.89	$ 28,723.88		$ 376,448.62	Final
Jun-19	$ 4.57326	$ 4.61945	$ -	$ 0.2500	$ (0.14596)	$ 3.68770	$ 3.93770	$ 114,182.61	$481,941.91	$ 526,837.96	$ 44,896.05		$ 421,344.67	Final
Jul-19	$ 3.86171	$ 3.90072	$ -	$ 0.2500	$ (0.16491)	$ 3.84529	$ 4.09529	$ (205,387.81)	$ 404,146.79	$ 418,995.89	$ 14,849.10		**$ 436,193.77**	Final
Aug-19	$ 3.78210	$ 3.82030	$ -	$ 0.2500	$ (0.28008)	$ 3.84061	$ 4.09061	$ (525,007.47)	$ 416,903.71	$ 435,047.10	$ 18,143.40		$ 454,337.16	Est
Sep-19	**$ 4.57826**	$ 4.58055	$ -	$ 0.2500	$ (0.36750)	**$ 4.21305**	**$ 4.46305**	$ (833,615.75)	$ 433,285.16	$ 466,169.27	$ 32,884.11		$ 487,221.27	Est
Oct-19	$ 3.68997	$ 3.69182	$ 1.71070	$ 0.2500	$ (0.36750)	$ 5.03502	$ 3.57432	$ (1,083,347.43)	$ 616,989.48	$ 457,678.34	$ (159,311.15)		$ 327,910.13	Est
Nov-19	$ 3.72860	$ 3.73047	$ 3.42140	$ 0.2500	$ (0.36750)	$ 6.78437	$ 3.61297	$ (1,074,341.71)	$ 962,176.24	$ 655,608.87	$ (306,567.37)		$ 21,342.76	Est
Dec-19	$ 3.56022	$ 3.56200	$ 3.42140	$ 0.2500	$ (0.36750)	$ 6.61590	$ 3.44450	$ (700,064.07)	$ 1,197,777.49	$ 1,003,609.85	$ (194,167.64)		$ (172,824.88)	Est
Jan-20	$ 3.58426	$ 3.58605	$ 3.42140	$ 0.2500	$ (0.36750)	$ 6.63995	$ 3.46855	$ (107,124.06)	$ 1,470,310.59	$ 1,238,846.52	$ (231,464.07)		$ (404,288.95)	Est

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)**	
Feb-19	$ 7,274,271.30	$ 978,018.59	**$ 6,296,252.71**	88,316,008	11,874,000	76,442,008	$0.007500	$0.086200	$0.093700		**$ 7,162,616.17**	$ 866,363.46		**$ (6,403,901.28)**	ACTUAL
Mar-19	$ 7,493,172.31	$ 1,093,856.02	**$ 6,399,316.29**	72,922,136	10,645,200	62,276,936	$0.012000	$0.086200	$0.098200		**$ 6,115,595.13**	$ (283,721.16)		**$ (6,687,622.43)**	ACTUAL
Apr-19	$ 6,964,238.77	$ 1,179,694.87	**$ 5,784,543.90**	69,247,161	11,730,000	57,517,161	$0.030000	$0.086200	$0.116200		**$ 6,683,494.14**	$ 898,950.24		**$ (5,788,672.20)**	ACTUAL
May-19	$ 7,117,261.61	$ 1,291,685.24	**$ 5,825,576.37**	63,951,946	11,606,400	52,345,546	$0.030000	$0.086200	$0.116200		**$ 6,082,552.46**	$ 256,976.09		**$ (5,531,696.10)**	ACTUAL
Jun-19	$ 7,212,485.81	$ 1,109,466.05	**$ 6,103,019.76**	77,729,508	11,956,800	65,772,708	$0.020000	$0.086200	$0.106200		**$ 6,985,061.58**	$ 882,041.82		**$ (4,649,654.28)**	ACTUAL
Jul-19	$ 8,122,121.31	$ 1,156,447.21	**$ 6,965,674.10**	83,529,980	11,893,200	71,636,780	$0.005000	$0.086200	$0.091200		**$ 6,533,274.38**	$ (432,399.72)		**$ (5,082,054.00)**	ACTUAL
Aug-19	$ 7,904,363.00	$ 1,069,548.16	**$ 6,834,814.84**	95,655,114	12,943,200	82,711,914	$0.005000	$0.086200	$0.091200		**$ 7,543,326.59**	$ 708,511.75		**$ (4,373,542.25)**	PROJECTED
Sep-19	$ 7,501,165.00	$ 1,171,310.32	**$ 6,329,854.68**	86,147,684	13,452,000	72,695,684	**$0.012000**	$0.086200	$0.098200		**$ 7,138,716.21**	$ 808,861.53		**$ (3,564,680.72)**	PROJECTED
Oct-19	$ 7,037,097.00	$ 1,240,142.57	**$ 5,796,954.43**	72,382,975	12,756,000	59,626,975	$0.020000	$0.086200	$0.106200		**$ 6,332,384.78**	$ 535,430.35		**$ (3,029,250.37)**	PROJECTED
Nov-19	$ 6,876,000.00	$ 1,246,319.09	**$ 5,629,680.91**	66,985,768	12,141,600	54,844,168	$0.020000	$0.086200	$0.106200		**$ 5,824,450.66**	$ 194,769.75		**$ (2,834,480.62)**	PROJECTED
Dec-19	$ 7,605,842.00	$ 1,064,170.46	**$ 6,541,671.54**	81,503,841	11,403,600	70,100,241	$0.015000	$0.086200	$0.101200		**$ 7,094,144.36**	$ 552,472.82		**$ (2,282,007.80)**	PROJECTED
Jan-20	$ 8,965,598.61	$ 1,027,797.19	**$ 7,937,801.42**	94,586,539	10,843,200	83,743,339	$0.007500	$0.086200	$0.093700		**$ 7,846,750.85**	$ (91,050.57)		**$ (2,373,058.37)**	PROJECTED

Commission Item Number: DUC190930 - 2
Utility Commission Meeting: September 30, 2019
Item: II. C. Electric Power Supply Review

Danville Power Supply and Market Update

Garrett Cole, GDS Associates, will provide a presentation on Danville's current power supply and discuss market conditions. He will also discuss future power supply changes and risks that could affect electric rates.

Power Supply & Budget Update

Utility Committee Meeting
September 30, 2019

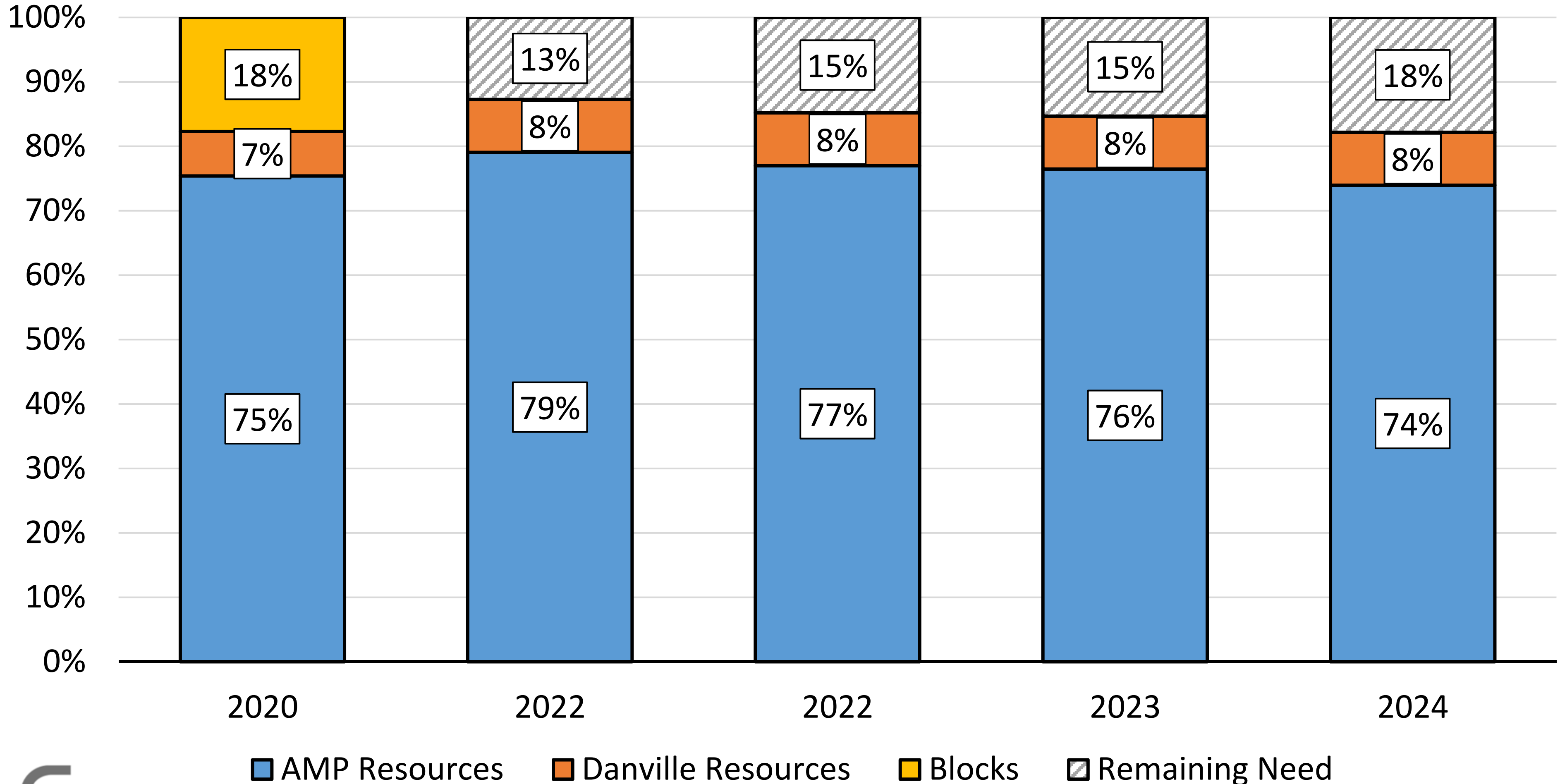
FY 2021
Wholesale Power Cost Projection

Overall, power cost savings are expected in FY 2021 due to:

- Expiration of high-priced, long-term energy block
  - Block expires in Dec 2020
  - Block serves 18% of Danville's annual load
  - Market prices are 54% lower than block contract price
- Decrease in PJM RPM rate
  - RPM rate will decrease 27% in June 2020

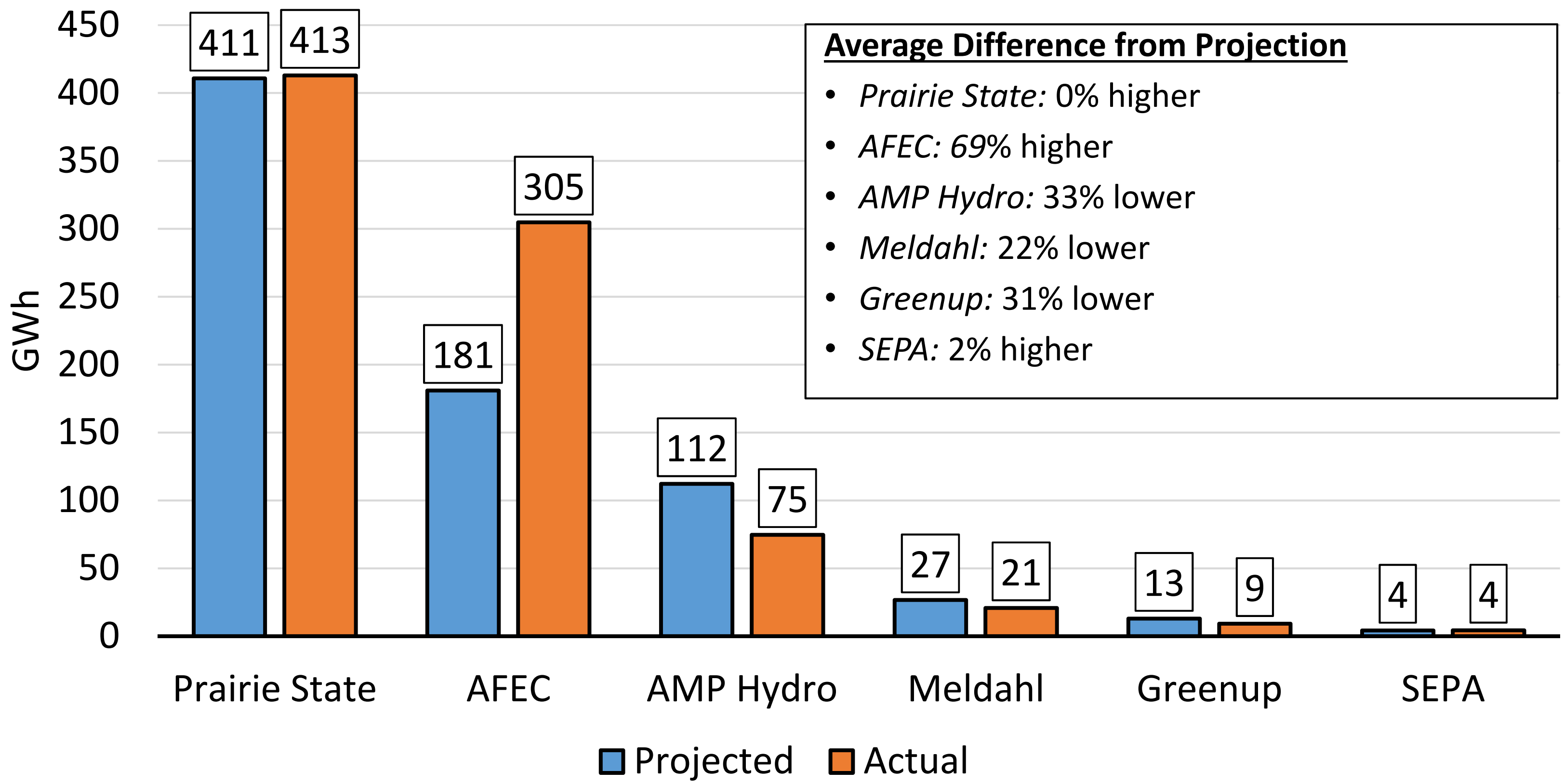
- AEP Transmission prices are projected to increase due to the continuation of transmission projects on the AEP system, which will slightly offset other cost decreases

Danville's Future Power Supply



Based on AMP Capacity Plans as of September 2019

AMP Resource Performance Summary FY 2019 Projection vs. Actual



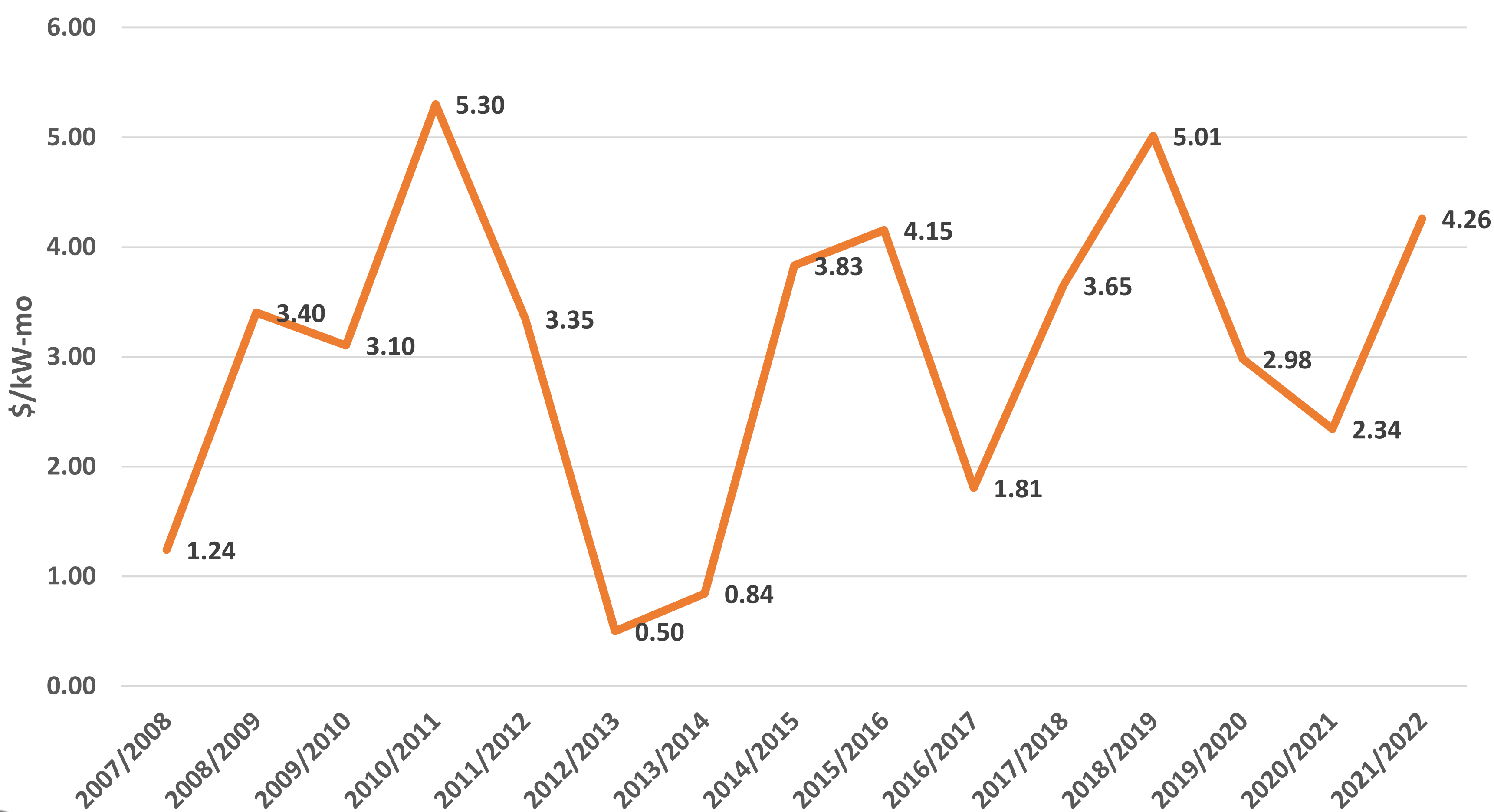
Average Difference from Projection

- *Prairie State:* 0% higher
- *AFEC: 69%* higher
- *AMP Hydro:* 33% lower
- *Meldahl:* 22% lower
- *Greenup:* 31% lower
- *SEPA:* 2% higher

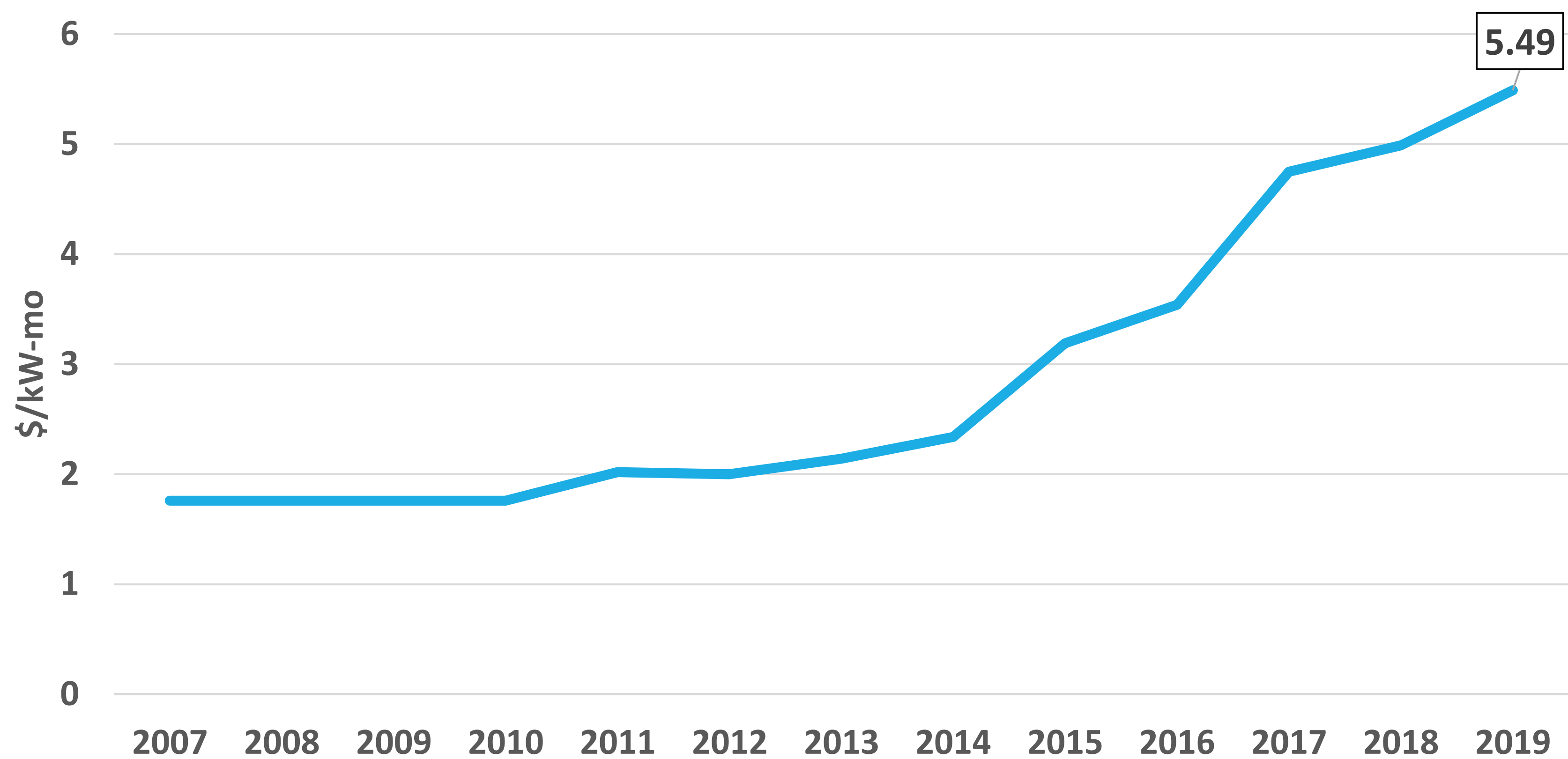
Going forward, Danville can choose whether or not Prairie State replacement power is needed during a planned outage

4

PJM Capacity Rate



AEP Transmission Rate



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Battery Storage RFP Summer 2019

- In Summer 2019, Danville participated in a joint RFP process to evaluate behind-the-meter stand-alone battery storage, which could be used for peak shaving to decrease transmission & capacity costs

Location:	Monument/Fitzgerald Street
Size:	2 MW & 3 MW
Duration:	1, 2, & 3 Hour Durations
Use Case:	Peak Shaving to decrease PJM 5-hour capacity peaks and the AEP 1-hour transmission peak

- **Response:**
  - 17 storage developers responded with various storage sizes, durations, and prices
- **Conclusion:**
  - Although storage pricing continues to decrease, pricing was not yet competitive enough to warrant a project. In anticipation of continued storage price reductions, Danville will re-visit battery storage options next year

Battery Storage RFP Capacity and Transmission Offset Probability

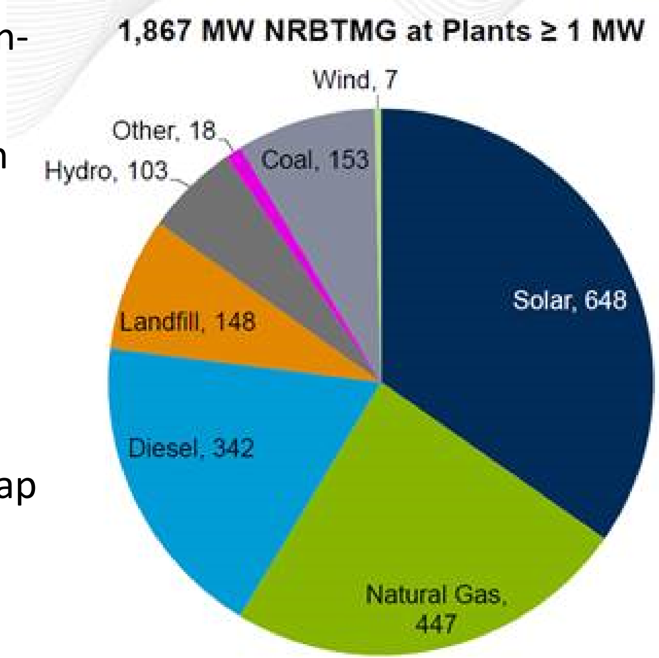
- **As Battery Storage duration increases, there is a higher probability of shaving the capacity and transmission peaks**

Duration	PJM Capacity Peaks	AEP Transmission Peak
1 Hour	56%	52%
2 Hour	81%	74%
3 Hour	90%	87%

- **PJM Capacity Peaks** occur during PJM's 5 peak load hours in Jun-Sept
- **AEP Transmission Peak** occurs during AEP Zone's single annual peak load hour

Non-Retail Behind-the-Meter Generation

- PJM is reviewing the process/procedures for enforcing current Non-Retail Behind-the-Meter Generation (NRBTMG) limits
  - Although annual and overall NRBTMG thresholds have been in place for years, there have been limited enforcement and reporting requirements
    - The 2019 threshold is set at 2,006 MW and increases annually. If the annual threshold is exceeded, all NRBTMG capacity will be prorated down to the annual threshold.
    - The overall NRBTMG cap is 3,000 MW. If the 3,000 MW cap is met, no further NRBTMG capacity will be accepted
  - As of May 2019, the estimated current level of NRBTMG is estimated to be 1,867 MW
    - In a recent survey, PJM identified 1,500 MW of NRBTMG capacity, however, only 40% of LSEs responded to the survey
  - In order to ensure NRBTMG benefits, behind-the-meter capacity should be reported to PJM before the NRBMTG thresholds are reached



Retail Solar & Avoided Cost Rate

- Under PURPA regulation, utilities are required to buy power from independent companies that could produce power for less than what it would have cost for the utility to generate the power ("avoided cost.“)

- To calculate avoided cost, the potential energy and capacity revenues that could be achieved in the PJM market by the QF resource were reviewed

- Factors such as facility operational control and solar racking technology are key inputs in calculating an avoided cost of solar

- Avoided cost rates was developed to provide to prospective developers

Retail Rates – Industrial Customers

- Recent developments:
  - Loss of some larger C&I loads – 6.5 to 7.5 MW
    - IKEA
    - K-Mart
    - Sears
    - Toys R Us

Retail Rates – Industrial Customers

- Large C&I loads often have choices for location
- Utility costs can be one of several determining factors in location selection
- Having retail rate options to allow such accounts to manage costs makes Danville more attractive to potential new customers or to allow existing customers to expand operations
- Although rate options such as High Load Factor rate or Interruptible rate have lower margins than a traditional C&I rate, these customers still provide important fixed cost recovery and cover marginal costs of power