



Danville Utility Commission Meeting Agenda **4:00 p.m., July 23, 2018**

City Council Chambers, Danville City Hall

- I. Call to Order**
 - A. Roll Call
 - B. Announcements
- II. Discussion/Business Items**
 - A. Minutes of the June 25, 2018 Commission Meeting
 - B. Review of Utilities' Financial Statements
 - C. Gamewood-nDanville Network Access Agreement
 - D. Solar Behind the Meter Generation Projects
 - E. Economic Development (Closed Session)
- 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, August 27, 2018

**City Council Chambers
4th Floor, City Hall**



Commission Members Present: Vanessa Cain, Jim Turpin, Sheila Williamson-Branch, Fred Shanks, Helm Dobbins, Earl Reynolds

Commission Members Absent: Michael Nicholas, Bill Donahue, Ken Larking

Staff Present: Ryan Dodson, Amy Chandler, Jason Grey, Janet Davis, Alan Johnson, Kelly Kinnett, Mike Spencer, Jennifer Holley, Michael Adkins, Carolyn Evans

Others Present: Jerry Shupe and Charles Overby, Inframark

Call to Order and Announcements

Mr. Turpin 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 May 7, 2018 Commission Meeting

Mr. Turpin asked for any corrections, deletions, or adjustments to the minutes from May 7, 2018.

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 April financial statements for each utility fund.

Mr. Shanks asked which contract was renegotiated. Ms. Chandler replied that the contract was for Lumos.

Mr. Turpin stated that following a discussion with Mr. Grey after the last meeting, he has an improved understanding of the PCA recovery. He recommended that the budget and PCA recovery worksheet reflect supply cost as two line items: one for the cost of supply that is covered in the PCA and the other for the cost of supply for high load factor customers.

Mr. Shanks thanked Mr. Turpin for the explanation and stated that, as he was unaware that part of the cost of supply is unrecovered.

Mr. Dobbins asked when we would see the updated information. Mr. Grey said the information will be in the packet for July.

FY18 Year End Forecast

Ms. Jennifer Holley, Division Director of Support Services, provided a year-end forecast on fiscal year 2018 budget.

Mr. Turpin asked if projects not completed in the previous fiscal year carry over to the next year. Ms. Holley replied that it does carry over for future projects.

Mr. Shanks asked where the line items for the two different purchases due to congestion on the spot market appear on the year end forecast. Mr. Grey replied that the line items could be found under purchased services.

Kentuck Solar Metering and Billing

Mr. Grey presented to the Utility Commission a proposal to allow American Municipal Power (AMP) to meter and bill for the power supplied by the Kentuck Solar generation facility and maintain the revenue grade meter/equipment and provide one power supply bill for all of the City's generation resources. AMP will charge \$0.00058/kWh or approximately \$500/month based on the generation provided at the Kentuck solar site.

Mr. Shanks asked if the cost is all inclusive of the equipment and labor. Mr. Grey replied that it is all inclusive.

Ms. Cain made a motion that the Danville Utility Commission recommend to City Council allowing American Municipal Power to provide metering and billing services for the Kentuck Solar generation facility. Mr. Dobbins seconded, all members voted in favor, and the motion carried unanimously.

Department Discussions

Ms. Cain asked how the church rate error occurred and how it would reflect in the budget.

Mr. Grey replied that his investigation determined that in 2008 several churches were allowed to move to the Medium General Electric Service rate because it was more advantageous at the time. While researching a customer inquiry regarding the Worship rate, we recognized that 30 churches were no longer on Rate 15. Further, he stated that all refunds should be processed within the next three weeks, and that as of mid-May, all churches were moved to Rate 15, the worship rate.

Mr. Dobbins inquired if the audit be changed to reflect the refunds. Mr. Grey said it may be an added footnote. Mr. Adkins stated that the amount will be noted, but is not material enough to require a restatement.

Mr. Grey presented Mr. Turpin with a plaque for his nine years of service on the Utility Commission. Mr. Turpin humorously replied that he enjoyed most of it and that he will miss participating.

There was no comment from City staff.

There was no comment from the public.

Adjournment

Mr. Turpin stated the next meeting is scheduled for July 23, 2018. There being no further business, Mr. Turpin adjourned the meeting at 4:45 p.m.

Submitted by Janet C. Davis
Secretary to the DUC

July 23, 2018

Date Approved

Chairman
Danville Utility Commission



Commission Item Number: DUC180723 - 1
Utility Commission Meeting: July 23, 2018
Item: II. B. Review of Utilities' Financial Statements

Financial Report

May financials will be reviewed.

UTILITY FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE PERIOD ENDED MAY 31, 2018 (YTD)
UNAUDITED

	WASTEWATER	WATER	GAS	ELECTRIC	TELECOM	TOTAL	CURRENT 17-18 BUDGET	LAST YEAR TO DATE
OPERATING REVENUE	8,756,093.37	7,342,967.89	20,904,312.06	117,069,723.31	1,346,260.85	155,419,357.48	174,062,350.00	143,124,368.70
COST OF SALES								
PURCHASED SERVICES	-	-	12,499,138.71	93,254,054.94	50,757.91	105,803,951.56	114,401,906.00	95,913,733.73
PRODUCTION	-	-	-	566,966.46	-	566,966.46	932,626.93	696,676.45
TOTAL COST OF SALES	-	-	12,499,138.71	93,821,021.40	50,757.91	106,370,918.02	115,334,532.93	96,610,410.18
GROSS PROFIT	8,756,093.37	7,342,967.89	8,405,173.35	23,248,701.91	1,295,502.94	49,048,439.46	58,727,817.07	46,513,958.52
GROSS PROFIT %	100.00%	100.00%	40.21%	19.86%	96.23%	31.56%	33.74%	32.50%
OPERATING EXPENSES								
TRANSMISSION & TREATMENT	2,233,712.58	1,630,512.61	-	1,351,432.59	-	5,215,657.78	7,090,454.62	4,738,254.89
ENGINEERING	-	231,506.91	348,499.76	652,283.34	-	1,232,290.01	2,003,399.04	1,438,336.27
DISTRIBUTION	1,674,473.91	632,259.19	471,435.13	11,295,834.05	-	14,074,002.28	16,227,066.60	10,954,583.99
SERVICE	75,926.12	42,694.82	29,135.62	-	-	147,756.56	409,996.30	121,157.99
METERS & REGULATORS	-	90,022.51	119,591.65	262,613.16	69.63	472,296.95	686,858.28	490,269.72
GENERAL & ADMINISTRATIVE	1,587,392.32	2,482,640.17	3,296,219.74	4,269,654.33	693,756.29	12,329,662.85	14,539,009.82	11,743,624.38
TOTAL OPERATING EXPENSES	5,571,504.93	5,109,636.21	4,264,881.90	17,831,817.47	693,825.92	33,471,666.43	40,956,784.66	29,486,227.24
OPERATING INCOME (LOSS)	3,184,588.44	2,233,331.68	4,140,291.45	5,416,884.44	601,677.02	15,576,773.03	17,771,032.41	17,027,731.28
NON-OPERATING REVENUE (EXPENSE)								
INTEREST INCOME ON INVESTMENTS	135,328.72	175,383.24	180,102.63	615,783.87	18,342.84	1,124,941.30	961,400.00	1,001,186.03
ENERGY EFFICIENCY RECOVERY	-	-	-	(302,910.71)	-	(302,910.71)	(1,221,873.09)	(368,208.58)
RECOVERIES AND REBATES	6,004.55	14,010.65	235.28	640,635.79	-	660,886.27	680,968.60	12,693.76
GAIN/LOSS ON DISPOSAL	-	217.00	-	17,864.55	-	18,081.55	60,100.00	92,243.42
JOBGING INCOME (LOSS)	32,714.16	78,038.71	66,876.32	132,196.55	7,368.25	317,193.99	389,787.68	326,610.01
INTEREST ON LONG TERM INDEBTEDNESS	(215,786.38)	(207,371.96)	(71,842.93)	(1,296,894.14)	-	(1,791,895.41)	(1,735,860.00)	(1,880,246.34)
NET INCOME (LOSS)	3,142,849.49	2,293,609.32	4,315,662.75	5,223,560.35	627,388.11	15,603,070.02	16,905,555.60	16,212,009.58
OPERATING TRANSFERS IN(OUT)	(635,946.67)	(863,775.00)	(2,804,385.83)	(9,186,475.83)	(276,833.33)	(13,767,416.66)	(15,019,000.00)	(13,594,166.66)
NET INCOME AFTER TRANSFERS	2,506,902.82	1,429,834.32	1,511,276.92	(3,962,915.48)	350,554.78	1,835,653.36	1,886,555.60	2,617,842.92
NET ASSETS JULY 1, AS RESTATED	57,881,033.48	42,375,171.75	53,406,861.94	187,844,312.49	8,668,074.01	350,175,453.67		
NET INCOME AFTER TRANSFERS	2,506,902.82	1,429,834.32	1,511,276.92	(3,962,915.48)	350,554.78	1,835,653.36		
FEDERAL GRANT	-	-	-	-	-	-		
CONTRIBUTION IN AID	25,300.00	-	-	-	-	25,300.00		
NET ASSETS MAY 2018	60,413,236.30	43,805,006.07	54,918,138.86	183,881,397.01	9,018,628.79	352,036,407.03		
NET ASSETS								
CONTRIBUTED CAPITAL - FIXED ASSETS	3,829,485.01	4,676,282.92	1,340,232.51	13,721,622.53	337,248.59	23,904,871.56		
RESTRICTED FOR INVESTMENT IN FIXED ASSETS	45,255,549.10	24,773,858.24	37,770,823.41	109,655,913.51	6,875,986.68	224,332,130.94		
RESTRICTED FOR PROJECTS IN PROGRESS	4,700,549.71	4,191,799.33	3,671,459.95	17,991,163.20	284,021.68	30,838,993.87		
RESTRICTED FOR ENCUMBRANCES	446,332.52	118,006.94	212,744.83	1,147,669.62	231.19	1,924,985.10		
RESTRICTED FOR ENERGY EFFICIENCY	-	-	-	-	-	-		
NET PENSION ASSETS	356,170.00	934,132.00	819,663.00	3,356,408.00	85,495.00	5,551,868.00		
DEFERRED OUTFLOWS - PENSION	206,230.00	540,882.00	474,602.00	1,943,430.00	49,504.00	3,214,648.00		
UNRESTRICTED	5,825,149.96	9,110,926.64	11,103,215.16	38,008,620.15	1,435,645.65	65,483,557.56		
TOTAL NET ASSETS	60,413,236.30	43,805,006.07	54,918,138.86	183,881,397.01	9,018,628.79	352,036,407.03		

**CITY OF DANVILLE
UTILITY FUNDS
COMBINING STATEMENT OF NET ASSETS - UNAUDITED
MAY 31, 2018**

	WASTEWATER	WATER	GAS	ELECTRIC	TELECOM	MAY 31, 2018
<u>ASSETS</u>						
Equity in pooled Cash and Investments	\$ 9,986,091.58	12,210,605.94	14,619,513.99	39,312,410.16	1,378,463.01	77,507,084.68
Receivables (Net of allowances for Uncollectible):						
Accounts	1,074,225.78	454,630.91	1,543,161.55	14,244,947.84	94,036.15	17,411,002.23
Power/Gas Cost Recovery	-	-	(1,127,651.35)	13,182,921.49	-	12,055,270.14
Pension Assets	356,170.00	934,132.00	819,663.00	3,356,408.00	85,495.00	5,551,868.00
Inventory of Gas, Materials and Supplies, at Cost	-	418,523.99	477,837.43	1,826,397.42	227,547.96	2,950,306.80
Fixed Assets	97,716,549.91	70,469,663.04	67,991,891.10	291,636,709.64	9,759,584.16	537,574,397.85
Accumulated Depreciation	(44,878,300.78)	(37,333,185.28)	(27,414,987.59)	(127,011,757.98)	(2,546,348.89)	(239,184,580.52)
Deferred Outflows - Pension	206,230.00	540,882.00	474,602.00	1,943,430.00	49,504.00	3,214,648.00
TOTAL ASSETS	\$ 64,460,966.49	47,695,252.60	57,384,030.13	238,491,466.57	9,048,281.39	417,079,997.18
<u>LIABILITIES AND NET ASSETS</u>						
Liabilities						
Accounts Payable	\$ 215,385.60	52,903.01	921,105.41	8,696,256.40	24,066.60	9,909,717.02
Accrued Interest Payable	79,129.57	73,207.29	28,041.16	459,784.10	-	640,162.12
Customer Deposits	-	-	-	3,621,343.38	-	3,621,343.38
Accrued Vacation, Sick Leave & Workers Comp.	-	77,799.63	50,897.11	585,270.06	5,586.00	719,552.80
Deferred Gain / Loss - Refunding Bonds	(182,040.85)	(165,610.07)	(108,181.88)	(1,787,293.48)	-	(2,243,126.28)
Original Issue Premium/Discount (Refunding Bonds)	196,629.93	177,563.62	118,644.18	3,449,090.12	-	3,941,927.85
General Obligation Bonds Payable	3,514,685.83	3,674,383.05	1,455,385.29	39,585,618.98	-	48,230,073.15
Revenue Bonds Payable	223,940.11	-	-	-	-	223,940.11
Long-Term Leases, Notes, and Contracts Payable	-	-	-	-	-	-
TOTAL LIABILITIES	\$ 4,047,730.19	3,890,246.53	2,465,891.27	54,610,069.56	29,652.60	65,043,590.15
Net Assets						
Contributed Capital	\$ 3,829,485.01	4,676,282.92	1,340,232.51	13,721,622.53	337,248.59	23,904,871.56
Retained Earnings:						
Restricted for Investment in Fixed Assets	\$ 45,255,549.10	24,773,858.24	37,770,823.41	109,655,913.51	6,875,986.68	224,332,130.94
Restricted for Incomplete Projects	4,700,549.71	4,191,799.33	3,671,459.95	17,991,163.20	284,021.68	30,838,993.87
Restricted for Subsequent Expenses	446,332.52	118,006.94	212,744.83	1,147,669.62	231.19	1,924,985.10
Net Pension Assets	356,170.00	934,132.00	819,663.00	3,356,408.00	85,495.00	5,551,868.00
Deferred Outflows - Pension	206,230.00	540,882.00	474,602.00	1,943,430.00	49,504.00	3,214,648.00
Unrestricted	5,825,149.96	9,110,926.64	11,103,215.16	38,008,620.15	1,435,645.65	65,483,557.56
Total Retained Earnings	\$ 56,583,751.29	39,128,723.15	53,577,906.35	170,159,774.48	8,681,380.20	328,131,535.47
TOTAL NET ASSETS	\$ 60,413,236.30	43,805,006.07	54,918,138.86	183,881,397.01	9,018,628.79	352,036,407.03
TOTAL LIABILITIES AND NET ASSETS	\$ 64,460,966.49	47,695,252.60	57,384,030.13	238,491,466.57	9,048,281.39	417,079,997.18

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED MAY 31, 2018

WASTEWATER - FINAL						
	ORIGINAL BUDGET 2017-18	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2017-18	MAY 2018	PERCENT OF CURRENT BUDGET	MAY 2017
OPERATING REVENUE	9,785,080.00	-	9,785,080.00	8,756,093.37	89.48%	8,788,586.99
COST OF SALES						
PURCHASED SERVICES						
PRODUCTION						
TOTAL COST OF SALES						
GROSS PROFIT						
GROSS PROFIT %						
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	2,961,010.00	80,961.51	3,041,971.51	2,233,712.58	73.43%	2,170,119.08
ENGINEERING	-	-	-	-	-	-
DISTRIBUTION	2,044,820.00	78,230.55	2,123,050.55	1,674,473.91	78.87%	1,576,972.66
SERVICE	134,430.00	-	134,430.00	75,926.12	56.48%	57,895.35
METERS & REGULATORS	-	-	-	-	-	-
BAD DEBT	68,000.00	-	68,000.00	25,704.18	37.80%	33,585.06
GENERAL & ADMINISTRATIVE	1,813,350.00	-	1,813,350.00	1,561,688.14	86.12%	1,559,835.25
TOTAL OPERATING EXPENSES	7,021,610.00	159,192.06	7,180,802.06	5,571,504.93	77.59%	5,398,407.40
OPERATING INCOME (LOSS)	2,763,470.00	(159,192.06)	2,604,277.94	3,184,588.44	122.28%	3,390,179.59
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	61,500.00	-	61,500.00	135,328.72	220.05%	99,313.54
RECOVERIES AND REBATES	-	-	-	6,004.55	-	3,998.48
GAIN/LOSS ON DISPOSAL	-	-	-	-	-	-
JOBGING INCOME (LOSS)	54,500.00	-	54,500.00	32,714.16	60.03%	41,035.80
INTEREST ON LONG TERM INDEBTEDNESS	(199,150.00)	-	(199,150.00)	(215,786.38)	108.35%	(257,629.46)
NET INCOME (LOSS)	2,680,320.00	(159,192.06)	2,521,127.94	3,142,849.49	124.66%	3,276,897.95
OPERATING TRANSFERS IN (OUT)	(693,760.00)	-	(693,760.00)	(635,946.67)	91.67%	(628,613.33)
NET INCOME AFTER TRANSFERS	1,986,560.00	(159,192.06)	1,827,367.94	2,506,902.82	137.19%	2,648,284.62
CONTRIBUTION IN AID	35,000.00	-	35,000.00	25,300.00	72.29%	-
REGULAR CAPITAL MAINTENANCE	(434,190.00)	-	(434,190.00)	(252,278.17)	58.10%	-
CAPITAL PROJECTS	(1,300,000.00)	(4,010,982.78)	(5,310,982.78)	(857,713.06)	16.15%	-
DEBT SERVICE	(1,165,200.00)	-	(1,165,200.00)	(1,145,186.40)	98.28%	-
DEPRECIATION	2,079,000.00	-	2,079,000.00	1,852,459.95	89.10%	-
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 MAY 31, 2018

WATER - FINAL						
	ORIGINAL BUDGET 2017-18	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2017-18	MAY 2018	PERCENT OF CURRENT BUDGET	MAY 2017
OPERATING REVENUE	8,457,300.00	-	8,457,300.00	7,342,967.89	86.82%	7,524,460.07
COST OF SALES						
PURCHASED SERVICES						
PRODUCTION						
TOTAL COST OF SALES						
GROSS PROFIT						
GROSS PROFIT %						
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	1,802,970.00	227,204.00	2,030,174.00	1,630,512.61	80.31%	1,477,130.76
ENGINEERING	331,697.00	15,954.46	347,651.46	231,506.91	66.59%	235,564.61
DISTRIBUTION	627,960.00	94,439.57	722,399.57	632,259.19	87.52%	502,610.67
SERVICE	151,060.00	(5,969.57)	145,090.43	42,694.82	29.43%	39,723.91
METERS & REGULATORS	161,330.00	(3,000.00)	158,330.00	90,022.51	56.86%	98,557.05
BAD DEBT	34,000.00	-	34,000.00	19,574.23	57.57%	26,815.67
GENERAL & ADMINISTRATIVE	2,969,620.00	15,750.00	2,985,370.00	2,463,065.94	82.50%	2,436,978.57
TOTAL OPERATING EXPENSES	6,078,637.00	344,378.46	6,423,015.46	5,109,636.21	79.55%	4,817,381.24
OPERATING INCOME (LOSS)	2,378,663.00	(344,378.46)	2,034,284.54	2,233,331.68	109.78%	2,707,078.83
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	82,400.00	-	82,400.00	175,383.24	212.84%	127,560.17
RECOVERIES AND REBATES	10,000.00	-	10,000.00	14,010.65		9,477.16
GAIN/LOSS ON DISPOSAL	30,000.00	-	30,000.00	217.00		12,668.41
JOBGING INCOME (LOSS)	93,820.00	-	93,820.00	78,038.71	83.18%	88,096.44
INTEREST ON LONG TERM INDEBTEDNESS	(214,160.00)	-	(214,160.00)	(207,371.96)	96.83%	(238,750.14)
NET INCOME (LOSS)	2,380,723.00	(344,378.46)	2,036,344.54	2,293,609.32	112.63%	2,706,130.87
OPERATING TRANSFERS IN (OUT)	(942,300.00)	-	(942,300.00)	(863,775.00)	91.67%	(859,191.67)
NET INCOME AFTER TRANSFERS	1,438,423.00	(344,378.46)	1,094,044.54	1,429,834.32	130.69%	1,846,939.20
CONTRIBUTION IN AID	-	-	-	-		
REGULAR CAPITAL MAINTENANCE	(1,082,080.00)	3,122.90	(1,078,957.10)	(565,829.51)	52.44%	
CAPITAL PROJECTS	(2,200,000.00)	(1,608,509.24)	(3,808,509.24)	(223,937.50)	5.88%	
DEBT SERVICE	(889,100.00)	-	(889,100.00)	(889,092.64)	100.00%	
DEPRECIATION	1,656,000.00	-	1,656,000.00	1,505,785.82	90.93%	
CONTINGENCY	(100,000.00)	25,000.00	(75,000.00)	-	0.00%	

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED MAY 31, 2018

GAS - FINAL						
	ORIGINAL BUDGET 2017-18	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2017-18	MAY 2018	PERCENT OF CURRENT BUDGET	MAY 2017
OPERATING REVENUE	24,774,250.00	-	24,774,250.00	20,904,312.06	84.38%	19,331,937.55
COST OF SALES						
PURCHASED SERVICES	15,190,560.00	-	15,190,560.00	12,499,138.71	82.28%	11,945,022.16
PRODUCTION	-	-	-	-		-
TOTAL COST OF SALES	15,190,560.00	-	15,190,560.00	12,499,138.71		11,945,022.16
GROSS PROFIT	9,583,690.00	-	9,583,690.00	8,405,173.35		7,386,915.39
GROSS PROFIT %	38.68%		38.68%	40.21%		38.21%
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	-	-	-	-		-
ENGINEERING	643,300.00	80,785.29	724,085.29	348,499.76	48.13%	483,640.12
DISTRIBUTION	582,010.00	(2,439.15)	579,570.85	471,435.13	81.34%	455,614.69
SERVICE	133,050.00	(2,574.13)	130,475.87	29,135.62	22.33%	23,538.73
METERS & REGULATORS	201,470.00	(1,981.72)	199,488.28	119,591.65	59.95%	119,799.30
BAD DEBT	87,000.00	-	87,000.00	36,864.60	42.37%	37,816.76
GENERAL & ADMINISTRATIVE	3,973,150.00	3,095.00	3,976,245.00	3,259,355.14	81.97%	3,132,272.06
TOTAL OPERATING EXPENSES	5,619,980.00	76,885.29	5,696,865.29	4,264,881.90	74.86%	4,252,681.66
OPERATING INCOME (LOSS)	3,963,710.00	(76,885.29)	3,886,824.71	4,140,291.45	106.52%	3,134,233.73
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	163,800.00	-	163,800.00	180,102.63	109.95%	141,950.40
RECOVERIES AND REBATES	-	-	-	235.28		212.06
GAIN/LOSS ON DISPOSAL	7,200.00	-	7,200.00	-		9,708.00
JOBGING INCOME (LOSS)	182,510.00	(9,626.83)	172,883.17	66,876.32	38.68%	83,429.67
INTEREST ON LONG TERM INDEBTEDNESS	(68,470.00)	-	(68,470.00)	(71,842.93)	104.93%	(79,691.75)
NET INCOME (LOSS)	4,248,750.00	(86,512.12)	4,162,237.88	4,315,662.75	103.69%	3,289,842.11
OPERATING TRANSFERS IN (OUT)	(3,059,330.00)	-	(3,059,330.00)	(2,804,385.83)	91.67%	(2,757,635.83)
NET INCOME AFTER TRANSFERS	1,189,420.00	(86,512.12)	1,102,907.88	1,511,276.92	137.03%	532,206.28
CONTRIBUTION IN AID	-	-	-	-		
REGULAR CAPITAL MAINTENANCE	(1,308,170.00)	(177,217.69)	(1,485,387.69)	(420,593.05)	28.32%	
CAPITAL PROJECTS	(1,100,000.00)	(3,094,849.14)	(4,194,849.14)	(1,220,974.84)	29.11%	
DEBT SERVICE	(225,660.00)	-	(225,660.00)	(224,649.78)	99.55%	
DEPRECIATION	1,605,000.00	-	1,605,000.00	1,439,606.85	89.70%	
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 MAY 31, 2018

ELECTRIC - FINAL						
	ORIGINAL BUDGET 2017-18	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2017-18	MAY 2018	PERCENT OF CURRENT BUDGET	MAY 2017
OPERATING REVENUE	129,526,120.00	-	129,526,120.00	117,069,723.31	90.38%	105,957,535.85
COST OF SALES						
PURCHASED SERVICES	99,150,000.00	-	99,150,000.00	93,254,054.94	94.05%	83,818,222.57
PRODUCTION	904,640.00	27,986.93	932,626.93	566,966.46		696,676.45
TOTAL COST OF SALES	100,054,640.00	27,986.93	100,082,626.93	93,821,021.40		84,514,899.02
GROSS PROFIT	29,471,480.00	(27,986.93)	29,443,493.07	23,248,701.91		21,442,636.83
GROSS PROFIT %	22.75%		22.73%	19.86%		20.24%
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	1,731,210.00	287,099.11	2,018,309.11	1,351,432.59	66.96%	1,091,005.05
ENGINEERING	994,360.00	(62,697.71)	931,662.29	652,283.34	70.01%	719,131.54
DISTRIBUTION	12,261,840.00	540,205.63	12,802,045.63	11,295,834.05	88.23%	8,419,385.97
SERVICE	-	-	-	-		-
METERS & REGULATORS	332,520.00	(3,480.00)	329,040.00	262,613.16	79.81%	271,913.37
BAD DEBT	300,000.00	-	300,000.00	196,086.31	65.36%	245,614.64
GENERAL & ADMINISTRATIVE	4,437,920.00	(80,435.18)	4,357,484.82	4,073,568.02	93.48%	3,618,594.67
TOTAL OPERATING EXPENSES	20,057,850.00	680,691.85	20,738,541.85	17,831,817.47	85.98%	14,365,645.24
OPERATING INCOME (LOSS)	9,413,630.00	(708,678.78)	8,704,951.22	5,416,884.44	62.23%	7,076,991.59
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	640,800.00	-	640,800.00	615,783.87	96.10%	621,003.89
ENERGY EFFICIENCY RECOVERY	(1,301,896.91)	80,023.82	(1,221,873.09)	(302,910.71)	24.79%	(368,208.58)
RECOVERIES AND REBATES	35,000.00	635,968.60	670,968.60	640,635.79	95.48%	(993.94)
GAIN/LOSS ON DISPOSAL	22,900.00	-	22,900.00	17,864.55	78.01%	69,867.01
JOBGING INCOME (LOSS)	74,750.00	(11,565.49)	63,184.51	132,196.55	209.22%	109,662.00
INTEREST ON LONG TERM INDEBTEDNESS	(1,254,080.00)	-	(1,254,080.00)	(1,296,894.14)	103.41%	(1,304,174.99)
NET INCOME (LOSS)	7,631,103.09	(4,251.85)	7,626,851.24	5,223,560.35	68.49%	6,204,146.98
OPERATING TRANSFERS IN (OUT)	(10,021,610.00)	-	(10,021,610.00)	(9,186,475.83)	91.67%	(9,071,892.50)
NET INCOME AFTER TRANSFERS	(2,390,506.91)	(4,251.85)	(2,394,758.76)	(3,962,915.48)	165.48%	(2,867,745.52)
CONTRIBUTION IN AID	-	-	-	-		
FEDERAL AID - CAPITAL PROJECTS	-	-	-	-		
REGULAR CAPITAL MAINTENANCE	(3,735,940.00)	(88,422.43)	(3,824,362.43)	(2,061,907.56)	53.92%	
CAPITAL PROJECTS	(700,000.00)	(14,729,712.23)	(15,429,712.23)	(8,395,814.58)	54.41%	
DEBT SERVICE	(2,606,080.00)	-	(2,606,080.00)	(2,606,066.84)	100.00%	
DEPRECIATION	8,680,000.00	-	8,680,000.00	7,195,905.42	82.90%	
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 MAY 31, 2018

TELECOMMUNICATIONS - FINAL						
	ORIGINAL BUDGET 2017-18	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2017-18	MAY 2018	PERCENT OF CURRENT BUDGET	MAY 2017
OPERATING REVENUE	1,519,600.00	-	1,519,600.00	1,346,260.85	88.59%	1,521,848.24
COST OF SALES						
PURCHASED SERVICES	60,000.00	1,346.00	61,346.00	50,757.91	82.74%	150,489.00
PRODUCTION	-	-	-	-		-
TOTAL COST OF SALES	60,000.00	1,346.00	61,346.00	50,757.91		150,489.00
GROSS PROFIT	1,459,600.00	(1,346.00)	1,458,254.00	1,295,502.94		1,371,359.24
GROSS PROFIT %	96.05%		95.96%	96.23%		90.11%
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	-	-	-	-		-
ENGINEERING	-	-	-	-		-
DISTRIBUTION	-	-	-	-		-
SERVICE	-	-	-	-		-
METERS & REGULATORS	-	-	-	-		-
BAD DEBT	-	-	-	69.63		93.87
GENERAL & ADMINISTRATIVE	917,560.00	-	917,560.00	693,756.29	75.61%	652,017.83
TOTAL OPERATING EXPENSES	917,560.00	-	917,560.00	693,825.92	75.62%	652,111.70
OPERATING INCOME (LOSS)	542,040.00	-	540,694.00	601,677.02	111.28%	719,247.54
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	12,900.00	-	12,900.00	18,342.84	142.19%	11,358.03
RECOVERIES AND REBATES	-	-	-	-		-
GAIN/LOSS ON DISPOSAL	-	-	-	-		-
JOBGING INCOME (LOSS)	5,400.00	-	5,400.00	7,368.25	136.45%	4,386.10
INTEREST ON LONG TERM INDEBTEDNESS	-	-	-	-		-
NET INCOME (LOSS)	560,340.00	-	558,994.00	627,388.11	112.24%	734,991.67
OPERATING TRANSFERS IN (OUT)	(302,000.00)	-	(302,000.00)	(276,833.33)	91.67%	(276,833.33)
NET INCOME AFTER TRANSFERS	258,340.00	-	256,994.00	350,554.78	136.41%	458,158.34
CONTRIBUTION IN AID	-	-	-	-	0.00%	
REGULAR CAPITAL MAINTENANCE	(366,000.00)	(10,000.00)	(376,000.00)	(152,380.39)	40.53%	
CAPITAL PROJECTS	(450,000.00)	(45,463.27)	(495,463.27)	(435,061.20)	87.81%	
DEBT SERVICE	-	-	-	-		
DEPRECIATION	375,100.00	-	375,100.00	332,760.45	88.71%	
CONTINGENCY	-	-	-	-		

PGA

Mo Rate Applied	WACOG	WACOG Plus Losses	Demand Rate Firm	Demand Rate Interruptible	PGA (f)	PGA (i)	Total Cost of Gas	Total Amount Recovered	Over (Under) Recovery	Recovery Balance Over (Under) +/- \$2,000,000
Nov-16	\$ 4.15469	\$ 4.20728	\$ 1.96849		\$ 5.80000	\$ 3.83151	\$ 1,212,254.68	\$ 891,428.66	\$ (320,826.02)	\$ (608,143.11)
Dec-16	\$ 3.77139	\$ 3.81913	\$ 1.87915		\$ 5.80000	\$ 3.92085	\$ 1,619,071.77	\$ 1,513,746.60	\$ (105,325.17)	\$ (713,468.29)
Jan-17	\$ 3.98632	\$ 4.03678	\$ 1.85561		\$ 5.80000	\$ 3.94439	\$ 1,760,642.32	\$ 2,003,866.26	\$ 243,223.94	\$ (470,244.35)
Feb-17	\$ 3.58179	\$ 3.63392	\$ 2.26850		\$ 5.80000	\$ 3.53150	\$ 1,278,946.34	\$ 1,886,652.77	\$ 607,706.43	\$ 137,462.08
Mar-17	\$ 3.31705	\$ 3.35904	\$ 2.77107		\$ 6.00000	\$ 3.22893	\$ 1,224,646.17	\$ 1,317,437.34	\$ 92,791.17	\$ 230,253.25
Apr-17	\$ 4.06530	\$ 4.11676	\$ 2.00775		\$ 6.00000	\$ 3.99225	\$ 934,054.80	\$ 1,169,716.99	\$ 235,662.19	\$ 465,915.43
May-17	\$ 3.91726	\$ 3.96685	\$ 1.96002		\$ 6.00000	\$ 4.03998	\$ 851,618.64	\$ 780,657.05	\$ (70,961.59)	\$ 394,953.84
Jun-17	\$ 4.12043	\$ 4.17259	\$ 0.69105		\$ 6.00000	\$ 5.30895	\$ 819,180.84	\$ 745,048.04	\$ (74,132.80)	\$ 140,898.64
Jul-17	\$ 3.92603	\$ 3.96569	\$ 2.53431		\$ 6.50000	\$ 4.45806	\$ 716,528.73	\$ 613,964.93	\$ (102,563.80)	\$ 38,334.84
Aug-17	\$ 3.84785	\$ 3.88672	\$ 2.61328		\$ 6.50000	\$ 5.30438	\$ 735,465.73	\$ 589,926.87	\$ (145,538.86)	\$ (107,204.02)
Sep-17	\$ 3.94235	\$ 3.98217	\$ 2.76783		\$ 6.75000	\$ 4.69278	\$ 707,976.74	\$ 670,921.23	\$ (37,055.51)	\$ (144,259.54)
Oct-17	\$ 3.92903	\$ 3.96872	\$ 2.78128		\$ 6.75000	\$ 3.88404	\$ 910,419.32	\$ 712,763.57	\$ (197,655.75)	\$ (341,915.28)
Nov-17	\$ 3.92912	\$ 3.96881	\$ 2.28119		\$ 6.25000	\$ 3.95760	\$ 1,286,138.39	\$ 1,103,492.75	\$ (182,645.64)	\$ (524,560.92)
Dec-17	\$ 3.63988	\$ 3.67665	\$ 2.57335		\$ 6.25000	\$ 3.86643	\$ 1,682,213.39	\$ 1,793,538.74	\$ 111,325.35	\$ (413,235.57)
Jan-18	\$ 2.74228	\$ 2.76998	\$ 2.48500	\$ 0.2450	\$ 5.50000	\$ 3.81302	\$ 1,856,739.11	\$ 2,220,993.13	\$ 364,254.02	\$ (48,981.55)
Feb-18	\$ 3.98700	\$ 4.02727	\$ 2.44640	\$ 0.2431	\$ 6.25000	\$ 4.08129	\$ 1,445,548.87	\$ 2,399,309.66	\$ 953,760.79	\$ 904,779.24
Mar-18	\$ 3.31716	\$ 3.35067	\$ 2.18900	\$ 0.2284	\$ 5.60000	\$ 3.46799	\$ 1,391,578.75	\$ 1,261,241.21	\$ (130,337.54)	\$ 774,441.70
Apr-18	\$ 3.83066	\$ 3.86935	\$ 2.18900	\$ 0.2500	\$ 6.04420	\$ 4.10520	\$ 979,623.45	\$ 1,503,485.90	\$ 523,862.45	\$ 1,298,304.15
May-18	\$ 3.96657	\$ 4.00664	\$ -	\$ 0.2500	\$ 3.88645	\$ 4.13645	\$ 877,218.83	\$ 706,566.03	\$ (170,652.80)	\$ 1,127,651.35

PCA

CALENDAR MONTH / BILLING MONTH	POWER COST TO BE RECOVERED	kWh SALES FROM CIS FOR CALENDAR MONTH	TOTAL PCA APPLIED TO CUSTOMER BILLINGS IN CALENDAR MONTH	AMOUNT OF PCA APPLIED TO ENERGY EFFICIENCY FUND	AMOUNT OF PCA APPLIED TO POWER COST RECOVERY	POWER COST RECOVERED IN BASE RATE	TOTAL PURCHASED POWER COST RECOVERY PER KWH	HIGH LOAD FACTOR CUSTOMER COSTS RECOVERED	POWER COST RECOVERED	POWER COST OVER / (UNDER) RECOVERY	ADJUSTMTS	CUMULATIVE POWER COST RECOVERY
Nov-16	\$ 7,411,126.97	68,383,440	\$0.005000	\$0.00050	\$0.004500	\$0.086200	\$0.090700	\$ 123,674.41	\$ 6,326,052.42	\$ (1,085,074.55)		\$ (8,963,959.23)
Dec-16	\$ 8,677,538.19	75,061,456	\$0.005000	\$0.00050	\$0.004500	\$0.086200	\$0.090700	\$ 123,674.41	\$ 6,931,748.45	\$ (1,745,789.74)		\$ (10,709,748.97)
Jan-17	\$ 7,069,119.69	84,911,416	\$0.006000	\$0.00050	\$0.005500	\$0.086200	\$0.091700	\$ 123,674.41	\$ 7,910,051.29	\$ 840,931.60		\$ (9,868,817.37)
Feb-17	\$ 6,725,335.69	80,445,427	\$0.006000	\$0.00050	\$0.005500	\$0.086200	\$0.091700	\$ 162,521.08	\$ 7,539,366.74	\$ 814,031.05		\$ (9,054,786.32)
Mar-17	\$ 7,062,441.72	70,438,957	\$0.006000	\$0.00050	\$0.005500	\$0.086200	\$0.091700	\$ 162,521.08	\$ 6,621,773.41	\$ (440,668.31)		\$ (9,495,454.63)
Apr-17	\$ 6,703,901.03	65,870,869	\$0.007000	\$0.00050	\$0.006500	\$0.086200	\$0.092700	\$ 162,521.08	\$ 6,268,750.61	\$ (435,150.42)		\$ (9,930,605.05)
May-17	\$ 6,969,859.81	66,207,867	\$0.007000	\$0.00050	\$0.006500	\$0.086200	\$0.092700	\$ 162,521.08	\$ 6,299,990.35	\$ (669,869.46)	(\$687,784.13)	\$ (9,912,690.38)
Jun-17	\$ 8,083,919.08	75,005,261	\$0.007000	\$0.00050	\$0.006500	\$0.086200	\$0.092700	\$ 162,521.12	\$ 7,115,508.77	\$ (968,410.31)		\$ (10,881,100.69)
Jul-17	\$ 9,168,263.70	85,917,013	\$0.013000		\$0.013000	\$0.086200	\$0.099200	\$ 66,749.00	\$ 8,589,716.64	\$ (578,547.06)		\$ (11,459,647.75)
Aug-17	\$ 8,671,257.64	95,068,568	\$0.013000		\$0.013000	\$0.086200	\$0.099200	\$ 59,381.71	\$ 9,490,183.62	\$ 818,925.98		\$ (10,640,721.77)
Sep-17	\$ 7,912,766.54	84,576,198	\$0.013000		\$0.013000	\$0.086200	\$0.099200	\$ 59,381.67	\$ 8,449,340.50	\$ 536,573.96		\$ (10,104,147.81)
Oct-17	\$ 8,126,319.30	72,875,167	\$0.014000		\$0.014000	\$0.086200	\$0.100200	\$ 38,846.67	\$ 7,340,938.36	\$ (785,380.94)		\$ (10,889,528.75)
Nov-17	\$ 8,150,015.51	70,957,079	\$0.014000		\$0.014000	\$0.086200	\$0.100200	\$ 38,846.67	\$ 7,148,745.95	\$ (1,001,269.56)		\$ (11,890,798.31)
Dec-17	\$ 8,859,099.93	77,108,988	\$0.014000		\$0.014000	\$0.086200	\$0.100200	\$ 38,846.67	\$ 7,765,167.31	\$ (1,093,932.62)		\$ (12,984,730.93)
Jan-18	\$ 13,667,017.49	96,635,190	\$0.016000		\$0.016000	\$0.086200	\$0.102200	\$ 38,846.63	\$ 9,914,963.05	\$ (3,752,054.44)		\$ (16,736,785.37)
Feb-18	\$ 6,743,352.25	89,222,126	\$0.016000		\$0.016000	\$0.086200	\$0.102200		\$ 9,118,501.30	\$ 2,375,149.05		\$ (14,361,636.32)
Mar-18	\$ 7,844,141.48	81,238,480	\$0.016000		\$0.016000	\$0.086200	\$0.102200		\$ 8,302,572.65	\$ 458,431.17		\$ (13,903,205.15)
Apr-18	\$ 6,526,042.43	74,500,759	\$0.018000		\$0.018000	\$0.086200	\$0.104200		\$ 7,762,979.12	\$ 1,236,936.69		\$ (12,666,268.46)
May-18	\$ 7,279,456.96	64,902,149	\$0.018000		\$0.018000	\$0.086200	\$0.104200		\$ 6,762,803.93	\$ (516,653.03)		\$ (13,182,921.49)

PCA Recovery

CALENDAR MONTH / BILLING MONTH	TOTAL POWER COST TO BE RECOVERED	POWER COST RECOVERED	POWER COST OVER / UNDER RECOVERY	ADJUSTMENTS	CUMULATIVE POWER COST RECOVERY		Projected Balance	Difference Reduction/ Additions
Jul-15	\$ 7,538,857.06	\$ 8,312,410.13	\$ 773,553.07		(\$16,322,444.39)	ACTUAL	\$ (16,876,951.16)	\$554,506.77
Aug-15	\$ 7,290,379.88	\$ 8,761,354.30	\$ 1,470,974.42	\$ (2,000,000.00)	(\$12,851,469.97)	ACTUAL	\$ (15,272,386.42)	\$2,420,916.45
Sep-15	\$ 6,663,563.16	\$ 8,084,583.88	\$ 1,421,020.72		(\$11,430,449.25)	ACTUAL	\$ (11,606,099.33)	\$175,650.08
Oct-15	\$ 5,749,401.06	\$ 6,348,395.33	\$ 598,994.27		(\$10,831,454.98)	ACTUAL	\$ (11,221,799.19)	\$390,344.21
Nov-15	\$ 6,017,296.52	\$ 6,130,124.05	\$ 112,827.53		(\$10,718,627.45)	ACTUAL	\$ (11,277,066.80)	\$558,439.35
Dec-15	\$ 6,552,501.28	\$ 6,544,456.58	\$ (8,044.70)		(\$10,726,672.15)	ACTUAL	\$ (9,978,957.28)	\$747,714.87
Jan-16	\$ 7,408,398.67	\$ 7,135,527.57	\$ (272,871.10)		(\$10,999,543.25)	ACTUAL	\$ (10,307,095.55)	\$692,447.70
Feb-16	\$ 6,751,535.93	\$ 8,441,877.31	\$ 1,690,341.38		(\$9,309,201.87)	ACTUAL	\$ (9,448,230.81)	\$139,028.94
Mar-16	\$ 6,737,412.74	\$ 7,062,080.56	\$ 324,667.82		(\$8,984,534.05)	ACTUAL	\$ (8,643,349.61)	(\$341,184.44)
Apr-16	\$ 6,411,021.33	\$ 6,009,671.81	\$ (401,349.52)		(\$9,385,883.57)	ACTUAL	\$ (8,523,739.85)	\$ (862,143.72)
May-16	\$ 6,871,584.36	\$ 5,986,368.84	\$ (885,215.52)		(\$10,271,099.09)	ACTUAL	\$ (10,440,032.00)	\$ 168,932.91
Jun-16	\$ 7,855,325.32	\$ 6,745,216.39	\$ (1,100,108.93)		(\$11,381,208.02)	ACTUAL	\$ (10,568,921.29)	\$ (812,286.73)
Jul-16	\$ 8,931,215.39	\$ 7,769,022.82	\$ (1,162,192.57)		(\$12,543,400.59)	ACTUAL	\$ (12,360,865.00)	\$ (182,535.59)
Aug-16	\$ 8,540,773.47	\$ 9,272,895.43	\$ 732,121.96		(\$11,811,278.63)	ACTUAL	\$ (12,901,329.00)	\$ 1,090,050.37
Sep-16	\$ 7,969,247.72	\$ 8,602,393.29	\$ 633,145.57		(\$11,178,133.06)	ACTUAL	\$ (11,445,769.89)	\$ 267,636.83
Oct-16	\$ 7,607,033.00	\$ 6,906,281.38	\$ (700,751.62)	\$ (4,000,000.00)	(\$7,878,884.68)	ACTUAL	\$ (6,711,471.00)	\$ (1,167,413.68)
Nov-16	\$ 7,411,126.65	\$ 6,326,052.42	\$ (1,085,074.23)		(\$8,963,959.23)	ACTUAL	\$ (8,238,265.00)	\$ (725,694.23)
Dec-16	\$ 8,677,538.19	\$ 6,931,748.45	\$ (1,745,789.74)		(\$10,709,748.97)	ACTUAL	\$ (9,019,711.40)	\$ (1,690,037.57)
Jan-17	\$ 7,069,119.69	\$ 7,910,051.29	\$ 840,931.60		(\$9,868,817.37)	ACTUAL	\$ (10,449,791.32)	\$ 580,973.95
Feb-17	\$ 6,725,335.69	\$ 7,539,366.74	\$ 814,031.05		(\$9,054,786.32)	ACTUAL	\$ (8,203,351.71)	\$ (851,434.61)
Mar-17	\$ 7,062,441.72	\$ 6,621,773.41	\$ (440,668.31)		\$ (9,495,454.63)	ACTUAL	\$ (7,960,352.86)	\$ (1,535,101.77)
Apr-17	\$ 6,703,901.03	\$ 6,268,750.61	\$ (435,150.42)		\$ (9,930,605.05)	ACTUAL	\$ (9,320,932.93)	\$ (609,672.12)
May-17	\$ 6,969,859.81	\$ 6,299,990.35	\$ (669,869.46)	\$ (687,784.13)	\$ (9,912,690.38)	ACTUAL	\$ (11,194,432.98)	\$ 1,281,742.60
Jun-17	\$ 8,083,919.08	\$ 7,115,508.77	\$ (968,410.31)		\$ (10,881,100.69)	ACTUAL	\$ (10,718,816.91)	\$ (162,283.78)
Jul-17	\$ 9,168,263.70	\$ 8,589,716.64	\$ (578,547.06)		\$ (11,459,647.75)	ACTUAL	\$ (10,916,461.49)	\$ (543,186.26)
Aug-17	\$ 8,671,257.64	\$ 9,490,183.62	\$ 818,925.98		\$ (10,640,721.77)	ACTUAL	\$ (10,074,919.97)	\$ (565,801.80)
Sep-17	\$ 7,912,766.54	\$ 8,449,340.50	\$ 536,573.96		\$ (10,104,147.81)	ACTUAL	\$ (9,556,136.90)	\$ (548,010.91)
Oct-17	\$ 8,126,319.30	\$ 7,340,938.36	\$ (785,380.94)		\$ (10,889,528.75)	ACTUAL	\$ (10,415,394.45)	\$ (474,134.30)
Nov-17	\$ 8,150,015.51	\$ 7,148,745.95	\$ (1,001,269.56)		\$ (11,890,798.31)	ACTUAL	\$ (11,533,220.31)	\$ (357,578.00)
Dec-17	\$ 8,859,099.93	\$ 7,765,167.31	\$ (1,093,932.62)		\$ (12,984,730.93)	ACTUAL	\$ (11,484,886.59)	\$ (1,499,844.34)
Jan-18	\$ 13,667,017.49	\$ 9,914,963.05	\$ (3,752,054.44)		\$ (16,736,785.37)	ACTUAL	\$ (12,132,153.12)	\$ (4,604,632.25)
Feb-18	\$ 6,743,352.00	\$ 9,118,501.00	\$ 2,375,149.00		\$ (14,361,636.37)	ACTUAL	\$ (14,519,408.00)	\$ 157,771.63
Mar-18	\$ 7,844,142.00	\$ 8,302,573.00	\$ 458,431.00		\$ (13,903,205.37)	ACTUAL	\$ (13,331,522.00)	\$ (571,683.37)
Apr-18	\$ 6,526,042.00	\$ 7,762,979.00	\$ 1,236,937.00		\$ (12,666,268.37)	ACTUAL	\$ (12,801,342.00)	\$ 135,073.63
May-18	\$ 7,279,457.00	\$ 6,762,804.00	\$ (516,653.00)		\$ (13,182,921.37)	ACTUAL	\$ (12,624,314.99)	\$ (558,606.38)
Jun-18	\$ 7,560,919.90	\$ 7,943,549.07	\$ 382,629.17		\$ (12,800,292.20)	PROJECTED		
Jul-18	\$ 9,409,248.13	\$ 8,576,086.06	\$ (833,162.07)		\$ (13,633,454.27)	PROJECTED		
Aug-18	\$ 8,981,256.15	\$ 10,224,345.27	\$ 1,243,089.12		\$ (12,390,365.15)	PROJECTED		
Sep-18	\$ 8,117,037.11	\$ 8,464,529.07	\$ 347,491.96		\$ (12,042,873.19)	PROJECTED		
Oct-18	\$ 8,317,841.92	\$ 7,092,092.97	\$ (1,225,748.95)		\$ (13,268,622.14)	PROJECTED		
Nov-18	\$ 8,439,522.28	\$ 7,097,145.19	\$ (1,342,377.09)		\$ (14,610,999.23)	PROJECTED		
Dec 2018	\$ 8,600,785.35	\$ 7,716,864.11	\$ (883,921.24)		\$ (15,494,920.47)	PROJECTED		
Jan-19	\$ 9,049,657.53	\$ 10,035,363.82	\$ 985,706.29		\$ (14,509,214.18)	PROJECTED		
Feb-19	\$ 8,233,270.89	\$ 10,562,854.70	\$ 2,329,583.81		\$ (12,179,630.37)	PROJECTED		
Mar-19	\$ 8,122,162.50	\$ 9,702,322.93	\$ 1,580,160.43		\$ (10,599,469.94)	PROJECTED		
Apr-19	\$ 7,964,388.86	\$ 7,520,311.85	\$ (444,077.01)		\$ (11,043,546.94)	PROJECTED		
May-19	\$ 8,404,717.22	\$ 7,242,774.11	\$ (1,161,943.11)		\$ (12,205,490.05)	PROJECTED		
Jun-19	\$ 8,596,944.13	\$ 7,786,124.69	\$ (810,819.44)		\$ (13,016,309.49)	PROJECTED		

	Nov 2017	Dec 2017	Jan 2018	Feb-18	Mar-18	Apr-18	May-18
Sales kWh							
Forecast	72,516,332	87,635,406	94,911,606	97,021,978	85,578,700	76,331,565	69,506,270
Actual	70,957,079	77,108,988	96,635,190	89,222,126	81,238,480	74,500,757	64,902,149
Short	(1,559,253)	(10,526,418)	1,723,584	(7,799,852)	(4,340,220)	(1,830,808)	(4,604,121)
Recovery Rate	\$.1002/kWH	\$.1002/kWH	\$.1022/kWH	\$.1022/kWH	\$.1022/kWH	\$.1042/kWH	\$.1042/kWH
PCA Recovery	\$ (156,237)	\$ (1,054,747)	\$ 176,150	\$ (797,145)	\$ (443,571)	\$ (190,770)	\$ (479,749)
Purchased Power							
Forecast	\$ 7,948,675	\$ 8,414,003	\$ 8,886,235	\$ 7,698,269	\$ 7,716,029	\$ 6,851,886	\$ 7,200,600
Actual	\$ 8,150,016	\$ 8,859,100	\$ 13,667,017	\$ 6,743,352	\$ 7,844,141	\$ 6,526,042	\$ 7,279,457
PCA Recovery	\$ (201,341)	\$ (445,097)	\$ (4,780,783)	\$ 954,917	\$ (128,112)	\$ 325,844	\$ (78,857)
PCA Write off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Diff in Forecast to Actual effect on PCA Recovery Balance	\$ (357,578)	\$ (1,499,844)	\$ (4,604,632)	\$ 157,772	\$ (571,683)	\$ 135,074	\$ (558,606)



Commission Item Number: DUC180723 - 2
Utility Commission Meeting: July 23, 2018
Item: II. C. Gamewood-nDanville Network Access Agreement

Gamewood-nDanville Network Access Agreement

The initial Gamewood-nDanville broadband network access agreement has expired and needs approval allowing the City Manager to authorize Gamewood as a service provider to sell services on the nDanville network. Staff recommends extending their agreement until December 31, 2027.

Recommendation: A suggested motion follows:

I move that the Danville Utility Commission recommend to City Council extending Gamewood's nDanville network access agreement with the City of Danville until December 31, 2027.



BROADBAND NETWORK ACCESS AGREEMENT



This nonexclusive Broadband Network Access Agreement is made and entered into on this ____ day of _____, 201_, by and between the City of Danville, Virginia ("City"), a municipal corporation of the Commonwealth of Virginia, and Gamewood Technology Group, ("GAMEWOOD") a Delaware Organization, and will remain in effect through the 31st day December, 2027, unless extended in accordance with provisions in Section 2. GAMEWOOD and City may be referred to individually as a "party" and collectively as the "parties."

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RECITALS

WHEREAS, City created an open access metropolitan fiber optic broadband network (hereinafter referred to as "nDanville") in order to:

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- Spur economic development;
- Enable advanced utility capabilities such as automated meter reading, outage management, system automation, and electric load management; and
- Improve the quality of telecommunications for the Dan River Region; and

WHEREAS, City is seeking to contract with qualified telecommunications service providers, including but not limited to GAMEWOOD, to make use of nDanville to provide broadband services to telecommunications users in its coverage area; and

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WHEREAS, GAMEWOOD, a broadband service provider duly registered to conduct business within the Commonwealth of Virginia, hereby enters into this agreement to acquire access and transport capacity on nDanville; and

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WHEREAS, because of City' significant investment in its broadband network and the importance of achieving nDanville's goals, it is essential that City and GAMEWOOD share a clear understanding of their respective rights and responsibilities and maintain good working relationships during the term of this agreement, both during normal operations and throughout all network upgrades and expansions.

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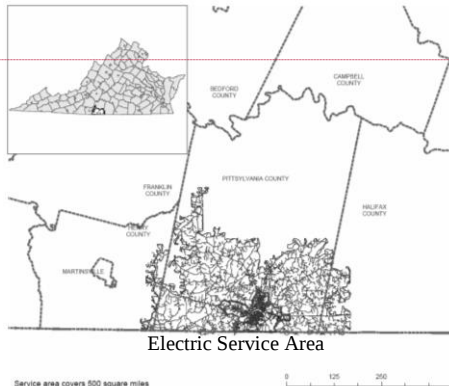
NOW, THEREFORE, in consideration of the above referenced recitals and the following mutual covenants, agreements, and obligations of the Parties, which constitute good and valuable consideration, and with the intention to be legally bound hereby, City and GAMEWOOD agree as set forth above and as follows:

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SECTION 1. DEFINITIONS

"Agreement" means this Broadband Network Access Agreement,

"Coverage area" refers to that portion of City' 500-square mile electric service area where nDanville network and telecommunications services are available.



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"Confidential information" means a party's trade secrets under applicable law and also the proprietary and confidential information disclosed to the other party.

"Effective date" is the original date of this agreement.

"Force majeure" shall mean acts of God, acts of third parties, acts of terrorism, strikes, civil riots, floods, material or labor restrictions by governmental authority, failures by providers of telecommunications, electricCity or other essential services, and any other cause not within the reasonable control of City or GAMEWOOD.

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“Qualified” when used to describe a telecommunications service provider shall mean an entity registered to conduct business within the Commonwealth of Virginia and capable of providing broadband services on nDanville.

“Service Level Agreement” means a written agreement specifying such characteristics as time of day, day of week, and latency, bandwidth, and other quality of service factors associated with a distinctively different product offered over nDanville.

“Term” means the initial 12-month or subsequent 12-month time period covered under this agreement, which ever is currently in effect.

SECTION 2. TERM

A. This agreement shall be operational on its effective date and shall continue until December 31, 2027. However, either party has the right to terminate this agreement pursuant to the terms laid out in Section 14.

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B. This agreement shall be automatically renewed for up to two (2) additional twelve (12) month terms unless either party provides written notice no fewer than sixty (60) days prior to the expiration of the current term.

SECTION 3. RIGHTS & RESPONSIBILITIES OF CITY

A. City will operate, maintain, and expand nDanville within its coverage area and offer open access and transport capacity to qualified telecommunications service providers.

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B. City will provide support for nDanville twenty-four hours a day, seven days a week.

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C. City will exclusively perform network upgrades and routine and extraordinary maintenance and repairs, as well as emergency repairs to correct any failure, interruption, or impairment in the operation of nDanville.

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D. Maintenance activities will be performed at City' discretion, but it shall consult GAMEWOOD and other service providers in advance of scheduling such work and will make every reasonable effort to minimize the interruptions of the GAMEWOOD's service. Whenever possible, Danville shall provide GAMEWOOD at least two (2) days notice of maintenance activities that may interrupt GAMEWOOD's service. In the event of an emergency, priority will be given to restoring Danville's electrical system and serving the emergency telecommunications needs for police, fire or rescue operations before any maintenance or repair is performed to restore GAMEWOOD's services.

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- E. In all cases, City shall retain ownership rights and title to nDanville and each device and component thereof, as well as intellectual property, documents, data, studies, surveys, maps, models, photographs, designs, diagrams, equipment, software, reports or other materials prepared by GAMEWOOD or its subcontractors resulting from this agreement.

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SECTION 4. RIGHTS & RESPONSIBILITIES OF GAMEWOOD

- A. GAMEWOOD shall provide broadband services of its choosing to businesses and residential locations connected to nDanville and shall be responsible for meeting associated customer service commitments.

- B. GAMEWOOD shall exercise its sole discretion regarding customer service offerings and associated charges, which GAMEWOOD shall be entitled to change upon notification to City.

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- C. GAMEWOOD shall be solely responsible for collections amounts billed to its customers. Failure of a GAMEWOOD customer to pay GAMEWOOD in no way relieves GAMEWOOD of any of its obligations to pay City. City takes no position as to whether GAMEWOOD may charge interest on late payments to subscribers or approved service providers.

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- D. GAMEWOOD will be responsible for marketing its own services. City shall not market or promote any service that competes with GAMEWOOD during the term of this agreement.

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- E. GAMEWOOD shall not translate, modify, disassemble, or reverse-engineer nDanville or create derivative works based on any portion of nDanville or authorize or permit others to do so without City' prior written approval.

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- F. This Agreement implies no rights to access nDanville's co-location facilities. Admission to, and use of, those facilities shall be governed by separate written agreements.

- G. GAMEWOOD shall comply with permitting, inspection, and notice requirements required by the City of Danville, during nDanville construction, maintenance, and testing activities.

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- H. GAMEWOOD commits that it will keep nDanville technically secure by using only industry standard equipment.

- I. GAMEWOOD shall only use the nDanville fiber optic network for connections that originate from outside the City service territory and that terminate within the City territory. For example a business headquartered in Ashburn, VA that requires connectivity to a location in Danville, VA.

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SECTION 5. FUNCTIONALITY TEST

Within thirty (30) days of execution of this agreement, City and GAMEWOOD will conduct a network test of applications and an interface to ensure GAMEWOOD that nDanville is fully capable of supporting delivery of GAMEWOOD's telecommunications services to its customers. Both parties will use good faith, commercially reasonable efforts to resolve any problems and/or provide alternatives or changes to produce test results that are acceptable to both parties. Should the network test not successfully meet the acceptance criteria agreed upon by both parties, GAMEWOOD will not be obligated to proceed to implementation of its use of nDanville. Similar testing procedures will be followed after nDanville system modifications.

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SECTION 6. SERVICE LEVEL AGREEMENTS

A separate written Service Level Agreement (SLA) shall be executed between City and GAMEWOOD for each distinctively different product offered on nDanville by GAMEWOOD to its customers. The SLA shall specify such characteristics as time of day, day of week, and latency, bandwidth, and other quality of service factors.

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SECTION 7. CONDITIONS & ACCEPTANCE

GAMEWOOD's receipt of nDanville services and obligation to pay associated fees shall be conditioned upon meeting the following conditions, unless any are waived by mutual consent by City and GAMEWOOD:

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A. GAMEWOOD has secured from the City all necessary approvals to operate on nDanville and all necessary and appropriate permits, licenses and authorizations of the City, County, Commonwealth, and Federal governments have been issued and have not been terminated, revoked or suspended or interrupted;

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B. There are no court actions or civil actions that have limited or restricted GAMEWOOD's rights to perform as described in this agreement;

C. There are no laws, statutes, or regulations or any City Council ordinances that will have the effect of preventing or restricting GAMEWOOD's rights and obligations to perform as described in this agreement; and

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D. All of the previously agreed upon network conditions have all been successfully met and continue to be consistent with expectations established and agreed upon by both parties.

SECTION 8. FEES, BILLINGS & PAYMENTS

A. City will notify GAMEWOOD and other services providers at least thirty (30) days prior to scheduled rate adjustment actions by the Danville Utility

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Commission and will take into account written and verbal testimony by service providers before taking action.

- B. Applicable installation charges and one-time service start-up fees shall be billed upon completion of associated work. Revenue share income shall be calculated and billed thirty (30) days after the end of the month in which the revenue share income was actually received by GAMEWOOD. GAMEWOOD shall pay City all amounts owed upon receipt of monthly invoices within thirty (30) days of the invoice date.

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- C. Failure to pay established fees by GAMEWOOD shall constitute default on this agreement. In the event of any dispute regarding any payment or portion thereof, payment shall be made on schedule while resolution of the dispute is undertaken.

- D. City shall have the right to audit and verify the accurate payment of all fees due under this agreement, including, without limitation, accurate reporting and payment of City' share of subscriber and service provider fees. If City' audit determines any underpayment or overpayment, then GAMEWOOD shall within thirty (30) days adjust the fees for the current installment of the fees due, to the extent the underpayment or overpayment findings of the audit are correct. If amount of the underpayment is greater than ten (10%) percent, then GAMEWOOD shall also pay the actual cost of City for such audit.

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- E. Telecommunication Rates will be approved by the City Utility Commission. These rates are universal to any service provider on nDanville.

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SECTION 9. MODIFICATIONS TO nDANVILLE

- A. City will periodically expand and modify the network to meet its own needs, as well as those of GAMEWOOD and other service providers. City agrees to use cost effective efforts to design and implement modifications in a fashion that minimize service disruptions.

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- B. Should GAMEWOOD require specific network modifications to meet its specific needs, the Parties shall execute a written document identifying the nature of the desired changes, outlining how improvements will be financed and implemented, how testing will be undertaken to ensure that intended functionality is achieved, and specifying the method of acceptance of completed modifications.

- C. City and GAMEWOOD will conduct a network test of applications and interfaces following modifications made to nDanville to ensure GAMEWOOD that the network is fully capable of supporting delivery of GAMEWOOD's telecommunications services to its customers.

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SECTION 10. WARRANTIES

- A. City warrants that nDanville will operate in material compliance with the terms that have been mutually agreed upon prior to execution of this agreement.
- B. Each party warrants that it has the authority to enter into this agreement and that doing so does not violate any other right, duties, or obligations, contractual or otherwise, it has to a third party.

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SECTION 11. INSURANCE

GAMEWOOD must maintain in force, during the full Term of this Agreement, the following amounts and coverages:

- A. Worker's Compensation. Worker's Compensation in statutory amounts, with Employers' Liability Limits not less than one million dollars (\$1,000,000) each accident.
- B. Commercial General Liability Insurance. Commercial General Liability Insurance with limits not less than Five Hundred Thousand Dollars (\$500,000) each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products and Completed Operations; and
- C. Other Provisions. Commercial General Liability Insurance policies must provide the following:
1. Additional Insureds. Name as additional insured the City of Danville, its officers, agents, and employees.
 2. Primary Insurance. That such policies with respect to the negligence of GAMEWOOD are endorsed as (or the policy provides for) primary insurance to any other insurance available to the additional insureds, with respect to any claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought.
- D. Notice of Cancellation. GAMEWOOD shall provide thirty (30) days' advance written notice to City of cancellation for any reason mailed to the address contained in section 17 entitled "Notice" below.
- E. Proof of Insurance Required. Before commencing any operations under this Agreement, GAMEWOOD shall furnish to City certificates of insurance and the policy or endorsements including status as an additional insured with insurers with ratings comparable to A-VIII or higher, that are authorized to do business in the Commonwealth of Virginia, and that are satisfactory to City, in form evidencing all coverages set forth above.

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GAMEWOOD shall furnish complete copies of policies promptly within ninety (90) days after a covered claim being denied coverage of the City as an additional insured upon City request. Failure to maintain insurance shall constitute a material breach of this Agreement entitling the City to terminate this Agreement if GAMEWOOD does not re-establish the insurance coverage within five (5) business days after prior written notice from the City, provided that if GAMEWOOD re-establishes the insurance coverage within thirty (30) days of the cancellation of insurance so that there is no gap in coverage, then this Agreement shall be restored to good standing as if the termination had not occurred.

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- F. Insurance Does Not Limit Liability. Approval of the insurance by City shall not relieve or decrease the liability of GAMEWOOD to the City hereunder.

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SECTION 12. IDEMNIFICATION

GAMEWOOD shall indemnify, defend, protect and hold Danville harmless from any liability, cost, expense, damages, demands, claims, or losses (including, without limitation, reasonable attorneys' fees, charges, disbursements and court costs)(collectively, ""Losses") incurred or suffered by Danville arising from GAMEWOOD's negligence or willful misconduct in the performance of its services under this Agreement, to the extent such Losses are caused by GAMEWOOD's negligence or willful misconduct.

SECTION 13. FORCE MAJEURE

Neither party shall be liable or responsible for a force majeure event beyond its control. In no event shall GAMEWOOD be entitled to monetary payment or compensation of any kind from City for any costs or damages incurred as a result of force majeure disruptions or delays. It is understood and explicitly acknowledged that nDanville is operated by City, and in the event of an emergency or qualifying force majeure incident, priority will be given to restoring Danville's electrical system and meeting the emergency telecommunications needs for police, fire or rescue operations before any maintenance or repair is performed for GAMEWOOD's access to operations dependent upon the nDanville network.

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SECTION 14. TERMINATION OF AGREEMENT

- A. City shall not terminate this agreement unless GAMEWOOD defaults in meeting its obligations. In the event that GAMEWOOD's failure to meet its obligations justifies termination of this agreement, City will issue written notification to GAMEWOOD thirty (30) days prior to termination and will provide GAMEWOOD a reasonable opportunity to correct specified deficiencies.

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- B. GAMEWOOD shall be entitled to terminate all of its obligations hereunder by if, by sixty (60) days after the effective date of this agreement,

implementation conditions have not been successfully completed, or if the network has not continued to be operational, and if such failures were not caused by the actions or inactions of GAMEWOOD. Should GAMEWOOD wish to terminate this agreement under such circumstances, it shall send a written notice of termination to City no later than ten (10) days prior to the intended termination date.

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C. If subsequent network performance does not meet the conditions set forth in applicable SLAs, then either party shall be entitled to terminate this agreement upon thirty (30) days prior written notice of termination. Upon notification by GAMEWOOD of unsatisfactory performance of nDanville, City shall be granted the opportunity to undertake all reasonable efforts to correct operational problems before GAMEWOOD initiates termination of this agreement.

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D. If, during the term of this agreement, GAMEWOOD desires for any reason to transfer its nDanville access and traffic to one or more alternate network(s) in the coverage area, then GAMEWOOD shall give City thirty (30) days prior written notice of such desire to terminate and/or modify this agreement at the end of the current term or earlier if on terms and conditions mutually acceptable to City and GAMEWOOD.

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E. It is imperative that all service providers accessing nDanville meet commitments made to customers. Should the nature and frequency of GAMEWOOD customer complaints conveyed to City indicate that GAMEWOOD is failing to meet obligations to its customers; City shall notify GAMEWOOD by letter of the situation and request that problems be remedied immediately. Under such circumstances, should GAMEWOOD fail to resolve specified problems within thirty (30) days of receipt of said letter, City shall restrict GAMEWOOD from serving additional customers and issue a second letter notifying GAMEWOOD to resolve customer service problems within ten (10) days to avoid termination of nDanville access. If problems remain unresolved, City shall terminate nDanville access for GAMEWOOD.

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SECTION 15. DISPUTE RESOLUTION

The parties shall attempt to resolve any controversy claim, problem or dispute arising out of, or related to, this agreement through good faith consultation in the ordinary course of business. In the event that the project managers of the parties do not resolve a dispute, either party may upon written notice to the other request that the matter be referred to senior management officials within each respective organization with express authority to resolve the dispute. Senior management officials shall meet or confer at least once in good faith, to negotiate a mutually acceptable resolution within thirty (30) days. Should the parties be unable to settle the dispute, both parties are free to fully pursue their claim through the courts. This Agreement and the performance thereof shall be governed by and enforced under the laws of the Commonwealth of Virginia, and if legal action by

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either party is necessary for or with respect to the enforcement of any or all of the terms and conditions hereof, then exclusive venue therefore shall lie in the City of Danville, Virginia.

SECTION 16. MISCELLANEOUS

Non-Discrimination -- In performing this agreement, neither City nor GAMEWOOD shall discriminate or permit discrimination against any person because of race, color, religion, national origin, gender, or sexual orientation. In the event of such discrimination, City may, in addition to any other rights or remedies available, terminate the agreement.

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Consent to Jurisdiction -- This agreement and the performance thereof shall be governed by and enforced under the laws of the Commonwealth of Virginia, and if legal action by either party is necessary for or with respect to the enforcement of any or all of the terms and conditions hereof, then exclusive venue therefore shall lie in the City of Danville, Virginia.

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No Partnership -- Nothing contained herein shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent, partnership, joint venture or any association between the parties.

Assignment -- Neither party to this agreement shall assign this agreement, or any portion of it, without the prior written permission of the other party, which permission shall not be unreasonably withheld or delayed, and any such assignment made without such consent shall be void and shall not operate to relieve either Party from any of its obligations or liabilities under this agreement.

Subcontractors -- GAMEWOOD shall be fully responsible for any subcontractor engaged to perform work covered under this agreement. All agreements with subcontractors, including agreements between lower tier subcontractors and GAMEWOOD, shall include a provision acknowledging that all claims are between the contracting parties and waiving any claim against City or the City of Danville arising from such contracts.

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Waiver & Remedies -- Failure of either party to enforce any provision of this agreement or the waiver thereof in any instance shall not be construed as a general waiver or relinquishment on its part of any such provision but the same shall nevertheless be and remain in full force and effect. The remedies expressly provided in this agreement shall be in addition to any other remedies available at law or in equity.

Confidentiality -- Except as permitted by this agreement, neither party will use the confidential information of the other. Each party will use reasonable efforts, to the extent it does for its own proprietary and confidential information of like nature, to prevent any Confidential Information of the other party from

being disclosed to third parties except as set forth in this agreement or as authorized by a party in writing or as required by law.

Disclosure of Confidential Information -- To the extent permitted by applicable law the City will not disclose any of the confidential information of GAMEWOOD during the term, and any renewal term of this agreement. If applicable law, a court order, or subpoena requires disclosure of GAMEWOOD's confidential information or any exhibits or attachments ancillary to or executed in connection with this agreement, then the City will promptly give GAMEWOOD written notice and assist GAMEWOOD in limiting the disclosure to only those portions of that confidential information as is necessary to be disclosed according to applicable law, court order, or subpoena.

Compliance with Applicable Laws-- In addition to all requirements contained herein, the Parties will comply with all applicable laws as they currently exist and as they may be amended from time to time. The City shall also comply with any court order or subpoena and GAMEWOOD agrees to indemnify the City against any action as agreed to in Section 12 above and GAMEWOOD further agrees to take no action against the City as a result of the City following said court order or subpoena.

Approvals -- If the approval or consent of any Party is required under this agreement, such approval or consent may only be given in writing, and shall not be unreasonably withheld or delayed.

Integrated Document -- This agreement is intended as the complete integration of all understandings between the parties as to the subject matter of this agreement. No oral communications or prior or contemporaneous addition, deletion, or other amendment hereto shall have any force or affect whatsoever, unless embodied herein in writing.

Limited authority -- Nothing in this agreement, expressed or implied, is intended or shall be construed to confer upon or give to any person, firm, corporation, or legal entity, other than GAMEWOOD, City, and the City, any rights, remedies, or other benefits under or by reason of the agreement.

Network Services -- This agreement is intended to provide a blanket list of requirements allowing for all current and future services including but not limited to Internet, VOIP, and IPTV. Network Services are subject to the regulation of the Federal Communications Commission and local, state, and federal laws.

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SECTION 17. NOTICE

Except as otherwise set forth herein, all notices given or which may be given pursuant to this agreement must be in writing and delivered in person or by nationally recognized overnight delivery service postage pre-paid as follows:

City of Danville
1040 Monument Street
Danville, VA 24541

Gamewood Technology Group
165 Deer Run Road
Danville, VA 24540

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Notice may also be provided to such other address as either Party may from time to time designate in writing. Notice shall be deemed received on the date of delivery or refusal of delivery. Counsel for either Party may give notice.

IN WITNESS WHEREOF, the Parties grant, acknowledge, and accept the terms, conditions and obligations of this agreement as evidenced by the following signatures of their duly authorized representatives. It is the intent of the Parties that this agreement shall become operative on the later of: (i) the date of City Council Approval; (ii) the date on which the agreement is fully executed; or (iii) the Effective Date but the obligations of GAMEWOOD shall not commence until all of the Implementation Conditions have been fully satisfied.

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for Gamewood Technology Group

Name: _____
Title: _____

Date: _____

for the City of Danville

Name: _____
Title: _____

Date: _____

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Commission Item Number: DUC180723 - 3
Utility Commission Meeting: July 23, 2018
Item: II. D. Solar Behind the Meter Generation Projects

Solar Behind the Meter Generation Projects

The City has received several solar proposals that are below market pricing for energy and capacity. The federal investment tax credit for solar generation is scheduled to drop from 30% in December 2019 to 26% in January 2019. Jason Grey will discuss two solar proposals that could add approximately twenty-two megawatts of capacity to our system.

Recommendation: Two suggested motions follow:

I move that the Danville Utility Commission recommend to City Council that Danville Utilities staff enter into a purchase power agreement for ten megawatts of local solar generation with a one-megawatt battery to be constructed, owned and operated by TurningPoint Energy.

I move that the Danville Utility Commission recommend to City Council that Danville Utilities staff enter into a purchase power agreement for up to twelve megawatts of local solar generation to be constructed, owned and operated by Strata Solar.

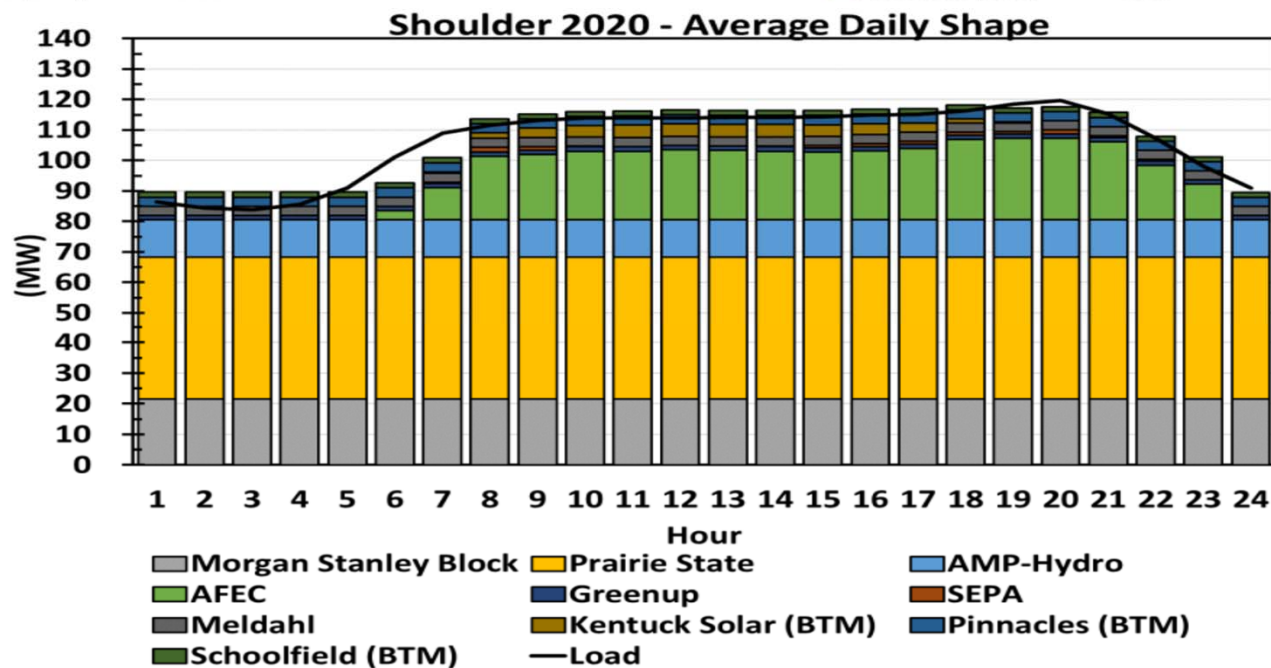
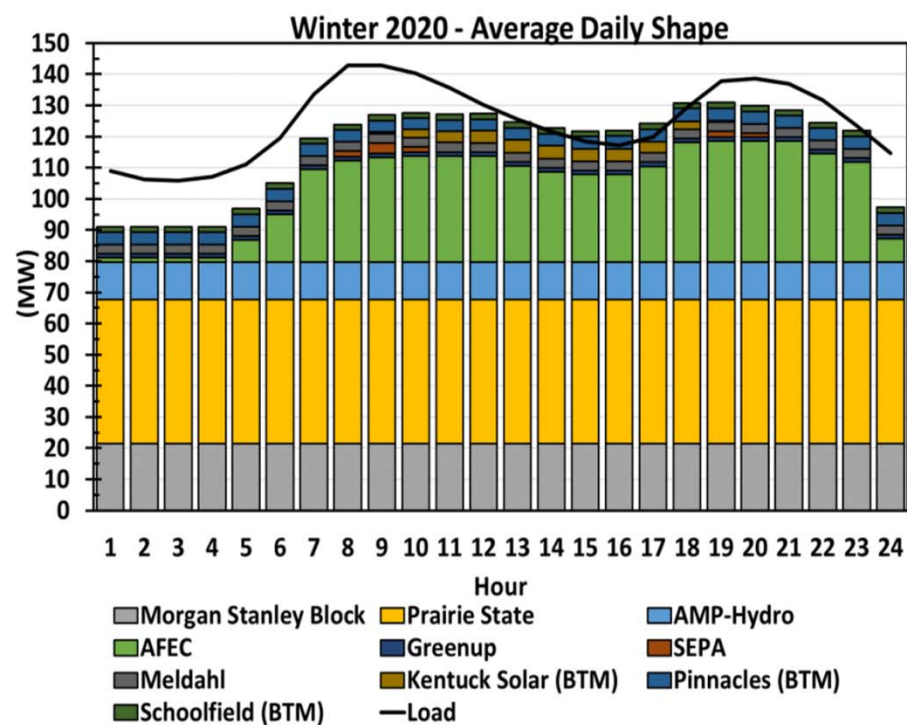
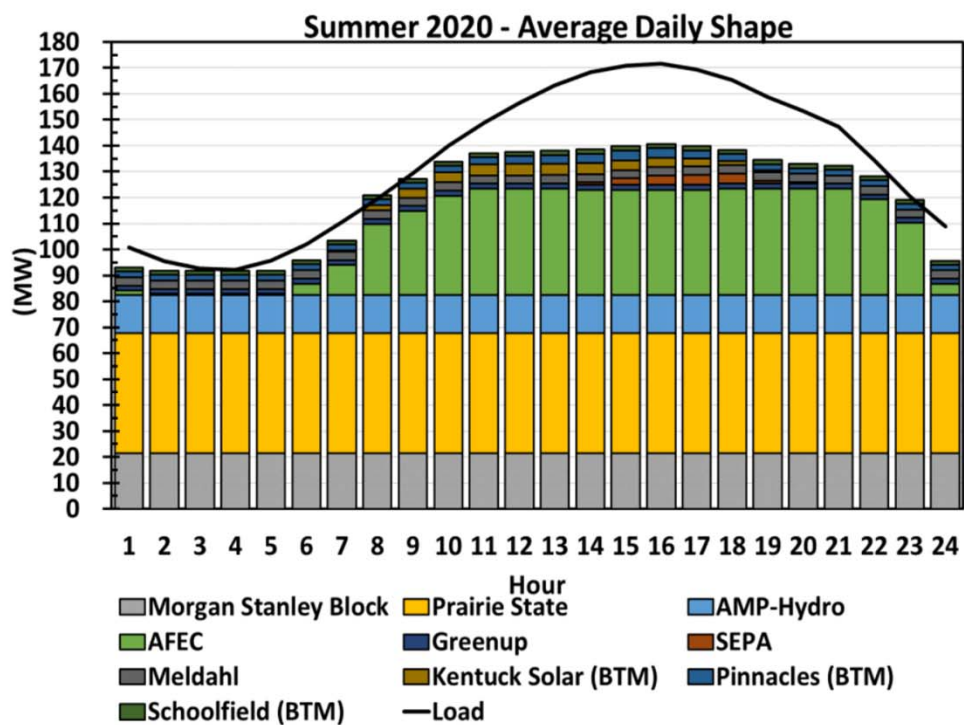


Behind the Meter Generation Projects

**Danville Utility Commission
July 23, 2018**

Intermediate/Peaking Capacity

- Received solar responses and natural gas responses
- Federal Investment Tax Credit (“ITC”) for renewable generation
 - 30%-if project is under construction before Dec 31, 2019
 - 26%- 2020
 - 22%-2021

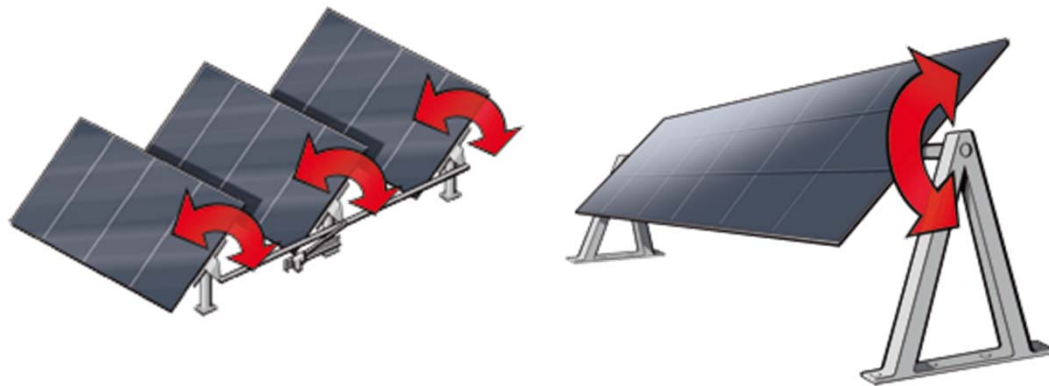


Current Portfolio (2020)

- Summer: 10-30 MW unhedged (afternoon; evening)
- Winter: less than 20 MW unhedged (early morning; overnight)
- Shoulder: Fully hedged

Solar Panel Technology

- Single-Axis Tracking
 - Single-Axis tracking panels follow the sun throughout the day using one axis powered by a separate motor
 - Middle to high capital cost, maintenance required
 - Typically 22 - 27% capacity factor



Project 1- 10 MW Solar+ 1 MW/10 MWh Storage

- TurningPoint Energy (Developer for Kentuck project)
- 25-year purchase power agreement
 - City would not be responsible for the capital costs or maintenance of the solar facility
- Estimated first year generation: ~ 24,000 mWh
 - ~ 27% capacity factor
- Fixed, non-escalating price proposal-Two Options
 - \$46.97/mWh -10 megawatt Solar Only
 - **\$50.37/mWh –10 megawatt Solar + 1 MW/10 mWh Storage**
- Danville to realize all other behind-the-meter benefits
- **Net \$9/mWh Average Energy Rate** for 25 years-Solar Only
 - Subtract Transmission, Capacity, Ancillary credits

Project Site

- 7480 Irish Road, Chatham, VA
- Near Whitmell Substaion
- TPE has included all of the costs associated with the property in the PPA (taxes, permitting, lease of the property).

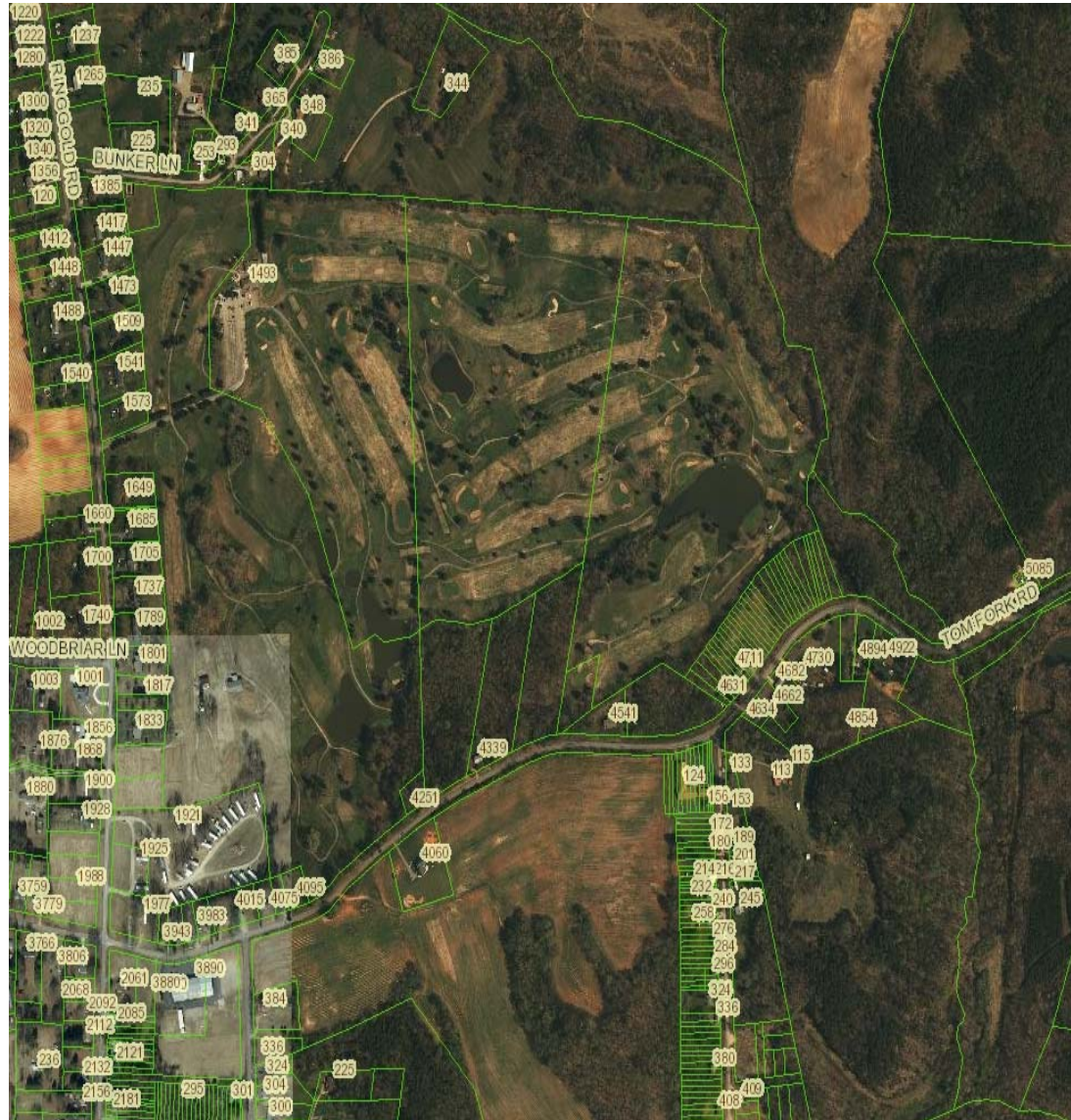


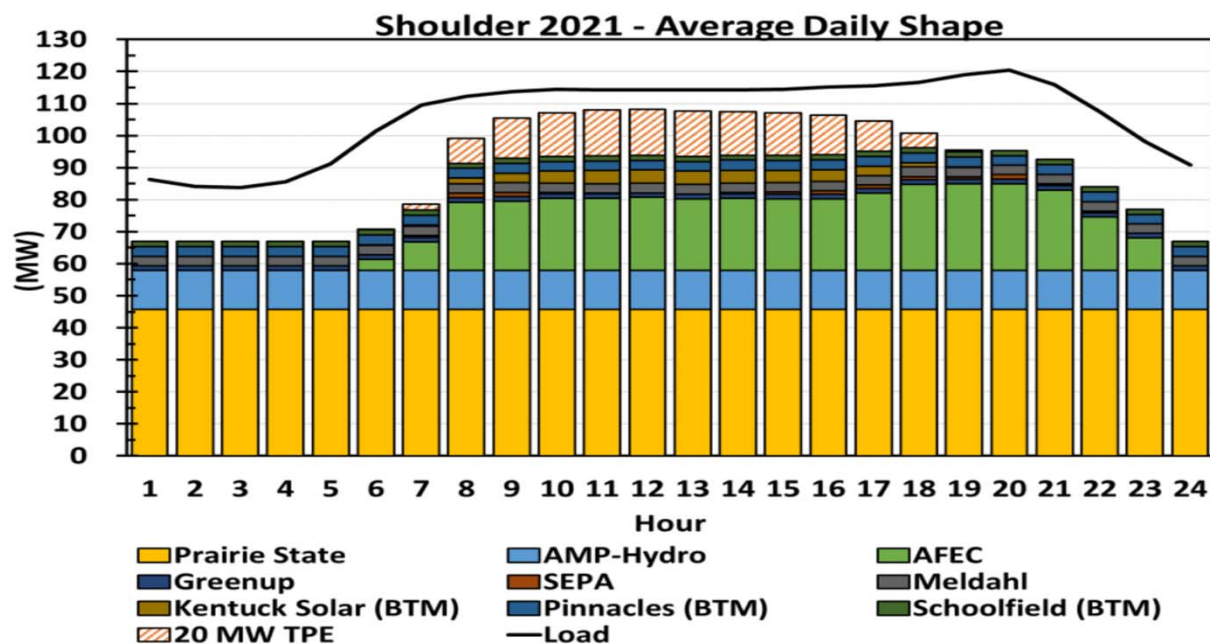
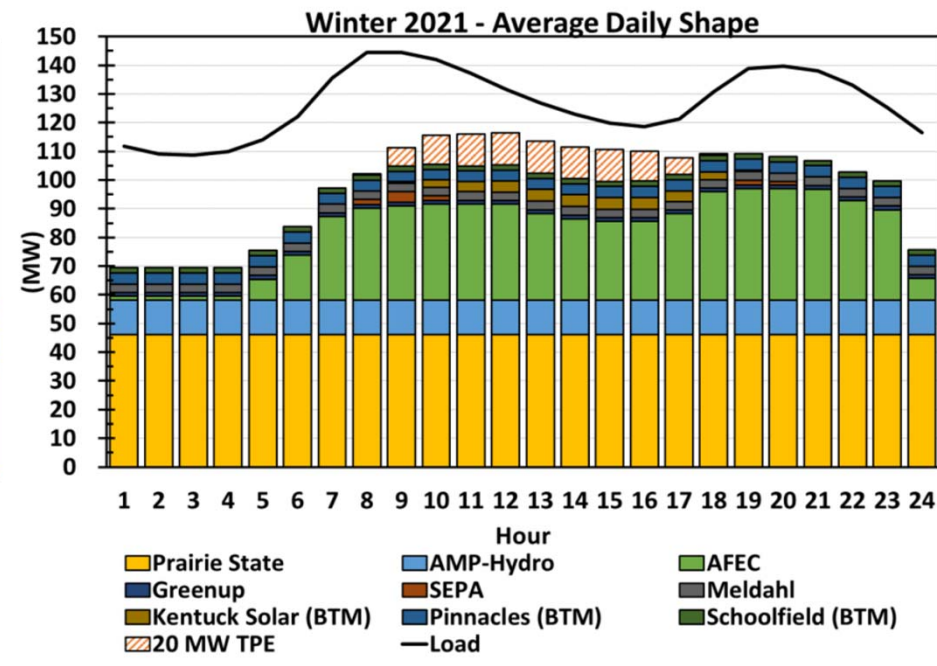
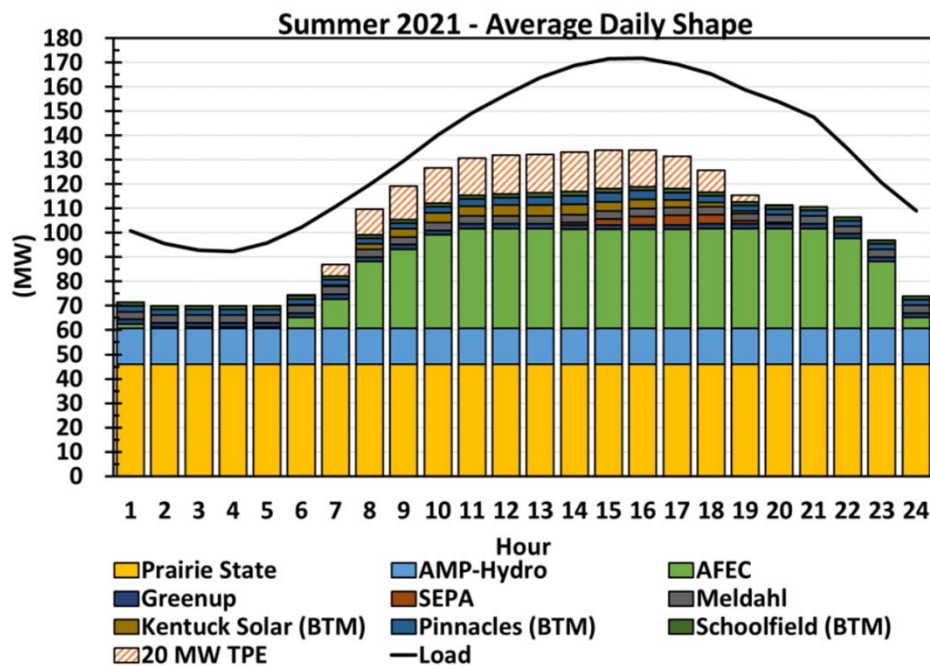
Project 2-10 MW Solar+ 5MW/10 MWh Storage

- Strata Solar
- 25-year purchase power agreement
 - City would not be responsible for the capital costs or maintenance of the solar facility
- Estimated first year generation: ~ 24,000 mWh
 - ~ 27% capacity factor
- Fixed, non-escalating price proposal-Two Options
 - \$49.00/mWh -12 megawatt solar only
 - **\$57.00/mWh-12 megawatt solar only (-2%) annual escalation**
 - (avg. \$46/mWh)
 - \$47.00/mWh + \$80,000/MW-YR storage capacity fee –10 megawatt Solar + 5 MW/10 mWh Storage
- Danville to realize all other behind-the-meter benefits
- **Net average \$8/mWh Average Energy Rate** for 25 years-Solar only -2% escalation
 - Subtract Transmission, Capacity, Ancillary credits

Project Site

- Ringgold Golf Course
- Near two Danville substations/behind Cane Creek Industrial Park
- Strata has included all of the costs associated with the property in the PPA (taxes, permitting, purchase\lease of the property).





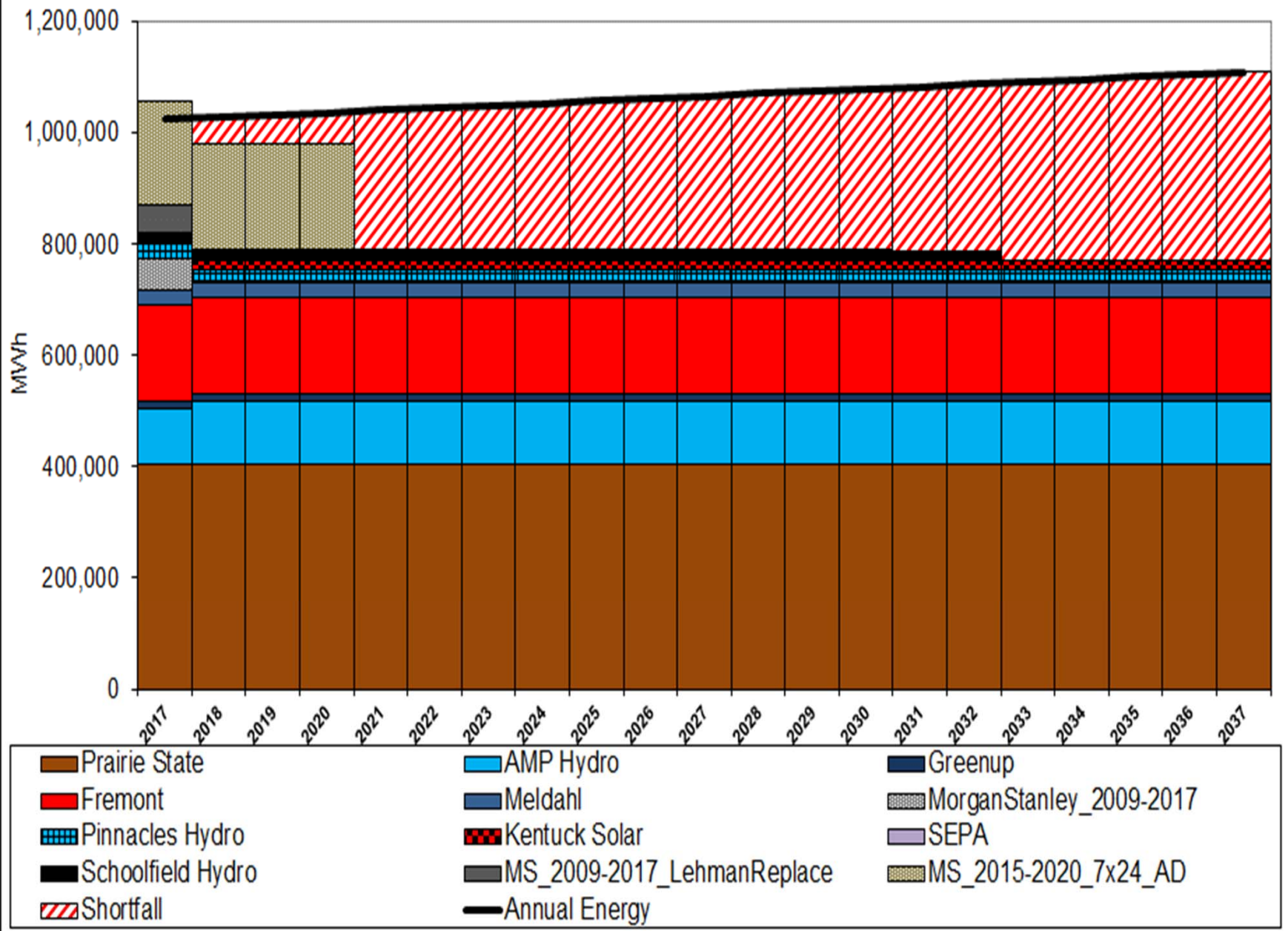
Current Portfolio + 20 MW solar (2021)

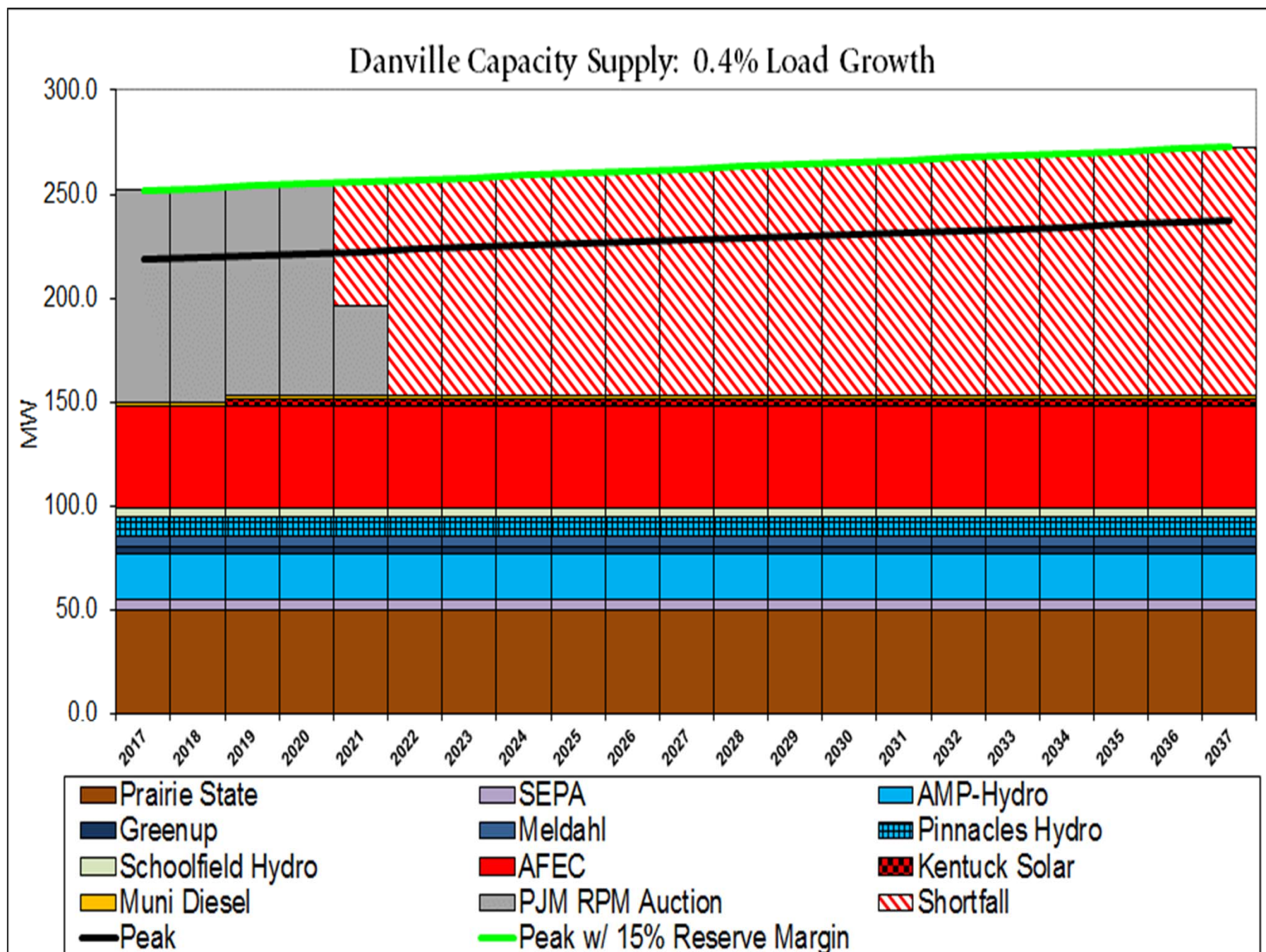
- Summer: 5-10 MW unhedged (morning); 40 MW unhedged (afternoon)
- Winter: 20-40 MW unhedged (early morning/late evening)
- Shoulder: 5-20 MW unhedged (morning through evening)

Risks/Concerns

- Proposed transmission formula rate changes that de-value behind the meter resources.
- DEQ permit process (up to 12 months long)

Danville Energy Supply: 0.4% Load Growth





Questions?



Commission Item Number: DUC180723 - 4
Utility Commission Meeting: July 23, 2018
Item: II. E. Economic Development (Closed Session)

Economic Development (Closed Session)

Discussion or consideration of the acquisition and/or disposition of real property for a public purpose where discussion in an open meeting would adversely impact the bargaining position of the City as permitted by Subsection (A) (3) of Section 2.2-3711 of the Code of Virginia, 1950, as amended.