Danville Utility Commission Meeting Agenda
4:00 p.m., July 22, 2019

City Council Chambers, Danville City Hall

I. Call to Order

A. Roll Call

B. Announcements

II. Discussion/Business Items

A. Minutes of the June 24, 2019 Commission Meeting

B. Review of Utilities' Financial Statements

C. Presentation on programs and procedures to provide reliable utility services

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 26, 2019

City Council Chambers
4th Floor, City Hall

Danville Utility Commission
4:00 p.m. June 24, 2019 Meeting
Council Chambers, City Hall
Minutes

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

Call to Order and Announcements

Mr. 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 May 6, 2019 Commission Meeting

Mr. Donahue asked for any corrections, deletions, or adjustments to the minutes from May 6, 2019.

Mr. Liepe 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. Holley presented the April financial statements for each utility fund.

Mr. Eades asked about the history of the credit card expenses. Ms. Holley stated that the credit card expenses were absorbed by Danville Utilities beginning July 2017, and due to the increased number of people opting to pay using credit cards, it was under-budgeted for the number of customers choosing to pay using this method.

Energy Efficiency Rebate Recommendations

Mr. David Ashley, consultant from Nexant presented recommendations for the Home$ave rebate program. At the March 2019 meeting, it was the Utility Commission's recommendation for staff to go back and determine the value of several natural gas measures that would lower electric demand during peak times.

Mr. Liepe asked were there any concerns regarding fire risks with the gas log rebate. Mr. Grey said he would check with code enforcement on this matter.

A motion was made by Mr. Eades and seconded by Ms. Williamson-Branch that the Danville Utility Commission approve the changes presented for the FY2020 and FY2021 residential energy efficiency Home$ave program. All members voted on favor, and the motion carried unanimously.

Ringgold Energy Storage Proposal

Mr. Grey presented to the Utility Commission plans for developer Strata Solar to add an up to 12 megawatt battery storage system in conjunction to the solar facility to be located at the current Ringgold Golf Course.

Mr. Eades asked if it was the best option to use the entire battery capacity during a one hour period. Mr. Grey said that yes, this is the best option, but data must be accurate to ensure that the peaking time comes during that hour. It could be better to hedge on two hours to allow for any inaccuracies in projections that could possibly occur.

Mr. Donahue requested that language be inserted into the contract to insure that any batteries past its useful life are removed by Strata Solar. Mr. Grey responded that he would work with the attorney to insert this requirement.

A motion was made by Mr. Liepe and seconded by Ms. Cain that the Danville Utility Commission recommend to City Council that staff enter into a capacity agreement for up to 12 megawatts of energy storage to be constructed, owned and operated by Strata Solar. All members voted in favor, and the motion carried unanimously.

Closed Session

Mr. Larking made a motion to enter Closed Session. Mr. Eades seconded and Closed Session was entered.

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.

Mr. Liepe made a motion that the Danville Utility Commission reconvene into the open meeting. Mr. Eades seconded; all members voted in favor, and the motion carried unanimously.

Mr. Larking made a motion that the Danville Utility Commission adopt a resolution certifying that to the best of each member's knowledge that (I) only public business matters lawfully exempted from open meeting requirements under Section 2.2-3711 were heard, discussed or considered and (II) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the closed meeting. Mr. Eades seconded; all members voted in favor, and the motion carried unanimously.

Department Discussions

There was no comment from City staff.

There was no comment from the public.

Adjournment

Mr. Donahue stated the next meeting is scheduled for July 22, 2019. There being no further business, Mr. Donahue adjourned the meeting at 5:00 p.m.

Submitted by Janet C. Davis
Secretary to the DUC

July 22, 2019
Date Approved

____
Chairman
Danville Utility Commission

Commission Item Number: DUC190722 - 1
Utility Commission Meeting: July 22, 2019
Item: II. B. Review of Utilities' Financial Statements

Financial Report

May financials will be reviewed.

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

		WASTEWATER	WATER	GAS	ELECTRIC	TELECOM	MAY 31, 2019
ASSETS							
Equity in pooled Cash and Investments	$	10,045,487.51	11,106,892.97	15,450,998.72	39,085,586.95	1,173,668.29	76,862,634.44
Receivables (Net of allowances for Uncollectible):							
Accounts		1,059,235.96	445,084.30	1,354,169.79	15,059,513.67	91,518.59	18,009,522.31
Power/Gas Cost Recovery		-	-	(376,448.62)	5,531,696.10	-	5,155,247.48
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		-	582,931.93	517,669.20	1,664,316.74	203,875.97	2,968,793.84
Fixed Assets		97,515,715.34	73,534,387.22	69,645,109.54	301,953,897.60	10,558,354.00	553,207,463.70
Accumulated Depreciation		(46,105,952.62)	(38,531,038.72)	(28,580,746.02)	(133,100,100.98)	(2,958,594.65)	(249,276,432.99)
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	$	62,987,303.19	48,409,961.70	59,154,480.61	234,627,099.08	9,192,378.20	414,371,222.78
LIABILITIES AND NET ASSETS							
Liabilities							
Accounts Payable	$	438,468.18	143,752.04	1,026,133.60	7,993,654.89	28,137.71	9,630,146.42
Accrued Interest Payable		62,482.72	61,105.31	24,935.13	542,451.85	-	690,975.01
Customer Deposits		-		-	3,700,995.56	-	3,700,995.56
Accrued Vacation, Sick Leave & Workers Comp.		-	98,928.48	71,182.76	620,069.56	4,024.53	794,205.33
Deferred Gain / Loss - Refunding Bonds		(142,429.95)	(131,767.79)	(81,627.31)	(1,313,003.02)	-	(1,668,828.07)
Original Issue Premium/Discount (Refunding Bonds)		152,490.65	138,743.05	90,581.74	3,366,211.10	-	3,748,026.54
General Obligation Bonds Payable		2,700,202.13	2,746,030.46	1,221,000.40	40,689,011.23	-	47,356,244.22
Revenue Bonds Payable		(0.17)	-	-	-	-	(0.17)
Long-Term Leases, Notes, and Contracts Payable		-	-	-	29,270.22	-	29,270.22
TOTAL LIABILITIES	$	3,211,213.56	3,056,791.55	2,352,206.32	55,628,661.39	32,162.24	64,281,035.06
Net Assets							
Contributed Capital	$	3,867,046.44	4,676,282.92	1,340,232.51	13,721,622.53	337,248.59	23,942,432.99
Retained Earnings:							
Restricted for Investment in Fixed Assets	$	44,832,453.62	27,574,059.86	38,494,176.18	112,389,954.78	7,262,510.76	230,553,155.20
Restricted for Incomplete Projects		5,766,809.21	7,171,414.80	2,825,270.28	13,924,241.67	496,960.15	30,184,696.11
Restricted for Subsequent Expenses		186,297.92	61,822.99	102,359.95	710,722.82	5,643.30	1,066,846.98
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		4,787,064.44	4,964,750.58	13,226,452.37	35,098,316.89	969,941.16	59,046,525.44
Total Retained Earnings	$	55,909,043.19	40,676,887.23	55,462,041.78	165,276,815.16	8,822,967.37	326,147,754.73
TOTAL NET ASSETS	$	59,776,089.63	45,353,170.15	56,802,274.29	178,998,437.69	9,160,215.96	350,090,187.72
TOTAL LIABILITIES AND NET ASSETS	$	62,987,303.19	48,409,961.70	59,154,480.61	234,627,099.08	9,192,378.20	414,371,222.78

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

	WASTEWATER	WATER	GAS	ELECTRIC	TELECOM	MAY 31, 2019
Operating revenues:						
Charges for Services	$ 9,153,670.45	7,146,589.70	22,849,127.53	110,232,044.64	842,653.10	150,224,085.42
Operating Expenses:						
Purchased Services	$ -	-	13,151,536.39	85,026,167.78	52,407.35	98,230,111.52
Production	-	-	-	604,027.03	-	604,027.03
Transmission & Treatment	2,520,376.56	1,482,891.18	-	1,350,526.63	-	5,353,794.37
Engineering	-	178,006.66	251,758.26	638,563.66	-	1,068,328.58
Distribution	2,193,569.74	509,225.50	518,564.83	11,039,085.28	-	14,260,445.35
Service	34,314.42	46,379.56	45,703.41	-	-	126,397.39
Meters & Regulators	-	108,006.04	145,045.08	251,993.17	184.21	505,228.50
Administrative	1,552,446.83	2,422,219.35	3,666,394.54	4,838,214.66	691,491.45	13,170,766.83
Total Operating Expenses	$ 6,300,707.55	4,746,728.29	17,779,002.51	103,748,578.21	744,083.01	133,319,099.57
Operating Income (Loss)	$ 2,852,962.90	2,399,861.41	5,070,125.02	6,483,466.43	98,570.09	16,904,985.85
Non-Operating Revenues (Expenses):						
Jobbing Income (Loss)	62,839.23	50,068.92	101,888.76	177,782.46	37,946.70	430,526.07
Interest Income	193,341.86	225,526.22	253,187.31	788,316.89	21,595.14	1,481,967.42
Energy Efficiency Recovery	-	-	-	(428,581.17)	-	(428,581.17)
Gain (Loss) on Disposal of Property	-	6,106.68	68.25	44,790.65	-	50,965.58
Recoveries and Rebates	10,078.80	21,115.09	234,460.02	189,099.89	-	454,753.80
Interest Expense	(167,262.91)	(168,186.15)	(62,376.70)	(1,599,068.69)	-	(1,996,894.45)
Total Non-Operating Revenues (Expenses)	$ 98,996.98	134,630.76	527,227.64	(827,659.97)	59,541.84	(7,262.75)
Income (Loss) Before Operating Transfers	$ 2,951,959.88	2,534,492.17	5,597,352.66	5,655,806.46	158,111.93	16,897,723.10
Operating Transfers:						
Transfers In (Out)	(3,635,946.63)	(863,775.00)	(2,804,385.87)	(9,236,475.87)	(74,250.00)	(16,614,833.37)
Total Operating Transfers	$ (3,635,946.63)	(863,775.00)	(2,804,385.87)	(9,236,475.87)	(74,250.00)	(16,614,833.37)
Net Income (Loss)	$ (683,986.75)	1,670,717.17	2,792,966.79	(3,580,669.41)	83,861.93	282,889.73
Net Assets - July 1, 2018, as restated	60,426,114.95	43,682,452.98	54,009,307.50	182,579,107.10	9,076,354.03	349,773,336.56
Net Income (Loss)	(683,986.75)	1,670,717.17	2,792,966.79	(3,580,669.41)	83,861.93	282,889.73
Contribution In Aid of Construction	33,961.43	-	-	-	-	33,961.43
Net Assets - May 31, 2019	$ 59,776,089.63	45,353,170.15	56,802,274.29	178,998,437.69	9,160,215.96	350,090,187.72

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

WASTEWATER - FINAL

	ORIGINAL BUDGET 2018-19	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2018-19	MAY 2019	PERCENT OF CURRENT BUDGET	MAY 2018
OPERATING REVENUE	9,644,240.00		9,644,240.00	9,153,670.45	94.91%	8,756,093.37
COST OF SALES						
PURCHASED SERVICES						
PRODUCTION						
TOTAL COST OF SALES						
GROSS PROFIT						
GROSS PROFIT %						
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	2,984,790.00	63,824.16	3,048,614.16	2,520,376.56	82.67%	2,233,712.58
ENGINEERING	-		-	-		-
DISTRIBUTION	2,510,580.00	79,936.07	2,590,516.07	2,193,569.74	84.68%	1,674,473.91
SERVICE	133,640.00		133,640.00	34,314.42	25.68%	75,926.12
METERS & REGULATORS	-		-	-		-
BAD DEBT	35,400.00		35,400.00	40,632.24	114.78%	25,704.18
GENERAL & ADMINISTRATIVE	1,768,050.00		1,768,050.00	1,511,814.59	85.51%	1,561,688.14
TOTAL OPERATING EXPENSES	7,432,460.00	143,760.23	7,576,220.23	6,300,707.55	83.16%	5,571,504.93
OPERATING INCOME (LOSS)	2,211,780.00	(143,760.23)	2,068,019.77	2,852,962.90	137.96%	3,184,588.44
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	104,000.00		104,000.00	193,341.86	185.91%	135,328.72
RECOVERIES AND REBATES	-		-	10,078.80		6,004.55
GAIN/LOSS ON DISPOSAL	-		-	-		-
JOBBING INCOME (LOSS)	51,800.00		51,800.00	62,839.23	121.31%	32,714.16
INTEREST ON LONG TERM INDEBTEDNESS	(168,950.00)		(168,950.00)	(167,262.91)	99.00%	(215,786.38)
NET INCOME (LOSS)	2,198,630.00	(143,760.23)	2,054,869.77	2,951,959.88	143.66%	3,142,849.49
OPERATING TRANSFERS IN (OUT)	(693,760.00)	(3,000,000.00)	(3,693,760.00)	(3,635,946.63)	98.43%	(635,946.67)
NET INCOME AFTER TRANSFERS	1,504,870.00	(3,143,760.23)	(1,638,890.23)	(683,986.75)	41.73%	2,506,902.82
CONTRIBUTION IN AID	35,000.00		35,000.00	33,961.43	97.03%	
REGULAR CAPITAL MAINTENANCE	(440,860.00)	(4,189.66)	(445,049.66)	(48,924.74)	10.99%	
CAPITAL PROJECTS	(1,350,000.00)	(4,312,562.56)	(5,662,562.56)	(341,878.27)	6.04%	
DEBT SERVICE	(1,038,450.00)		(1,038,450.00)	(1,038,423.98)	100.00%	
DEPRECIATION	2,083,000.00		2,083,000.00	1,849,581.03	88.79%	
CONTINGENCY	(100,000.00)	50,000.00	(50,000.00)		0.00%	

UTILITY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED

FOR THE PERIOD ENDED MAY 31, 2019

WATER - FINAL

	ORIGINAL BUDGET 2018-19	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2018-19	MAY 2019	PERCENT OF CURRENT BUDGET	MAY 2018
OPERATING REVENUE	8,317,890.00		8,317,890.00	7,146,589.70	85.92%	7,342,967.89
COST OF SALES						
PURCHASED SERVICES						
PRODUCTION						
TOTAL COST OF SALES						
GROSS PROFIT						
GROSS PROFIT %						
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	1,835,210.00	35,205.09	1,870,415.09	1,482,891.18	79.28%	1,630,512.61
ENGINEERING	266,240.00	28,581.24	294,821.24	178,006.66	60.38%	231,506.91
DISTRIBUTION	667,110.00	(21,414.33)	645,695.67	509,225.50	78.86%	632,259.19
SERVICE	144,770.00	(5,000.00)	139,770.00	46,379.56	33.18%	42,694.82
METERS & REGULATORS	167,020.00	(16,000.00)	151,020.00	108,006.04	71.52%	90,022.51
BAD DEBT	31,600.00		31,600.00	28,344.95	89.70%	19,574.23
GENERAL & ADMINISTRATIVE	2,909,650.00	19,406.70	2,929,056.70	2,393,874.40	81.73%	2,463,065.94
TOTAL OPERATING EXPENSES	6,021,600.00	40,778.70	6,062,378.70	4,746,728.29	78.30%	5,109,636.21
OPERATING INCOME (LOSS)	2,296,290.00	(40,778.70)	2,255,511.30	2,399,861.41	106.40%	2,233,331.68
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	126,000.00		126,000.00	225,526.22	178.99%	175,383.24
RECOVERIES AND REBATES	10,000.00		10,000.00	21,115.09		14,010.65
GAIN/LOSS ON DISPOSAL	12,500.00		12,500.00	6,106.68		217.00
JOBBING INCOME (LOSS)	120,330.00		120,330.00	50,068.92	41.61%	78,038.71
INTEREST ON LONG TERM INDEBTEDNESS	(153,690.00)		(153,690.00)	(168,186.15)	109.43%	(207,371.96)
NET INCOME (LOSS)	2,411,430.00	(40,778.70)	2,370,651.30	2,534,492.17	106.91%	2,293,609.32
OPERATING TRANSFERS IN (OUT)	(942,300.00)		(942,300.00)	(863,775.00)	91.67%	(863,775.00)
NET INCOME AFTER TRANSFERS	1,469,130.00	(40,778.70)	1,428,351.30	1,670,717.17	116.97%	1,429,834.32
CONTRIBUTION IN AID	-		-	-		
REGULAR CAPITAL MAINTENANCE	(1,008,800.00)	(175,286.92)	(1,184,086.92)	(914,397.13)	77.22%	
CAPITAL PROJECTS	(5,500,000.00)	(3,394,262.21)	(8,894,262.21)	(2,092,539.20)	23.53%	
DEBT SERVICE	(928,370.00)		(928,370.00)	(928,352.59)	100.00%	
DEPRECIATION	1,680,000.00		1,680,000.00	1,439,505.54	85.68%	
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, 2019

GAS - FINAL

	ORIGINAL BUDGET 2018-19	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2018-19	MAY 2019	PERCENT OF CURRENT BUDGET	MAY 2018
OPERATING REVENUE	22,462,280.00		22,462,280.00	22,849,127.53	101.72%	20,904,312.06
COST OF SALES						
PURCHASED SERVICES	13,343,220.00		13,343,220.00	13,151,536.39	98.56%	12,499,138.71
PRODUCTION	-		-	-		-
TOTAL COST OF SALES	13,343,220.00	-	13,343,220.00	13,151,536.39		12,499,138.71
GROSS PROFIT	9,119,060.00	-	9,119,060.00	9,697,591.14		8,405,173.35
GROSS PROFIT %	40.60%		40.60%	42.44%		40.21%
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	-			-		-
ENGINEERING	421,730.00	166,621.02	588,351.02	251,758.26	42.79%	348,499.76
DISTRIBUTION	654,250.00	(11,170.50)	643,079.50	518,564.83	80.64%	471,435.13
SERVICE	129,790.00		129,790.00	45,703.41	35.21%	29,135.62
METERS & REGULATORS	190,620.00	67.00	190,687.00	145,045.08	76.06%	119,591.65
BAD DEBT	49,700.00		49,700.00	23,300.32	46.88%	36,864.60
GENERAL & ADMINISTRATIVE	3,917,080.00	11,310.00	3,928,390.00	3,643,094.22	92.74%	3,259,355.14
TOTAL OPERATING EXPENSES	5,363,170.00	166,827.52	5,529,997.52	4,627,466.12	83.68%	4,264,881.90
OPERATING INCOME (LOSS)	3,755,890.00	(166,827.52)	3,589,062.48	5,070,125.02	141.27%	4,140,291.45
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	141,000.00		141,000.00	253,187.31	179.57%	180,102.63
RECOVERIES AND REBATES	-		-	234,460.02		235.28
GAIN/LOSS ON DISPOSAL	7,100.00		7,100.00	68.25		-
JOBBING INCOME (LOSS)	183,790.00	(4,841.99)	178,948.01	101,888.76	56.94%	66,876.32
INTEREST ON LONG TERM INDEBTEDNESS	(58,030.00)		(58,030.00)	(62,376.70)	107.49%	(71,842.93)
NET INCOME (LOSS)	4,029,750.00	(171,669.51)	3,858,080.49	5,597,352.66	145.08%	4,315,662.75
OPERATING TRANSFERS IN (OUT)	(3,059,330.00)		(3,059,330.00)	(2,804,385.87)	91.67%	(2,804,385.83)
NET INCOME AFTER TRANSFERS	970,420.00	(171,669.51)	798,750.49	2,792,966.79	349.67%	1,511,276.92
CONTRIBUTION IN AID	-		-			
REGULAR CAPITAL MAINTENANCE	(974,810.00)	(221,523.90)	(1,196,333.90)	(735,800.91)	61.50%	
CAPITAL PROJECTS	(1,100,000.00)	(2,001,917.26)	(3,101,917.26)	(837,179.97)	26.99%	
DEBT SERVICE	(234,390.00)		(234,390.00)	(234,384.89)	100.00%	
DEPRECIATION	1,565,000.00		1,565,000.00	1,459,556.23	93.26%	
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, 2019

ELECTRIC - FINAL

	ORIGINAL BUDGET 2018-19	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2018-19	MAY 2019	PERCENT OF CURRENT BUDGET	MAY 2018
OPERATING REVENUE	133,009,810.00		133,009,810.00	110,232,044.64	82.88%	117,069,723.31
COST OF SALES						
PURCHASED SERVICES	102,237,000.00		102,237,000.00	85,026,167.78	83.17%	93,254,054.94
PRODUCTION	921,400.00	172,235.64	1,093,635.64	604,027.03		566,966.46
TOTAL COST OF SALES	103,158,400.00	172,235.64	103,330,635.64	85,630,194.81		93,821,021.40
GROSS PROFIT	29,851,410.00	(172,235.64)	29,679,174.36	24,601,849.83		23,248,701.91
GROSS PROFIT %	22.44%		22.31%	22.32%		19.86%
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	1,705,580.00	59,873.74	1,765,453.74	1,350,526.63	76.50%	1,351,432.59
ENGINEERING	987,030.00	32,638.32	1,019,668.32	638,563.66	62.62%	652,283.34
DISTRIBUTION	12,446,280.00	(7,960.00)	12,438,320.00	11,039,085.28	88.75%	11,295,834.05
SERVICE	-		-	-		-
METERS & REGULATORS	349,610.00		349,610.00	251,993.17	72.08%	262,613.16
BAD DEBT	309,500.00		309,500.00	424,901.61	137.29%	196,086.31
GENERAL & ADMINISTRATIVE	4,543,160.00	582,089.60	5,125,249.60	4,413,313.05	86.11%	4,073,568.02
TOTAL OPERATING EXPENSES	20,341,160.00	666,641.66	21,007,801.66	18,118,383.40	86.25%	17,831,817.47
OPERATING INCOME (LOSS)	9,510,250.00	(838,877.30)	8,671,372.70	6,483,466.43	74.77%	5,416,884.44
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	502,000.00		502,000.00	788,316.89	157.04%	615,783.87
ENERGY EFFICIENCY RECOVERY	-	(864,670.49)	(864,670.49)	(428,581.17)	49.57%	(302,910.71)
RECOVERIES AND REBATES	6,200.00		6,200.00	189,099.89	3050.00%	640,635.79
GAIN/LOSS ON DISPOSAL	30,500.00		30,500.00	44,790.65	146.85%	17,864.55
JOBBING INCOME (LOSS)	77,410.00	4,584.19	81,994.19	177,782.46	216.82%	132,196.55
INTEREST ON LONG TERM INDEBTEDNESS	(1,626,050.00)	(10,000.00)	(1,636,050.00)	(1,599,068.69)	97.74%	(1,296,894.14)
NET INCOME (LOSS)	8,500,310.00	(1,708,963.60)	6,791,346.40	5,655,806.46	83.28%	5,223,560.35
OPERATING TRANSFERS IN (OUT)	(10,071,610.00)		(10,071,610.00)	(9,236,475.87)	91.71%	(9,186,475.83)
NET INCOME AFTER TRANSFERS	(1,571,300.00)	(1,708,963.60)	(3,280,263.60)	(3,580,669.41)	109.16%	(3,962,915.48)

CONTRIBUTION IN AID	-		-	-		
FEDERAL AID - CAPITAL PROJECTS	-		-	-		
REGULAR CAPITAL MAINTENANCE	(3,482,900.00)	(381,322.15)	(3,864,222.15)	(1,873,224.15)	48.48%	
CAPITAL PROJECTS	(1,000,000.00)	(14,431,354.66)	(15,431,354.66)	(8,318,059.34)	53.90%	
DEBT SERVICE	(2,686,600.00)		(2,686,600.00)	(2,686,607.75)	100.00%	
DEPRECIATION	8,635,000.00		8,635,000.00	7,479,561.32	86.62%	
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, 2019

TELECOMMUNICATIONS - FINAL

	ORIGINAL BUDGET 2018-19	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2018-19	MAY 2019	PERCENT OF CURRENT BUDGET	MAY 2018
OPERATING REVENUE	634,600.00		634,600.00	842,653.10	132.78%	1,346,260.85
COST OF SALES						
PURCHASED SERVICES	63,600.00		63,600.00	52,407.35	82.40%	50,757.91
PRODUCTION	-		-	-		-
TOTAL COST OF SALES	63,600.00	-	63,600.00	52,407.35		50,757.91
GROSS PROFIT	571,000.00	-	571,000.00	790,245.75		1,295,502.94
GROSS PROFIT %	89.98%		89.98%	93.78%		96.23%
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	-		-	-		-
ENGINEERING	-		-	-		-
DISTRIBUTION	-		-	-		-
SERVICE	-		-	-		-
METERS & REGULATORS	-		-	-		-
BAD DEBT	-		-	184.21		69.63
GENERAL & ADMINISTRATIVE	873,180.00		873,180.00	691,491.45	79.19%	693,756.29
TOTAL OPERATING EXPENSES	873,180.00	-	873,180.00	691,675.66	79.21%	693,825.92
OPERATING INCOME (LOSS)	(302,180.00)	-	(302,180.00)	98,570.09	-32.62%	601,677.02
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	13,000.00		13,000.00	21,595.14	166.12%	18,342.84
RECOVERIES AND REBATES	-		-	-		-
GAIN/LOSS ON DISPOSAL	-		-	-		-
JOBBING INCOME (LOSS)	19,550.00		19,550.00	37,946.70	194.10%	7,368.25
INTEREST ON LONG TERM INDEBTEDNESS	-		-	-		-
NET INCOME (LOSS)	(269,630.00)	-	(269,630.00)	158,111.93	-58.64%	627,388.11
OPERATING TRANSFERS IN (OUT)	(81,000.00)		(81,000.00)	(74,250.00)	91.67%	(276,833.33)
NET INCOME AFTER TRANSFERS	(350,630.00)	-	(350,630.00)	83,861.93	-23.92%	350,554.78
CONTRIBUTION IN AID	-	-	-	-	0.00%	
REGULAR CAPITAL MAINTENANCE	(105,000.00)	(10,000.00)	(115,000.00)	(92,886.11)	80.77%	
CAPITAL PROJECTS	(600,000.00)	(30,750.00)	(630,750.00)	(455,903.74)	72.28%	
DEPRECIATION	459,200.00	-	459,200.00	359,990.07	78.40%	
CONTINGENCY		-	-	-		

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)**	
Dec-18	$ 7,899,266.27	$ 1,116,202.35	**$ 6,783,063.92**	80,702,278	11,403,600	**69,298,678**	$0.020000	$0.086200	$0.106200		**$ 7,359,519.61**	$ 576,455.69		**$ (6,957,274.01)**	ACTUAL
Jan-19	$ 7,980,103.07	$ 1,064,168.33	**$ 6,915,934.74**	81,312,186	10,843,200	**70,468,986**	$0.007500	$0.086200	$0.093700		**$ 6,602,944.01**	$ (312,990.73)		**$ (7,270,264.73)**	ACTUAL
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	$ 7,579,650.00	$ 1,284,522.52	**$ 6,295,127.48**	73,315,675	12,424,800	**60,890,875**	$0.020000	$0.086200	$0.106200		**$ 6,466,610.93**	$ 171,483.45		**$ (5,360,212.66)**	PROJECTED
Jul-19	$ 8,032,569.00	$ 1,101,822.40	**$ 6,930,746.60**	88,996,547	12,207,600	**76,788,947**	**$0.005000**	$0.086200	$0.091200		**$ 7,003,151.99**	$ 72,405.39		**$ (5,287,807.27)**	PROJECTED
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		**$ (4,579,295.52)**	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		**$ (3,770,433.99)**	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		**$ (3,235,003.64)**	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		**$ (3,040,233.89)**	PROJECTED

before reconciling the month

(Not included in Commodity Recovery at Right)

Mo Rate Applied	WACOG	WACOG Plus Losses	Demand Rate Firm	Demand Rate Interruptible	Adjustments	PGA (f)	PGA (i)	**Cumulative Demand Cost**	**Cumulative Demand Recovery**	**Over (Under) Demand Recovery**	**Monthly Commodity Cost**	**Monthly Commodity Recovered**	**Monthly Commodity Over (Under) Recovery**	Adjustments	**Commodity Recovery Balance Over (Under)** **+/- $2,000,000**	
Dec-18	$ 3.89169	$ 3.93100	$ 3.12660	$ 0.2500	$ (0.15005)	$ 6.83410	$ 3.95750	$ 1,520,163.61	$ 1,203,191.91	$ (316,971.70)	$ 1,556,110.93	$ 1,544,761.55	$ (11,349.38)		$ 385,795.06	Final
Jan-19	$ 3.71492	$ 3.75244	$ 3.12660	$ 0.2500	$ (0.15005)	$ 6.74869	$ 3.87209	$ 1,786,114.23	$ 1,987,511.10	$ 201,396.87	$ 1,655,128.14	$ 1,384,484.76	$ (270,643.38)		$ 115,151.68	Final
Feb-19	$ 3.75423	$ 3.79215	$ 3.12660	$ 0.2500	$ (0.09497)	$ 6.71460	$ 3.83800	$ 2,024,478.67	$ 2,893,716.85	$ 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	$ 2,367,283.47	$ 3,416,199.93	$ 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	$ 2,681,589.15	$ 3,423,432.84	$ 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	$ 3,006,620.41	$ 3,428,939.23	$ 422,318.82	$ 528,866.01	$ 557,589.89	$ 28,723.88		**$ 376,448.62**	Final
Jun-19	$ 3.75854	$ 3.79651	$ -	$ 0.2500	$ (0.14596)	$ 3.68770	$ 3.93770	$ 3,320,729.44	$ 3,435,035.53	$ 114,306.09	$520,589.46	$ 510,705.85	$ (9,883.61)		$ 366,565.01	Est
Jul-19	$ 3.97010	$ 4.01020	$ -	$ 0.2500	$ (0.16491)	**$ 3.84529**	**$ 4.09529**	$ 209,123.67	$ 4,130.95	$ (204,992.72)	$ 432,802.79	$ 458,831.71	$ 26,028.92		$ 392,593.93	Est
Aug-19	$ 3.51820	$ 3.55374	$ -	$ 0.2500	$ (0.16491)	$ 3.38883	$ 3.63883	$ 532,553.43	$ 9,542.55	$ (523,010.88)	$ 463,535.79	$ 426,274.24	$ (37,261.55)		$ 355,332.38	Est
Sep-19	$ 3.98388	$ 4.02412	$ -	$ 0.2500	$ (0.16491)	$ 3.85921	$ 4.10921	$ 846,662.45	$ 15,043.30	$ (831,619.15)	$ 494,096.13	$ 480,880.52	$ (13,215.61)		$ 342,116.77	Est
Oct-19	$ 3.76716	$ 3.80521	$ 1.68985	$ 0.2500	$ (0.16491)	$ 5.33015	$ 3.89030	$ 1,170,092.21	$ 89,616.50	$ (1,080,475.71)	$ 665,873.97	$ 517,534.05	$ (148,339.93)		$ 193,776.84	Est
Nov-19	$ 3.80029	$ 3.83868	$ 3.37970	$ 0.2500	$ (0.16491)	$ 7.05347	$ 3.92377	$ 1,502,951.24	$ 428,016.75	$ (1,074,934.49)	$ 1,019,450.94	$ 739,069.16	$ (280,381.77)		$ (86,604.94)	Est

Commission Item Number: DUC190722 - 2
Utility Commission Meeting: July 22, 2019
Item: II. C. <u>Presentation on programs and procedures to provide reliable utility services</u>

<u>Reliability Presentation</u>

The City has invested in various capital projects to provide the capacity and service customers require at any given moment. To ensure safe and reliable services, there are several programs and procedures currently in place that prevent outages and ensure quality services. The presentation given will provide information on the routine testing, inspection and preventative maintenance Danville Utilities performs to provide service.

DANVILLE UTILITIES

Alan Johnson

Director of Water and Wastewater Treatment

WATER AND WASTEWATER TREATMENT

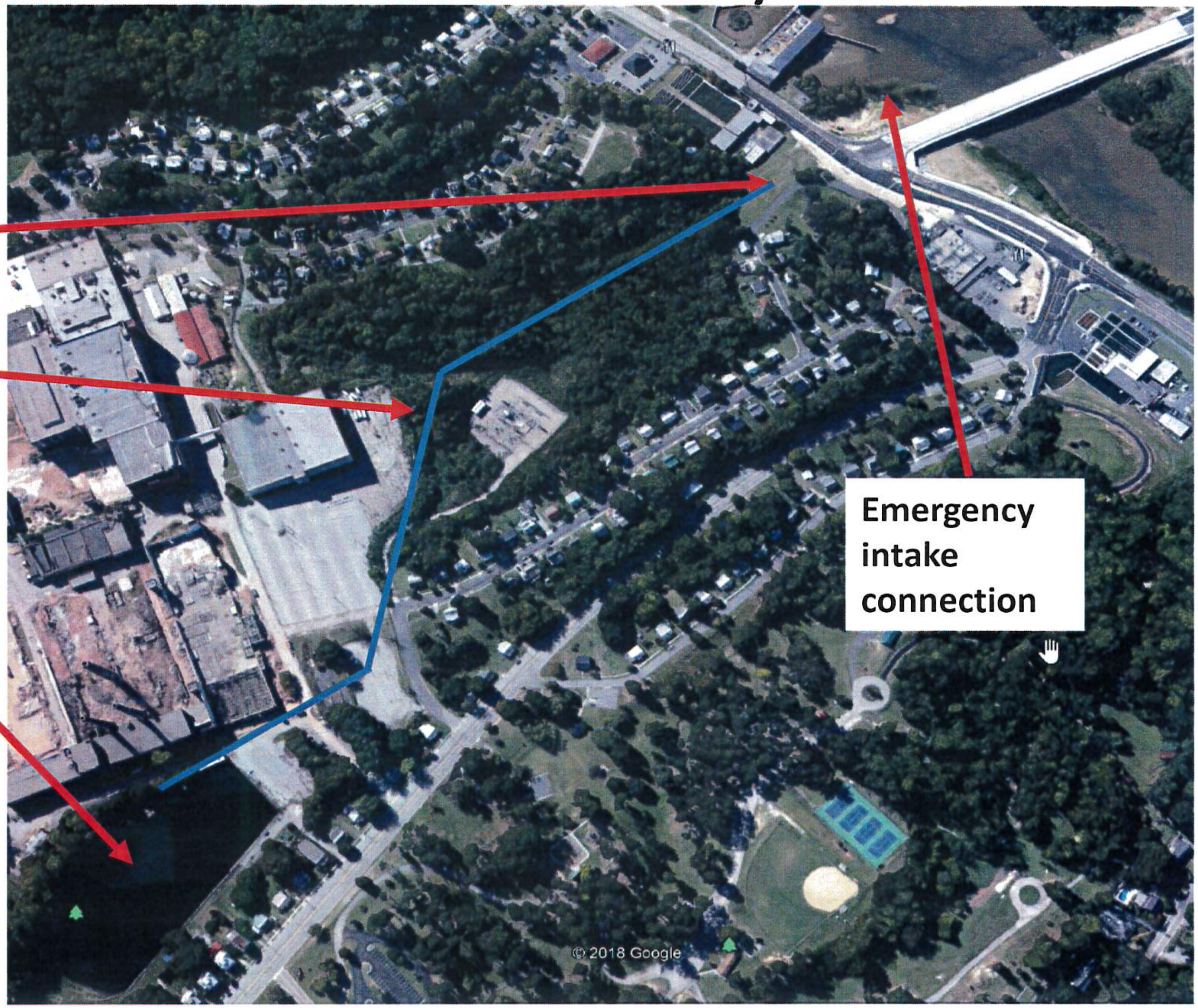
DANVILLE UTILITIES

WATER Reliability items

Raw Pump building

Raw transmission line

Schoolfield Reservoir



WATER Reliability items

- Redundancy built into every stage of the treatment process
  - Critical stages have 3 pumps or feeders that allow for backup units
  - Secondary stages have two each

- Plant has backup diesel generator for sustained power outages
- 1 Diesel powered finished water pump to operate during outages
  - Both backups have long term bulk storage for 5 days

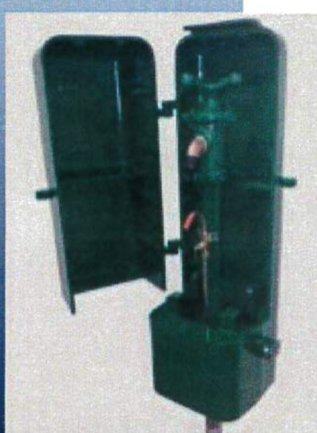
- Portable generator to power one pump at one station in each of the seven pressure zones
  - Only one zone has just 1 station   <u>Westover</u>
  - Two zones only have one tank serving that system <u>Westover & Goodyear</u>
  - 8 of the 9 stations have three pumps with a range of flows to meet demand

- System consist of 9 elevated tanks ranging from 300,000 to 750,000 gallons and 2 ground storage tanks 4 & 8 million gallons (MG), these provide about 2 days of storage under normal demand

WATER Reliability items

- Extensive testing is done everyday at the water plant while in operation
  - Typically 435 various tests are routinely done each day to monitor water quality from treatment and the distribution system
  - Additionally there are real-time continuously monitoring equipment in operation 24/7. This equipment reports to SCADA systems for data tracking and compliance reporting to Federal & State agencies.

- Operational staff perform manual physical, chemical and bacteriological testing done by our state certified lab on the plant processes and designated sample sites located through out the distribution system



WATER Reliability items

- Federal & State regulations require us to utilize outside certified labs for numerous testing that must be sampled monthly, quarterly, annually and other specified time frames (lead & copper every 3 years).
    - These results along with those from pour lab must be published annually in the Water Quality Report and be available for our customers to view. We utilize billing inserts to direct the customers to our web site bit.ly/2018DanvilleWaterReport
    - Currently sampling over a two year period EPA's Unregulated Contaminant Monitoring Rule (UCMR4 done every 5 years).

WASTEWATER Reliability items

- The Northside Wastewater Treatment Plant (NSWWTP) is rated at 20 MGD, however have had to pass through 54 MGD during emergency flood conditions
    - 3 pumps rated at 12 MGD and 3 pumps rated at 6 MGD

- Diversion basin can hold up to 9 MG, this is utilized during slug flows that could impact the treatment process and allowed back in at lower flows rates & concentrations to not upset the treatment process.

WASTEWATER Reliability items

- NSWWTP has three low pressure turbo blowers, typical operation has 1 in use and 2 stand by.
  - Have had to run 2 at same time during industry accidental dumping two sugar silos in waste discharge, future CIP project in adding smaller size blower for use in low flow conditions.

- The use of floating mixers in the aeration basin cuts down on chemical use to maintain alkalinity, backup spare mixer available if one go's down.

WASTEWATER Reliability items

- Stationary generator at key stations throughout the City's sanitary sewer system. Significant amount of damage to Airside PS during Hurricane Michael, MCC replaced, motors rebuilt and generator moved from Cane Creek PS to Airside to add reliable functionality during power outages to the growing Airside Industrial Park businesses

City of Danville
Department of Utilities

Reliability
Water Distribution

Danville Utility Commission
July 19, 2019

Water Distribution –
Reliability by Operations and Maintenance

Danville replaces mains with ductile iron and high density polyethylene (HDPE).

Hydrant Design and Maintenance allows the full, designed fire-flow to be available in an emergency. Fire Hydrants break-off at ground level to prevent damage to the header main and outages

Valve maintenance is proven to limit the environmental, customer and cost impacts from water main breaks. They allow quick isolation and shut-down.

Modeling software and field testing allows confirmation of fire-flow and water quality. Prevents over-designing and saves money

Uni-directional Valve Flushing (UDF) is an orderly way of scouring water mains to prevent tuberculation, which is a reduction of internal diameter from the build-up of minerals.

Tuberculation

Tuberculated pipes affect flow rates and cause pressure loss

Pipe internal diameter is reduced

Friction is increased

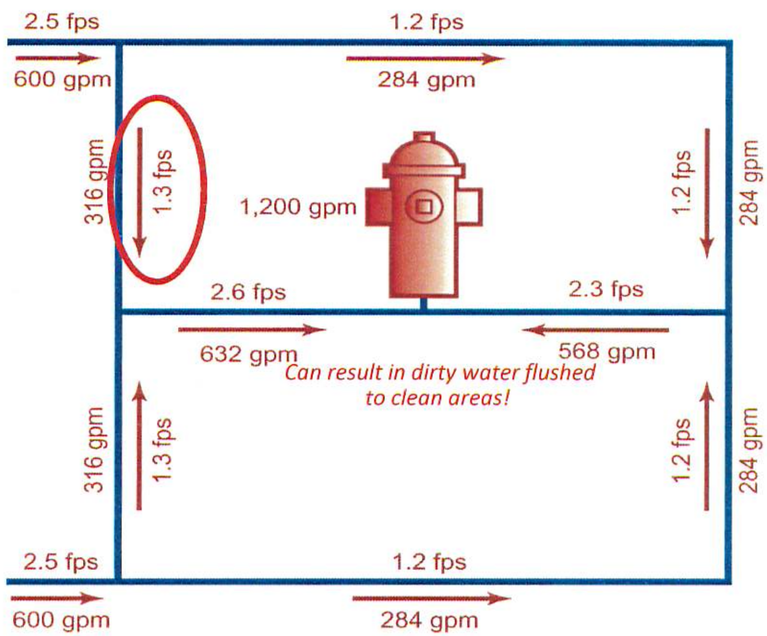
Flushing Methods to Clean Mains

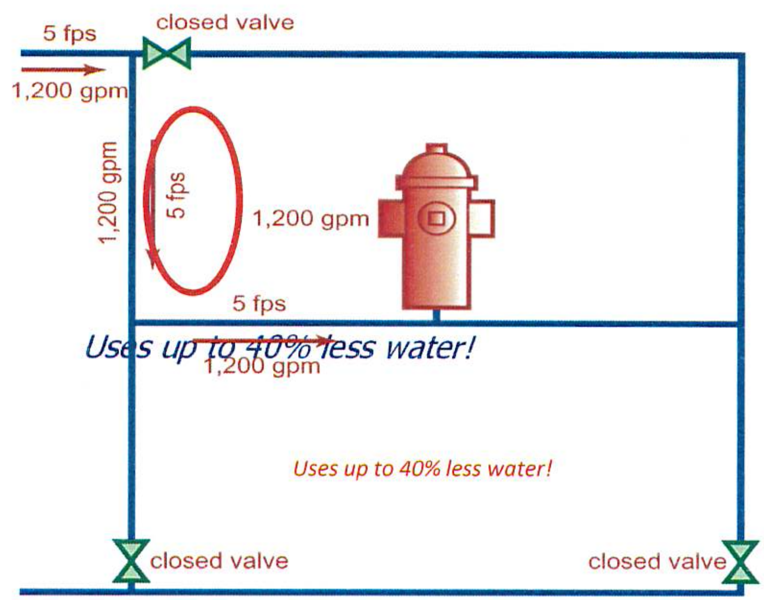
Conventional Flushing

- Water from all directions
- Low flow velocities
- Less scouring
- Don't control flushing direction

Unidirectional Flushing

- Water channeled
- Higher flow velocities
- More scouring and better cleaning
- Systematic valve operation





City of Danville
Department of Utilities

Reliability
Gas Distribution

Danville Utility Commission
July 19, 2019

Gas Distribution – Reliability

Danville's is redundant by design

Danville identifies critical valves and inspects them annually to ensure their readiness in an emergency

The best materials are used. High density polyethylene (HDPE) or high strength steel with joints that are stonger than pipe

Steel is protected against corrosion by design and monitoring

Excess Flow Valves are installed in new service lines and are designed to stop the flow of gas if the service line is broken

Leak Surveys are completed by employees to proactively find leaks with equipment that can detect 1 part methane per million parts of gas/air

Odororant is added so that smells like rotten eggs. Employees confirm the odorant concentration on ongoing basis

Damage Prevention

- Danville Utilities advertises the availability of Virginia One Call Service to have utilities located prior to excavating
- 811 is a national number that directs customers calls to the appropriate State One-Call center from any type of phone in any location.
- Customers can use web entry www.VA811.com

Emergency Response

Danville Utilities' Water & Gas Division available **24-7-365**

Response Time:

Danville Utilities' Water & Gas Division has exceptional emergency response time.

Our average response from the time we receive your call to the time we arrive averages ten minutes

POWER & LIGHT
FY20 RELIABILITY PROJECTS

Danville Utility Commission

July 22, 2019

DANVILLE UTILITIES

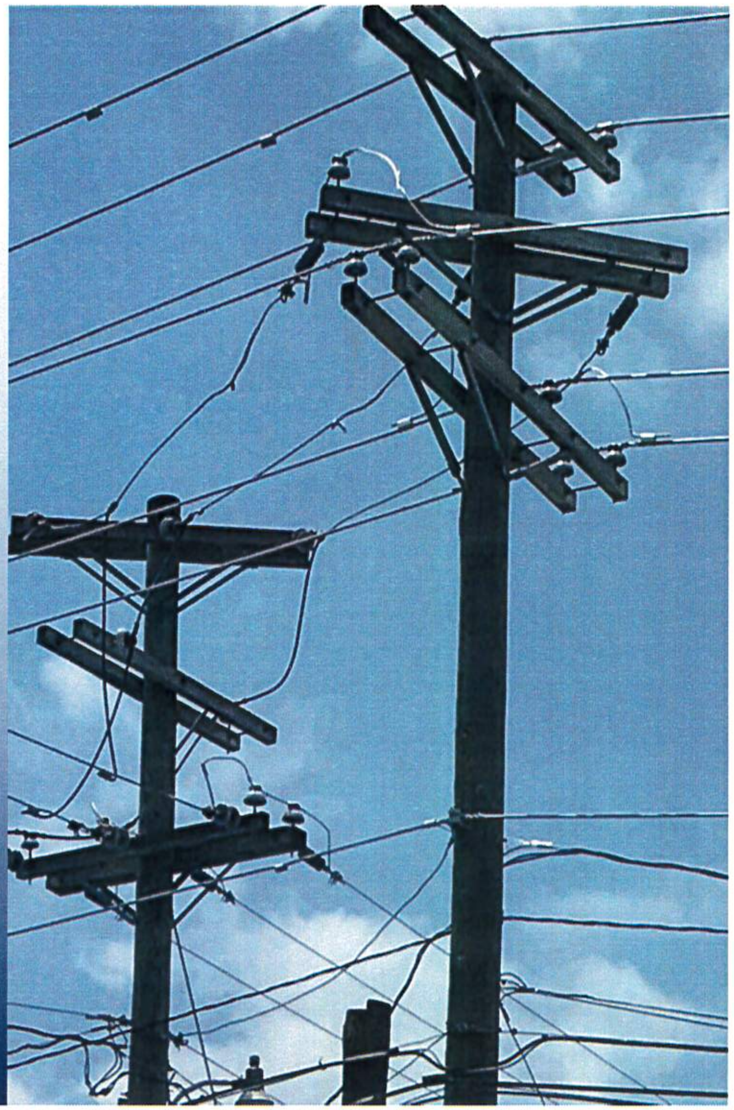
Vegetation Management
FY20-$2.5M

- 170 miles of transmission lines and 1,400 mile of distribution lines
- Increase right-of-way budget from $1.9M to $2.5M
- Two heavy equipment crews
- Goal: 4-5 year cutting cycle

JARAFFE TREE TRIMMER

GEO BOY BRUSH CUTTER

Radio Frequency Analysis



- Transmission and Distribution Lines
- Identifies arcing and tracking
- Faulty insulators, lighting arrestors and loose connections

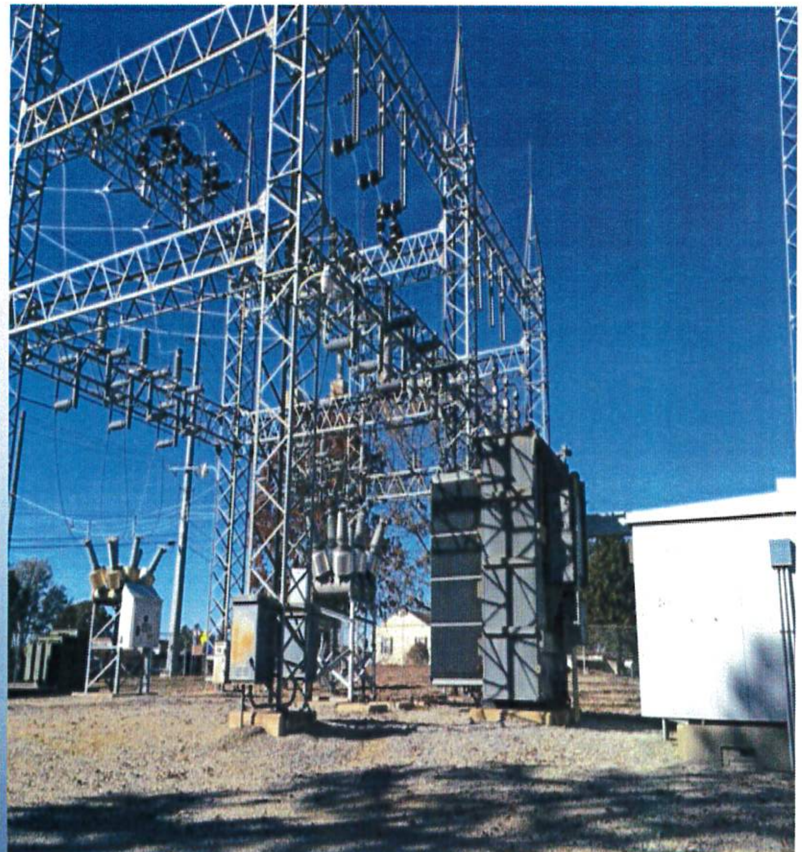
Substations Maintenance

$350,000/year

Oil analysis of transformer
Anticipate issues and extend life of aging transformers

Test
- Breakers
- Switches
- Batteries

Infrared Inspections



Substation & Industrial customers

Locates hot spots
Loose connections
Potential Equipment failure

Pole Inspections

- Above and below ground testing
- Rot and decay
- Woodpecker damage
- Cross arm issues

DANVILLE UTILITIES

nDanville

Connecting Danville to the Future

Danville Utility Commission

July 22, 2019

Firmware/Software Updates

- Update firmware on switches to latest version that has been tested and verified to be stable
- Keep servers updated with newest updates and patches

Hardware

- Once equipment becomes EOL (End of Life) we replace equipment with newer or have spares on hand until replacements are budgeted/ordered
- All of our primary nodes have redundant connections and run an Ethernet Ring Protection Switching (ERPS) protocol. This monitors connections around our primary network ring and if connection loss to node is detected it will reroute traffic

Outside Plant Maintenance

- Periodically we scout aerial cables to identify any issues with storage/splice loops that may be starting to fall
- Any time a new underground conduit is installed we pull in a locate wire/as well as have a locate wire pulled into older installs that may not have one

DANVILLE UTILITIES

Customer Database Backup

- We have the customer database for provisioning backed up to a separate drive partition than the running database as well as to another server

System Device Monitoring

- We have server that monitors our trunk (primary) links for bandwidth utilization to help identify potential issues ahead of time and evaluate the overall health of our network

Generator/UPS

- We have an UPS (uninterruptible power supply) on all of our primary trunk nodes in our network. These maintain power to equipment during momentary/brief outages
- We have a natural gas standby generator at a few of our primary node locations incase of power outage. We will be adding these to other sites as budget allows

After Hours Support

- We have a service contract with Wide Open Networks for Tier 1 support for after hours and holidays. They trouble shoot after hour/holiday calls and investigate any service related events.

QUESTIONS?