# Danville Utility Commission Meeting Agenda
## 4:00 p.m., May 6, 2019

**City Council Chambers, Danville City Hall**

**I. Call to Order**

A. Roll Call

B. Announcements

**II. Discussion/Business Items**

A. Minutes of the March 25, 2019 Commission Meeting

B. Review of Utilities' Financial Statements

C. Transco Capacity Proposal

D. Schoolfield Hydro Renewable Energy Credit Strategy 2019-2020

E. Power Supply and Peaking Generation Update

**III. Communications**

A. City Manager

B. Utilities Staff

C. Commission Members

D. Public Comments

E. Director's Report

**IV. Adjournment**

**Next Utility Commission Meeting**

4:00 p.m. Monday, June 24, 2019

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

# Danville Utility Commission

4:00 p.m. March 25, 2019 Meeting
Council Chambers, City Hall

**Minutes**

**Commission Members Present:** Bill Donohue, Sheila Williamson-Branch, Paul Liepe, Helm Dobbins, Fred Shanks, Earl Reynolds, Bert Eades

**Commission Members Absent:** Vanessa Cain, Ken Larking

**Staff Present:** Ryan Dodson, Carolyn Evans, Philip Haley, Janet Davis, Alan Johnson, Kelly Kinnett, Mike Spencer, Jennifer Holley, Michael Adkins, Lori Millner

**Others Present:** Greg Sides - Pittsylvania County, Bob Warren - Pittsylvania County, Mike Jones - Intertape Polymer Group, Jerry Schupe - Inframark, Charles Overby - Inframark

## Call to Order and Announcements

Chairman Donohue opened the meeting and asked that the attendance be recorded. As a quorum was present, the meeting was called to order.

Mr. Donahue announced that the meeting Utility Commission meetings in April and May fall on holidays, so the meeting is scheduled currently for April 29, 2019. The Utility Commission will check their calendars to make sure there is a quorum for this date.

## Discussion/Business Items

### Minutes of February 25, 2019 Commission Meeting

Chairman Donohue asked for any corrections, deletions, or adjustments to the minutes from February 25, 2019.

Mr. Dobbins made a motion to approve the minutes. Mr. Liepe seconded, all members voted in favor, and the motion carried unanimously.

### Review of Utilities' Financial Statements

Ms. Holley presented the January financial statements for each utility fund.

Energy Efficiency Update
David Ashley from Nexant, the City's energy efficiency consultant, presented power supply information saved by customers who implemented energy efficient measures during 2018 as well as recommendations for changes to the residential Home$ave and commercial/industrial Custom$ave energy efficiency programs for Fiscal Year 2020.

Mr. Donahue requested an explanation of each change to both the Custom$ave and Home$ave program at the April meeting.

Discussion on the Electric High Load Factor Large Customer Rate
Greg Sides, Assistant County Administrator and Bob Warren, County Supervisor from Pittsylvania County spoke on behalf of Pittsylvania County the County's perspective of the electric high load factor rate. Mr. Sides thanked the Commission, stating that the Utility Commission heard about the issues with local industries and high load factor costs, and came up with a solution that worked. Mr. Warren mentioned Intertape Polymer Group and how the High Load Factor Large Customer Rate has helped them.

Mr. Donahue asked what more can the Danville Utility Commission do to help . Mike Jones, Operations Manager for Intertape Polymer Group responded that the best way to help them would be to make the high load rate more competitive.

Mr. Shanks thanked Mr. Sides and Mr. Warren for attending and for Pittsylvania County's work with the City of Danville.

Mr. Eades mentioned that as a representative of IKEA, he would like the high load program to include other industries such as IKEA who does not operate seven days a week.

Department Discussions
There was no comment from City staff or the public.

**Adjournment**
Mr. Dobbins made a motion to adjourn. Ms. Williamson-Branch seconded the motion. There being no further business, Chairman Donohue adjourned the meeting at 5:15 p.m.

**May 6, 2019**
Date Approved

Submitted by Janet C. Davis
Secretary to the DUC

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Chairman
Danville Utility Commission

**Commission Item Number: DUC190506 - 1**
**Utility Commission Meeting: May 06, 2019**
**Item: II. B. Review of Utilities' Financial Statements**

## Financial Report

February financials will be reviewed.

***CITY OF DANVILLE***
***UTILITY FUNDS***
***COMBINING STATEMENT OF NET ASSETS - UNAUDITED***
***FEBRUARY 28, 2019***

| | | WASTEWATER | WATER | GAS | ELECTRIC | TELECOM | FEBRUARY 28, 2019 |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| Equity in pooled Cash and Investments | $ | 9,385,395.17 | 12,444,011.79 | 14,433,758.89 | 46,785,905.61 | 1,177,549.74 | 84,226,621.20 |
| Receivables (Net of allowances for Uncollectible): | | | | | | | |
| Accounts | | 1,256,349.93 | 597,539.89 | 3,097,003.32 | 17,994,090.50 | 69,547.80 | 23,014,531.44 |
| Power/Gas Cost Recovery | | - | - | (465,719.20) | 6,403,901.28 | - | 5,938,182.08 |
| 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 | | - | 506,742.63 | 544,589.76 | 1,760,850.45 | 208,983.81 | 3,021,166.65 |
| Fixed Assets | | 97,484,266.42 | 72,417,518.35 | 69,125,244.25 | 299,715,909.85 | 10,506,625.37 | 549,249,564.24 |
| Accumulated Depreciation | | (45,601,521.43) | (38,138,446.30) | (28,182,685.23) | (131,060,220.62) | (2,860,415.54) | (245,843,289.12) |
| 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 | $ | 62,997,307.09 | 49,099,070.36 | 59,695,919.79 | 246,032,626.07 | 9,225,847.18 | 427,050,770.49 |
| **LIABILITIES AND NET ASSETS** | | | | | | | |
| Liabilities | | | | | | | |
| Accounts Payable | $ | 200,359.04 | 388,131.94 | 1,531,671.32 | 16,098,292.80 | 25,582.58 | 18,244,037.68 |
| Accrued Interest Payable | | 62,482.72 | 61,105.31 | 24,935.13 | 542,451.85 | - | 690,975.01 |
| Customer Deposits | | - | | - | 3,631,439.84 | - | 3,631,439.84 |
| 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 | | 3,373,570.83 | 3,551,270.05 | 1,364,282.29 | 41,990,278.59 | - | 50,279,401.76 |
| Revenue Bonds Payable | | (0.17) | - | - | - | - | (0.17) |
| Long-Term Leases, Notes, and Contracts Payable | | - | - | - | 29,270.22 | - | 29,270.22 |
| TOTAL LIABILITIES | $ | 3,646,473.12 | 4,106,411.04 | 3,001,025.93 | 64,965,010.94 | 29,607.11 | 75,748,528.14 |
| Net Assets | | | | | | | |
| Contributed Capital | $ | 3,861,756.58 | 4,676,282.92 | 1,340,232.51 | 13,721,622.53 | 337,248.59 | 23,937,143.13 |
| Retained Earnings: | | | | | | | |
| Restricted for Investment in Fixed Assets | $ | 44,637,357.05 | 26,044,543.82 | 38,229,089.79 | 110,890,580.03 | 7,308,961.24 | 227,110,531.93 |
| Restricted for Incomplete Projects | | 5,798,258.13 | 8,288,283.67 | 3,345,135.57 | 16,234,534.35 | 548,688.78 | 34,214,900.50 |
| Restricted for Subsequent Expenses | | 1,044,512.92 | 66,679.14 | 105,146.40 | 871,114.44 | 4,693.17 | 2,092,146.07 |
| 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 | | 3,672,531.29 | 5,012,030.77 | 12,861,506.59 | 36,196,184.78 | 908,736.29 | 58,650,989.72 |
| Total Retained Earnings | $ | 55,489,077.39 | 40,316,376.40 | 55,354,661.35 | 167,345,992.60 | 8,858,991.48 | 327,365,099.22 |
| TOTAL NET ASSETS | $ | 59,350,833.97 | 44,992,659.32 | 56,694,893.86 | 181,067,615.13 | 9,196,240.07 | 351,302,242.35 |
| TOTAL LIABILITIES AND NET ASSETS | $ | 62,997,307.09 | 49,099,070.36 | 59,695,919.79 | 246,032,626.07 | 9,225,847.18 | 427,050,770.49 |

UTILITY FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE PERIOD ENDED FEBRUARY 28, 2019 (YTD)
**UNAUDITED**

| | WASTEWATER | WATER | GAS | ELECTRIC | TELECOM | TOTAL | CURRENT 18-19 BUDGET | LAST YEAR TO DATE |
|---|---|---|---|---|---|---|---|---|
| OPERATING REVENUE | 6,706,261.22 | 5,294,841.12 | 17,169,935.26 | 82,744,954.11 | 668,043.09 | 112,584,034.80 | 174,068,820.00 | 118,480,711.21 |
| COST OF SALES | | | | | | | | |
| PURCHASED SERVICES | - | - | 9,800,369.55 | 63,451,495.09 | 37,594.73 | 73,289,459.37 | 115,643,820.00 | 80,675,912.83 |
| PRODUCTION | - | - | - | 421,407.79 | - | 421,407.79 | 1,044,135.64 | 375,862.47 |
| TOTAL COST OF SALES | - | - | 9,800,369.55 | 63,872,902.88 | 37,594.73 | 73,710,867.16 | 116,687,955.64 | 81,051,775.30 |
| GROSS PROFIT | 6,706,261.22 | 5,294,841.12 | 7,369,565.71 | 18,872,051.23 | 630,448.36 | 38,873,167.64 | 57,380,864.36 | 37,428,935.91 |
| GROSS PROFIT % | 100.00% | 100.00% | 42.92% | 22.81% | 94.37% | 34.53% | 32.96% | 31.59% |
| OPERATING EXPENSES | | | | | | | | |
| TRANSMISSION & TREATMENT | 1,646,943.42 | 1,065,823.16 | - | 974,274.55 | - | 3,687,041.13 | 6,675,482.99 | 3,872,478.77 |
| ENGINEERING | - | 131,938.21 | 196,261.25 | 469,183.26 | - | 797,382.72 | 1,847,840.58 | 950,211.80 |
| DISTRIBUTION | 1,609,582.54 | 384,698.25 | 366,216.88 | 7,853,157.89 | - | 10,213,655.56 | 16,362,921.24 | 10,034,723.24 |
| SERVICE | 32,225.17 | 39,754.55 | 35,300.05 | - | - | 107,279.77 | 408,200.00 | 120,294.43 |
| METERS & REGULATORS | - | 83,718.34 | 96,962.57 | 183,721.63 | 92.11 | 364,494.65 | 707,317.00 | 336,874.18 |
| GENERAL & ADMINISTRATIVE | 1,127,438.59 | 1,762,767.84 | 2,371,159.10 | 3,688,103.80 | 497,430.01 | 9,446,899.34 | 15,107,316.30 | 8,715,735.92 |
| TOTAL OPERATING EXPENSES | 4,416,189.72 | 3,468,700.35 | 3,065,899.85 | 13,168,441.13 | 497,522.12 | 24,616,753.17 | 41,109,078.11 | 24,030,318.34 |
| OPERATING INCOME (LOSS) | 2,290,071.50 | 1,826,140.77 | 4,303,665.86 | 5,703,610.10 | 132,926.24 | 14,256,414.47 | 16,271,786.25 | 13,398,617.57 |
| NON-OPERATING REVENUE (EXPENSE) | | | | | | | | |
| INTEREST INCOME ON INVESTMENTS | 143,097.25 | 164,972.22 | 172,618.88 | 577,258.15 | 15,518.43 | 1,073,464.93 | 886,000.00 | 788,841.20 |
| ENERGY EFFICIENCY RECOVERY | - | - | - | (272,301.44) | - | (272,301.44) | (864,670.49) | (246,766.60) |
| RECOVERIES AND REBATES | 6,674.15 | 15,445.90 | 234,460.02 | (517.50) | - | 256,062.57 | 16,200.00 | 743,734.08 |
| GAIN/LOSS ON DISPOSAL | - | 6,045.68 | 68.25 | 18,831.00 | - | 24,944.93 | 50,100.00 | 11,590.55 |
| JOBBING INCOME (LOSS) | 39,520.52 | 38,480.28 | 66,664.52 | 170,963.32 | 25,441.37 | 341,070.01 | 452,622.20 | 172,372.09 |
| INTEREST ON LONG TERM INDEBTEDNESS | (120,809.33) | (112,678.51) | (52,337.81) | (978,262.24) | - | (1,264,087.89) | (2,006,720.00) | (1,186,275.55) |
| NET INCOME (LOSS) | 2,358,554.09 | 1,938,406.34 | 4,725,139.72 | 5,219,581.39 | 173,886.04 | 14,415,567.58 | 14,805,317.96 | 13,682,113.34 |
| OPERATING TRANSFERS IN(OUT) | (3,462,506.64) | (628,200.00) | (2,039,553.36) | (6,731,073.36) | (54,000.00) | (12,915,333.36) | (17,848,000.00) | (10,012,666.64) |
| NET INCOME AFTER TRANSFERS | (1,103,952.55) | 1,310,206.34 | 2,685,586.36 | (1,511,491.97) | 119,886.04 | 1,500,234.22 | (3,042,682.04) | 3,669,446.70 |
| NET ASSETS JULY 1, 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 AFTER TRANSFERS | (1,103,952.55) | 1,310,206.34 | 2,685,586.36 | (1,511,491.97) | 119,886.04 | 1,500,234.22 | | |
| FEDERAL GRANT | - | - | - | - | - | - | | |
| CONTRIBUTION IN AID | 28,671.57 | - | - | - | - | 28,671.57 | | |
| NET ASSETS FEBRUARY 2019 | 59,350,833.97 | 44,992,659.32 | 56,694,893.86 | 181,067,615.13 | 9,196,240.07 | 351,302,242.35 | | |
| NET ASSETS | | | | | | | | |
| CONTRIBUTED CAPITAL - FIXED ASSETS | 3,861,756.58 | 4,676,282.92 | 1,340,232.51 | 13,721,622.53 | 337,248.59 | 23,937,143.13 | | |
| RESTRICTED FOR INVESTMENT IN FIXED ASSETS | 44,637,357.05 | 26,044,543.82 | 38,229,089.79 | 110,890,580.03 | 7,308,961.24 | 227,110,531.93 | | |
| RESTRICTED FOR PROJECTS IN PROGRESS | 5,798,258.13 | 8,288,283.67 | 3,345,135.57 | 16,234,534.35 | 548,688.78 | 34,214,900.50 | | |
| RESTRICTED FOR ENCUMBRANCES | 1,044,512.92 | 66,679.14 | 105,146.40 | 871,114.44 | 4,693.17 | 2,092,146.07 | | |
| RESTRICTED FOR ENERGY EFFICIENCY | - | - | - | - | - | - | | |
| 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 | 3,672,531.29 | 5,012,030.77 | 12,861,506.59 | 36,196,184.78 | 908,736.29 | 58,650,989.72 | | |
| TOTAL NET ASSETS | 59,350,833.97 | 44,992,659.32 | 56,694,893.86 | 181,067,615.13 | 9,196,240.07 | 351,302,242.35 | | |

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED FEBRUARY 28, 2019

**WASTEWATER - FINAL**

| | ORIGINAL BUDGET 2018-19 | ADJUSTMENTS AND CARRYFORWARDS | CURRENT BUDGET 2018-19 | FEBRUARY 2019 | PERCENT OF CURRENT BUDGET | FEBRUARY 2018 |
|---|---|---|---|---|---|---|
| OPERATING REVENUE | 9,644,240.00 | | 9,644,240.00 | 6,706,261.22 | 69.54% | 6,394,423.39 |
| 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 | 1,646,943.42 | 54.02% | 1,550,800.16 |
| ENGINEERING | - | | - | - | | - |
| DISTRIBUTION | 2,510,580.00 | 79,936.07 | 2,590,516.07 | 1,609,582.54 | 62.13% | 1,259,387.89 |
| SERVICE | 133,640.00 | | 133,640.00 | 32,225.17 | 24.11% | 64,995.02 |
| METERS & REGULATORS | - | | - | - | | - |
| BAD DEBT | 35,400.00 | | 35,400.00 | 30,453.32 | 86.03% | 17,824.51 |
| GENERAL & ADMINISTRATIVE | 1,768,050.00 | | 1,768,050.00 | 1,096,985.27 | 62.04% | 1,134,184.03 |
| TOTAL OPERATING EXPENSES | 7,432,460.00 | 143,760.23 | 7,576,220.23 | 4,416,189.72 | 58.29% | 4,027,191.61 |
| OPERATING INCOME (LOSS) | 2,211,780.00 | (143,760.23) | 2,068,019.77 | 2,290,071.50 | 110.74% | 2,367,231.78 |
| NON-OPERATING REVENUE (EXPENSE) | | | | | | |
| INTEREST INCOME ON INVESTMENTS | 104,000.00 | | 104,000.00 | 143,097.25 | 137.59% | 95,654.59 |
| RECOVERIES AND REBATES | - | | - | 6,674.15 | | 4,259.35 |
| GAIN/LOSS ON DISPOSAL | - | | - | - | | - |
| JOBBING INCOME (LOSS) | 51,800.00 | | 51,800.00 | 39,520.52 | 76.29% | 23,947.00 |
| INTEREST ON LONG TERM INDEBTEDNESS | (168,950.00) | | (168,950.00) | (120,809.33) | 71.51% | (154,704.69) |
| NET INCOME (LOSS) | 2,198,630.00 | (143,760.23) | 2,054,869.77 | 2,358,554.09 | 114.78% | 2,336,388.03 |
| OPERATING TRANSFERS IN (OUT) | (693,760.00) | (3,000,000.00) | (3,693,760.00) | (3,462,506.64) | 93.74% | (462,506.68) |
| NET INCOME AFTER TRANSFERS | 1,504,870.00 | (3,143,760.23) | (1,638,890.23) | (1,103,952.55) | 67.36% | 1,873,881.35 |
| CONTRIBUTION IN AID | 35,000.00 | | 35,000.00 | 28,671.57 | 81.92% | |
| REGULAR CAPITAL MAINTENANCE | (440,860.00) | (4,189.66) | (445,049.66) | 31,340.75 | -7.04% | |
| CAPITAL PROJECTS | (1,350,000.00) | (4,312,562.56) | (5,662,562.56) | (319,634.02) | 5.64% | |
| DEBT SERVICE | (1,038,450.00) | | (1,038,450.00) | (365,055.28) | 35.15% | |
| DEPRECIATION | 2,083,000.00 | | 2,083,000.00 | 1,345,149.84 | 64.58% | |
| 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 FEBRUARY 28, 2019

**WATER - FINAL**

| | ORIGINAL BUDGET 2018-19 | ADJUSTMENTS AND CARRYFORWARDS | CURRENT BUDGET 2018-19 | FEBRUARY 2019 | PERCENT OF CURRENT BUDGET | FEBRUARY 2018 |
|---|---|---|---|---|---|---|
| OPERATING REVENUE | 8,317,890.00 | | 8,317,890.00 | 5,294,841.12 | 63.66% | 5,459,288.32 |
| 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 | 1,065,823.16 | 56.98% | 1,257,458.90 |
| ENGINEERING | 266,240.00 | (12,418.76) | 253,821.24 | 131,938.21 | 51.98% | 173,616.75 |
| DISTRIBUTION | 667,110.00 | (10,414.33) | 656,695.67 | 384,698.25 | 58.58% | 499,984.71 |
| SERVICE | 144,770.00 | | 144,770.00 | 39,754.55 | 27.46% | 32,394.06 |
| METERS & REGULATORS | 167,020.00 | | 167,020.00 | 83,718.34 | 50.12% | 64,388.41 |
| BAD DEBT | 31,600.00 | | 31,600.00 | 21,691.98 | 68.65% | 13,300.99 |
| GENERAL & ADMINISTRATIVE | 2,909,650.00 | 28,406.70 | 2,938,056.70 | 1,741,075.86 | 59.26% | 1,818,376.69 |
| TOTAL OPERATING EXPENSES | 6,021,600.00 | 40,778.70 | 6,062,378.70 | 3,468,700.35 | 57.22% | 3,859,520.51 |
| OPERATING INCOME (LOSS) | 2,296,290.00 | (40,778.70) | 2,255,511.30 | 1,826,140.77 | 80.96% | 1,599,767.81 |
| NON-OPERATING REVENUE (EXPENSE) | | | | | | |
| INTEREST INCOME ON INVESTMENTS | 126,000.00 | | 126,000.00 | 164,972.22 | 130.93% | 124,960.91 |
| RECOVERIES AND REBATES | 10,000.00 | | 10,000.00 | 15,445.90 | | 9,938.51 |
| GAIN/LOSS ON DISPOSAL | 12,500.00 | | 12,500.00 | 6,045.68 | | 146.50 |
| JOBBING INCOME (LOSS) | 120,330.00 | | 120,330.00 | 38,480.28 | 31.98% | 57,044.99 |
| INTEREST ON LONG TERM INDEBTEDNESS | (153,690.00) | | (153,690.00) | (112,678.51) | 73.32% | (134,386.95) |
| NET INCOME (LOSS) | 2,411,430.00 | (40,778.70) | 2,370,651.30 | 1,938,406.34 | 81.77% | 1,657,471.77 |
| OPERATING TRANSFERS IN (OUT) | (942,300.00) | | (942,300.00) | (628,200.00) | 66.67% | (628,200.00) |
| NET INCOME AFTER TRANSFERS | 1,469,130.00 | (40,778.70) | 1,428,351.30 | 1,310,206.34 | 91.73% | 1,029,271.77 |
| CONTRIBUTION IN AID | - | | - | - | | |
| REGULAR CAPITAL MAINTENANCE | (1,008,800.00) | (172,734.10) | (1,181,534.10) | (731,655.17) | 61.92% | |
| CAPITAL PROJECTS | (5,500,000.00) | (3,354,938.70) | (8,854,938.70) | (1,158,412.29) | 13.08% | |
| DEBT SERVICE | (928,370.00) | | (928,370.00) | (123,113.00) | 13.26% | |
| DEPRECIATION | 1,680,000.00 | | 1,680,000.00 | 1,046,913.12 | 62.32% | |
| 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 FEBRUARY 28, 2019

## GAS - FINAL

| | ORIGINAL BUDGET 2018-19 | ADJUSTMENTS AND CARRYFORWARDS | CURRENT BUDGET 2018-19 | FEBRUARY 2019 | PERCENT OF CURRENT BUDGET | FEBRUARY 2018 |
|---|---|---|---|---|---|---|
| OPERATING REVENUE | 22,462,280.00 | | 22,462,280.00 | 17,169,935.26 | 76.44% | 15,151,486.11 |
| COST OF SALES | | | | | | |
| PURCHASED SERVICES | 13,343,220.00 | | 13,343,220.00 | 9,800,369.55 | 73.45% | 9,341,030.28 |
| PRODUCTION | - | | - | - | | - |
| TOTAL COST OF SALES | 13,343,220.00 | - | 13,343,220.00 | 9,800,369.55 | | 9,341,030.28 |
| GROSS PROFIT | 9,119,060.00 | - | 9,119,060.00 | 7,369,565.71 | | 5,810,455.83 |
| GROSS PROFIT % | 40.60% | | 40.60% | 42.92% | | 38.35% |
| | | | | | | 0.04572 |
| OPERATING EXPENSES | | | | | | |
| TRANSMISSION & TREATMENT | - | | | - | | - |
| ENGINEERING | 421,730.00 | 166,621.02 | 588,351.02 | 196,261.25 | 33.36% | 257,808.88 |
| DISTRIBUTION | 654,250.00 | 139.50 | 654,389.50 | 366,216.88 | 55.96% | 340,353.31 |
| SERVICE | 129,790.00 | | 129,790.00 | 35,300.05 | 27.20% | 22,905.35 |
| METERS & REGULATORS | 190,620.00 | 67.00 | 190,687.00 | 96,962.57 | 50.85% | 78,802.67 |
| BAD DEBT | 49,700.00 | | 49,700.00 | 46,328.29 | 93.22% | 19,643.55 |
| GENERAL & ADMINISTRATIVE | 3,917,080.00 | | 3,917,080.00 | 2,324,830.81 | 59.35% | 2,310,085.16 |
| TOTAL OPERATING EXPENSES | 5,363,170.00 | 166,827.52 | 5,529,997.52 | 3,065,899.85 | 55.44% | 3,029,598.92 |
| OPERATING INCOME (LOSS) | 3,755,890.00 | (166,827.52) | 3,589,062.48 | 4,303,665.86 | 119.91% | 2,780,856.91 |
| NON-OPERATING REVENUE (EXPENSE) | | | | | | |
| INTEREST INCOME ON INVESTMENTS | 141,000.00 | | 141,000.00 | 172,618.88 | 122.42% | 121,675.61 |
| 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 | 66,664.52 | 37.25% | 56,433.07 |
| INTEREST ON LONG TERM INDEBTEDNESS | (58,030.00) | | (58,030.00) | (52,337.81) | 90.19% | (58,636.41) |
| NET INCOME (LOSS) | 4,029,750.00 | (171,669.51) | 3,858,080.49 | 4,725,139.72 | 122.47% | 2,900,564.46 |
| OPERATING TRANSFERS IN (OUT) | (3,059,330.00) | | (3,059,330.00) | (2,039,553.36) | 66.67% | (2,039,553.32) |
| NET INCOME AFTER TRANSFERS | 970,420.00 | (171,669.51) | 798,750.49 | 2,685,586.36 | 336.22% | 861,011.14 |
| CONTRIBUTION IN AID | - | | - | | | |
| REGULAR CAPITAL MAINTENANCE | (974,810.00) | (221,523.90) | (1,196,333.90) | (558,259.16) | 46.66% | |
| CAPITAL PROJECTS | (1,100,000.00) | (2,001,917.26) | (3,101,917.26) | (494,856.43) | 15.95% | |
| DEBT SERVICE | (234,390.00) | | (234,390.00) | (91,103.00) | 38.87% | |
| DEPRECIATION | 1,565,000.00 | | 1,565,000.00 | 1,061,495.44 | 67.83% | |
| 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 FEBRUARY 28, 2019

**ELECTRIC - FINAL**

| | ORIGINAL BUDGET 2018-19 | ADJUSTMENTS AND CARRYFORWARDS | CURRENT BUDGET 2018-19 | FEBRUARY 2019 | PERCENT OF CURRENT BUDGET | FEBRUARY 2018 |
|---|---|---|---|---|---|---|
| OPERATING REVENUE | 133,009,810.00 | | 133,009,810.00 | 82,744,954.11 | 62.21% | 90,617,799.07 |
| COST OF SALES | | | | | | |
| PURCHASED SERVICES | 102,237,000.00 | | 102,237,000.00 | 63,451,495.09 | 62.06% | 71,298,092.36 |
| PRODUCTION | 921,400.00 | 122,735.64 | 1,044,135.64 | 421,407.79 | | 375,862.47 |
| TOTAL COST OF SALES | 103,158,400.00 | 122,735.64 | 103,281,135.64 | 63,872,902.88 | | 71,673,954.83 |
| GROSS PROFIT | 29,851,410.00 | (122,735.64) | 29,728,674.36 | 18,872,051.23 | | 18,943,844.24 |
| GROSS PROFIT % | 22.44% | | 22.35% | 22.81% | | 20.91% |
| OPERATING EXPENSES | | | | | | |
| TRANSMISSION & TREATMENT | 1,705,580.00 | 50,873.74 | 1,756,453.74 | 974,274.55 | 55.47% | 1,064,219.71 |
| ENGINEERING | 987,030.00 | 18,638.32 | 1,005,668.32 | 469,183.26 | 46.65% | 518,786.17 |
| DISTRIBUTION | 12,446,280.00 | 15,040.00 | 12,461,320.00 | 7,853,157.89 | 63.02% | 7,934,997.33 |
| SERVICE | - | | - | - | | - |
| METERS & REGULATORS | 349,610.00 | | 349,610.00 | 183,721.63 | 52.55% | 193,683.10 |
| BAD DEBT | 309,500.00 | | 309,500.00 | 330,604.59 | 106.82% | 140,631.98 |
| GENERAL & ADMINISTRATIVE | 4,543,160.00 | 641,589.60 | 5,184,749.60 | 3,357,499.21 | 64.76% | 2,764,256.93 |
| TOTAL OPERATING EXPENSES | 20,341,160.00 | 726,141.66 | 21,067,301.66 | 13,168,441.13 | 62.51% | 12,616,575.22 |
| OPERATING INCOME (LOSS) | 9,510,250.00 | (848,877.30) | 8,661,372.70 | 5,703,610.10 | 65.85% | 6,327,269.02 |
| NON-OPERATING REVENUE (EXPENSE) | | | | | | |
| INTEREST INCOME ON INVESTMENTS | 502,000.00 | | 502,000.00 | 577,258.15 | 114.99% | 434,012.00 |
| ENERGY EFFICIENCY RECOVERY | - | (864,670.49) | (864,670.49) | (272,301.44) | 31.49% | (246,766.60) |
| RECOVERIES AND REBATES | 6,200.00 | | 6,200.00 | (517.50) | -8.35% | 729,300.94 |
| GAIN/LOSS ON DISPOSAL | 30,500.00 | | 30,500.00 | 18,831.00 | 61.74% | 11,444.05 |
| JOBBING INCOME (LOSS) | 77,410.00 | 4,584.19 | 81,994.19 | 170,963.32 | 208.51% | 28,840.81 |
| INTEREST ON LONG TERM INDEBTEDNESS | (1,626,050.00) | | (1,626,050.00) | (978,262.24) | 60.16% | (838,547.50) |
| NET INCOME (LOSS) | 8,500,310.00 | (1,708,963.60) | 6,791,346.40 | 5,219,581.39 | 76.86% | 6,445,552.72 |
| OPERATING TRANSFERS IN (OUT) | (10,071,610.00) | | (10,071,610.00) | (6,731,073.36) | 66.83% | (6,681,073.32) |
| NET INCOME AFTER TRANSFERS | (1,571,300.00) | (1,708,963.60) | (3,280,263.60) | (1,511,491.97) | 46.08% | (235,520.60) |
| CONTRIBUTION IN AID | - | | - | - | | |
| FEDERAL AID - CAPITAL PROJECTS | - | | - | - | | |
| REGULAR CAPITAL MAINTENANCE | (3,482,900.00) | (381,322.15) | (3,864,222.15) | (1,246,062.59) | 32.25% | |
| CAPITAL PROJECTS | (1,000,000.00) | (14,504,619.66) | (15,504,619.66) | (6,707,233.15) | 43.26% | |
| DEBT SERVICE | (2,686,600.00) | | (2,686,600.00) | (1,385,340.39) | 51.56% | |
| DEPRECIATION | 8,635,000.00 | | 8,635,000.00 | 5,439,680.96 | 63.00% | |
| 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 FEBRUARY 28, 2019

**TELECOMMUNICATIONS - FINAL**

| | ORIGINAL BUDGET 2018-19 | ADJUSTMENTS AND CARRYFORWARDS | CURRENT BUDGET 2018-19 | FEBRUARY 2019 | PERCENT OF CURRENT BUDGET | FEBRUARY 2018 |
|---|---|---|---|---|---|---|
| OPERATING REVENUE | 634,600.00 | | 634,600.00 | 668,043.09 | 105.27% | 857,714.32 |
| COST OF SALES | | | | | | |
| PURCHASED SERVICES | 63,600.00 | | 63,600.00 | 37,594.73 | 59.11% | 36,790.19 |
| PRODUCTION | - | | - | - | | - |
| TOTAL COST OF SALES | 63,600.00 | - | 63,600.00 | 37,594.73 | | 36,790.19 |
| GROSS PROFIT | 571,000.00 | - | 571,000.00 | 630,448.36 | | 820,924.13 |
| GROSS PROFIT % | 89.98% | | 89.98% | 94.37% | | 95.71% |
| OPERATING EXPENSES | | | | | | |
| TRANSMISSION & TREATMENT | - | | - | - | | - |
| ENGINEERING | - | | - | - | | - |
| DISTRIBUTION | - | | - | - | | - |
| SERVICE | - | | - | - | | - |
| METERS & REGULATORS | - | | - | - | | - |
| BAD DEBT | - | | - | 92.11 | | 69.63 |
| GENERAL & ADMINISTRATIVE | 873,180.00 | | 873,180.00 | 497,430.01 | 56.97% | 497,362.45 |
| TOTAL OPERATING EXPENSES | 873,180.00 | - | 873,180.00 | 497,522.12 | 56.98% | 497,432.08 |
| OPERATING INCOME (LOSS) | (302,180.00) | - | (302,180.00) | 132,926.24 | -43.99% | 323,492.05 |
| NON-OPERATING REVENUE (EXPENSE) | | | | | | |
| INTEREST INCOME ON INVESTMENTS | 13,000.00 | | 13,000.00 | 15,518.43 | 119.37% | 12,538.09 |
| RECOVERIES AND REBATES | - | | - | - | | - |
| GAIN/LOSS ON DISPOSAL | - | | - | - | | - |
| JOBBING INCOME (LOSS) | 19,550.00 | | 19,550.00 | 25,441.37 | 130.13% | 6,106.22 |
| INTEREST ON LONG TERM INDEBTEDNESS | - | | - | - | | - |
| NET INCOME (LOSS) | (269,630.00) | - | (269,630.00) | 173,886.04 | -64.49% | 342,136.36 |
| OPERATING TRANSFERS IN (OUT) | (81,000.00) | | (81,000.00) | (54,000.00) | 66.67% | (201,333.32) |
| NET INCOME AFTER TRANSFERS | (350,630.00) | - | (350,630.00) | 119,886.04 | -34.19% | 140,803.04 |
| CONTRIBUTION IN AID | - | - | - | - | 0.00% | |
| REGULAR CAPITAL MAINTENANCE | (105,000.00) | (10,000.00) | (115,000.00) | (64,252.01) | 55.87% | |
| CAPITAL PROJECTS | (600,000.00) | (30,750.00) | (630,750.00) | (432,809.21) | 68.62% | |
| DEPRECIATION | 459,200.00 | - | 459,200.00 | 261,810.96 | 57.01% | |
| CONTINGENCY | | - | - | - | | |

| 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)** | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sep-18 | $ 7,782,411.50 | $ 1,126,842.21 | **$ 6,655,569.29** | 92,904,755 | 13,452,000 | **79,452,755** | $0.025000 | $0.086200 | $0.111200 | | **$ 8,835,146.35** | $ 2,179,577.06 | | **$ (8,841,391.54)** | ACTUAL |
| Oct-18 | $ 7,846,405.86 | $ 1,291,731.43 | **$ 6,554,674.43** | 77,484,182 | 12,756,000 | **64,728,182** | $0.030000 | $0.086200 | $0.116200 | | **$ 7,521,414.73** | $ 966,740.30 | | **$ (7,874,651.24)** | ACTUAL |
| Nov-18 | $ 7,601,565.79 | $ 1,338,025.80 | **$ 6,263,539.99** | 68,978,618 | 12,141,600 | **56,837,018** | $0.030000 | $0.086200 | $0.116200 | | **$ 6,604,461.53** | $ 340,921.54 | | **$ (7,533,729.70)** | ACTUAL |
| 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 | $ 7,547,094.00 | $ 936,689.49 | **$ 6,610,404.51** | 91,358,973 | 11,338,800 | **80,020,173** | $0.012000 | $0.086200 | $0.098200 | | **$ 7,857,980.99** | $ 1,247,576.48 | | **$ (5,156,324.80)** | PROJECTED |
| Apr-19 | $ 7,120,575.00 | $ 1,193,145.58 | **$ 5,927,429.42** | 70,812,729 | 11,865,600 | **58,947,129** | **$0.030000** | $0.086200 | $0.116200 | | **$ 6,849,656.42** | $ 922,227.00 | | **$ (4,234,097.80)** | PROJECTED |
| May-19 | $ 7,245,521.00 | $ 1,195,713.07 | **$ 6,049,807.93** | 68,199,380 | 11,254,800 | **56,944,580** | $0.030000 | $0.086200 | $0.116200 | | **$ 6,616,960.14** | $ 567,152.21 | | **$ (3,666,945.59)** | PROJECTED |
| 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 | | **$ (3,495,462.15)** | PROJECTED |
| Jul-19 | $ 8,032,569.00 | $ 1,101,822.40 | **$ 6,930,746.60** | 88,996,547 | 12,207,600 | **76,788,947** | $0.020000 | $0.086200 | $0.106200 | | **$ 8,154,986.20** | $ 1,224,239.60 | | **$ (2,271,222.55)** | PROJECTED |

**Use "PGA_Table" in Column U to key projected PGA's**

before reconciling the month

| Mo Rate Applied | WACOG | WACOG Plus Losses | Demand Rate Firm | Demand Rate Interruptible | Adjustments | PGA (f) | PGA (i) | *(Not included in Commodity Recovery at Right)* **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** | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sep-18 | $ 4.38691 | $ 4.43122 | $ - | $ 0.2500 | $ (0.18607) | $ 3.87339 | $ 4.12339 | $ 747,991.26 | $ 14,469.57 | $ (733,521.69) | $ 602,041.01 | $ 545,468.34 | $ (56,572.67) | | $ 805,964.28 | Final |
| Oct-18 | $ 4.01319 | $ 4.05373 | $ 1.54200 | $ 0.2500 | $ (0.16017) | $ 5.39795 | $ 4.10595 | $ 1,000,269.71 | $ 81,962.12 | $ (918,307.59) | $ 751,366.98 | $ 600,664.59 | $ (150,702.39) | | $ 655,261.89 | Final |
| Nov-18 | $ 3.77122 | $ 3.80931 | $ 3.08400 | $ 0.2500 | $ (0.14405) | $ 6.96979 | $ 4.13579 | $ 1,254,521.71 | $ 442,614.52 | $ (811,907.19) | $ 1,198,824.12 | $ 940,706.67 | $ (258,117.45) | | $ 397,144.44 | Final |
| 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 | $ 3.34748 | $ 3.38129 | $ 3.12660 | $ 0.2500 | $ (0.14596) | $ 6.36156 | $ 3.48496 | $ 2,367,283.19 | $ 3,316,221.59 | $ 948,938.40 | $ 1,014,100.69 | $ 538,873.76 | $ (475,226.93) | | $ (9,507.73) | Est |
| Apr-19 | $ 3.69422 | $ 3.73154 | $ - | $ 0.2500 | $ (0.14596) | **$ 3.58558** | **$ 3.83558** | $ 2,681,361.90 | $ 3,323,256.29 | $ 641,894.39 | $ 670,363.54 | $ 817,869.72 | $ 147,506.18 | | $ 137,998.45 | Est |
| May-19 | $ 3.61734 | $ 3.65388 | $ - | $ 0.2500 | $ (0.14596) | $ 3.50792 | $ 3.75792 | $ 3,006,158.63 | $ 3,328,556.57 | $ 322,397.94 | $ 545,702.74 | $ 568,839.56 | $ 23,136.82 | | $ 161,135.27 | Est |
| Jun-19 | $ 3.74926 | $ 3.78713 | $ - | $ 0.2500 | $ (0.14596) | $ 3.64117 | $ 3.89117 | $ 3,320,237.33 | $ 3,334,966.53 | $ 14,729.20 | $504,057.32 | $ 501,941.74 | $ (2,115.58) | | $ 159,019.69 | Est |
| Jul-19 | $ 3.80215 | $ 3.84056 | $ - | $ 0.2500 | $ 0.03000 | $ 3.87056 | $ 4.12056 | $ 324,796.73 | $ 4,130.95 | $ (320,665.78) | $ 484,870.33 | $ 449,487.51 | $ (35,382.81) | | $ 123,636.88 | Est |

**Commission Item Number: DUC190506 - 2**
**Utility Commission Meeting: May 06, 2019**
**Item: II. C. Transco Turn Back Capacity Proposal**

## Transco Turn Back Capacity Proposal

Danville Utilities has received a proposal from Transco that we consider granting them as an option to take back a portion of our unutilized production-area capacity in exchange for a discount on our reservation rate.

The portion of the Turn Back Capacity they are offering to take allows us to source 17% of our daily supply at its receipt point, Station 30. The remaining receipt points of our FT contract, namely Stations 45, 50, and 62, make up an additional 25%, 19%, and 39% respectively. At Station 65, our capacity is fully telescoped, and we can take 100% of our supply there. For a number of years, we have sourced all of our supply at Station 65 and have not used the upstream receipt points.
Proposal

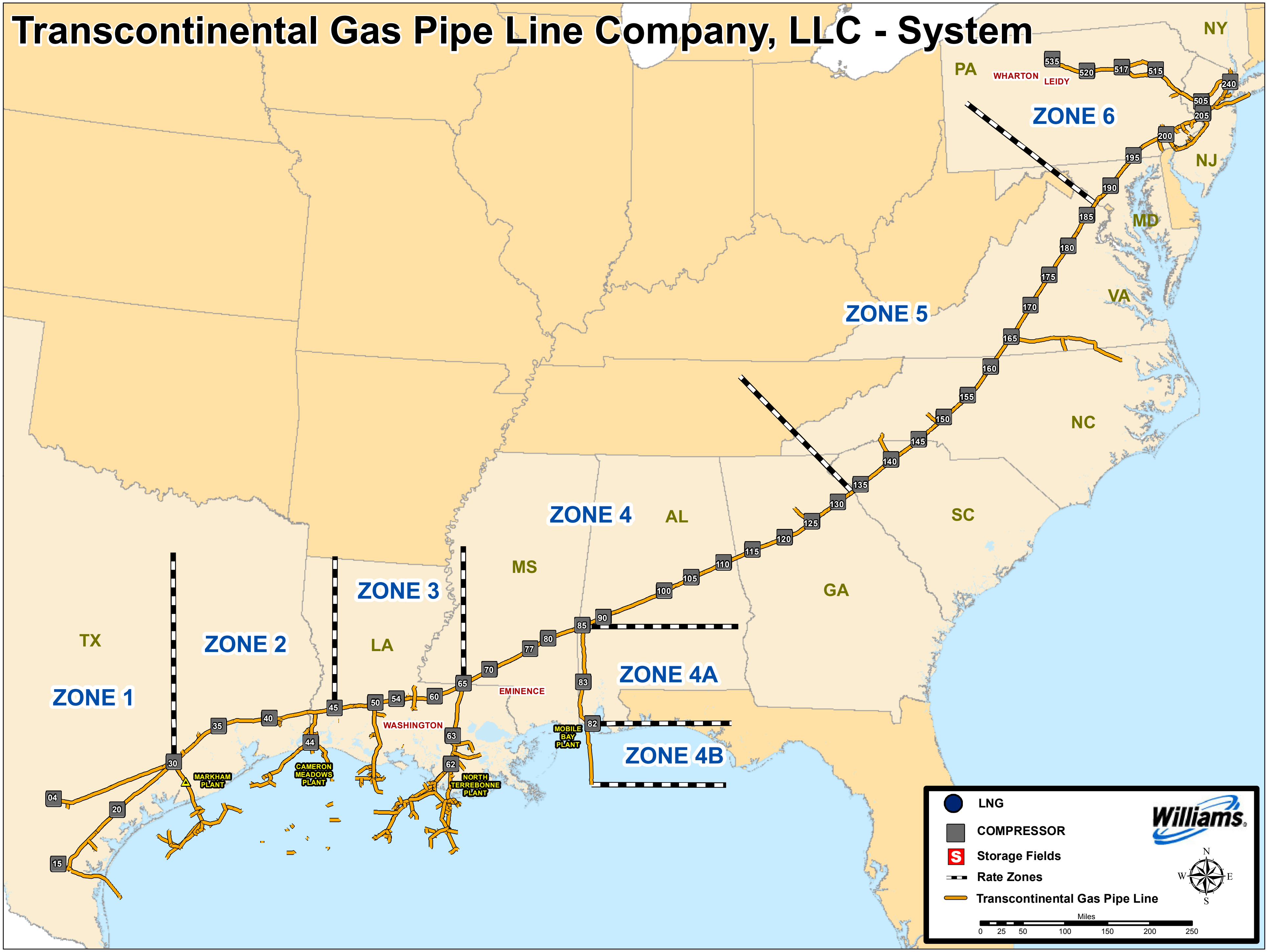
Transco proposes an offer to take back the capacity we have from Station 30 to Station 65 (see attached Transco map), or 2,875 DT of our firm transportation capacity, and swap it with Station 65 capacity. In exchange for this option, Transco would commit to take back the Station 30 capacity and offer us a discount on the reservation rate that equates to $0.08/DT. They will reduce the rate from $0.43300 to $0.35300, and the annual cost for Station 30 to 65 capacity will go from $454,379 to $370,429, for a savings of $83,950 per year. We would execute a discount agreement with a ten-year term effective November 1, 2019, or the date Transco receives the necessary authorizations from FERC.

Additionally, Transco would notify us by November 15, 2019, whether they will exercise the option for the remainder of the Turn Back Capacity from station 45 to station 65 (an additional 4,227 dekatherms per day), and what the effective date of the turn back will be. The effective date would be between October 1, 2020, and April 1, 2021, subject to receiving the FERC authorizations. This action would reduce the rate from $0.41774 to $0.33774 and the annual cost for this capacity would go from $644,512 to $521,084, for a savings of $123,428 per year. If Transco exercises the option, we would execute a discount agreement with a 10-year term.

This proposal assures an $83,950 annual savings at Station 30 beginning November 1, 2019, and the potential for an additional annual savings of $123,428 at Station 45 beginning between October of 2020 and April of 2021. The total savings that would be passed through the purchase gas adjustment would be $207,378.40 if Transco elected to pursue the optional 4,227/dekatherms per day.

Recommendation

**I move that the Danville Utility Commission recommend to City Council pursuing Transco's proposal of releasing 2,875 dekatherms per day of capacity between stations 30 to 65 with an additional option of 4,227 dekatherms per day at a discount rate of $0.08/ dekatherm.**






Produced By: DLorensen Revised By: Nado

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**Commission Item Number: DUC190506 - 3**
**Utility Commission Meeting: May 06, 2019**
**Item: II. D. Schoolfield Hydro Renewable Energy Credit Strategy 2019-2020**

## Schoolfield Hydro Renewable Energy Credit Strategy 2019-2020

Renewable power generation creates actual power in the form of electricity, and environmental benefits to society from “green” power production. The actual power is sold into the local grid, and the environmental benefits are sold in the form of Renewable Energy Credits or “RECs”, sold separately as a commodity into the marketplace. While RECs are not actually a measure of power, each REC represents one megawatt hour (MWh) of renewable-generated energy. For each REC purchased the customer is able to claim the equivalent MWh of energy reduction as on offset to their conventional energy use. The environmental benefits include the greenhouse gases avoided by generating electricity from renewable sources rather than conventional fuels.

Virginia does not have renewable energy mandates, but the RECs are valued and can be sold into other states that do have renewable portfolio standards. The RECs are valued differently based on different requirements (run-of-the-river hydro, wind, solar, plant life, etc.).

**Recommendation:** A suggested motion follows:

**I move that the Danville Utility Commission recommend to City Council selling the renewable energy credits associated with the generation at Schoolfield Hydro Plant for a minimum of $3.00/REC for calendar years 2019 and 2020.**

| | Payment Date | | | | | |
|---|---|---|---|---|---|---|
| Vintage | 8/9/2017 | 12/5/2017 | 2/8/2018 | 8/5/2018 | 2/25/2019 | Total |
| 1st Half 2017 | $ 118,284.30 | | | | | $ 118,284.30 |
| Dec-16 | | $ 1,016.40 | | | | $ 1,016.40 |
| 2nd Half 2017 | | | $ 72,965.70 | | $ 2,697.55 | $ 75,663.25 |
| 1st Half 2018 | | | | $ 47,749.99 | | $ 47,749.99 |
| 2nd Half 2018 | | | | | $ 30,189.72 | $ 30,189.72 |
| | **$ 118,284.30** | **$ 1,016.40** | **$ 72,965.70** | **$ 47,749.99** | **$ 32,887.27** | **$ 272,903.66** |

**Commission Item Number: DUC190506 - 4**
**Utility Commission Meeting: May 06, 2019**
**Item: II. E. Power Supply and Peaking Generation Update**

**Power Supply and Peaking Generation Update**

Jason Grey will provide an update on the City's 2018 power supply. He will also provide a summary of technologies being reviewed to help reduce demand during transmission and capacity peaks for both winter and summer months.

# POWER SUPPLY AND ELECTRIC PEAKING GENERATION UPDATE

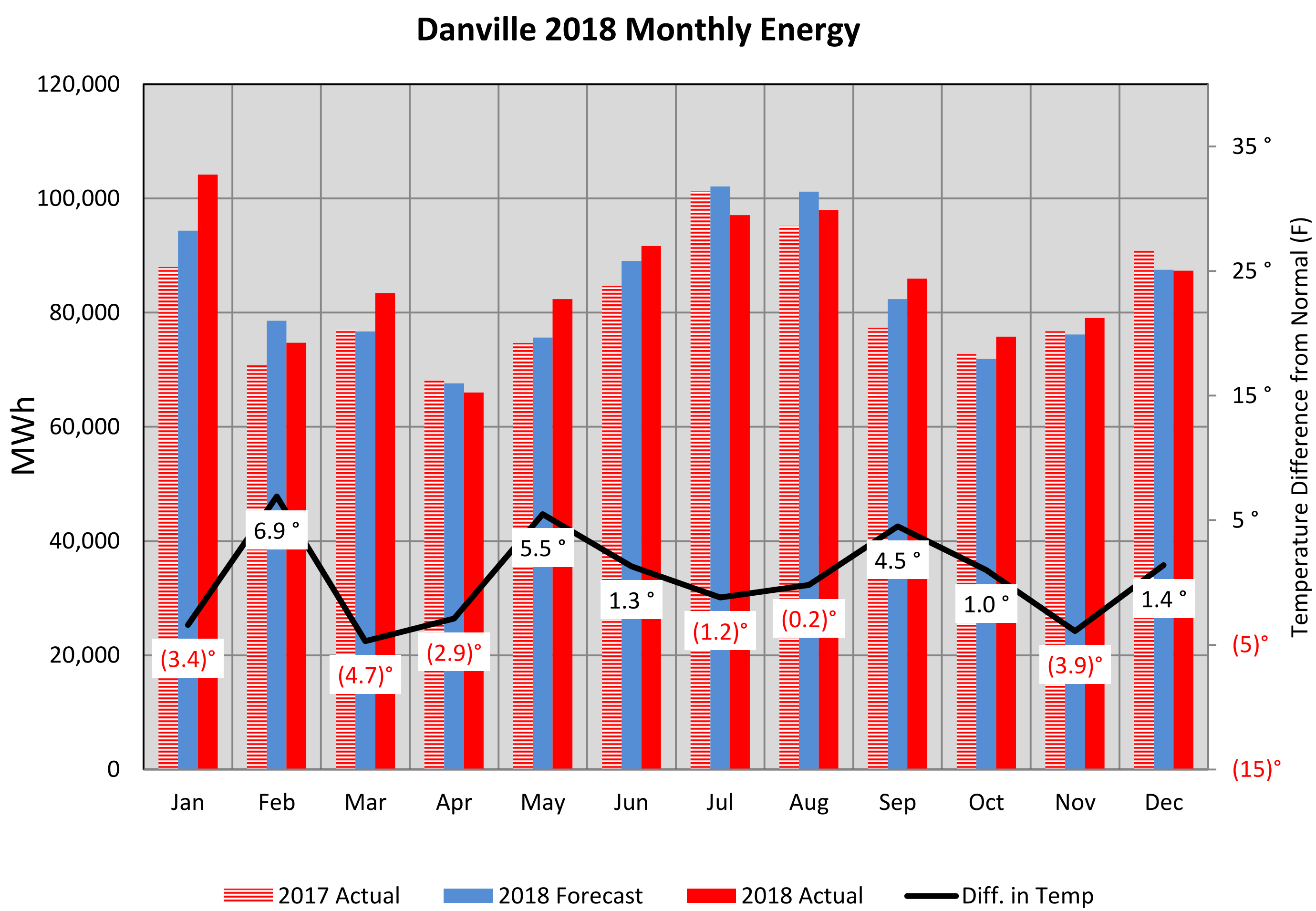
**Danville Utility Commission**

**May 6, 2019**

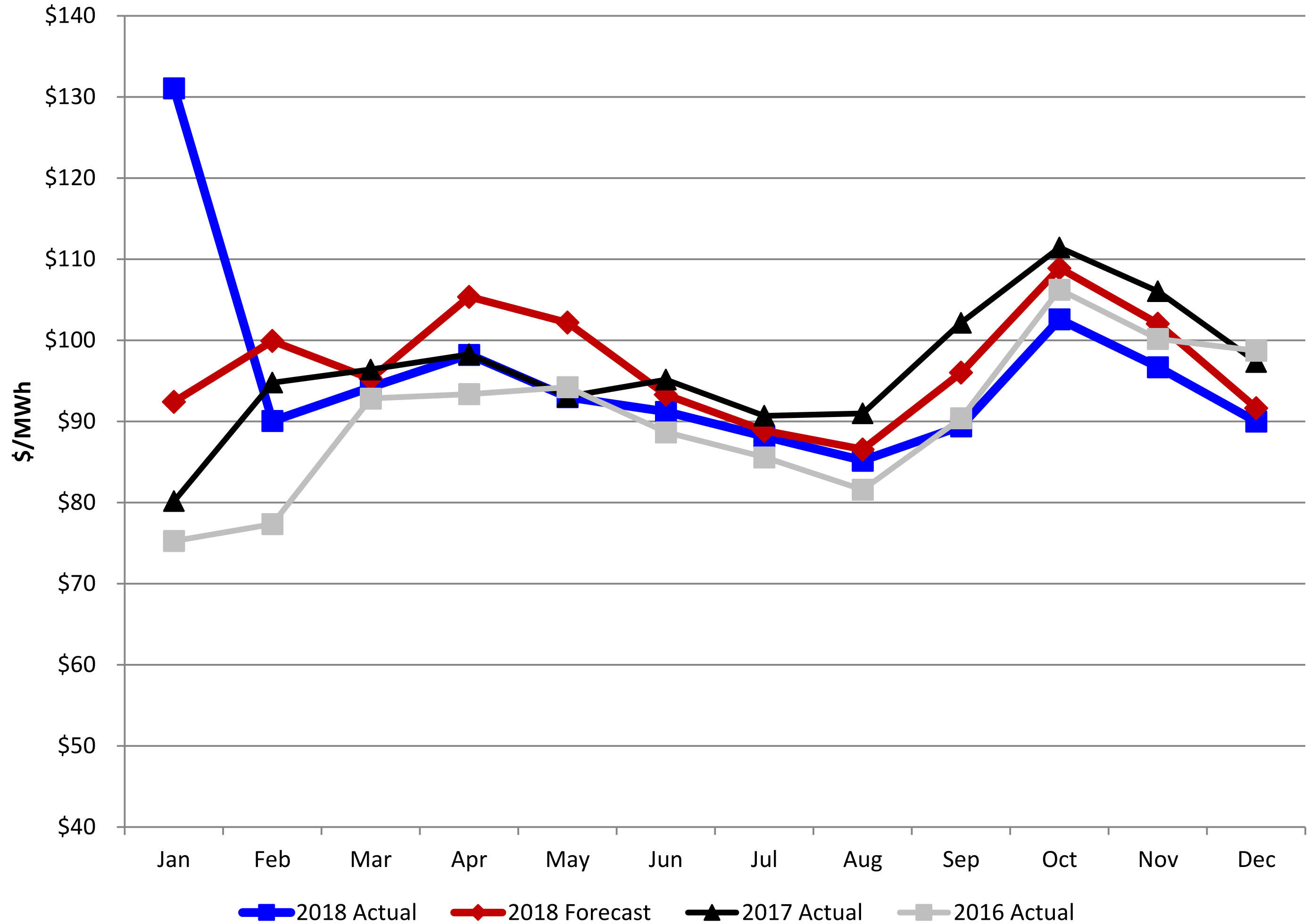
# Power Supply Goals

- Provide rate stability to customers
- Diversify portfolio to mitigate risks
- Balance peaking, intermediate and base load resources

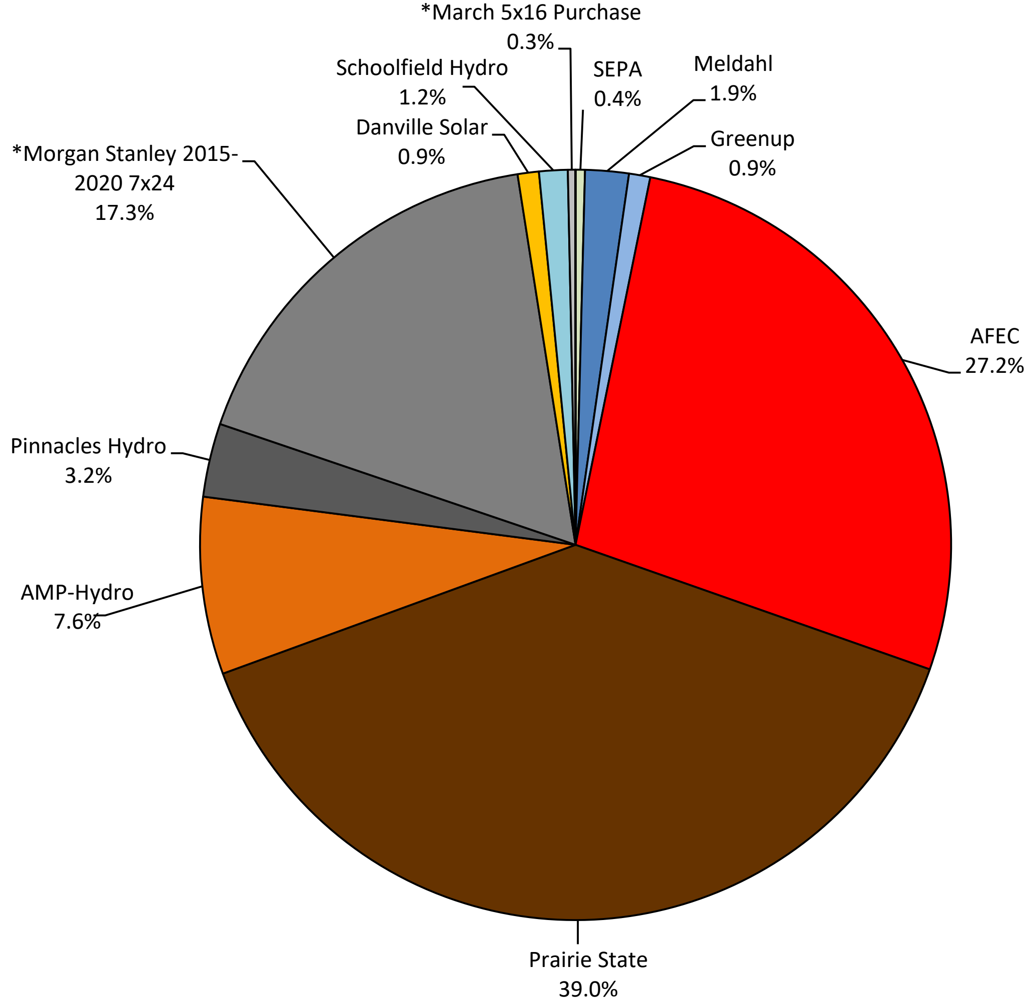
# 2018 Forecast close to actual



# Danville 2018 Monthly Rate Summary



# Danville 2018 Energy Sources




*Energy purchases do not include capacity

## Danville System Peak

| Danville | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|
| **Peak Demand (MW)** | **226.41** | **209.46** | **217.84** | **230.30** |
| Month & Day | Jan 07 | Jan 09 | Jul 26 | Feb 20 |
| Hour Ending (EST) | 08 | 09 | 16 | 08 |
| Temp. During Peak | -1° | -1° | 97° | 3° |

Danville Weather Data

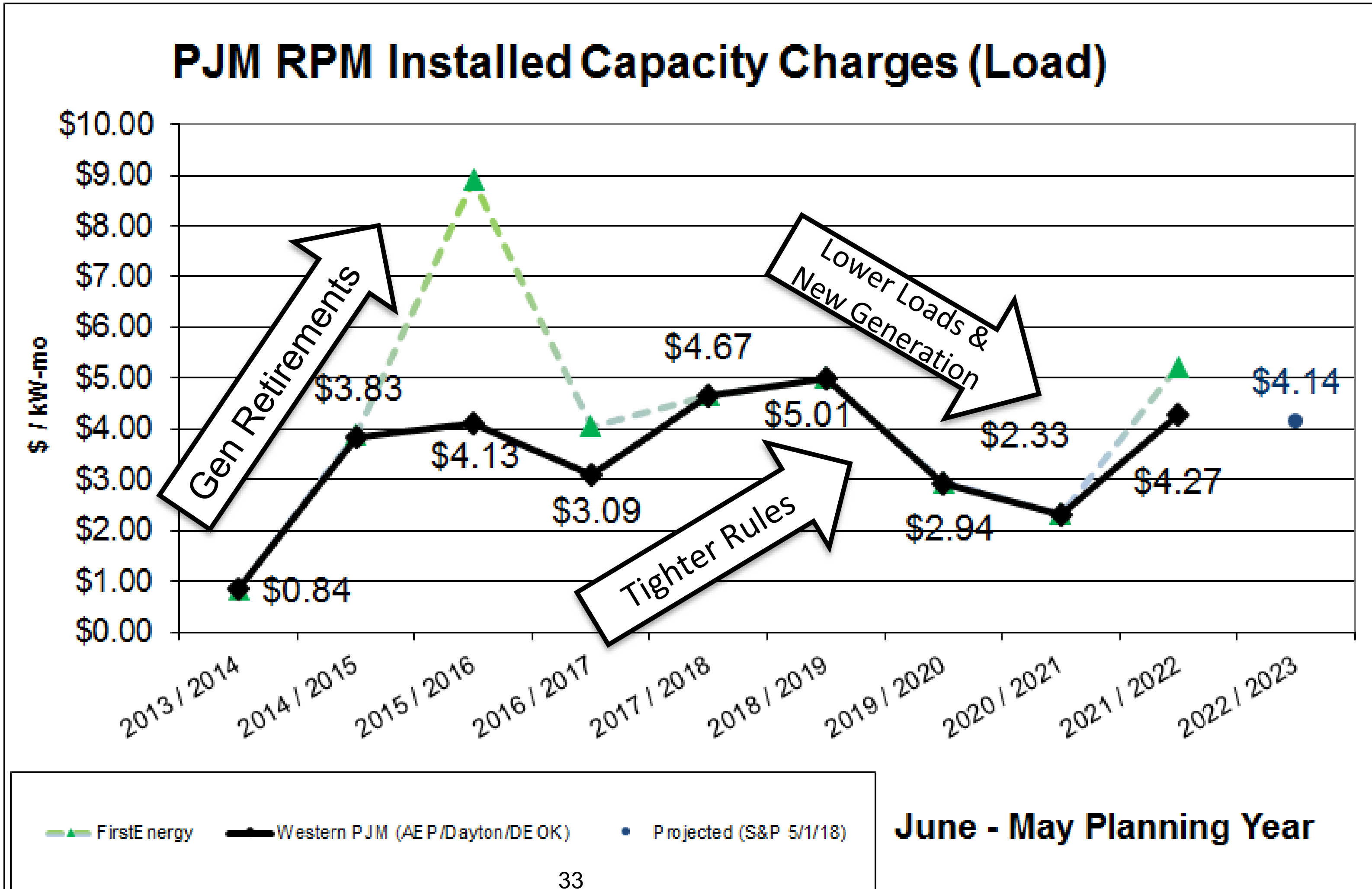
## AEP Transmission Peak

January 31, 2019- 9 HE-192.9 MW
January 3, 2018- 8 HE- 208.49 MW

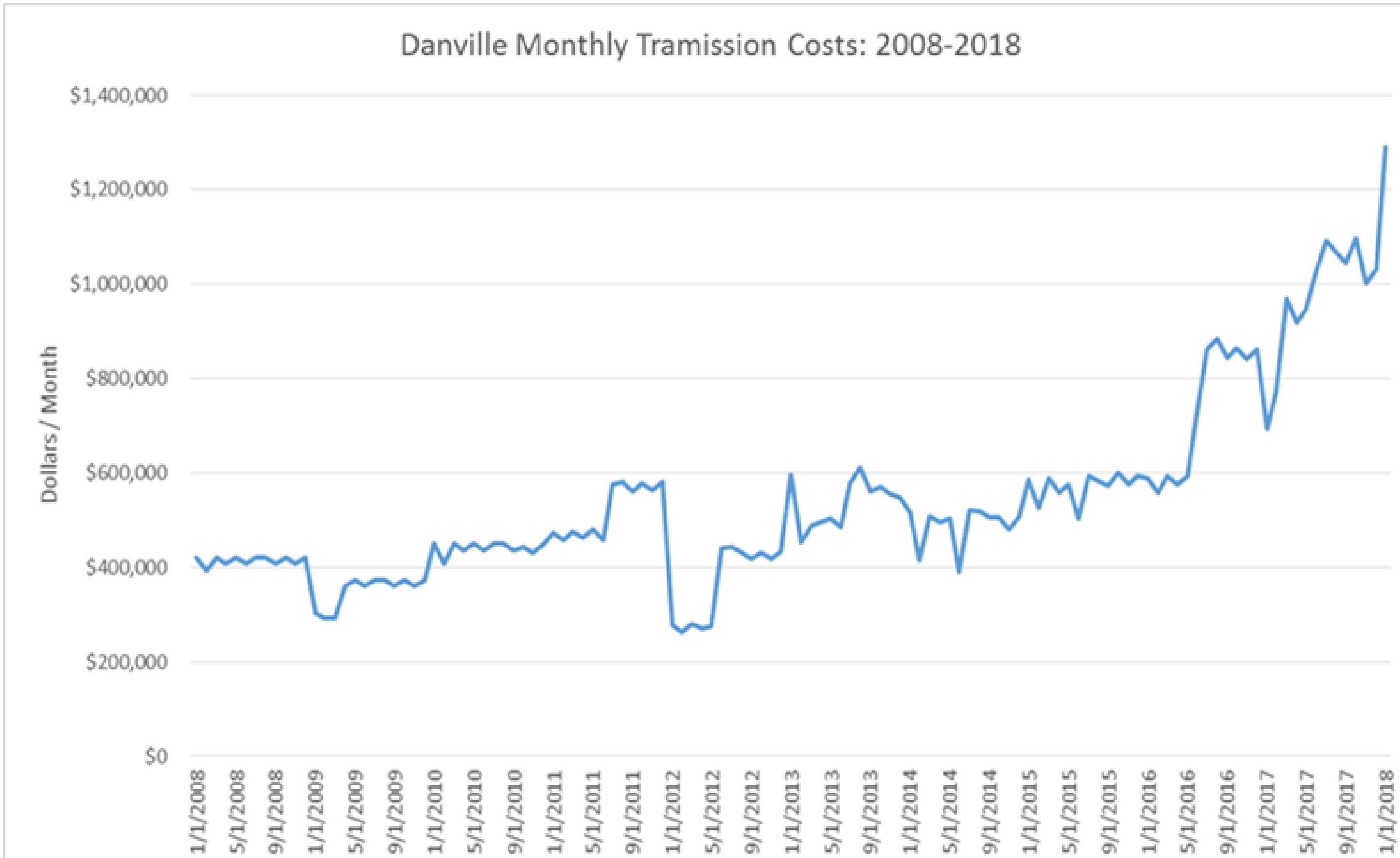
## PJM Capacity Peaks 2018 (June 1-Sept 30)

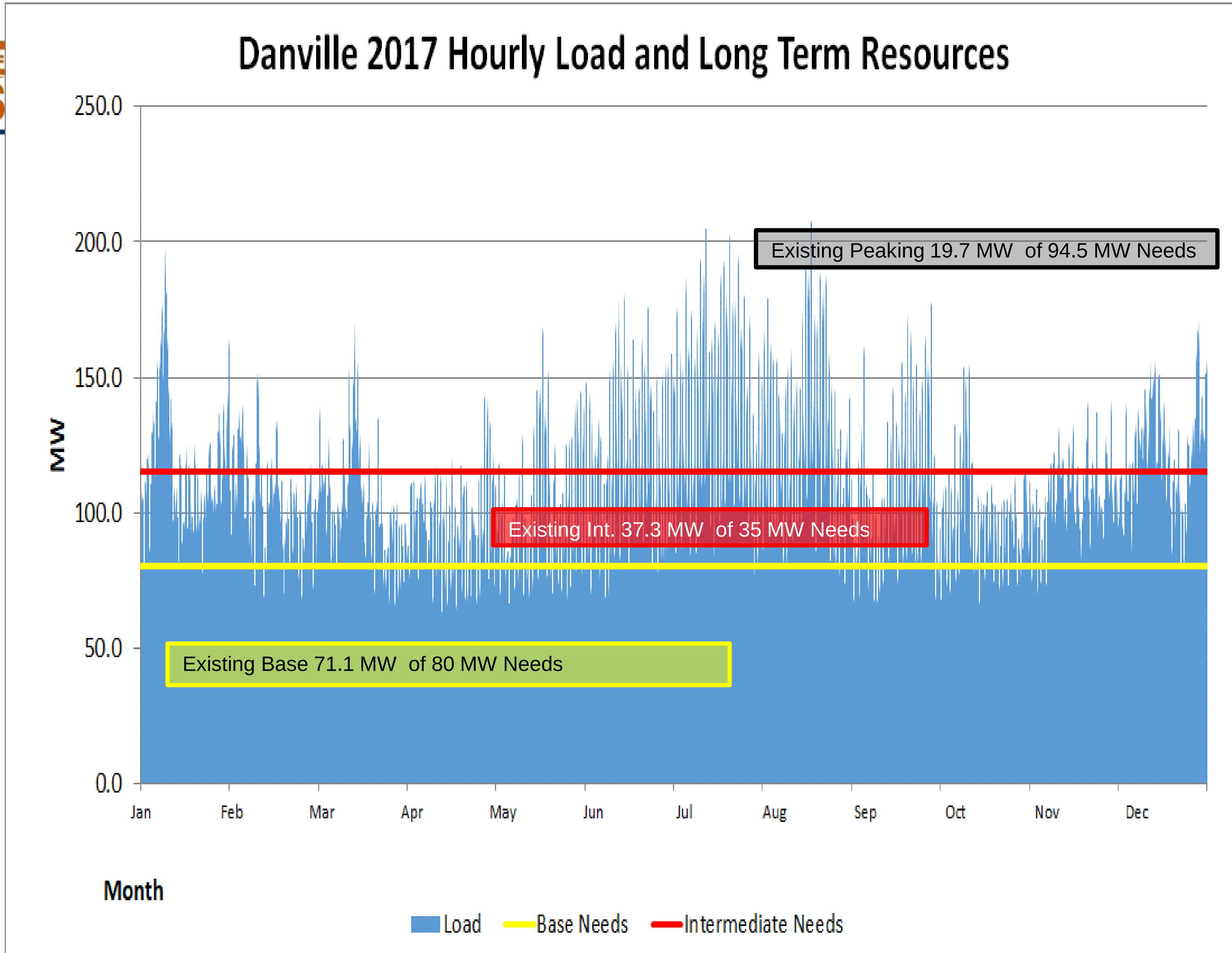
August 28, 2018 HE17-191.7 MW
September 4, 2018 HE17-192.4 MW
September 5, 2018 HE17-185.1 MW
June 18, 2018 HE17-196.3 MW
August 17, 2018 HE17-188.7 MW

# Installed Capacity Charges



# Monthly AEP Transmission Costs

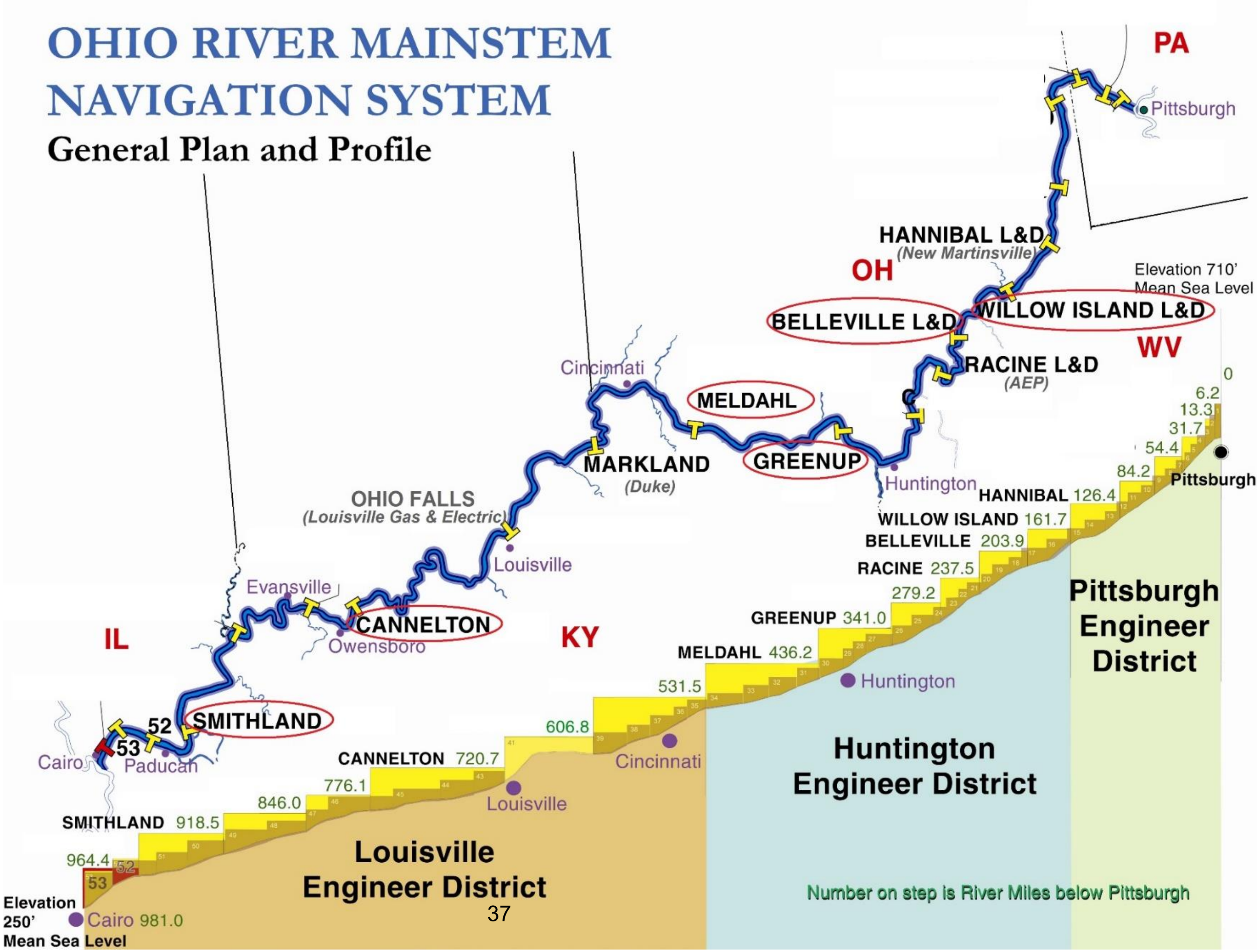



Danville 2017 Hourly Load and Long Term Resources
250.0
200.0
150.0
100.0
50.0
0.0
MW
Existing Peaking 19.7 MW of 94.5 MW Needs
Existing Int. 37.3 MW of 35 MW Needs
Existing Base 71.1 MW of 80 MW Needs
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Month
Load
Base Needs
Intermediate Needs

# Prairie State

- 1582 MW Mine Mouth Coal Fired plant (two units) located in Southern Illinois (MISO)
  - AMP participation = 368 MW
  - Includes 30 years of coal reserves on-site and MISO transmission
  - Project power delivered at PJM/MISO border
  - Due to better than expected performance, 2018 rate was lowered to $60.66 / MWh for Jan-Aug and $55.33 / MWh for Sep-Dec.
  - 2019 Net Rate with Capacity Revenue = $51 / MWh

# AMP Hydro


OHIO RIVER MAINSTEM
NAVIGATION SYSTEM
General Plan and Profile
PA
Pittsburgh
HANNIBAL L&D
(New Martinsville)
OH
Elevation 710'
Mean Sea Level
BELLEVILLE L&D
WILLOW ISLAND L&D
WV
RACINE L&D
(AEP)
Cincinnati
MELDAHL
GREENUP
MARKLAND
(Duke)
Huntington
OHIO FALLS
(Louisville Gas & Electric)
Louisville
Evansville
CANNELTON
Owensboro
IL
KY
SMITHLAND
52
53
Cairo
Paducah
0
6.2
13.3
31.7
54.4
84.2
Pittsburgh
HANNIBAL 126.4
WILLOW ISLAND 161.7
BELLEVILLE 203.9
RACINE 237.5
279.2
GREENUP 341.0
MELDAHL 436.2
531.5
606.8
CANNELTON 720.7
776.1
846.0
SMITHLAND 918.5
964.4
Pittsburgh Engineer District
Huntington
Huntington Engineer District
Cincinnati
Louisville
Louisville Engineer District
Elevation 250' Mean Sea Level
Cairo 981.0
Number on step is River Miles below Pittsburgh

# AMP Hydro

- Cannelton, Willow Island, Smithland 22.1 MW
- Meldahl and Greenup (AMP Hydro Phase 2) 5.1 MW
- Capacity and RECS included in rate
- Delivery point is PJM/MISO Border
- Annual Capacity Factor 58%
- Rate is $147.74/mWh


DANVILLE UTILITIES

# Fremont Energy Center

- Natural Gas Combined Cycle Unit (online in 2012)
  - 512 MW of Intermediate Capacity
  - 163 MW of Duct-Firing Capability for Peaking
- Interconnected to FirstEnergy in PJM
- 2019 rate-$54.96 based on a 55% capacity factor

# Behind the meter resources

- 4.5 MW Schoolfield Hydro
  - $64.10 in 2018 with 1.75% yearly escalator
  - Estimated at 12,500 MWh per year
- 10.0 MW Danville Pinnacles Hydro
  - Estimated at 28,000 MWh per year
- (3) 1.8 MW Diesels
  - Westover-online June 2017
  - New Design-May 2019
  - Kentuck- December 2019
- 6.0 MW Kentuck Solar
  - $72.51 fixed for 25 year term
  - Estimated at 12,000 MWh per year

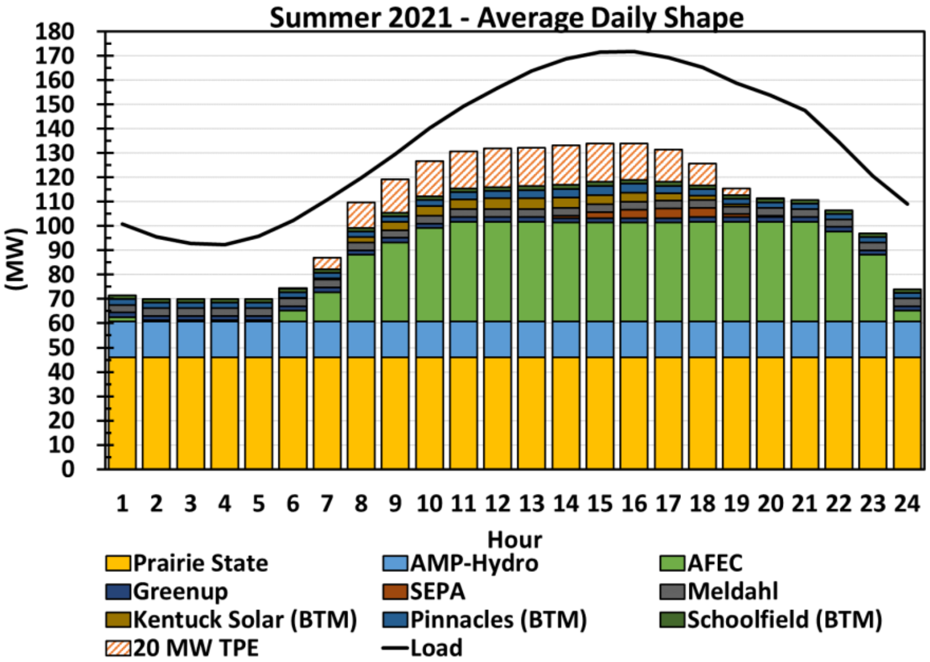
# New 2020 Solar resources

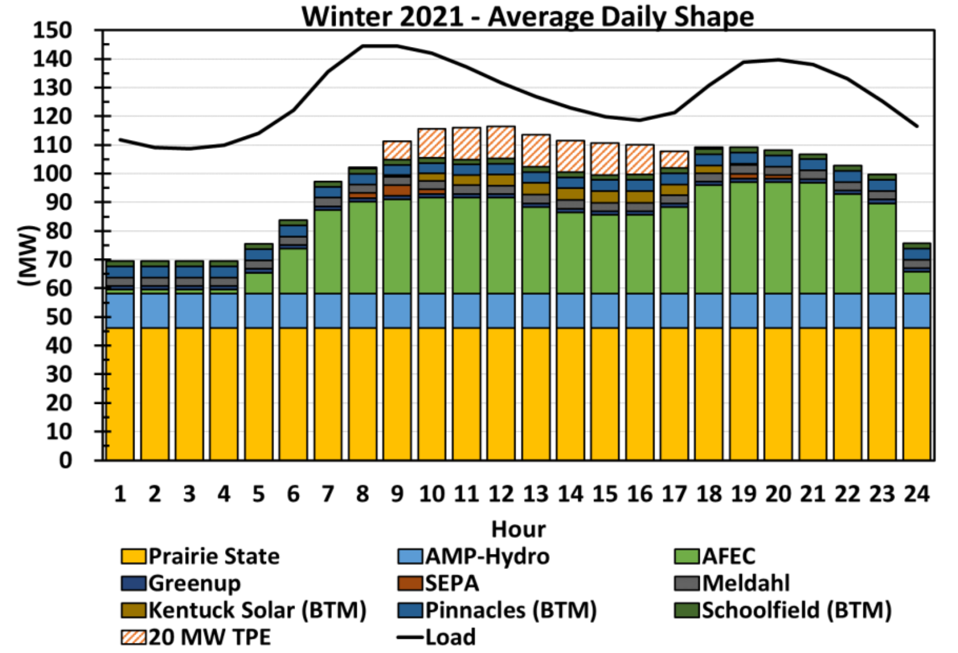
- Whitmell Solar 10 MW-May 2020
  - $46.97/mWh
  - Estimated at 24,000 MWh per year
  - Turning Point Energy (developer)
- Ringgold Solar 12 MW-May 2020
  - Estimated at 29,000 MWh per year
  - Strata Solar will own and operate
  - $57/mWh (-2%) escalation ($46/mWh avg)

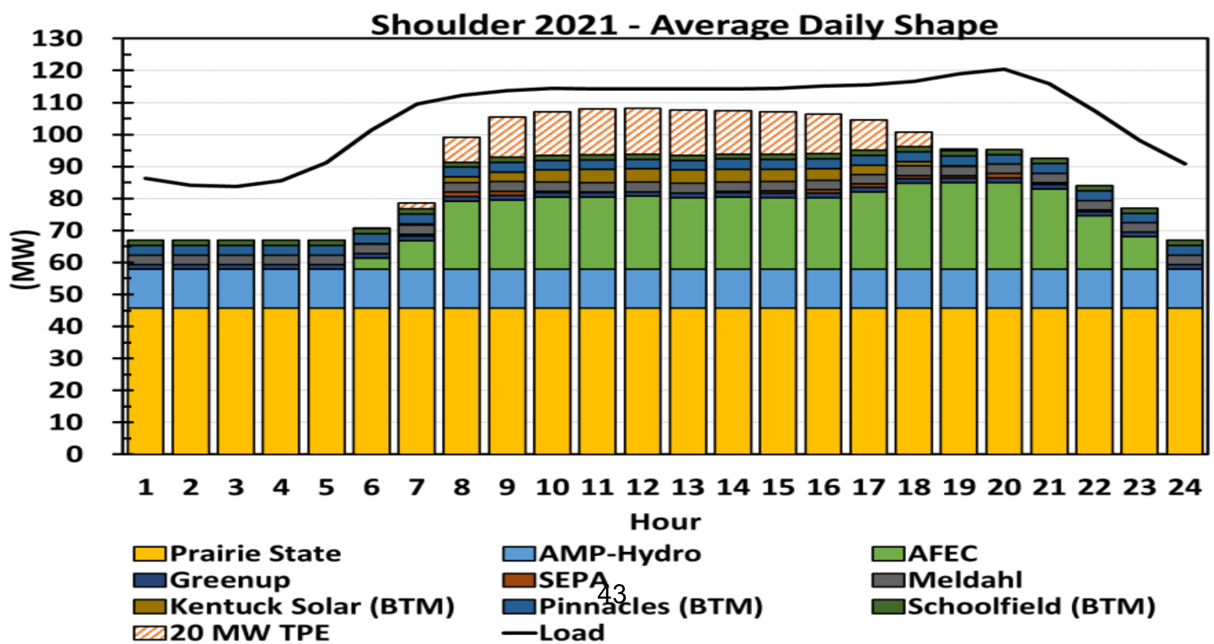
# Peaking Evaluation

## 2021 Energy Needs

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


Summer 2021 - Average Daily Shape
(MW)
Hour
Prairie State
AMP-Hydro
AFEC
Greenup
SEPA
Meldahl
Kentuck Solar (BTM)
Pinnacles (BTM)
Schoolfield (BTM)
20 MW TPE
Load


Winter 2021 - Average Daily Shape
(MW)
Hour
Prairie State
AMP-Hydro
AFEC
Greenup
SEPA
Meldahl
Kentuck Solar (BTM)
Pinnacles (BTM)
Schoolfield (BTM)
20 MW TPE
Load


Shoulder 2021 - Average Daily Shape
(MW)
Hour
Prairie State
AMP-Hydro
AFEC
Greenup
SEPA
Meldahl
Kentuck Solar (BTM)
Pinnacles (BTM)
Schoolfield (BTM)
20 MW TPE
Load

# Peaking Evaluation

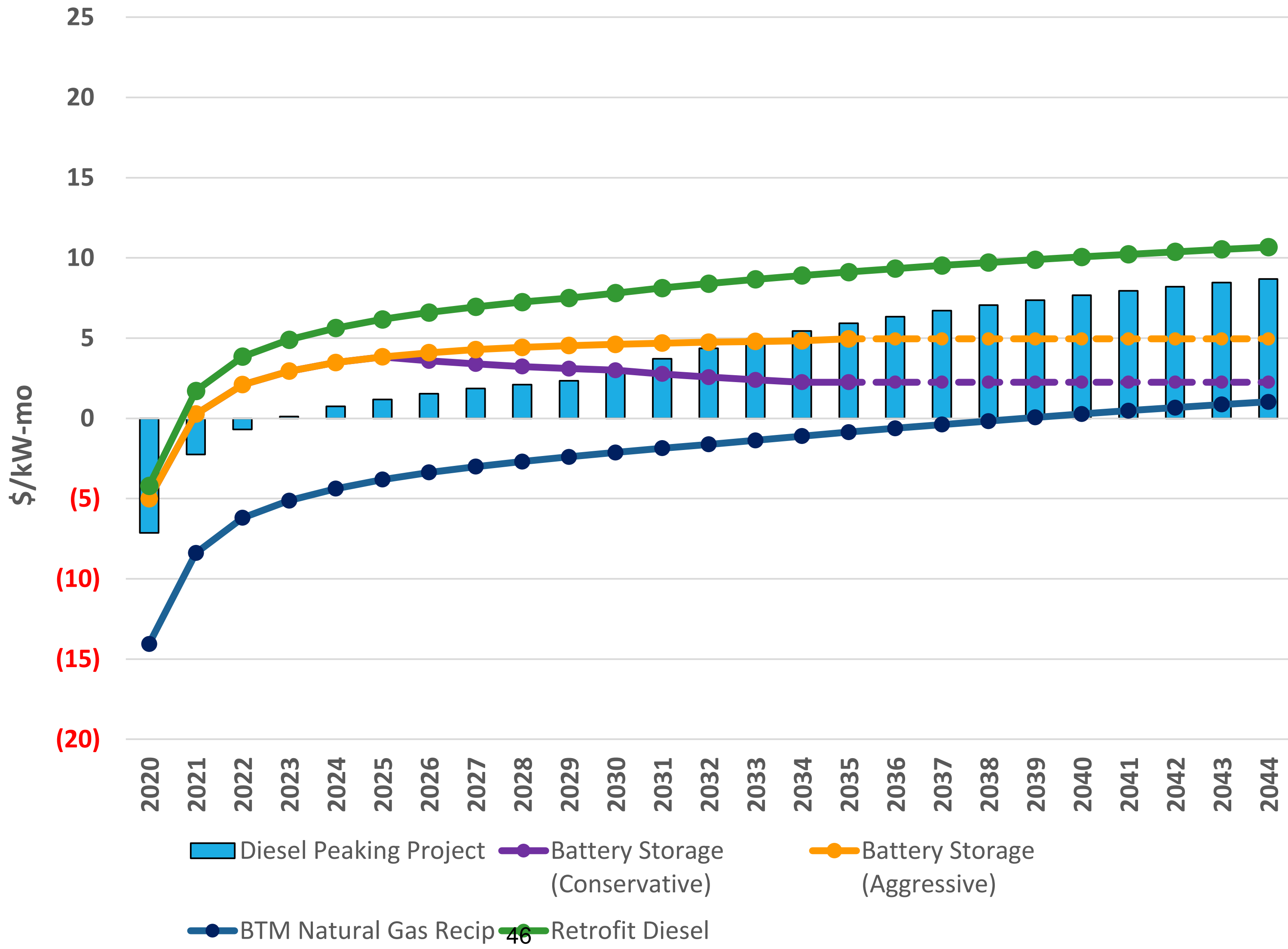
- Three different technologies studied
  - New diesel peaking generators (2 MW-25 MW)

  - Battery storage system

# Peaking Evaluation

- Reciprocating natural gas engines

# Peaking Evaluation



# QUESTIONS?