Danville Utility Commission Meeting Agenda
4:00 p.m., March 25, 2019

City Council Chambers, Danville City Hall

I. Call to Order

A. Roll Call

B. Announcements

II. Discussion/Business Items

A. Minutes of the February 25, 2019 Commission Meeting

B. Review of Utilities' Financial Statements

C. Energy Efficiency Update

D. Discussion on the Electric High Load Factor Industrial Rate

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, April 29, 2019

City Council Chambers
4th Floor, City Hall

Danville Utility Commission 4:00 p.m. February 25, 2019 Meeting Council Chambers, City Hall **Minutes**

Commission Members Present: Vanessa Cain, Bill Donohue, Ken Larking, Helm Dobbins, Fred Shanks, Sheila Williamson-Branch, Paul Liepe, Bert Eades

Commission Members Absent:

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

Others Present: Charles Overby and Jerry Shupe, 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 outlined the agenda and stated that the business items would occur first, followed by the rate study, and finally the budget. The communications section would allow for public comments at the end.

Discussion/Business Items

Minutes of January 28, 2019 Commission Meeting

Chairman Donohue asked for any corrections, deletions, or adjustments to the minutes from January 28, 2019.

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

Review of Utilities' Financial Statements

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

Mr. Donahue asked Ms. Holley about progress regarding the Power Cost Adjustment (PCA). Ms. Holley said it has improved since December. Mr. Grey stated that the PCA will be recovered to a zero balance in fall 2019.

<u>2019 Biennial Rate Study</u>
Mr. Grey updated the commission on proposed changes regarding the biennial rate study for each fund.

Gas Rate Study

> Mr. Eades asked what options were there for commercial transportation gas rates since it currently not recovering its cost. Mr. Larking recommended leaving the rates the same for this rate class to get this class closer to the cost of service.

Electric Rate Study

> Mr. Donohue asked for confirmation that 94 customers under the worship sanctuary rate would have an increase in their bills, while 67 would receive a decrease. Mr. Grey confirmed that this is correct.
>
> Mr. Larking mentioned that this particular rate class is currently subsidized by all the other rate class. Future steps would be to move this group to a self-sufficient rate class.
>
> Mr. Eades asked for an explanation of the inequities between the rate classes. Mr. Larking explained that some customers are more conservative with the demand versus those that are less consistent with their demand performance. The rate change helps to remove the inequity.
>
> Mr. Shanks said that he understands the rate change is a necessary step, but he is concerned with doing something revenue neutral that impacts some of the rate class greatly. He further stated that the goal is to help churches understand why the changes would occur. He said that Danville Utilities should use the next two years to work with the rate class to prepare for these changes before the next rate study.
>
> Mr. Dobbins agreed with Mr. Shanks, stating that by providing the notice now it allows a period of time for the rate class to get more efficient before the rate change.
>
> Mr. Donahue asked were the Custom$ave Rebates accessible to the worship sanctuary rate class. Ms. Davis replied that yes, they are.
>
> Mr. Donahue asked how long would staff need to assist the worship rate customers in recognizing ways to reduce energy costs. Mr. Grey stated that it would take six to nine months to complete an outreach to the rate class to assist with planning for energy efficiency.

Water and Wastewater Rate Studies

> Mr. Grey stated that the study proposed the water consumption rate going up $0.20/100 centrum cubic feet (CCF) from $2.38/100 CCF to $2.58/100 CCF. This will be offset by the wastewater consumption rate decreasing by $0.20/100 CCF from $2.60/100 CCF to $2.40/100 CCF.

A motion was made by Mr. Eades and seconded by Mr. Liepe to recommend to city council the 2019 biennial rate study presented by GDS Associates to City Council for fiscal years 2020/2021 with the exception of the rate adjustments to the worship sanctuary electric service be delayed by one year with the requirement that Danville Utilities conduct an extensive outreach with all centers of worship that would be negatively effected by the rate change and report bi-monthly to the commission to address energy efficiency. In addition the motion made an exception that the recommended commercial gas transportation rate changes not be implemented. All members voted in favor, and the motion carried unanimously.

Fiscal Year 2020 Utilities Budget

Mr. Grey stated that Ms. Holley presented the proposed 2020 fiscal year budget to the Commission at the last meeting. He presented the highlights from that presentation.

Mr. Donahue asked Mr. Grey to provide an estimate on what the capital investment will be to the wastewater fund for the replacement of sewer lines. Mr. Donahue also asked Mr. Grey to provide a similar estimate for the water fund for waterline replacement.

A motion was made by Mr. Liepe and seconded by Mr. Eades to approve the Utility Department's Proposed Fiscal Year 2020 Budget for submission to the City Manager and inclusion in his budget proposal to the City Council, with the Commission's recommendation for its adoption by the Council. It was further moved that staff make the budget expenditure adjustments necessary to bring the budgets back into balance and brief the Commission on actions taken at the April 22nd meeting, should on-going evaluations reveal revenue shortfalls. All members voted in favor, and the motion carried unanimously.

Department Discussions

Mr. Shanks thanked Mr. Grey, Mr. Adkins, and Ms. Holley for their preparation and presentation of the budget. He further thanked the Commission members for their participation.

Mr. Eades also thanked the staff for protecting the community during storms and other adverse conditions.

Mr. Grey introduced Lori Millner, Division Director of Support Services, and Philip Haley, Division Director of Power & Light to the Commission.

There was no comment from City staff or the public.

Adjournment

Chairman Donohue stated the next meeting is scheduled for March 25, 2019. There being no further business, Chairman Donohue adjourned the meeting at 5:50 p.m.

March 25, 2019
Date Approved

Submitted by Janet C. Davis
Secretary to the DUC

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Chairman
Danville Utility Commission

Commission Item Number: DUC190325 - 1
Utility Commission Meeting: March 25, 2019
Item: II. B. Review of Utilities' Financial Statements

Financial Report

January financials will be reviewed.

UTILITY FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE PERIOD ENDED JANUARY 31, 2019 (YTD)
UNAUDITED

	WASTEWATER	WATER	GAS	ELECTRIC	TELECOM	TOTAL	CURRENT 18-19 BUDGET	LAST YEAR TO DATE
OPERATING REVENUE	5,862,149.41	4,653,717.92	13,794,566.14	72,763,543.61	621,822.92	97,695,800.00	174,068,820.00	105,019,909.56
COST OF SALES								
PURCHASED SERVICES	-	-	8,457,748.75	56,177,223.79	32,566.40	64,667,538.94	115,643,820.00	72,464,565.87
PRODUCTION	-	-	-	380,357.81	-	380,357.81	1,044,135.64	330,738.48
TOTAL COST OF SALES	-	-	8,457,748.75	56,557,581.60	32,566.40	65,047,896.75	116,687,955.64	72,795,304.35
GROSS PROFIT	5,862,149.41	4,653,717.92	5,336,817.39	16,205,962.01	589,256.52	32,647,903.25	57,380,864.36	32,224,605.21
GROSS PROFIT %	100.00%	100.00%	38.69%	22.27%	94.76%	33.42%	32.96%	30.68%
OPERATING EXPENSES								
TRANSMISSION & TREATMENT	1,247,015.63	945,416.07	-	863,824.24	-	3,056,255.94	6,675,482.99	3,428,812.70
ENGINEERING	-	124,787.74	187,271.12	417,502.74	-	729,561.60	1,847,840.58	831,943.08
DISTRIBUTION	1,466,676.54	321,225.35	315,005.99	6,886,847.27	-	8,989,755.15	16,362,921.24	8,550,422.87
SERVICE	28,777.94	34,808.04	32,361.04	-	-	95,947.02	408,200.00	110,039.48
METERS & REGULATORS	-	68,616.34	76,726.84	164,195.15	92.11	309,630.44	707,317.00	296,986.84
GENERAL & ADMINISTRATIVE	983,569.25	1,543,325.09	2,115,147.36	3,160,957.79	439,218.02	8,242,217.51	15,107,316.30	7,639,137.61
TOTAL OPERATING EXPENSES	3,726,039.36	3,038,178.63	2,726,512.35	11,493,327.19	439,310.13	21,423,367.66	41,109,078.11	20,857,342.58
OPERATING INCOME (LOSS)	2,136,110.05	1,615,539.29	2,610,305.04	4,712,634.82	149,946.39	11,224,535.59	16,271,786.25	11,367,262.63
NON-OPERATING REVENUE (EXPENSE)								
INTEREST INCOME ON INVESTMENTS	127,922.35	145,011.58	150,229.30	500,926.74	13,690.71	937,780.68	886,000.00	680,985.06
ENERGY EFFICIENCY RECOVERY	-	-	-	(261,560.50)	-	(261,560.50)	(864,670.49)	(201,921.84)
RECOVERIES AND REBATES	4,244.50	9,776.71	234,460.02	(517.50)	-	247,963.73	16,200.00	648,263.48
GAIN/LOSS ON DISPOSAL	-	5,408.25	68.25	10,230.00	-	15,706.50	50,100.00	10,712.50
JOBBING INCOME (LOSS)	37,283.24	29,854.07	55,950.94	138,934.32	25,535.15	287,557.72	452,622.20	253,906.62
INTEREST ON LONG TERM INDEBTEDNESS	(120,809.33)	(112,678.51)	(52,337.81)	(975,779.93)	-	(1,261,605.58)	(2,006,720.00)	(915,795.05)
NET INCOME (LOSS)	2,184,750.81	1,692,911.39	2,998,675.74	4,124,867.95	189,172.25	11,190,378.14	14,805,317.96	11,843,413.40
OPERATING TRANSFERS IN(OUT)	(3,404,693.31)	(549,675.00)	(1,784,609.19)	(5,895,939.19)	(47,250.00)	(11,682,166.69)	(17,848,000.00)	(8,761,083.30)
NET INCOME AFTER TRANSFERS	(1,219,942.50)	1,143,236.39	1,214,066.55	(1,771,071.24)	141,922.25	(491,788.55)	(3,042,682.04)	3,082,330.10
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	(1,219,942.50)	1,143,236.39	1,214,066.55	(1,771,071.24)	141,922.25	(491,788.55)		
FEDERAL GRANT	-	-	-	-	-	-		
CONTRIBUTION IN AID	25,328.00	-	-	-	-	25,328.00		
NET ASSETS JANUARY 2019	59,231,500.45	44,825,689.37	55,223,374.05	180,808,035.86	9,218,276.28	349,306,876.01		
NET ASSETS								
CONTRIBUTED CAPITAL - FIXED ASSETS	3,858,413.01	4,676,282.92	1,340,232.51	13,721,622.53	337,248.59	23,933,799.56		
RESTRICTED FOR INVESTMENT IN FIXED ASSETS	44,778,867.61	25,913,968.00	38,252,547.39	110,065,193.37	7,336,666.79	226,347,243.16		
RESTRICTED FOR PROJECTS IN PROGRESS	5,828,234.87	8,549,723.63	3,454,364.90	17,750,622.07	553,709.60	36,136,655.07		
RESTRICTED FOR ENCUMBRANCES	1,403,981.42	88,362.58	118,662.47	915,843.27	4,928.96	2,531,778.70		
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	3,025,585.54	4,692,513.24	11,243,783.78	35,201,175.62	897,810.34	55,060,868.52		
TOTAL NET ASSETS	59,231,500.45	44,825,689.37	55,223,374.05	180,808,035.86	9,218,276.28	349,306,876.01		

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

		WASTEWATER	WATER	GAS	ELECTRIC	TELECOM	JANUARY 31, 2019
ASSETS							
Equity in pooled Cash and Investments	$	9,471,629.51	12,431,367.71	13,443,609.65	48,323,215.73	1,152,273.85	84,822,096.45
Receivables (Net of allowances for Uncollectible):							
Accounts		1,163,751.33	522,003.81	2,749,247.17	16,704,371.92	94,982.42	21,234,356.65
Power/Gas Cost Recovery		-	-	(115,151.68)	7,270,264.73	-	7,155,113.05
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		-	416,451.34	539,203.42	1,803,438.70	206,030.56	2,965,124.02
Fixed Assets		97,454,289.68	72,156,078.39	69,016,014.92	298,210,563.07	10,501,604.55	547,338,550.61
Accumulated Depreciation		(45,433,377.70)	(38,007,582.16)	(28,049,998.30)	(130,380,260.50)	(2,827,689.17)	(244,698,907.83)
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	$	63,129,109.82	48,790,023.09	58,726,653.18	246,363,782.65	9,250,758.21	426,260,326.95
LIABILITIES AND NET ASSETS							
Liabilities							
Accounts Payable	$	451,495.29	246,054.62	2,033,924.52	16,682,094.39	28,457.40	19,442,026.22
Accrued Interest Payable		62,482.72	61,105.31	24,935.13	542,451.85	-	690,975.01
Customer Deposits		-		-	3,638,374.10	-	3,638,374.10
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	$	3,897,609.37	3,964,333.72	3,503,279.13	65,555,746.79	32,481.93	76,953,450.94
Net Assets							
Contributed Capital	$	3,858,413.01	4,676,282.92	1,340,232.51	13,721,622.53	337,248.59	23,933,799.56
Retained Earnings:							
Restricted for Investment in Fixed Assets	$	44,778,867.61	25,913,968.00	38,252,547.39	110,065,193.37	7,336,666.79	226,347,243.16
Restricted for Incomplete Projects		5,828,234.87	8,549,723.63	3,454,364.90	17,750,622.07	553,709.60	36,136,655.07
Restricted for Subsequent Expenses		1,403,981.42	88,362.58	118,662.47	915,843.27	4,928.96	2,531,778.70
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		3,025,585.54	4,692,513.24	11,243,783.78	35,201,175.62	897,810.34	55,060,868.52
Total Retained Earnings	$	55,373,087.44	40,149,406.45	53,883,141.54	167,086,413.33	8,881,027.69	325,373,076.45
TOTAL NET ASSETS	$	59,231,500.45	44,825,689.37	55,223,374.05	180,808,035.86	9,218,276.28	349,306,876.01
TOTAL LIABILITIES AND NET ASSETS	$	63,129,109.82	48,790,023.09	58,726,653.18	246,363,782.65	9,250,758.21	426,260,326.95

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

		WASTEWATER	WATER	GAS	ELECTRIC	TELECOM	JANUARY 31, 2019
Operating revenues:							
Charges for Services	$	5,862,149.41	4,653,717.92	13,794,566.14	72,763,543.61	621,822.92	97,695,800.00
Operating Expenses:							
Purchased Services	$	-	-	8,457,748.75	56,177,223.79	32,566.40	64,667,538.94
Production		-	-	-	380,357.81	-	380,357.81
Transmission & Treatment		1,247,015.63	945,416.07	-	863,824.24	-	3,056,255.94
Engineering		-	124,787.74	187,271.12	417,502.74	-	729,561.60
Distribution		1,466,676.54	321,225.35	315,005.99	6,886,847.27	-	8,989,755.15
Service		28,777.94	34,808.04	32,361.04	-	-	95,947.02
Meters & Regulators		-	68,616.34	76,726.84	164,195.15	92.11	309,630.44
Administrative		983,569.25	1,543,325.09	2,115,147.36	3,160,957.79	439,218.02	8,242,217.51
Total Operating Expenses	$	3,726,039.36	3,038,178.63	11,184,261.10	68,050,908.79	471,876.53	86,471,264.41
Operating Income (Loss)	$	2,136,110.05	1,615,539.29	2,610,305.04	4,712,634.82	149,946.39	11,224,535.59
Non-Operating Revenues (Expenses):							
Jobbing Income (Loss)		37,283.24	29,854.07	55,950.94	138,934.32	25,535.15	287,557.72
Interest Income		127,922.35	145,011.58	150,229.30	500,926.74	13,690.71	937,780.68
Energy Efficiency Recovery		-	-	-	(261,560.50)	-	(261,560.50)
Gain (Loss) on Disposal of Property		-	5,408.25	68.25	10,230.00	-	15,706.50
Recoveries and Rebates		4,244.50	9,776.71	234,460.02	(517.50)	-	247,963.73
Interest Expense		(120,809.33)	(112,678.51)	(52,337.81)	(975,779.93)	-	(1,261,605.58)
Total Non-Operating Revenues (Expenses)	$	48,640.76	77,372.10	388,370.70	(587,766.87)	39,225.86	(34,157.45)
Income (Loss) Before Operating Transfers	$	2,184,750.81	1,692,911.39	2,998,675.74	4,124,867.95	189,172.25	11,190,378.14
Operating Transfers:							
Transfers In (Out)		(3,404,693.31)	(549,675.00)	(1,784,609.19)	(5,895,939.19)	(47,250.00)	(11,682,166.69)
Total Operating Transfers	$	(3,404,693.31)	(549,675.00)	(1,784,609.19)	(5,895,939.19)	(47,250.00)	(11,682,166.69)
Net Income (Loss)	$	(1,219,942.50)	1,143,236.39	1,214,066.55	(1,771,071.24)	141,922.25	(491,788.55)
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)		(1,219,942.50)	1,143,236.39	1,214,066.55	(1,771,071.24)	141,922.25	(491,788.55)
Contribution In Aid of Construction		25,328.00	-	-	-	-	25,328.00
Net Assets - January 31, 2019	$	59,231,500.45	44,825,689.37	55,223,374.05	180,808,035.86	9,218,276.28	349,306,876.01

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

WASTEWATER - FINAL

	ORIGINAL BUDGET 2018-19	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2018-19	JANUARY 2019	PERCENT OF CURRENT BUDGET	JANUARY 2018
OPERATING REVENUE	9,644,240.00		9,644,240.00	5,862,149.41	60.78%	5,606,156.10
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	1,247,015.63	40.90%	1,340,249.66
ENGINEERING	-		-	-		-
DISTRIBUTION	2,510,580.00	79,936.07	2,590,516.07	1,466,676.54	56.62%	1,124,605.99
SERVICE	133,640.00		133,640.00	28,777.94	21.53%	59,605.93
METERS & REGULATORS	-		-	-		-
BAD DEBT	35,400.00		35,400.00	18,282.80	51.65%	18,132.21
GENERAL & ADMINISTRATIVE	1,768,050.00		1,768,050.00	965,286.45	54.60%	999,401.26
TOTAL OPERATING EXPENSES	7,432,460.00	143,760.23	7,576,220.23	3,726,039.36	49.18%	3,541,995.05
OPERATING INCOME (LOSS)	2,211,780.00	(143,760.23)	2,068,019.77	2,136,110.05	103.29%	2,064,161.05
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	104,000.00		104,000.00	127,922.35	123.00%	82,335.98
RECOVERIES AND REBATES	-		-	4,244.50		2,514.15
GAIN/LOSS ON DISPOSAL	-		-	-		-
JOBBING INCOME (LOSS)	51,800.00		51,800.00	37,283.24	71.98%	22,063.00
INTEREST ON LONG TERM INDEBTEDNESS	(168,950.00)		(168,950.00)	(120,809.33)	71.51%	(109,036.63)
NET INCOME (LOSS)	2,198,630.00	(143,760.23)	2,054,869.77	2,184,750.81	106.32%	2,062,037.55
OPERATING TRANSFERS IN (OUT)	(693,760.00)	(3,000,000.00)	(3,693,760.00)	(3,404,693.31)	92.17%	(404,693.35)
NET INCOME AFTER TRANSFERS	1,504,870.00	(3,143,760.23)	(1,638,890.23)	(1,219,942.50)	74.44%	1,657,344.20
CONTRIBUTION IN AID	35,000.00		35,000.00	25,328.00	72.37%	
REGULAR CAPITAL MAINTENANCE	(440,860.00)	(4,189.66)	(445,049.66)	(38,714.33)	8.70%	
CAPITAL PROJECTS	(1,350,000.00)	(4,312,562.56)	(5,662,562.56)	(290,663.02)	5.13%	
DEBT SERVICE	(1,038,450.00)		(1,038,450.00)	(365,055.28)	35.15%	
DEPRECIATION	2,083,000.00		2,083,000.00	1,177,006.11	56.51%	
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 JANUARY 31, 2019

WATER - FINAL

	ORIGINAL BUDGET 2018-19	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2018-19	JANUARY 2019	PERCENT OF CURRENT BUDGET	JANUARY 2018
OPERATING REVENUE	8,317,890.00		8,317,890.00	4,653,717.92	55.95%	4,794,776.70
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	945,416.07	50.55%	1,094,982.61
ENGINEERING	266,240.00	(12,418.76)	253,821.24	124,787.74	49.16%	157,667.06
DISTRIBUTION	667,110.00	(10,414.33)	656,695.67	321,225.35	48.92%	435,991.44
SERVICE	144,770.00		144,770.00	34,808.04	24.04%	29,592.42
METERS & REGULATORS	167,020.00		167,020.00	68,616.34	41.08%	57,124.53
BAD DEBT	31,600.00		31,600.00	13,091.65	41.43%	13,422.43
GENERAL & ADMINISTRATIVE	2,909,650.00	28,406.70	2,938,056.70	1,530,233.44	52.08%	1,588,678.77
TOTAL OPERATING EXPENSES	6,021,600.00	40,778.70	6,062,378.70	3,038,178.63	50.12%	3,377,459.26
OPERATING INCOME (LOSS)	2,296,290.00	(40,778.70)	2,255,511.30	1,615,539.29	71.63%	1,417,317.44
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	126,000.00		126,000.00	145,011.58	115.09%	107,720.60
RECOVERIES AND REBATES	10,000.00		10,000.00	9,776.71		5,866.37
GAIN/LOSS ON DISPOSAL	12,500.00		12,500.00	5,408.25		146.50
JOBBING INCOME (LOSS)	120,330.00		120,330.00	29,854.07	24.81%	52,815.96
INTEREST ON LONG TERM INDEBTEDNESS	(153,690.00)		(153,690.00)	(112,678.51)	73.32%	(104,683.54)
NET INCOME (LOSS)	2,411,430.00	(40,778.70)	2,370,651.30	1,692,911.39	71.41%	1,479,183.33
OPERATING TRANSFERS IN (OUT)	(942,300.00)		(942,300.00)	(549,675.00)	58.33%	(549,675.00)
NET INCOME AFTER TRANSFERS	1,469,130.00	(40,778.70)	1,428,351.30	1,143,236.39	80.04%	929,508.33
CONTRIBUTION IN AID	-		-	-		
REGULAR CAPITAL MAINTENANCE	(1,008,800.00)	(172,734.10)	(1,181,534.10)	(672,675.98)	56.93%	
CAPITAL PROJECTS	(5,500,000.00)	(3,354,938.70)	(8,854,938.70)	(955,951.52)	10.80%	
DEBT SERVICE	(928,370.00)		(928,370.00)	(123,113.00)	13.26%	
DEPRECIATION	1,680,000.00		1,680,000.00	916,048.98	54.53%	
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 JANUARY 31, 2019

GAS - FINAL

	ORIGINAL BUDGET 2018-19	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2018-19	JANUARY 2019	PERCENT OF CURRENT BUDGET	JANUARY 2018
OPERATING REVENUE	22,462,280.00		22,462,280.00	13,794,566.14	61.41%	12,580,830.83
COST OF SALES						
PURCHASED SERVICES	13,343,220.00		13,343,220.00	8,457,748.75	63.39%	7,895,481.41
PRODUCTION	-		-	-		-
TOTAL COST OF SALES	13,343,220.00	-	13,343,220.00	8,457,748.75		7,895,481.41
GROSS PROFIT	9,119,060.00	-	9,119,060.00	5,336,817.39		4,685,349.42
GROSS PROFIT %	40.60%		40.60%	38.69%		37.24%
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	-			-		-
ENGINEERING	421,730.00	166,621.02	588,351.02	187,271.12	31.83%	234,448.45
DISTRIBUTION	654,250.00	139.50	654,389.50	315,005.99	48.14%	295,480.19
SERVICE	129,790.00		129,790.00	32,361.04	24.93%	20,841.13
METERS & REGULATORS	190,620.00	67.00	190,687.00	76,726.84	40.24%	68,100.66
BAD DEBT	49,700.00		49,700.00	37,069.26	74.59%	20,178.62
GENERAL & ADMINISTRATIVE	3,917,080.00		3,917,080.00	2,078,078.10	53.05%	2,067,811.67
TOTAL OPERATING EXPENSES	5,363,170.00	166,827.52	5,529,997.52	2,726,512.35	49.30%	2,706,860.72
OPERATING INCOME (LOSS)	3,755,890.00	(166,827.52)	3,589,062.48	2,610,305.04	72.73%	1,978,488.70
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	141,000.00		141,000.00	150,229.30	106.55%	104,567.92
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	55,950.94	31.27%	53,117.50
INTEREST ON LONG TERM INDEBTEDNESS	(58,030.00)		(58,030.00)	(52,337.81)	90.19%	(36,659.66)
NET INCOME (LOSS)	4,029,750.00	(171,669.51)	3,858,080.49	2,998,675.74	77.72%	2,099,749.74
OPERATING TRANSFERS IN (OUT)	(3,059,330.00)		(3,059,330.00)	(1,784,609.19)	58.33%	(1,784,609.15)
NET INCOME AFTER TRANSFERS	970,420.00	(171,669.51)	798,750.49	1,214,066.55	152.00%	315,140.59
CONTRIBUTION IN AID	-		-			
REGULAR CAPITAL MAINTENANCE	(974,810.00)	(221,523.90)	(1,196,333.90)	(525,432.40)	43.92%	
CAPITAL PROJECTS	(1,100,000.00)	(2,001,917.26)	(3,101,917.26)	(418,453.86)	13.49%	
DEBT SERVICE	(234,390.00)		(234,390.00)	(91,103.00)	38.87%	
DEPRECIATION	1,565,000.00		1,565,000.00	928,808.51	59.35%	
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 JANUARY 31, 2019

ELECTRIC - FINAL

	ORIGINAL BUDGET 2018-19	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2018-19	JANUARY 2019	PERCENT OF CURRENT BUDGET	JANUARY 2018
OPERATING REVENUE	133,009,810.00		133,009,810.00	72,763,543.61	54.71%	81,308,477.39
COST OF SALES						
PURCHASED SERVICES	102,237,000.00		102,237,000.00	56,177,223.79	54.95%	64,554,740.11
PRODUCTION	921,400.00	122,735.64	1,044,135.64	380,357.81		330,738.48
TOTAL COST OF SALES	103,158,400.00	122,735.64	103,281,135.64	56,557,581.60		64,885,478.59
GROSS PROFIT	29,851,410.00	(122,735.64)	29,728,674.36	16,205,962.01		16,422,998.80
GROSS PROFIT %	22.44%		22.35%	22.27%		20.20%
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	1,705,580.00	50,873.74	1,756,453.74	863,824.24	49.18%	993,580.43
ENGINEERING	987,030.00	18,638.32	1,005,668.32	417,502.74	41.51%	439,827.57
DISTRIBUTION	12,446,280.00	15,040.00	12,461,320.00	6,886,847.27	55.27%	6,694,345.25
SERVICE	-		-	-		-
METERS & REGULATORS	349,610.00		349,610.00	164,195.15	46.97%	171,761.65
BAD DEBT	309,500.00		309,500.00	222,440.27	71.87%	122,871.10
GENERAL & ADMINISTRATIVE	4,543,160.00	641,589.60	5,184,749.60	2,938,517.52	56.68%	2,366,876.22
TOTAL OPERATING EXPENSES	20,341,160.00	726,141.66	21,067,301.66	11,493,327.19	54.56%	10,789,262.22
OPERATING INCOME (LOSS)	9,510,250.00	(848,877.30)	8,661,372.70	4,712,634.82	54.41%	5,633,736.58
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	502,000.00		502,000.00	500,926.74	99.79%	375,527.56
ENERGY EFFICIENCY RECOVERY	-	(864,670.49)	(864,670.49)	(261,560.50)	30.25%	(201,921.84)
RECOVERIES AND REBATES	6,200.00		6,200.00	(517.50)	-8.35%	639,647.68
GAIN/LOSS ON DISPOSAL	30,500.00		30,500.00	10,230.00	33.54%	10,566.00
JOBBING INCOME (LOSS)	77,410.00	4,584.19	81,994.19	138,934.32	169.44%	120,068.58
INTEREST ON LONG TERM INDEBTEDNESS	(1,626,050.00)		(1,626,050.00)	(975,779.93)	60.01%	(665,415.22)
NET INCOME (LOSS)	8,500,310.00	(1,708,963.60)	6,791,346.40	4,124,867.95	60.74%	5,912,209.34
OPERATING TRANSFERS IN (OUT)	(10,071,610.00)		(10,071,610.00)	(5,895,939.19)	58.54%	(5,845,939.15)
NET INCOME AFTER TRANSFERS	(1,571,300.00)	(1,708,963.60)	(3,280,263.60)	(1,771,071.24)	53.99%	66,270.19
CONTRIBUTION IN AID	-		-	-		
FEDERAL AID - CAPITAL PROJECTS	-		-	-		
REGULAR CAPITAL MAINTENANCE	(3,482,900.00)	(381,322.15)	(3,864,222.15)	(1,175,533.76)	30.42%	
CAPITAL PROJECTS	(1,000,000.00)	(14,504,619.66)	(15,504,619.66)	(5,272,415.20)	34.01%	
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	4,759,720.84	55.12%	
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 JANUARY 31, 2019

TELECOMMUNICATIONS - FINAL

	ORIGINAL BUDGET 2018-19	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2018-19	JANUARY 2019	PERCENT OF CURRENT BUDGET	JANUARY 2018
OPERATING REVENUE	634,600.00		634,600.00	621,822.92	97.99%	729,668.54
COST OF SALES						
PURCHASED SERVICES	63,600.00		63,600.00	32,566.40	51.21%	14,344.35
PRODUCTION	-		-	-		-
TOTAL COST OF SALES	63,600.00	-	63,600.00	32,566.40		14,344.35
GROSS PROFIT	571,000.00	-	571,000.00	589,256.52		715,324.19
GROSS PROFIT %	89.98%		89.98%	94.76%		98.03%
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	-		-	-		-
ENGINEERING	-		-	-		-
DISTRIBUTION	-		-	-		-
SERVICE	-		-	-		-
METERS & REGULATORS	-		-	-		-
BAD DEBT	-		-	92.11		69.63
GENERAL & ADMINISTRATIVE	873,180.00		873,180.00	439,218.02	50.30%	441,695.70
TOTAL OPERATING EXPENSES	873,180.00	-	873,180.00	439,310.13	50.31%	441,765.33
OPERATING INCOME (LOSS)	(302,180.00)	-	(302,180.00)	149,946.39	-49.62%	273,558.86
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	13,000.00		13,000.00	13,690.71	105.31%	10,833.00
RECOVERIES AND REBATES	-		-	-		-
GAIN/LOSS ON DISPOSAL	-		-	-		-
JOBBING INCOME (LOSS)	19,550.00		19,550.00	25,535.15	130.61%	5,841.58
INTEREST ON LONG TERM INDEBTEDNESS	-		-	-		-
NET INCOME (LOSS)	(269,630.00)	-	(269,630.00)	189,172.25	-70.16%	290,233.44
OPERATING TRANSFERS IN (OUT)	(81,000.00)		(81,000.00)	(47,250.00)	58.33%	(176,166.65)
NET INCOME AFTER TRANSFERS	(350,630.00)	-	(350,630.00)	141,922.25	-40.48%	114,066.79

CONTRIBUTION IN AID	-	-	-	-	0.00%	
REGULAR CAPITAL MAINTENANCE	(105,000.00)	(10,000.00)	(115,000.00)	(60,452.30)	52.57%	
CAPITAL PROJECTS	(600,000.00)	(30,750.00)	(630,750.00)	(431,588.10)	68.42%	
DEPRECIATION	459,200.00	-	459,200.00	229,084.59	49.89%	
CONTINGENCY		-	-	-		

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	
Aug-18	$ 3.47696	$ 3.51208	$ -	$ 0.2500	$ (0.23363)	$ 3.82583	$ 4.07583	$ 504,192.76	$ 8,883.11	$ (495,309.65)	$ 556,993.75	$ 486,144.85	$ (70,848.90)		$ 862,536.96	Final
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	$ 3.64614	$ 3.68297	$ 3.12660	$ 0.2500	$ (0.09497)	$ 6.71460	$ 3.83800	$ 2,025,287.75	$ 2,843,845.15	$ 818,557.40	$ 1,270,433.30	$ 1,400,250.44	$ 129,817.14		$ 244,968.82	Est
Mar-19	$ 3.34711	$ 3.38092	$ 3.12660	$ 0.2500	$ (0.14596)	**$ 6.36156**	**$ 3.48496**	$ 2,375,427.77	$ 3,390,790.99	$ 1,015,363.22	$ 1,014,022.95	$ 928,949.72	$ (85,073.23)		$ 159,895.59	Est
Apr-19	$ 3.71258	$ 3.75008	$ 1.56330	$ 0.2500	$ (0.14596)	$ 5.16742	$ 3.85412	$ 2,694,819.84	$ 3,592,669.68	$ 897,849.84	$ 679,472.56	$ 827,820.78	$ 148,348.22		$ 308,243.81	Est
May-19	$ 5.92490	$ 5.98475	$ -	$ 0.2500	$ (0.14596)	$ 5.83879	$ 6.08879	$ 3,025,107.05	$ 3,597,969.96	$ 572,862.91	$ 553,236.58	$ 761,222.10	$ 207,985.52		$ 516,229.32	Est
Jun-19	$ 6.90778	$ 6.97756	$ -	$ 0.2500	$ (0.14596)	$ 6.83160	$ 7.08160	$ 3,344,499.12	$ 3,604,379.92	$ 259,880.80	$509,058.65	$ 699,019.05	$ 189,960.40		$ 706,189.72	Est

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)**
Aug-18	$ 8,377,843.10	$ 1,190,981.57	**$ 7,186,861.53**	91,047,671	12,943,200	**78,104,471**	$0.020000	$0.086200	$0.106200		**$ 8,294,694.84**	$ 1,107,833.31		**$ (11,020,968.60)**
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)**
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)**
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)**
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)**
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)**
Feb-19	$ 8,154,346.00	$ 964,237.42	**$ 7,190,108.58**	99,461,909	11,761,200	**87,700,709**	$0.007500	$0.086200	$0.093700		**$ 8,217,556.41**	$ 1,027,447.83		**$ (6,242,816.90)**
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		**$ (4,995,240.43)**
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		**$ (4,073,013.43)**
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		**$ (3,505,861.22)**
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		**$ (3,334,377.77)**

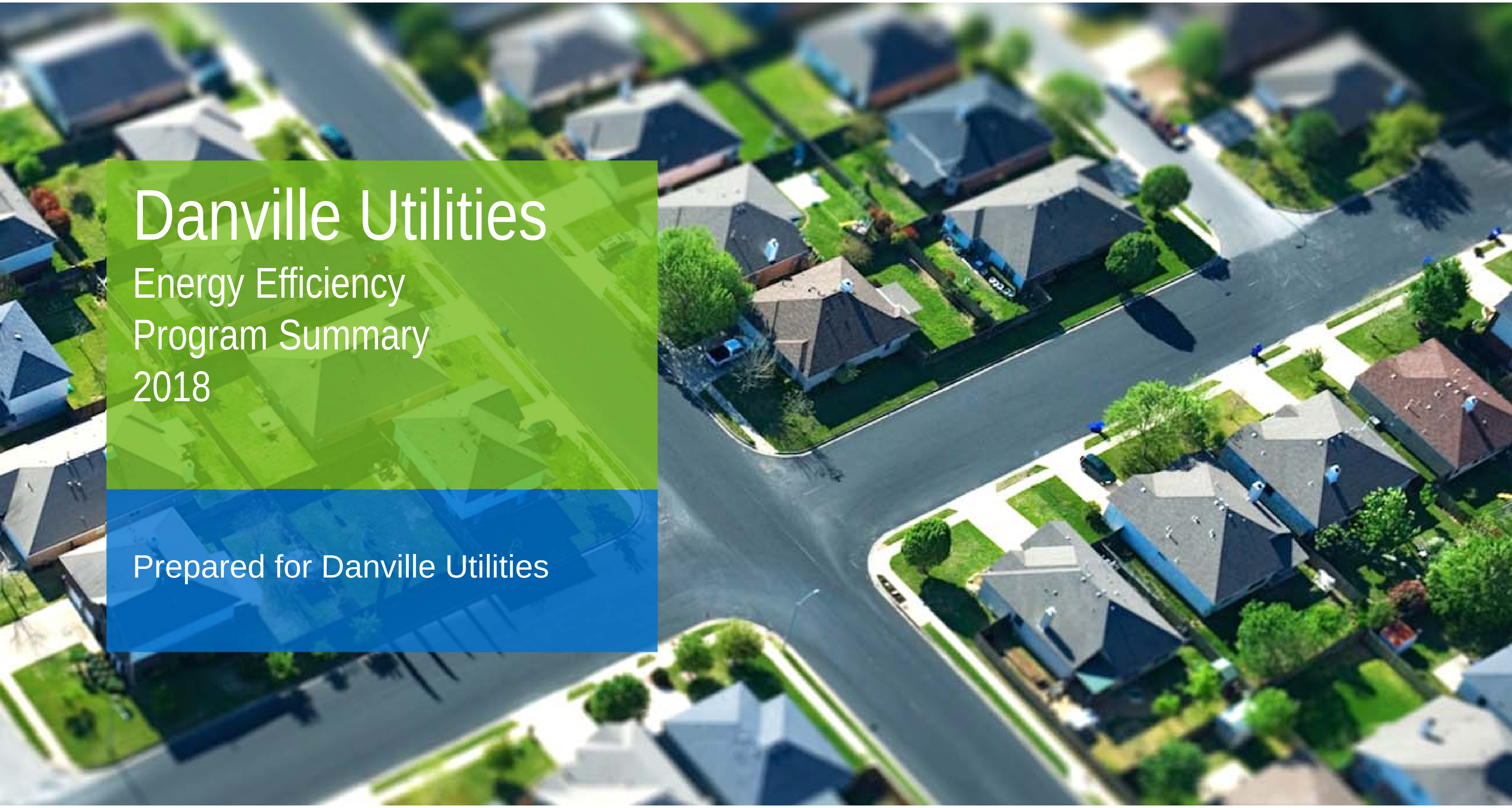
Commission Item Number: DUC190325 - 2
Utility Commission Meeting: March 25, 2019
Item: II. C. Energy Efficiency Update

Energy Efficiency Update

Nexant, the City's energy efficiency consultant, will be presenting power supply information saved by customers who implemented energy efficient measures during 2018. Every megawatt saved lowers the City's transmission and capacity charges. It also reduces the need for additional generation to remain active to serve load.

Nexant will also be presenting their recommendations for changes to the residential Home$ave and commercial/industrial Custom$ave energy efficiency programs for FY20.

Recommendation: A suggested motion follows:
I move that the Danville Utility Commission approve the energy efficiency recommendations presented by Nexant for fiscal year 2020.



Danville Utilities

Energy Efficiency Program Summary 2018

Prepared for Danville Utilities

Nexant
Reimagine tomorrow.

March 25, 2019

Agenda

- 2018 Results Summary
- 2018 Highlights
  - Home$ave
  - Custom$ave
- Recommended Program Design Modifications

2018 Results Summary

- Home$ave
  - 301 projects (cumulative 10.1% of homes since 2011)
  - 257 MWh savings
  - 102 kW savings
  - $66,000+ incentives

- Custom$ave
  - 28 projects
  - 1,195 MWh savings
  - 552 kW savings
  - $92,000+ incentives

Home$ave Highlight

- $1,400 incentive
- Estimated 4,650 kWh annual savings
- 8 months of post-installation bill analysis:
  - 4,552 kWh annual savings
  - 34% reduction in annual energy consumption
  - $625 annual bill savings
  - 19% reduction in annual bills

Recommended Program Design Modifications

- Home$ave
  - New SEER thresholds
  - Gas water heaters (instantaneous and heat pump)
  - Increase HVAC tuneup rebate from $55 to $75

- Custom$ave
  - Remove T8s

Custom$ave Highlight: Intertape

- Multiple projects over several years
  - 2018: LED replacement – 4.3 kW reduction
  - 2013: LED replacement – 27.9 kW reduction
  - 2012: Air compressor system retrofit – 22.1 kW reduction
  - 2011: Lighting and sensor upgrades – 88.7 kW reduction lighting and 33.0 kW reduction with sensors

  - $33,757 in rebates over eight years
  - Total reduction 176 kW reduction over eight years
  - $50,000+ annual bill savings

Thank You

Nexant

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Commission Item Number: DUC190325 - 3
Utility Commission Meeting: March 26, 2018
Item: II. D. Discussion on the Electric High Load Factor Large Customer Rate

Discussion on the Electric High Load Factor Large Customer Rate

In 2016, staff along with the assistance of GDS Associates developed a large customer rate using current market power. The rate was extended to large customers who had a load factor of 70% or great and have an electric load of at least 1.5 megawatts. There were six Danville Utilities customers who qualified and have been on the rate since 2016. The rate was designed to help retain industry and assist economic development with the recruitment of new companies to the Danville/Pittsylvania County area. This rate has been used as an economic development tool since its inception in 2016.

Representatives from Pittsylvania County and Intertape Polymer Group will be in attendance to discuss their different perspectives of the electric high load factor rate.