Danville Utility Commission Meeting Agenda
4:00 p.m., February 26, 2018

City Council Chambers, Danville City Hall

I. Call to Order

A. Roll Call

B. Announcements

II. Discussion/Business Items

A. Minutes of the January 22, 2018 Commission Meeting

B. Review of December Financial Statements

C. Fiscal Year 2019 Utilities Budget

D. Nexant-Residential Energy Conservation Best Practices

E. Utility Financial Auditing Discussion

F. January 2018 High Consumption

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, March 26, 2018

City Council Chambers
4th Floor, City Hall

Danville Utility Commission
4:00 p.m. January 22, 2018 Meeting
Council Chambers, City Hall
<u>Minutes</u>

Commission Members Present:	Vanessa Cain, Bill Donohue, Ken Larking, Jim Turpin, Helm Dobbins, Fred Shanks
Commission Members Absent:	Sheila Williamson-Branch, Michael Nicholas
Staff Present:	Ryan Dodson, Amy Chandler, Greg Disher, Jason Grey, Janet Davis, Alan Johnson, Kelly Kinnett, Mike Spencer, Jennifer Holley, Todd Hobza, Rick Drazenovich, Michael Adkins
Others Present:	Charles Overbey, 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. Grey introduced Ryan Dodson who will serve as attorney to the Commission for the foreseeable future.

Discussion/Business Items

<u>Minutes of November 27, 2017 Commission Meeting</u>

Chairman Donohue asked for any corrections, deletions, or adjustments to the minutes from November 27, 2017.

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

<u>Review of Utilities' Financial Statements</u>

Ms. Chandler presented the November financial statements for each utility fund.

Mr. Donahue asked if the current Power Cost Adjustment factor is enough because it does not appear to be. Mr. Grey confirmed that it is not enough. Mr. Donahue replied that he did not want to be in the hole again.

Mr. Grey mentioned that although there were recent improvements in our power supply portfolio, we were hit with higher exposure to market conditions due to cold weather at the beginning of January. We will determine what adjustments are required for planned recovery of the existing balance by 2020.

Mr. Turpin said it would be nice to have a graph showing what is making bills go up – cost of purchasing power versus fixed charges to help customers understand why their bill increases.

Mr. Shanks asked how much power generation is required to avoid the additional charges that occur in the extreme cold weather. Mr. Grey replied that it is significant – about 100 megawatts.

Mr. Shanks asked what would be the cost for an investment in power generation. Mr. Grey said we would need 20 megawatts. Mr. Shanks asked what that would cost. Mr. Grey replied about $25 million and that the City has access to low interest loan rates. Mr. Shanks replied that he would like to consider this for peak shaving and regular generation. Mr. Donahue said it might be beneficial to have a work session on options.

Introduction to Fiscal Year 2019 Utilities Budget
Ms. Holley presented the 2019 fiscal year budget to the Commission.

Wastewater
Mr. Donahue asked if the salary adjustments are in line with other city departments. Ms. Holley replied that they are the same as proposed in the general fund and will adjust accordingly.

Water
Mr. Turpin asked if there is a water meter replacement schedule. Mr. Grey responded that there is a schedule in place based on age.

Gas
Mr. Turpin commented that it is hard to know what sales would be in the future, but that the margin appears to be high by about $500k.

Electric
Mr. Shanks asked about the projected PCA factor. Mr. Grey replied that in April the PCA factor will increase to $.018 and in July increase to $.020. Mr. Shanks asked if those numbers will change. Mr. Grey answered yes, once we know the effect of the January market purchases.

Mr. Donahue asked what bonds are active versus what will be retired. Ms. Holley responded that she will get that information before the February meeting.

Telecommunications
Mr. Turpin mentioned that this is the first time borrowing money for nDanville. Do we want to diverge from this? Mr. Grey responded that we are making good progress with good exposure/visibility, but aren't covering a lot of territory and that bonding would allow us to expand.

Mr. Shanks stated that he is proud that Utilities hasn't borrowed to put telecommunications in the ground and doesn't want to see the fund go into debt.

Mr. Shanks asked what other providers are available and our current status. Mr. Grey said we need about 3,000-4,000 customers to become visible to other providers.

Department Discussions
Mr. Larking thanked the staff for the work put in on the budget.

Mr. Donahue also thanked the utilities staff.

Mr. Dobbins commented that good bond ratings can change, and ~~w~~ that we need to be strategic and pay attention to items. He said the staff did a great job putting the budget together.

Mr. Dobbins asked if the consultants' fees had ever been broken out. He would like to see the breakdown on an annual basis. Mr. Donahue asked to have that provided for the next month's meeting.

Mr. Grey thanked the staff and said it was the easiest budget process since he's been in the Director position. Also, he thanked the crews for their work in the adverse weather conditions of the past two months.

There was no further communication from staff or the public.

Adjournment
Chairman Donohue stated the next meeting is scheduled for February 26, 2018. Mr. Turpin made a motion for adjournment of the meeting. Mr. Dobbins seconded. There being no further business, Chairman Donohue adjourned the meeting at 5:31 p.m.

February 26, 2018
Date Approved

Submitted by Janet C. Davis
Secretary to the DUC

Chairman
Danville Utility Commission

Commission Item Number: DUC180226 - 1
Utility Commission Meeting: February 26, 2018
Item: II. B. Review of December Financial Statements

Financial Report

December financials will be reviewed.

UTILITY FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE PERIOD ENDED DECEMBER 31, 2017 (YTD)
UNAUDITED

	WASTEWATER	**WATER**	**GAS**	**ELECTRIC**	**TELECOM**	**TOTAL**	**CURRENT 17-18 BUDGET**	**LAST YEAR TO DATE**
OPERATING REVENUE	4,788,686.29	4,128,627.45	9,278,174.84	64,770,801.38	660,424.84	83,626,714.80	174,062,350.00	79,292,725.86
COST OF SALES								
PURCHASED SERVICES	-	-	6,038,742.30	50,887,722.62	14,344.35	56,940,809.27	114,400,560.00	55,119,663.93
PRODUCTION	-	-	-	284,422.61	-	284,422.61	954,626.93	292,772.28
TOTAL COST OF SALES	-	-	6,038,742.30	51,172,145.23	14,344.35	57,225,231.88	115,355,186.93	55,412,436.21
GROSS PROFIT	4,788,686.29	4,128,627.45	3,239,432.54	13,598,656.15	646,080.49	26,401,482.92	58,707,163.07	23,880,289.65
GROSS PROFIT %	100.00%	100.00%	34.91%	21.00%	97.83%	31.57%	33.73%	30.12%
OPERATING EXPENSES								
TRANSMISSION & TREATMENT	1,291,395.04	951,698.30	-	835,780.58	-	3,078,873.92	7,012,029.25	2,732,492.46
ENGINEERING	-	135,506.00	207,001.54	361,946.32	-	704,453.86	2,217,864.43	795,183.63
DISTRIBUTION	962,253.71	316,303.97	245,335.68	5,756,344.68	-	7,280,238.04	15,679,935.92	6,007,182.51
SERVICE	58,125.86	23,492.02	17,800.08	-	-	99,417.96	415,710.43	63,519.60
METERS & REGULATORS	-	48,904.69	57,947.18	146,947.85	69.63	253,869.35	693,338.28	276,899.05
GENERAL & ADMINISTRATIVE	876,406.65	1,356,833.41	1,843,279.47	2,104,176.49	375,175.61	6,555,871.63	14,657,517.84	6,404,234.00
TOTAL OPERATING EXPENSES	3,188,181.26	2,832,738.39	2,371,363.95	9,205,195.92	375,245.24	17,972,724.76	40,676,396.15	16,279,511.25
OPERATING INCOME (LOSS)	1,600,505.03	1,295,889.06	868,068.59	4,393,460.23	270,835.25	8,428,758.16	18,030,766.92	7,600,778.40
NON-OPERATING REVENUE (EXPENSE)								
INTEREST INCOME ON INVESTMENTS	68,385.26	89,627.65	88,018.54	319,802.84	9,015.89	574,850.18	961,400.00	537,580.80
ENERGY EFFICIENCY RECOVERY	-	-	-	(194,693.46)	-	(194,693.46)	(1,301,896.91)	(178,924.35)
RECOVERIES AND REBATES	2,514.15	5,866.37	235.28	3,679.08	-	12,294.88	45,000.00	7,344.22
GAIN/LOSS ON DISPOSAL	-	146.50	-	4,599.50	-	4,746.00	60,100.00	32,849.08
JOBBING INCOME (LOSS)	20,105.00	51,607.99	6,043.08	80,311.00	6,385.90	164,452.97	401,353.17	191,075.94
INTEREST ON LONG TERM INDEBTEDNESS	(109,036.63)	(104,683.54)	(36,659.66)	(664,952.31)	-	(915,332.14)	(1,735,860.00)	(896,811.88)
NET INCOME (LOSS)	1,582,472.81	1,338,454.03	925,705.83	3,942,206.88	286,237.04	8,075,076.59	16,460,863.18	7,293,892.21
OPERATING TRANSFERS IN(OUT)	(346,880.02)	(471,150.00)	(1,529,664.98)	(5,010,804.98)	(150,999.98)	(7,509,499.96)	(15,019,000.00)	(7,414,999.96)
NET INCOME AFTER TRANSFERS	1,235,592.79	867,304.03	(603,959.15)	(1,068,598.10)	135,237.06	565,576.63	1,441,863.18	(121,107.75)
NET ASSETS JULY 1, AS RESTATED	57,881,033.48	42,375,171.75	53,406,861.94	187,844,312.49	8,668,074.01	350,175,453.67		
NET INCOME AFTER TRANSFERS	1,235,592.79	867,304.03	(603,959.15)	(1,068,598.10)	135,237.06	565,576.63		
FEDERAL GRANT	-	-	-	-	-	-		
CONTRIBUTION IN AID	13,000.00	-	-	-	-	13,000.00		
NET ASSETS DECEMBER 2017	59,129,626.27	43,242,475.78	52,802,902.79	186,775,714.39	8,803,311.07	350,754,030.30		
NET ASSETS								
CONTRIBUTED CAPITAL - FIXED ASSETS	3,817,185.01	4,676,282.92	1,340,232.51	13,721,622.53	337,248.59	23,892,571.56		
RESTRICTED FOR INVESTMENT IN FIXED ASSETS	44,685,579.95	24,392,574.49	37,614,439.91	114,970,394.72	6,882,387.91	228,545,376.98		
RESTRICTED FOR PROJECTS IN PROGRESS	5,115,475.71	4,467,828.54	4,245,142.42	14,899,703.13	428,875.20	29,157,025.00		
RESTRICTED FOR ENCUMBRANCES	1,184,413.87	106,204.41	197,248.19	1,021,497.93	3,268.45	2,512,632.85		
RESTRICTED FOR ENERGY EFFICIENCY	-	-	-	-	-	-		
NET PENSION ASSETS	356,170.00	934,132.00	819,663.00	3,356,408.00	85,495.00	5,551,868.00		
DEFERRED OUTFLOWS - PENSION	206,230.00	540,882.00	474,602.00	1,943,430.00	49,504.00	3,214,648.00		
RESTRICTED FOR POTENTIAL AMP STRANDED COSTS	-	-	-	-	-	-		
UNRESTRICTED	3,970,801.73	8,665,453.42	8,586,176.76	38,806,088.08	1,066,035.92	61,094,555.91		
TOTAL NET ASSETS	59,129,626.27	43,242,475.78	52,802,902.79	186,775,714.39	8,803,311.07	350,754,030.30		

CITY OF DANVILLE
UTILITY FUNDS
COMBINING STATEMENT OF NET ASSETS - UNAUDITED
DECEMBER 31, 2017

	WASTEWATER	WATER	GAS	ELECTRIC	TELECOM	DECEMBER 31, 2017
ASSETS						
Equity in pooled Cash and Investments	$ 9,208,170.08	12,165,574.79	10,458,699.58	37,797,239.82	1,230,502.36	70,860,186.63
Receivables (Net of allowances for Uncollectible):						-
Interest	-	-	-	-	-	-
Accounts	1,150,952.03	325,567.37	2,534,755.47	14,799,068.41	42,387.27	18,852,730.55
Power/Gas Cost Recovery	-	-	413,243.09	12,984,730.93	-	13,397,974.02
Loans	-	-	-	-	-	0.00
Pension Assets	356,170.00	934,132.00	819,663.00	3,356,408.00	85,495.00	5,551,868.00
Inventory of Gas, Materials and Supplies, at Cost	-	387,614.44	953,136.97	1,832,043.78	212,100.68	3,384,895.87
Fixed Assets	97,301,623.91	70,174,533.83	67,318,108.63	286,583,894.64	9,614,730.64	530,992,891.65
Accumulated Depreciation	(44,036,273.53)	(36,648,737.18)	(26,760,620.84)	(123,537,312.63)	(2,395,094.14)	(233,378,038.32)
Deferred Outflows - Pension	206,230.00	540,882.00	474,602.00	1,943,430.00	49,504.00	3,214,648.00
TOTAL ASSETS	$ 64,186,872.49	47,879,567.25	56,211,587.90	235,759,502.95	8,839,625.81	412,877,156.40
LIABILITIES AND NET ASSETS						
Liabilities						
Accounts Payable	$ 215,531.23	29,145.31	1,726,931.47	9,993,253.12	30,728.74	11,995,589.87
Accrued Interest Payable	79,129.57	73,207.29	28,041.16	459,784.10	-	640,162.12
Customer Deposits	-		-	3,590,916.52	-	3,590,916.52
Accrued Vacation, Sick Leave & Workers Comp.	-	77,799.63	50,897.11	585,270.06	5,586.00	719,552.80
Deferred Gain / Loss - Refunding Bonds	(182,040.85)	(165,610.07)	(108,181.88)	(1,379,806.00)	-	(1,835,638.80)
Original Issue Premium/Discount (Refunding Bonds)	196,629.93	177,563.62	118,644.18	1,881,165.18	-	2,374,002.91
General Obligation Bonds Payable	4,159,056.23	4,444,985.69	1,592,353.07	33,853,205.58	-	44,049,600.57
Revenue Bonds Payable	588,940.11	-	-	-	-	588,940.11
Long-Term Leases, Notes, and Contracts				-		
Payable	-	-	-	-	-	0.00
TOTAL LIABILITIES	$ 5,057,246.22	4,637,091.47	3,408,685.11	48,983,788.56	36,314.74	62,123,126.10
Net Assets						
Contributed Capital	$ 3,817,185.01	4,676,282.92	1,340,232.51	13,721,622.53	337,248.59	23,892,571.56
Retained Earnings:						
Restricted for Investment in Fixed Assets	$ 44,685,579.95	24,392,574.49	37,614,439.91	114,970,394.72	6,882,387.91	228,545,376.98
Restricted for Incomplete Projects	5,115,475.71	4,467,828.54	4,245,142.42	14,899,703.13	428,875.20	29,157,025.00
Restricted for Subsequent Expenses	1,184,413.87	106,204.41	197,248.19	1,021,497.93	3,268.45	2,512,632.85
Net Pension Assets	356,170.00	934,132.00	819,663.00	3,356,408.00	85,495.00	5,551,868.00
Deferred Outflows - Pension	206,230.00	540,882.00	474,602.00	1,943,430.00	49,504.00	3,214,648.00
Restricted for Potential AMP Stranded Costs	-	-	-	-	-	0.00
Unrestricted	3,970,801.73	8,665,453.42	8,586,176.76	38,806,088.08	1,066,035.92	61,094,555.91
Total Retained Earnings	$ 55,312,441.26	38,566,192.86	51,462,670.28	173,054,091.86	8,466,062.48	326,861,458.74
TOTAL NET ASSETS	$ 59,129,626.27	43,242,475.78	52,802,902.79	186,775,714.39	8,803,311.07	350,754,030.30
TOTAL LIABILITIES AND NET ASSETS	$ 64,186,872.49	47,879,567.25	56,211,587.90	235,759,502.95	8,839,625.81	412,877,156.40

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED DECEMBER 31, 2017

WASTEWATER - FINAL

	ORIGINAL BUDGET 2017-18	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2017-18	DECEMBER 2017	PERCENT OF CURRENT BUDGET	DECEMBER 2016
OPERATING REVENUE	9,785,080.00	-	9,785,080.00	4,788,686.29	48.94%	4,829,341.54
COST OF SALES						
PURCHASED SERVICES						
PRODUCTION						
TOTAL COST OF SALES						
GROSS PROFIT						
GROSS PROFIT %						
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	2,961,010.00	80,961.51	3,041,971.51	1,291,395.04	42.45%	1,267,211.43
ENGINEERING	-	-	-	-		-
DISTRIBUTION	2,044,820.00	78,230.55	2,123,050.55	962,253.71	45.32%	864,140.91
SERVICE	134,430.00	-	134,430.00	58,125.86	43.24%	26,843.33
METERS & REGULATORS	-	-	-	-		-
BAD DEBT	68,000.00	-	68,000.00	12,287.27	18.07%	13,769.16
GENERAL & ADMINISTRATIVE	1,813,350.00	-	1,813,350.00	864,119.38	47.65%	860,687.63
TOTAL OPERATING EXPENSES	7,021,610.00	159,192.06	7,180,802.06	3,188,181.26	44.40%	3,032,652.46
OPERATING INCOME (LOSS)	2,763,470.00	(159,192.06)	2,604,277.94	1,600,505.03	61.46%	1,796,689.08
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	61,500.00	-	61,500.00	68,385.26	111.20%	49,384.36
RECOVERIES AND REBATES	-	-	-	2,514.15		2,460.58
GAIN/LOSS ON DISPOSAL	-	-	-	-		-
JOBBING INCOME (LOSS)	54,500.00	-	54,500.00	20,105.00	36.89%	19,968.63
INTEREST ON LONG TERM INDEBTEDNESS	(199,150.00)	-	(199,150.00)	(109,036.63)	54.75%	(127,835.43)
NET INCOME (LOSS)	2,680,320.00	(159,192.06)	2,521,127.94	1,582,472.81	62.77%	1,740,667.22
OPERATING TRANSFERS IN (OUT)	(693,760.00)	-	(693,760.00)	(346,880.02)	50.00%	(342,879.98)
NET INCOME AFTER TRANSFERS	1,986,560.00	(159,192.06)	1,827,367.94	1,235,592.79	67.62%	1,397,787.24
CONTRIBUTION IN AID	35,000.00	-	35,000.00	13,000.00	37.14%	
REGULAR CAPITAL MAINTENANCE	(434,190.00)	-	(434,190.00)	(45,245.76)	10.42%	
CAPITAL PROJECTS	(1,300,000.00)	(4,010,982.78)	(5,310,982.78)	(649,819.47)	12.24%	
DEBT SERVICE	(1,165,200.00)	-	(1,165,200.00)	(135,816.00)	11.66%	
DEPRECIATION	2,079,000.00	-	2,079,000.00	1,010,432.70	48.60%	
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 DECEMBER 31, 2017

WATER - FINAL

	ORIGINAL BUDGET 2017-18	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2017-18	DECEMBER 2017	PERCENT OF CURRENT BUDGET	DECEMBER 2016
OPERATING REVENUE	8,457,300.00	-	8,457,300.00	4,128,627.45	48.82%	4,251,964.10
COST OF SALES						
PURCHASED SERVICES						
PRODUCTION						
TOTAL COST OF SALES						
GROSS PROFIT						
GROSS PROFIT %						
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	1,802,970.00	221,304.00	2,024,274.00	951,698.30	47.01%	791,791.33
ENGINEERING	331,697.00	40,954.46	372,651.46	135,506.00	36.36%	126,340.17
DISTRIBUTION	627,960.00	85,439.57	713,399.57	316,303.97	44.34%	278,696.95
SERVICE	151,060.00	30.43	151,090.43	23,492.02	15.55%	25,234.53
METERS & REGULATORS	161,330.00	256.60	161,586.60	48,904.69	30.27%	58,719.16
BAD DEBT	34,000.00	-	34,000.00	8,972.15	26.39%	11,798.44
GENERAL & ADMINISTRATIVE	2,969,620.00	15,750.00	2,985,370.00	1,347,861.26	45.15%	1,319,696.07
TOTAL OPERATING EXPENSES	6,078,637.00	363,735.06	6,442,372.06	2,832,738.39	43.97%	2,612,276.65
OPERATING INCOME (LOSS)	2,378,663.00	(363,735.06)	2,014,927.94	1,295,889.06	64.31%	1,639,687.45
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	82,400.00	-	82,400.00	89,627.65	108.77%	65,107.31
RECOVERIES AND REBATES	10,000.00	-	10,000.00	5,866.37		5,888.70
GAIN/LOSS ON DISPOSAL	30,000.00	-	30,000.00	146.50		2,960.41
JOBBING INCOME (LOSS)	93,820.00	-	93,820.00	51,607.99	55.01%	50,237.72
INTEREST ON LONG TERM INDEBTEDNESS	(214,160.00)	-	(214,160.00)	(104,683.54)	48.88%	(117,877.94)
NET INCOME (LOSS)	2,380,723.00	(363,735.06)	2,016,987.94	1,338,454.03	66.36%	1,646,003.65
OPERATING TRANSFERS IN (OUT)	(942,300.00)	-	(942,300.00)	(471,150.00)	50.00%	(468,650.02)
NET INCOME AFTER TRANSFERS	1,438,423.00	(363,735.06)	1,074,687.94	867,304.03	80.70%	1,177,353.63
CONTRIBUTION IN AID	-	-	-	-		
REGULAR CAPITAL MAINTENANCE	(1,082,080.00)	3,122.90	(1,078,957.10)	(359,741.60)	33.34%	
CAPITAL PROJECTS	(2,200,000.00)	(1,608,509.24)	(3,808,509.24)	(134,896.20)	3.54%	
DEBT SERVICE	(889,100.00)	-	(889,100.00)	(118,490.00)	13.33%	
DEPRECIATION	1,656,000.00	-	1,656,000.00	821,337.72	49.60%	
CONTINGENCY	(100,000.00)	25,000.00	(75,000.00)	-	0.00%	

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED DECEMBER 31, 2017

GAS - FINAL

	ORIGINAL BUDGET 2017-18	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2017-18	DECEMBER 2017	PERCENT OF CURRENT BUDGET	DECEMBER 2016
OPERATING REVENUE	24,774,250.00	-	24,774,250.00	9,278,174.84	37.45%	9,125,910.38
COST OF SALES						
PURCHASED SERVICES	15,190,560.00	-	15,190,560.00	6,038,742.30	39.75%	5,895,113.89
PRODUCTION	-	-	-	-		-
TOTAL COST OF SALES	15,190,560.00	-	15,190,560.00	6,038,742.30		5,895,113.89
GROSS PROFIT	9,583,690.00	-	9,583,690.00	3,239,432.54		3,230,796.49
GROSS PROFIT %	38.68%		38.68%	34.91%		35.40%
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	-	-		-		-
ENGINEERING	643,300.00	180,885.29	824,185.29	207,001.54	25.12%	266,140.32
DISTRIBUTION	582,010.00	(2,153.28)	579,856.72	245,335.68	42.31%	223,071.69
SERVICE	133,050.00	(2,860.00)	130,190.00	17,800.08	13.67%	11,441.74
METERS & REGULATORS	201,470.00	(2,238.32)	199,231.68	57,947.18	29.09%	68,255.19
BAD DEBT	87,000.00	-	87,000.00	17,503.38	20.12%	22,086.83
GENERAL & ADMINISTRATIVE	3,973,150.00	3,095.00	3,976,245.00	1,825,776.09	45.92%	1,759,836.07
TOTAL OPERATING EXPENSES	5,619,980.00	176,728.69	5,796,708.69	2,371,363.95	40.91%	2,350,831.84
OPERATING INCOME (LOSS)	3,963,710.00	(176,728.69)	3,786,981.31	868,068.59	22.92%	879,964.65
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	163,800.00	-	163,800.00	88,018.54	53.74%	73,556.20
RECOVERIES AND REBATES	-	-	-	235.28		212.06
GAIN/LOSS ON DISPOSAL	7,200.00	-	7,200.00	-		14,916.00
JOBBING INCOME (LOSS)	182,510.00	(9,626.83)	172,883.17	6,043.08	3.50%	73,859.73
INTEREST ON LONG TERM INDEBTEDNESS	(68,470.00)	-	(68,470.00)	(36,659.66)	53.54%	(40,101.45)
NET INCOME (LOSS)	4,248,750.00	(186,355.52)	4,062,394.48	925,705.83	22.79%	1,002,407.19
OPERATING TRANSFERS IN (OUT)	(3,059,330.00)	-	(3,059,330.00)	(1,529,664.98)	50.00%	(1,504,164.98)
NET INCOME AFTER TRANSFERS	1,189,420.00	(186,355.52)	1,003,064.48	(603,959.15)	-60.21%	(501,757.79)
CONTRIBUTION IN AID	-	-	-	-		
REGULAR CAPITAL MAINTENANCE	(1,308,170.00)	(177,217.69)	(1,485,387.69)	(271,227.75)	18.26%	
CAPITAL PROJECTS	(1,100,000.00)	(3,094,849.14)	(4,194,849.14)	(696,557.67)	16.61%	
DEBT SERVICE	(225,660.00)	-	(225,660.00)	(87,682.00)	38.86%	
DEPRECIATION	1,605,000.00	-	1,605,000.00	785,240.10	48.92%	
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 DECEMBER 31, 2017

ELECTRIC - FINAL

	ORIGINAL BUDGET 2017-18	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2017-18	DECEMBER 2017	PERCENT OF CURRENT BUDGET	DECEMBER 2016
OPERATING REVENUE	129,526,120.00	-	129,526,120.00	64,770,801.38	50.01%	60,691,360.42
COST OF SALES						
PURCHASED SERVICES	99,150,000.00	-	99,150,000.00	50,887,722.62	51.32%	49,136,934.74
PRODUCTION	904,640.00	49,986.93	954,626.93	284,422.61		292,772.28
TOTAL COST OF SALES	100,054,640.00	49,986.93	100,104,626.93	51,172,145.23		49,429,707.02
GROSS PROFIT	29,471,480.00	(49,986.93)	29,421,493.07	13,598,656.15		11,261,653.40
GROSS PROFIT %	22.75%		22.71%	21.00%		18.56%
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	1,731,210.00	214,573.74	1,945,783.74	835,780.58	42.95%	673,489.70
ENGINEERING	994,360.00	26,667.68	1,021,027.68	361,946.32	35.45%	402,703.14
DISTRIBUTION	12,261,840.00	1,789.08	12,263,629.08	5,756,344.68	46.94%	4,641,272.96
SERVICE	-	-	-	-		-
METERS & REGULATORS	332,520.00	-	332,520.00	146,947.85	44.19%	149,924.70
BAD DEBT	300,000.00	-	300,000.00	81,644.91	27.21%	101,303.93
GENERAL & ADMINISTRATIVE	4,437,920.00	38,072.84	4,475,992.84	2,022,531.58	45.19%	1,956,623.59
TOTAL OPERATING EXPENSES	20,057,850.00	281,103.34	20,338,953.34	9,205,195.92	45.26%	7,925,318.02
OPERATING INCOME (LOSS)	9,413,630.00	(331,090.27)	9,082,539.73	4,393,460.23	48.37%	3,336,335.38
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	640,800.00	-	640,800.00	319,802.84	49.91%	343,864.39
ENERGY EFFICIENCY RECOVERY	(1,301,896.91)	-	(1,301,896.91)	(194,693.46)		(178,924.35)
RECOVERIES AND REBATES	35,000.00	-	35,000.00	3,679.08		(1,217.12)
GAIN/LOSS ON DISPOSAL	22,900.00	-	22,900.00	4,599.50	20.09%	14,972.67
JOBBING INCOME (LOSS)	74,750.00	-	74,750.00	80,311.00	107.44%	43,105.82
INTEREST ON LONG TERM INDEBTEDNESS	(1,254,080.00)	-	(1,254,080.00)	(664,952.31)	53.02%	(610,997.06)
NET INCOME (LOSS)	7,631,103.09	(331,090.27)	7,300,012.82	3,942,206.88	54.00%	2,947,139.73
OPERATING TRANSFERS IN (OUT)	(10,021,610.00)	-	(10,021,610.00)	(5,010,804.98)	50.00%	(4,948,305.00)
NET INCOME AFTER TRANSFERS	(2,390,506.91)	(331,090.27)	(2,721,597.18)	(1,068,598.10)	39.26%	(2,001,165.27)
CONTRIBUTION IN AID	-	-	-	-		
FEDERAL AID - CAPITAL PROJECTS	-	-	-	-		
REGULAR CAPITAL MAINTENANCE	(3,735,940.00)	(88,422.43)	(3,824,362.43)	(1,098,502.42)	28.72%	
CAPITAL PROJECTS	(700,000.00)	(14,729,712.23)	(15,429,712.23)	(4,306,404.72)	27.91%	
DEBT SERVICE	(2,606,080.00)	-	(2,606,080.00)	(1,357,409.24)	52.09%	
DEPRECIATION	8,680,000.00	-	8,680,000.00	3,925,039.32	45.22%	
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 DECEMBER 31, 2017

TELECOMMUNICATIONS - FINAL

	ORIGINAL BUDGET 2017-18	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2017-18	DECEMBER 2017	PERCENT OF CURRENT BUDGET	DECEMBER 2016
OPERATING REVENUE	1,519,600.00	-	1,519,600.00	660,424.84	43.46%	394,149.42
COST OF SALES						
PURCHASED SERVICES	60,000.00	-	60,000.00	14,344.35	23.91%	87,615.30
PRODUCTION	-	-	-	-		-
TOTAL COST OF SALES	60,000.00	-	60,000.00	14,344.35		87,615.30
GROSS PROFIT	1,459,600.00	-	1,459,600.00	646,080.49		306,534.12
GROSS PROFIT %	96.05%		96.05%	97.83%		77.77%
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	-	-	-	-		-
ENGINEERING	-	-	-	-		-
DISTRIBUTION	-	-	-	-		-
SERVICE	-	-	-	-		-
METERS & REGULATORS	-	-	-	-		-
BAD DEBT	-	-	-	69.63		70.40
GENERAL & ADMINISTRATIVE	917,560.00	-	917,560.00	375,175.61	40.89%	358,361.88
TOTAL OPERATING EXPENSES	917,560.00	-	917,560.00	375,245.24	40.90%	358,432.28
OPERATING INCOME (LOSS)	542,040.00	-	542,040.00	270,835.25	49.97%	(51,898.16)
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	12,900.00	-	12,900.00	9,015.89	69.89%	5,668.54
RECOVERIES AND REBATES	-	-	-	-		-
GAIN/LOSS ON DISPOSAL	-	-	-	-		-
JOBBING INCOME (LOSS)	5,400.00	-	5,400.00	6,385.90	118.26%	3,904.04
INTEREST ON LONG TERM INDEBTEDNESS	-	-	-	-		-
NET INCOME (LOSS)	560,340.00	-	560,340.00	286,237.04	51.08%	(42,325.58)
OPERATING TRANSFERS IN (OUT)	(302,000.00)	-	(302,000.00)	(150,999.98)	50.00%	(150,999.98)
NET INCOME AFTER TRANSFERS	258,340.00	-	258,340.00	135,237.06	52.35%	(193,325.56)
CONTRIBUTION IN AID	-	-	-	-	0.00%	
REGULAR CAPITAL MAINTENANCE	(366,000.00)	(10,000.00)	(376,000.00)	(71,124.57)	18.92%	
CAPITAL PROJECTS	(450,000.00)	(45,463.27)	(495,463.27)	(371,463.50)	74.97%	
DEBT SERVICE	-	-	-	-		
DEPRECIATION	375,100.00	-	375,100.00	181,505.70	48.39%	
CONTINGENCY	-	-	-	-		

PGA

Mo Rate Applied	WACOG	WACOG Plus Losses	Firm Capac Rate Included in PGA	PGA (f)	PGA (i)	Total Cost of Gas for Current Month	Total Amount Recovered for Current Month	Over (Under) Recovery for Current Month	Recovery Balance Cumulative Over (Under) +/- $2,000,000
Jul-16	$ 3.84363	$ 3.89228	$ 1.30907	$ 5.70000	$ 4.39093	$ 755,047.04	$ 562,175.97	$ (192,871.07)	$ 210,179.45
Aug-16	$ 4.31935	$ 4.37402	$ 1.76163	$ 5.80000	$ 4.03837	$ 675,718.87	$ 524,869.81	$ (150,849.06)	$ 59,330.39
Sep-16	$ 3.96650	$ 4.01671	$ 0.94722	$ 5.80000	$ 4.85278	$ 716,703.67	$ 608,595.46	$ (108,108.21)	$ (48,777.82)
Oct-16	$ 3.95172	$ 4.00174	$ 1.93612	$ 5.80000	$ 3.86388	$ 916,317.86	$ 677,778.59	$ (238,539.27)	$ (287,317.09)
Nov-16	$ 4.15469	$ 4.20728	$ 1.96849	$ 5.80000	$ 3.83151	$ 1,212,254.68	$ 891,428.66	$ (320,826.02)	$ (608,143.11)
Dec-16	$ 3.77139	$ 3.81913	$ 1.87915	$ 5.80000	$ 3.92085	$ 1,619,071.77	$ 1,513,746.60	$ (105,325.17)	$ (713,468.29)
Jan-17	$ 3.98632	$ 4.03678	$ 1.85561	$ 5.80000	$ 3.94439	$ 1,760,642.32	$ 2,003,866.26	$ 243,223.94	$ (470,244.35)
Feb-17	$ 3.58179	$ 3.63392	$ 2.26850	$ 5.80000	$ 3.53150	$ 1,278,946.34	$ 1,886,652.77	$ 607,706.43	$ 137,462.08
Mar-17	$ 3.31705	$ 3.35904	$ 2.77107	$ 6.00000	$ 3.22893	$ 1,224,646.17	$ 1,317,437.34	$ 92,791.17	$ 230,253.25
Apr-17	$ 4.06530	$ 4.11676	$ 2.00775	$ 6.00000	$ 3.99225	$ 934,054.80	$ 1,169,716.99	$ 235,662.19	$ 465,915.43
May-17	$ 3.91726	$ 3.96685	$ 1.96002	$ 6.00000	$ 4.03998	$ 851,618.64	$ 780,657.05	$ (70,961.59)	$ 394,953.84
Jun-17	$ 4.12043	$ 4.17259	$ 0.69105	$ 6.00000	$ 5.30895	$ 819,180.84	$ 745,048.04	$ (74,132.80)	$ 140,891.10
Jul-17	$ 3.92603	$ 3.96569	$ 2.53431	$ 6.50000	$ 4.45806	$ 716,528.73	$ 613,964.93	$ (102,563.80)	$ 38,327.30
Aug-17	$ 3.84785	$ 3.88672	$ 2.61328	$ 6.50000	$ 5.30438	$ 735,465.73	$ 589,926.87	$ (145,538.86)	$ (107,211.56)
Sep-17	$ 3.94235	$ 3.98217	$ 2.76783	$ 6.75000	$ 4.69278	$ 707,976.74	$ 670,921.23	$ (37,055.51)	$ (144,267.08)
Oct-17	$ 3.92903	$ 3.96872	$ 2.78128	$ 6.75000	$ 3.88404	$ 910,419.32	$ 712,763.57	$ (197,655.75)	$ (341,922.82)
Nov-17	$ 3.92912	$ 3.96881	$ 2.28119	$ 6.25000	$ 3.95760	$ 1,286,138.39	$ 1,103,492.75	$ (182,645.64)	$ (524,568.46)
Dec-17	$ 3.63988	$ 3.67665	$ 2.57335	$ 6.25000	$ 3.86643	$ 1,682,213.39	$ 1,793,538.74	$ 111,325.35	**$ (413,243.11)**

PCA

CALENDAR MONTH / BILLING MONTH	POWER COST TO BE RECOVERED	kWh SALES FROM CIS FOR CALENDAR MONTH	TOTAL PCA APPLIED TO CUSTOMER BILLINGS IN CALENDAR MONTH	AMOUNT OF PCA APPLIED TO ENERGY EFFICIENCY FUND	AMOUNT OF PCA APPLIED TO POWER COST RECOVERY	POWER COST RECOVERED IN BASE RATE	TOTAL PURCHASED POWER COST RECOVERY PER KWH	HIGH LOAD FACTOR CUSTOMER COSTS RECOVERED	POWER COST RECOVERED	POWER COST OVER / UNDER RECOVERY	ADJUSTMENTS	CUMULATIVE POWER COST RECOVERY
Jul-16	$ 8,931,215.39	85,543,487	$0.004000	$0.00050	$0.003500	$0.086200	$0.089700	$ 95,772.08	$ 7,769,022.82	$ (1,162,192.57)		$ (12,543,400.59)
Aug-16	$ 8,540,773.47	102,226,935	$0.004000	$0.00050	$0.003500	$0.086200	$0.089700	$ 103,139.41	$ 9,272,895.43	$ 732,121.96		$ (11,811,278.63)
Sep-16	$ 7,969,247.72	94,751,997	$0.004000	$0.00050	$0.003500	$0.086200	$0.089700	$ 103,139.41	$ 8,602,393.54	$ 633,145.82		$ (11,178,132.81)
Oct-16	$ 7,607,033.00	74,780,670	$0.005000	$0.00050	$0.004500	$0.086200	$0.090700	$ 123,674.41	$ 6,906,281.13	$ (700,751.87)	($4,000,000)	$ (7,878,884.68)
Nov-16	$ 7,411,126.97	68,383,440	$0.005000	$0.00050	$0.004500	$0.086200	$0.090700	$ 123,674.41	$ 6,326,052.42	$ (1,085,074.55)		$ (8,963,959.23)
Dec-16	$ 8,677,538.19	75,061,456	$0.005000	$0.00050	$0.004500	$0.086200	$0.090700	$ 123,674.41	$ 6,931,748.45	$ (1,745,789.74)		$ (10,709,748.97)
Jan-17	$ 7,069,119.69	84,911,416	$0.006000	$0.00050	$0.005500	$0.086200	$0.091700	$ 123,674.41	$ 7,910,051.29	$ 840,931.60		$ (9,868,817.37)
Feb-17	$ 6,725,335.69	80,445,427	$0.006000	$0.00050	$0.005500	$0.086200	$0.091700	$ 162,521.08	$ 7,539,366.74	$ 814,031.05		$ (9,054,786.32)
Mar-17	$ 7,062,441.72	70,438,957	$0.006000	$0.00050	$0.005500	$0.086200	$0.091700	$ 162,521.08	$ 6,621,773.41	$ (440,668.31)		$ (9,495,454.63)
Apr-17	$ 6,703,901.03	65,870,869	$0.007000	$0.00050	$0.006500	$0.086200	$0.092700	$ 162,521.08	$ 6,268,750.61	$ (435,150.42)		$ (9,930,605.05)
May-17	$ 6,969,859.81	66,207,867	$0.007000	$0.00050	$0.006500	$0.086200	$0.092700	$ 162,521.08	$ 6,299,990.35	$ (669,869.46)	($687,784.13)	$ (9,912,690.38)
Jun-17	$ 8,083,919.08	75,005,261	$0.007000	$0.00050	$0.006500	$0.086200	$0.092700	$ 162,521.12	$ 7,115,508.77	$ (968,410.31)		$ (10,881,100.69)
Jul-17	$ 9,168,263.70	85,917,013	$0.013000		$0.013000	$0.086200	$0.099200	$ 66,749.00	$ 8,589,716.64	$ (578,547.06)		$ (11,459,647.75)
Aug-17	$ 8,671,257.64	95,068,568	$0.013000		$0.013000	$0.086200	$0.099200	$ 59,381.71	$ 9,490,183.62	$ 818,925.98		$ (10,640,721.77)
Sep-17	$ 7,912,766.54	84,576,198	$0.013000		$0.013000	$0.086200	$0.099200	$ 59,381.67	$ 8,449,340.50	$ 536,573.96		$ (10,104,147.81)
Oct-17	$ 8,126,319.30	72,875,167	$0.014000		$0.014000	$0.086200	$0.100200	$ 38,846.67	$ 7,340,938.36	$ (785,380.94)		$ (10,889,528.75)
Nov-17	$ 8,150,015.51	70,957,079	$0.014000		$0.014000	$0.086200	$0.100200	$ 38,846.67	$ 7,148,745.95	$ (1,001,269.56)		$ (11,890,798.31)
Dec-17	$ 8,859,099.93	77,108,988	$0.014000		$0.014000	$0.086200	$0.100200	$ 38,846.67	$ 7,765,167.31	$ (1,093,932.62)		**$ (12,984,730.93)**

PCA Recovery

CALENDAR MONTH / BILLING MONTH	TOTAL POWER COST TO BE RECOVERED	POWER COST RECOVERED	POWER COST OVER / UNDER RECOVERY	ADJUSTMENTS	CUMULATIVE POWER COST RECOVERY		Projected Balance	Difference Reduction/ Additions
Jul-15	$ 7,538,857.06	$ 8,312,410.13	$ 773,553.07		($16,322,444.39)	ACTUAL	$ (16,876,951.16)	$554,506.77
Aug-15	$ 7,290,379.88	$ 8,761,354.30	$ 1,470,974.42	$ (2,000,000.00)	($12,851,469.97)	ACTUAL	$ (15,272,386.42)	$2,420,916.45
Sep-15	$ 6,663,563.16	$ 8,084,583.88	$ 1,421,020.72		($11,430,449.25)	ACTUAL	$ (11,606,099.33)	$175,650.08
Oct-15	$ 5,749,401.06	$ 6,348,395.33	$ 598,994.27		($10,831,454.98)	ACTUAL	$ (11,221,799.19)	$390,344.21
Nov-15	$ 6,017,296.52	$ 6,130,124.05	$ 112,827.53		($10,718,627.45)	ACTUAL	$ (11,277,066.80)	$558,439.35
Dec-15	$ 6,552,501.28	$ 6,544,456.58	$ (8,044.70)		($10,726,672.15)	ACTUAL	$ (9,978,957.28)	($747,714.87)
Jan-16	$ 7,408,398.67	$ 7,135,527.57	$ (272,871.10)		($10,999,543.25)	ACTUAL	$ (10,307,095.55)	($692,447.70)
Feb-16	$ 6,751,535.93	$ 8,441,877.31	$ 1,690,341.38		($9,309,201.87)	ACTUAL	$ (9,448,230.81)	$139,028.94
Mar-16	$ 6,737,412.74	$ 7,062,080.56	$ 324,667.82		($8,984,534.05)	ACTUAL	$ (8,643,349.61)	($341,184.44)
Apr-16	$ 6,411,021.33	$ 6,009,671.81	$ (401,349.52)		($9,385,883.57)	ACTUAL	$ (8,523,739.85)	$ (862,143.72)
May-16	$ 6,871,584.36	$ 5,986,368.84	$ (885,215.52)		($10,271,099.09)	ACTUAL	$ (10,440,032.00)	$ 168,932.91
Jun-16	$ 7,855,325.32	$ 6,745,216.39	$ (1,100,108.93)		($11,381,208.02)	ACTUAL	$ (10,568,921.29)	$ (812,286.73)
Jul-16	$ 8,931,215.39	$ 7,769,022.82	$ (1,162,192.57)		($12,543,400.59)	ACTUAL	$ (12,360,865.00)	$ (182,535.59)
Aug-16	$ 8,540,773.47	$ 9,272,895.43	$ 732,121.96		($11,811,278.63)	ACTUAL	$ (12,901,329.00)	$ 1,090,050.37
Sep-16	$ 7,969,247.72	$ 8,602,393.29	$ 633,145.57		($11,178,133.06)	ACTUAL	$ (11,445,769.89)	$ 267,636.83
Oct-16	$ 7,607,033.00	$ 6,906,281.38	$ (700,751.62)	$ (4,000,000.00)	($7,878,884.68)	ACTUAL	$ (6,711,471.00)	$ (1,167,413.68)
Nov-16	$ 7,411,126.65	$ 6,326,052.42	$ (1,085,074.23)		($8,963,959.23)	ACTUAL	$ (8,238,265.00)	$ (725,694.23)
Dec-16	$ 8,677,538.19	$ 6,931,748.45	$ (1,745,789.74)		($10,709,748.97)	ACTUAL	$ (9,019,711.40)	$ (1,690,037.57)
Jan-17	$ 7,069,119.69	$ 7,910,051.29	$ 840,931.60		($9,868,817.37)	ACTUAL	$ (10,449,791.32)	$ 580,973.95
Feb-17	$ 6,725,335.69	$ 7,539,366.74	$ 814,031.05		($9,054,786.32)	ACTUAL	$ (8,203,351.71)	$ (851,434.61)
Mar-17	$ 7,062,441.72	$ 6,621,773.41	$ (440,668.31)		$ (9,495,454.63)	ACTUAL	$ (7,960,352.86)	$ (1,535,101.77)
Apr-17	$ 6,703,901.03	$ 6,268,750.61	$ (435,150.42)		$ (9,930,605.05)	ACTUAL	$ (9,320,932.93)	$ (609,672.12)
May-17	$ 6,969,859.81	$ 6,299,990.35	$ (669,869.46)	$ (687,784.13)	$ (9,912,690.38)	ACTUAL	$ (11,194,432.98)	$ 1,281,742.60
Jun-17	$ 8,083,919.08	$ 7,115,508.77	$ (968,410.31)		$ (10,881,100.69)	ACTUAL	$ (10,718,816.91)	$ (162,283.78)
Jul-17	$ 9,168,263.70	$ 8,589,716.64	$ (578,547.06)		$ (11,459,647.75)	ACTUAL	$ (10,916,461.49)	$ (543,186.26)
Aug-17	$ 8,671,257.64	$ 9,490,183.62	$ 818,925.98		$ (10,640,721.77)	ACTUAL	$ (10,074,919.97)	$ (565,801.80)
Sep-17	$ 7,912,766.54	$ 8,449,340.50	$ 536,573.96		$ (10,104,147.81)	ACTUAL	$ (9,556,136.90)	$ (548,010.91)
Oct-17	$ 8,126,319.30	$ 7,340,938.36	$ (785,380.94)		$ (10,889,528.75)	ACTUAL	$ (10,415,394.45)	$ (474,134.30)
Nov-17	$ 8,150,015.51	$ 7,148,745.95	$ (1,001,269.56)		$ (11,890,798.31)	ACTUAL	$ (11,533,220.31)	$ (357,578.00)
Dec-17	$ 8,859,099.93	$ 7,765,167.31	$ (1,093,932.62)		$ (12,984,730.93)	ACTUAL	$ (11,484,886.59)	$ (1,499,844.34)
Jan-18	$ 8,886,234.92	$ 9,738,812.73	$ 852,577.81		$ (12,132,153.12)	PROJECTED		
Feb-18	$ 7,698,268.80	$ 9,915,646.12	$ 2,217,377.32		$ (9,914,775.80)	PROJECTED		
Mar-18	$ 7,716,028.87	$ 8,746,143.10	$ 1,030,114.23		$ (8,884,661.57)	PROJECTED		
Apr-18	$ 6,851,886.02	$ 7,953,749.11	$ 1,101,863.09		$ (7,782,798.48)	PROJECTED		
May-18	$ 7,200,599.76	$ 7,242,553.33	$ 41,953.57		$ (7,740,844.91)	PROJECTED		
Jun-18	$ 7,560,919.90	$ 7,943,549.07	$ 382,629.17		$ (7,358,215.74)	PROJECTED		
Jul-18	$ 9,409,248.13	$ 8,576,086.06	$ (833,162.07)		$ (8,191,377.81)	PROJECTED		
Aug-18	$ 8,981,256.15	$ 10,224,345.27	$ 1,243,089.12		$ (6,948,288.69)	PROJECTED		
Sep-18	$ 8,117,037.11	$ 8,464,529.07	$ 347,491.96		$ (6,600,796.73)	PROJECTED		
Oct-18	$ 8,317,841.92	$ 7,092,092.97	$ (1,225,748.95)		$ (7,826,545.68)	PROJECTED		
Nov-18	$ 8,439,522.28	$ 7,097,145.19	$ (1,342,377.09)		$ (9,168,922.77)	PROJECTED		
Dec 2018	$ 8,600,785.35	$ 7,716,864.11	$ (883,921.24)		$ (10,052,844.01)	PROJECTED		

	June 2017	July 2017	Aug 2017	Sept 2017	Oct 2017	Nov 2017	Dec 2017
Sales							
Forecast	80,499,051	90,669,767	101,825,461	90,302,166	75,179,514	72,516,332	87,635,406
Actual	75,005,261	85,917,013	95,068,568	84,576,198	72,875,167	70,957,079	77,108,988
Short	(5,493,790)	(4,752,754)	(6,756,893)	(5,725,968)	(2,304,347)	(1,559,253)	(10,526,418)
Recovery Rate	$.0927/kWH	$.0992/kWH	$.0992/kWH	$.0992/kWH	$.1002/kWH	$.1002/kWH	$.1002/kWH
PCA Recovery	$ (509,274)	$ (471,473)	$ (670,284)	$ (568,016)	$ (230,896)	$ (156,237)	$ (1,054,747)
Purchased Power							
Forecast	$ 8,430,909	$ 9,096,551	$ 8,775,740	$ 7,932,772	$ 7,883,081	$ 7,948,675	$ 8,414,003
Actual	$ 8,083,919	$ 9,168,264	$ 8,671,258	$ 7,912,767	$ 8,126,319	$ 8,150,016	$ 8,859,100
PCA Recovery	$ 346,990	$ (71,713)	$ 104,482	$ 20,005	$ (243,238)	$ (201,341)	$ (445,097)
PCA Write off	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Diff in Forecast to Actual effect on PCA Recovery Balance	$ (162,284)	$ (543,186)	$ (565,802)	$ (548,011)	$ (474,134)	$ (357,578)	$ (1,499,844)

Commission Item Number: DUC180226 - 2
Utility Commission Meeting: February 26, 2018
Item: II. C. Fiscal Year 2019 Utilities Budget

Fiscal Year 2019 Utilities Budget

Preliminary FY 2019 budget proposals were reviewed at the January 22nd Commission meeting. All funds are currently balanced. Should on-going evaluations reveal additional revenue shortfalls; staff will make the budget expenditure adjustments necessary to bring the budgets back into balance without further FY 2019 increases and brief the Commission on the matter at the April 23rd meeting.
In order that the City Manager benefit from explicit guidance from the Commission in time to finalize his budget proposals and present them to City Council by March 1st, it is recommended that the Utility Commission endorse the revised FY 2019 budget. A suggested motion follows:

Recommendation:

I move that the Danville Utility Commission approve the updated version of the Utility Department's Proposed Fiscal Year 2019 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.

I further move 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 23rd meeting, should on-going evaluations reveal revenue shortfalls.

Commission Item Number: DUC180226 - 3
Utility Commission Meeting: February 26, 2018
Item: II. D. <u>Nexant-Residential Energy Conservation Best Practices</u>

Nexant-Residential Energy Conservation Best Practices

Joshua Beeber and Subu Balan from Nexant, the City's energy efficiency consultant, will present tips on how residential customers can improve energy usage during high demand periods. They will provide estimate cost savings for different measures and highlight rebates that are being offered as part of the City's Danville Home$ave energy efficiency program.

Residential Energy Conservation Best Practices

Prepared for DANVILLE UTILITIES

Nexant
Reimagine tomorrow.

February 26, 2018

Agenda

1. Introductions
2. Recommendations for maximizing energy conservation
3. Questions and answers

Introduction

Program Management	
Consulting	
Grid Analytics	
Transmission Operators	
Software	

Introduction

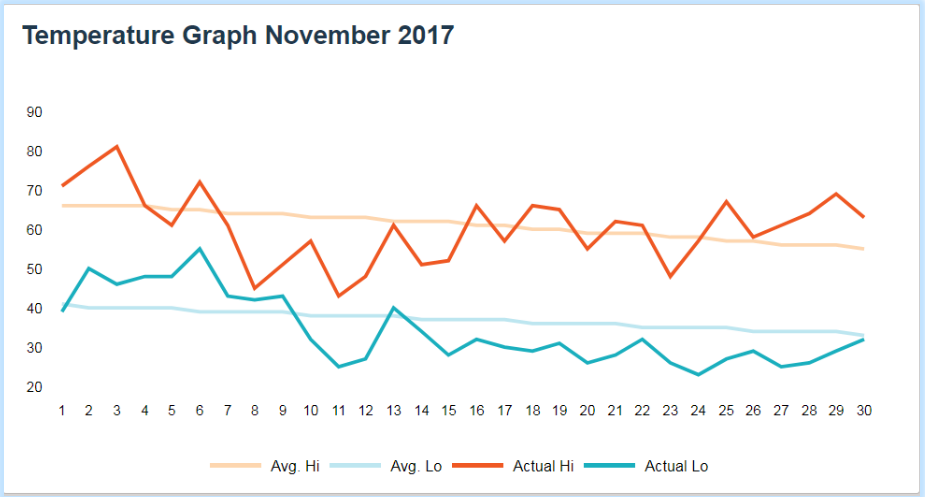
Josh Beeber
Sr. Program Administrator for the Danville Home$ave program

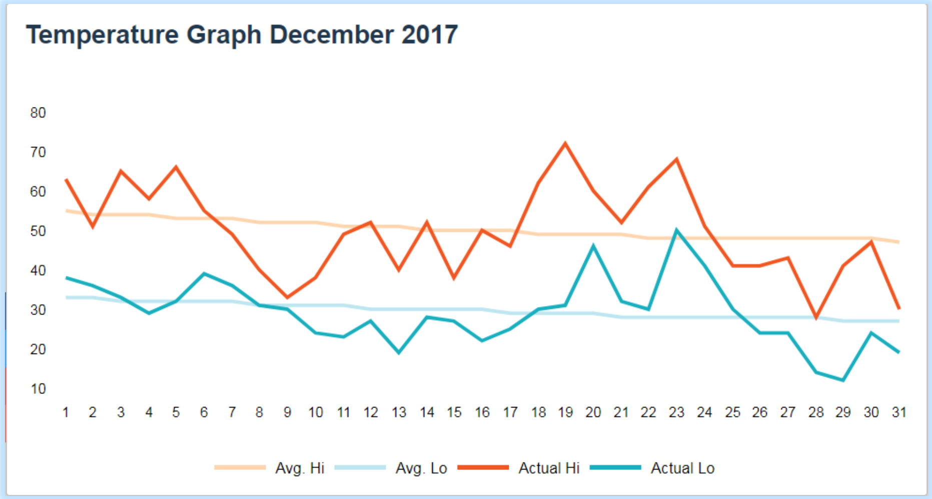
- Serving Danville Utilities since 2013
- Specialized in commercial and residential energy efficiency programs
- BS in Mechanical Engineering, University of Florida

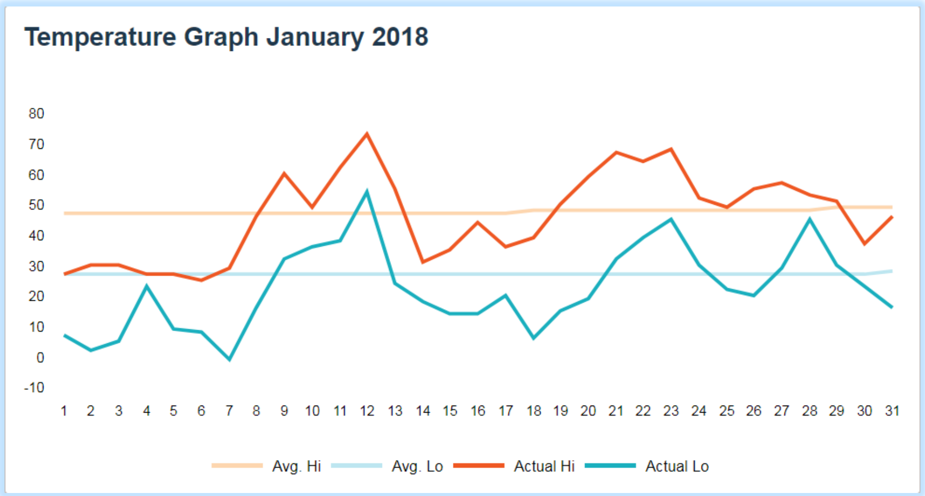
Danville Temperatures 2017-2018 Heating Season

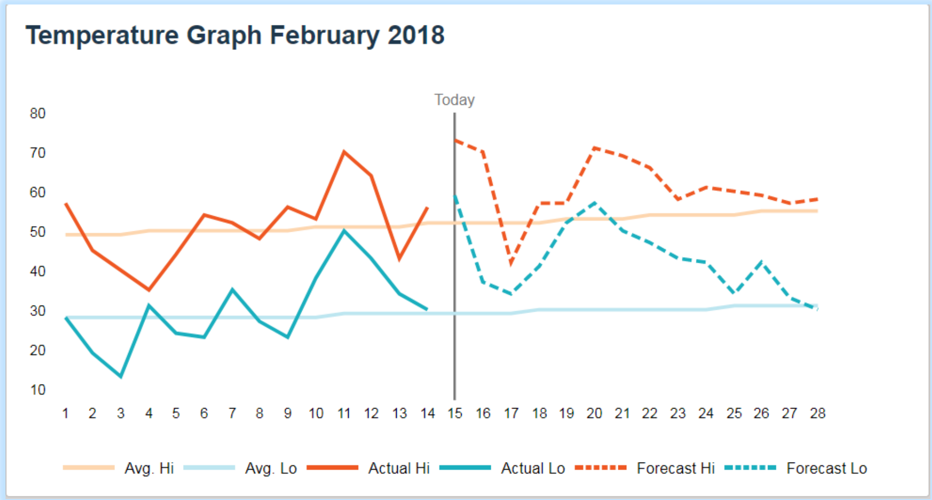
Higher than average temperatures

This effects the amount of energy a household uses, causing extra demand.

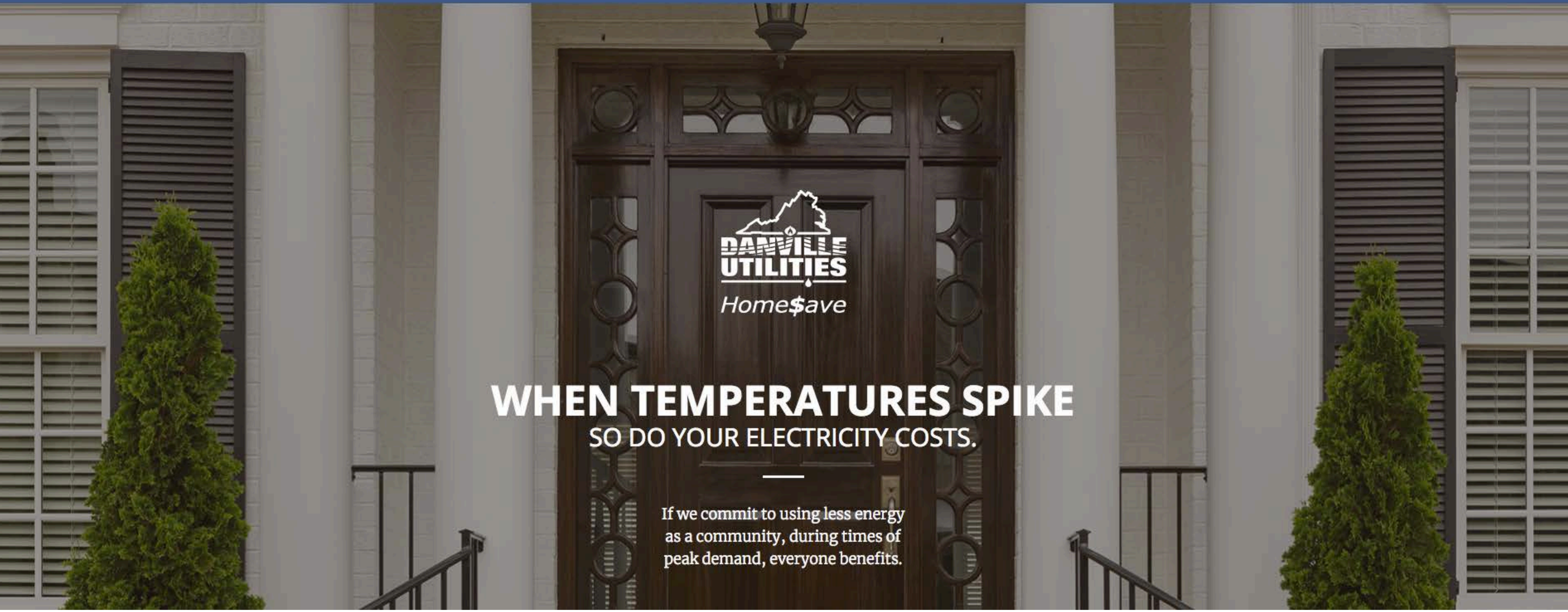








Peak Demand



What is Peak Demand?

Danville's overall use of electricity rises during high or low temperatures. The spikes occur at times when most people are at home using their appliances and HVAC equipment. These increases in energy use are called peak demand.

Programmable Thermostat Optimization

- Can help your customers reduce energy costs and keep their home comfortable year-round
- ENERGY STAR® certified thermostat (T-Stat) setpoints:

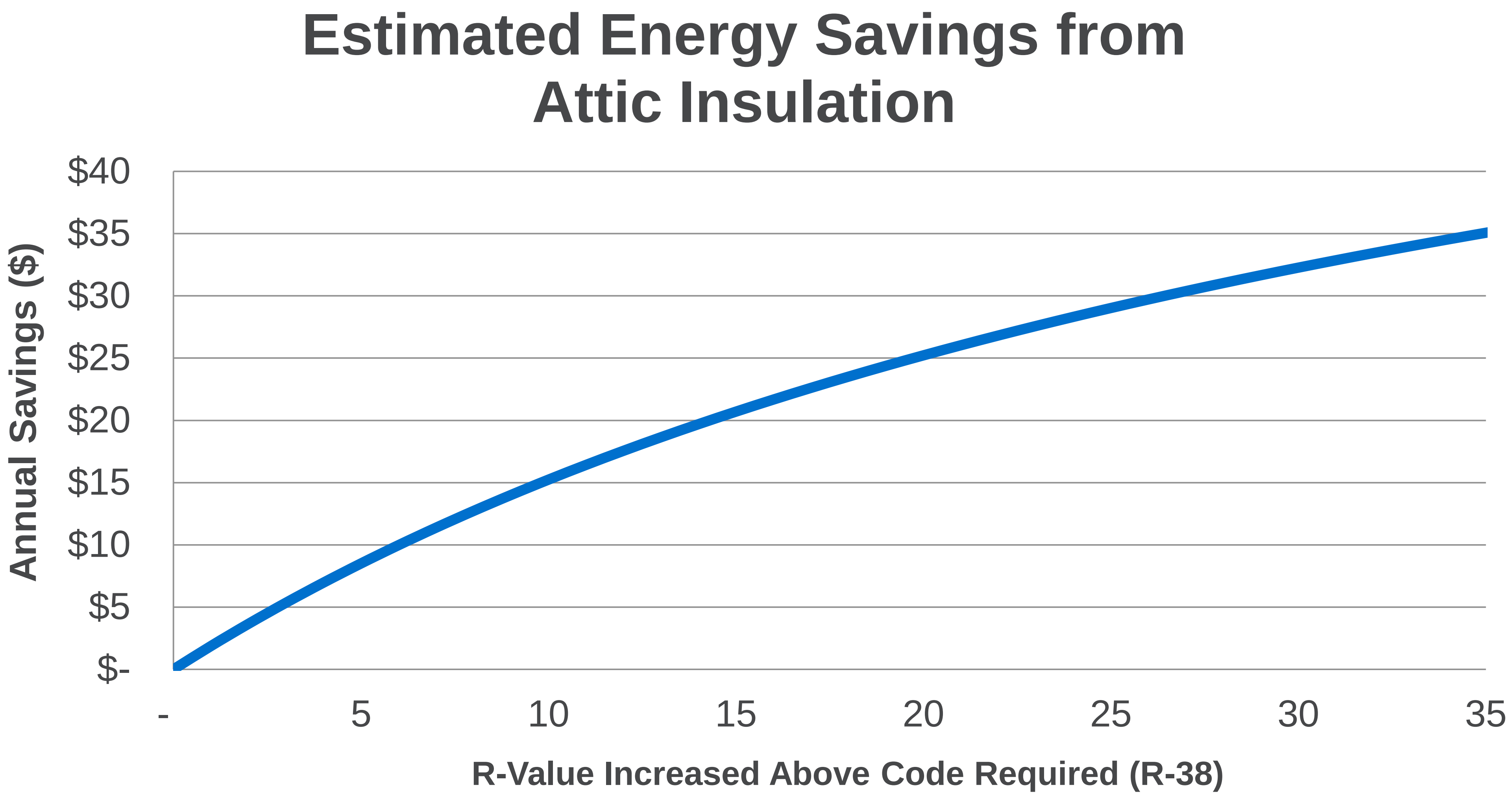
Time of Day	Time	Heating Setpoints	Cooling Setpoints
Morning	6:00 a.m.	≤ 70° F	≥ 78° F
Day	8:00 a.m.	Setback at least 8° F	Setup at least 7° F
Evening	6:00 p.m.	≤ 70° F	≥ 78° F
Night	10:00 p.m.	Setback at least 8° F	Setup at least 4° F

- For every degree setback customers could save:
  - Up to 3% on heating energy costs, and;
  - Up to 6% on cooling energy costs, depending on usage
- The **Danville Home$ave program** offers $75 in rebates for eligible smart T-Stat

Attic Insulation Improvement

- By properly insulating your home, you can limit energy loss and save money
- Attic Insulation works best:
  - o When paired with air sealing
  - o Using the appropriate type of attic insulation:
    - Blown in fiberglass,
    - BATT, or
    - Foam
- Take Advantage of the rebates through the **Danville Home$ave program**

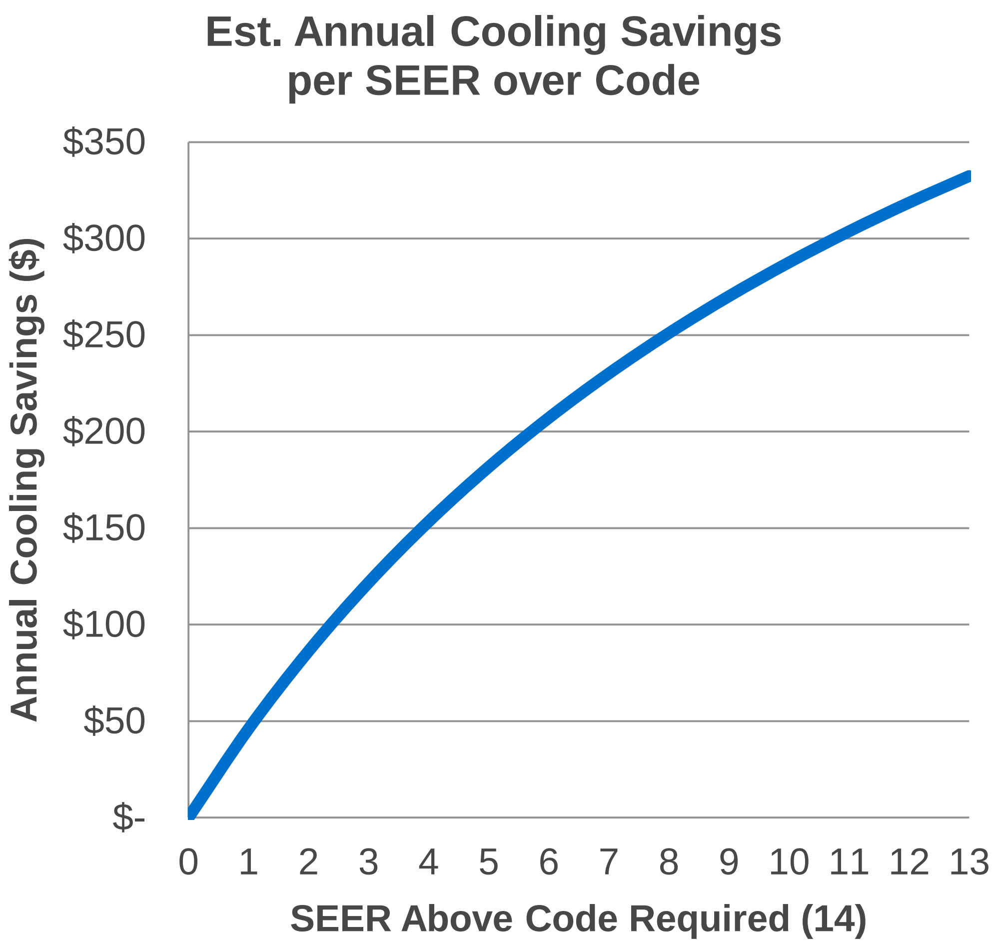
Attic Insulation Improvement

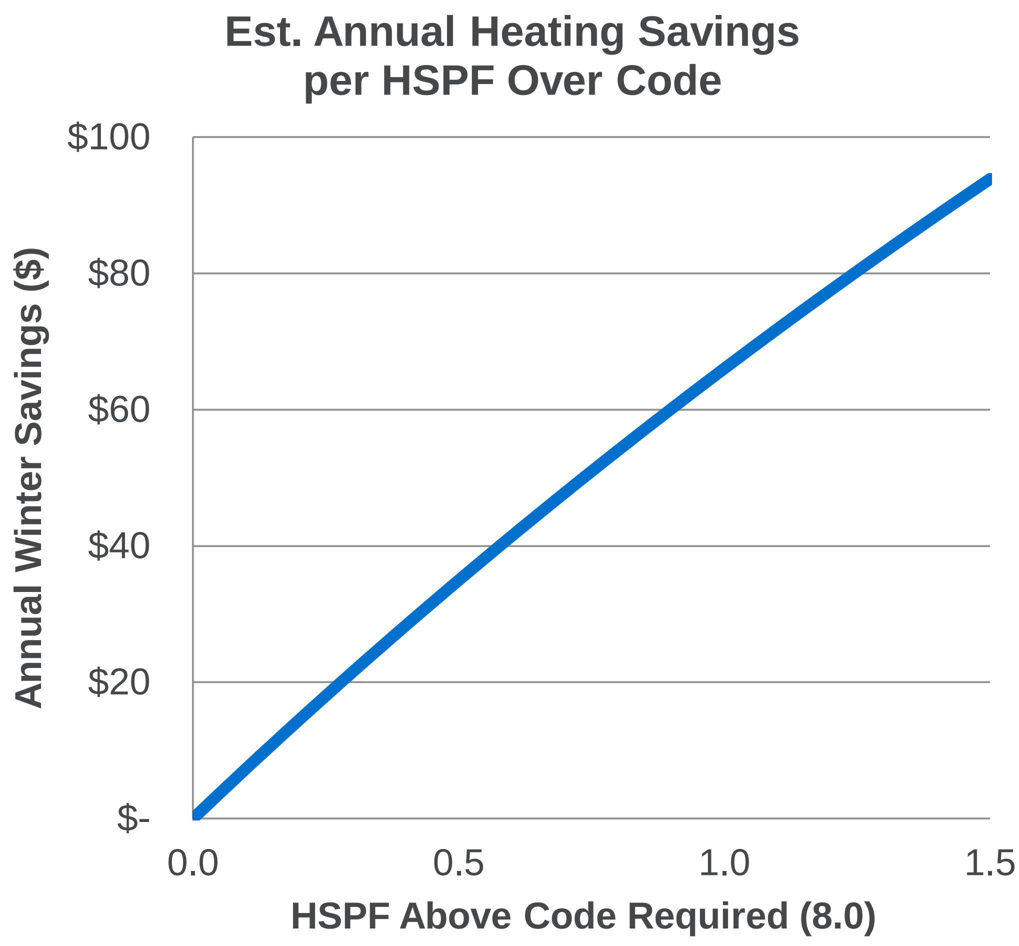


High Efficiency HVAC Upgrades

- Highest source of energy use in the typical home goes to space heating and cooling
- When considering high efficiency HVAC upgrades:
  - Older units become less efficient over time
  - Improperly sized units can drain power and can cause early system failure
  - Replacing electric heating with gas could reduce winter electricity bills
  - Rebates available for high efficiency HVAC systems through the **Danville Home$ave program**

Estimated Savings from High Efficiency HVAC

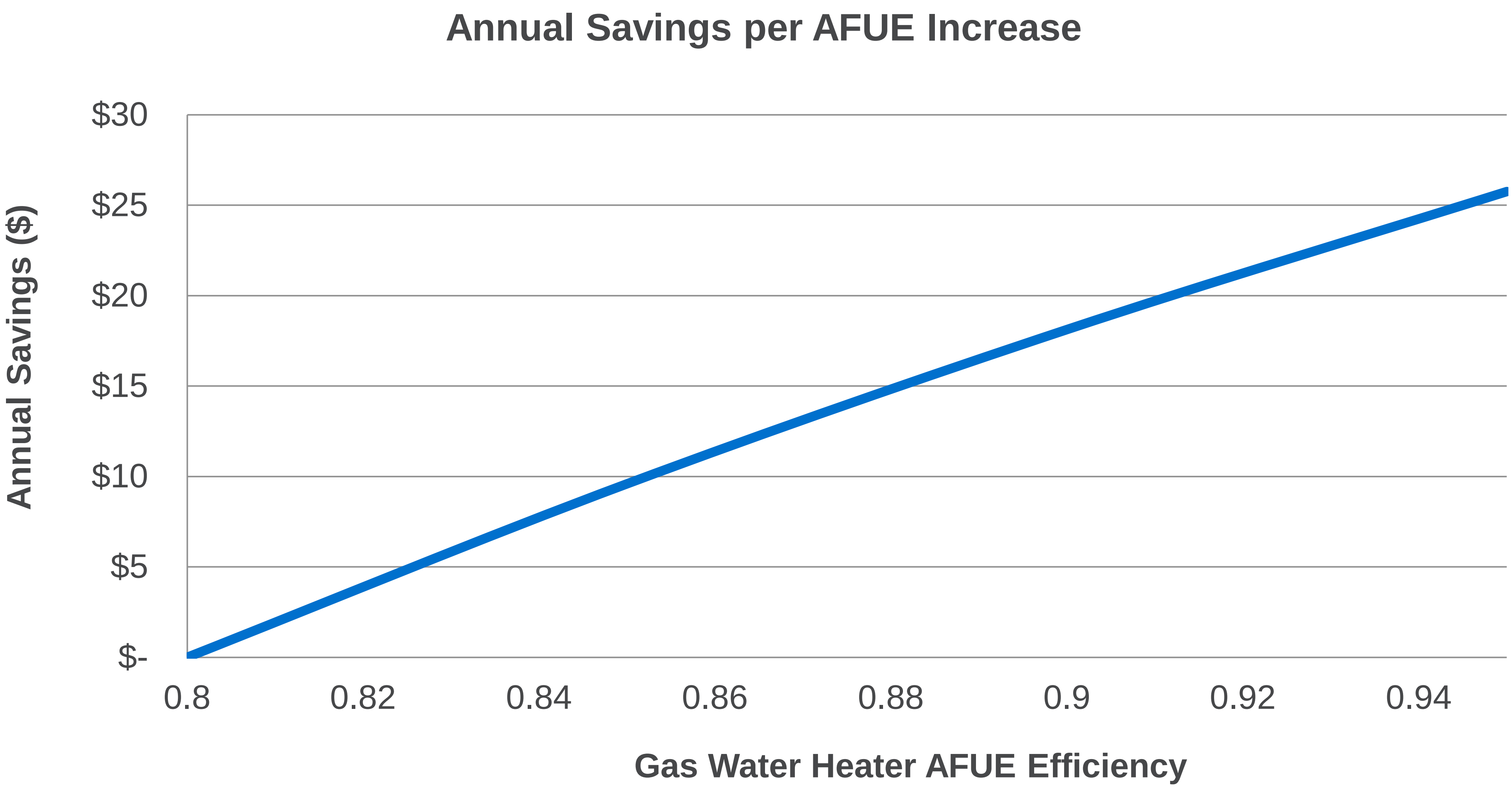




High Efficiency Gas Water Heaters

- Water heaters are the second highest source of energy usage in homes.
- Improve energy savings by:
  - Turn down the temperature to 120ºF.
    - For every 10ºF reduction in temperature, you can save from 3%–5% on your water heating costs.
  - Switch from electric to gas water heaters to reduce energy costs
  - Match the type of water heater to the home's water usage
    - Tankless gas water heaters for less hot water usage
    - Storage tank water heaters for larger hot water usage

High Efficiency Gas Water Heaters



Further Maximize Your Energy Savings

- Replace incandescent bulbs with LED bulbs
  - Use about 70-90% less energy than traditional incandescent bulbs
  - Last at least 15 times longer and saves about $80 in electricity costs over its lifetime
- Perform HVAC system tune ups
  - Prevent future problems
  - Maintain the efficiency of your equipment
  - Help keep your home safe
  - Extend the life of your unit
  - Improve comfort levels in your home
- Install high efficiency windows
- Insulate wall, floor, and crawl space

Further Maximize Your Energy Savings

- Install low-flow shower heads and faucet aerators
- Install pipe insulation and tank wraps
- Check and replace furnace filters when dirty
- Inspect wood-burning fireplaces for creosote buildup in the chimney and make sure the damper closes
- Replace weather-stripping
- Clean out dryer venting systems
- Turn off lights, or use timers/sensors if lighting is left on for security reasons
- Unplug electronic devices such as TVs and computers that draw power even when off

Energy Saving Myths

- Cranking the thermostat heats homes faster
  - Turning up the temperature in fact causes furnaces to run longer
- Closing vents in unused rooms saves money
  - Closed vents affect how HVAC systems process air and cause them to work harder than normal
- Space heaters help reduce heating costs
  - Electricity used to power a space heater increases your bills
- Wood and Pellet heating saves energy
  - Unless properly sized and operated, this can result in heat loss and health hazards

Thank You

Commission Item Number: DUC180226 - 4
Utility Commission Meeting: February 26, 2018
Item: II. E. Utility Financial Auditing Discussion

Utility Financial Auditing Discussion

Norman Yoder, Audit and Assurance Partner, with Brown Edwards will provide comments on his company's process of auditing the City's utility funds. Brown Edwards is an accounting firm that has a staff of more than 275 professionals serving clients in the Virginia/West Virginia/Tennessee region. They have been serving the City since 2013 and conduct audits for several municipalities and private entities.

Commission Item Number: DUC180226 - 5
Utility Commission Meeting: February 26, 2018
Item: II. F. <u>January 2018 High Consumption</u>

January 2018 High Consumption

Jason Grey, Director of Utilities, will present information on why some electric customers experienced higher utility bills in January due to increased consumption. He will present several recommendations on ways to help offset increasing power costs from January and how to handle them in future years if high consumption/demand were to occur again.

Recommended Motions:

Power Cost Adjustment Pay Down
I move that the Danville Utility Commission recommend to City Council paying down the power cost adjustment balance by $8 million after June 30, 2018 using the electric unrestricted fund balance.

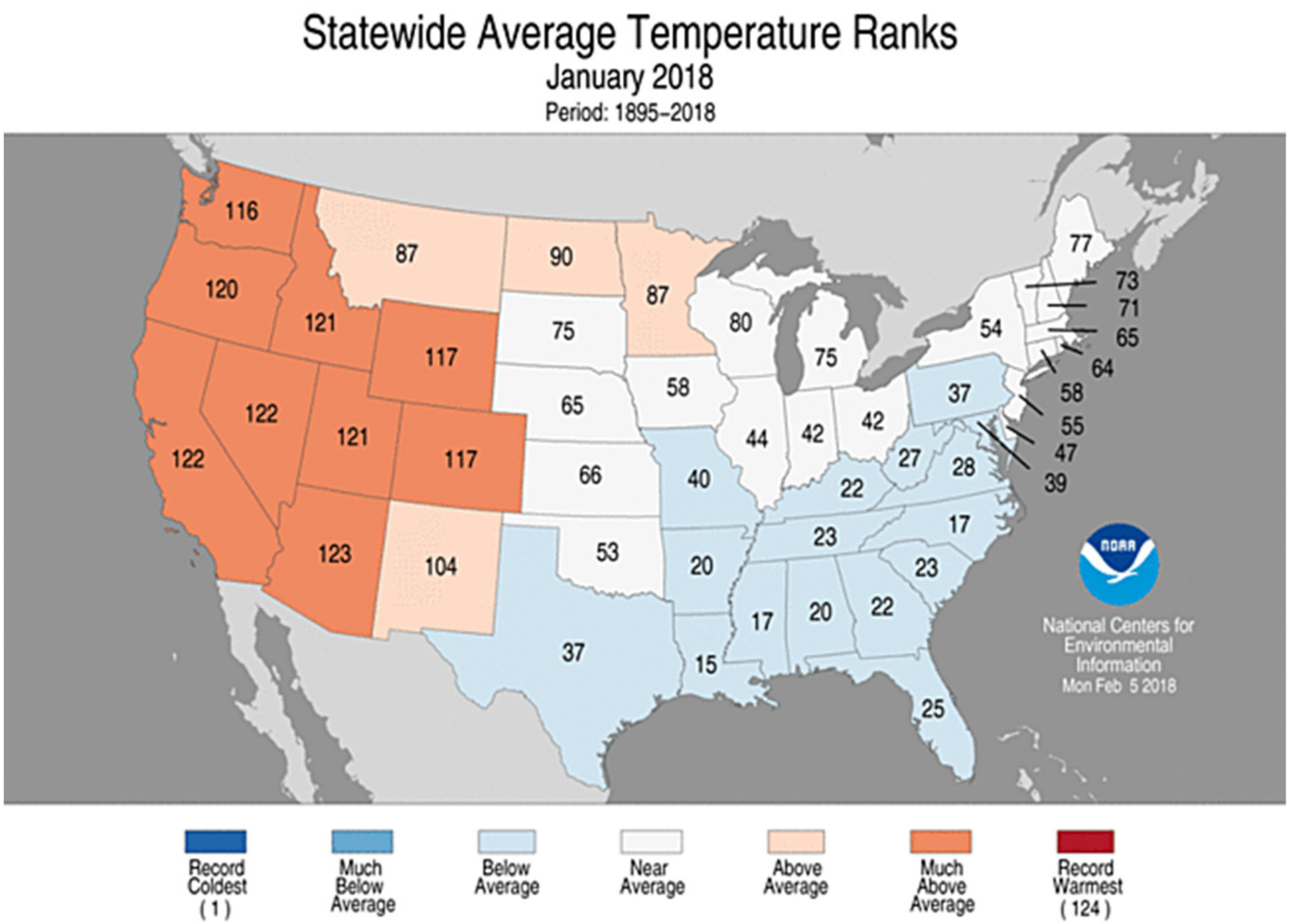
Modifying Equal Payment Program
I move that the Danville Utility Commission approve modifying the equal payment plan service policy by allowing residential and small general service commercial customers with delinquent balances to pay for their utilities in equal monthly amounts rather than experience the seasonal fluctuations characteristic of normal billing payments.

JANUARY HIGH CONSUMPTION

Danville Utility Commission

February 26, 2018

28th coldest January out 123 winters on record



January 19-28, 2018 above 32 degrees

January High Consumption

High Load

Load in the first 8 days of January 2018 was 40% higher than load in the first 8 days of 2017.

Common Causes for high consumption

Electric Heat Pumps-Auxiliary or Emergency Heating

Poorly insulated homes (windows and insulation)

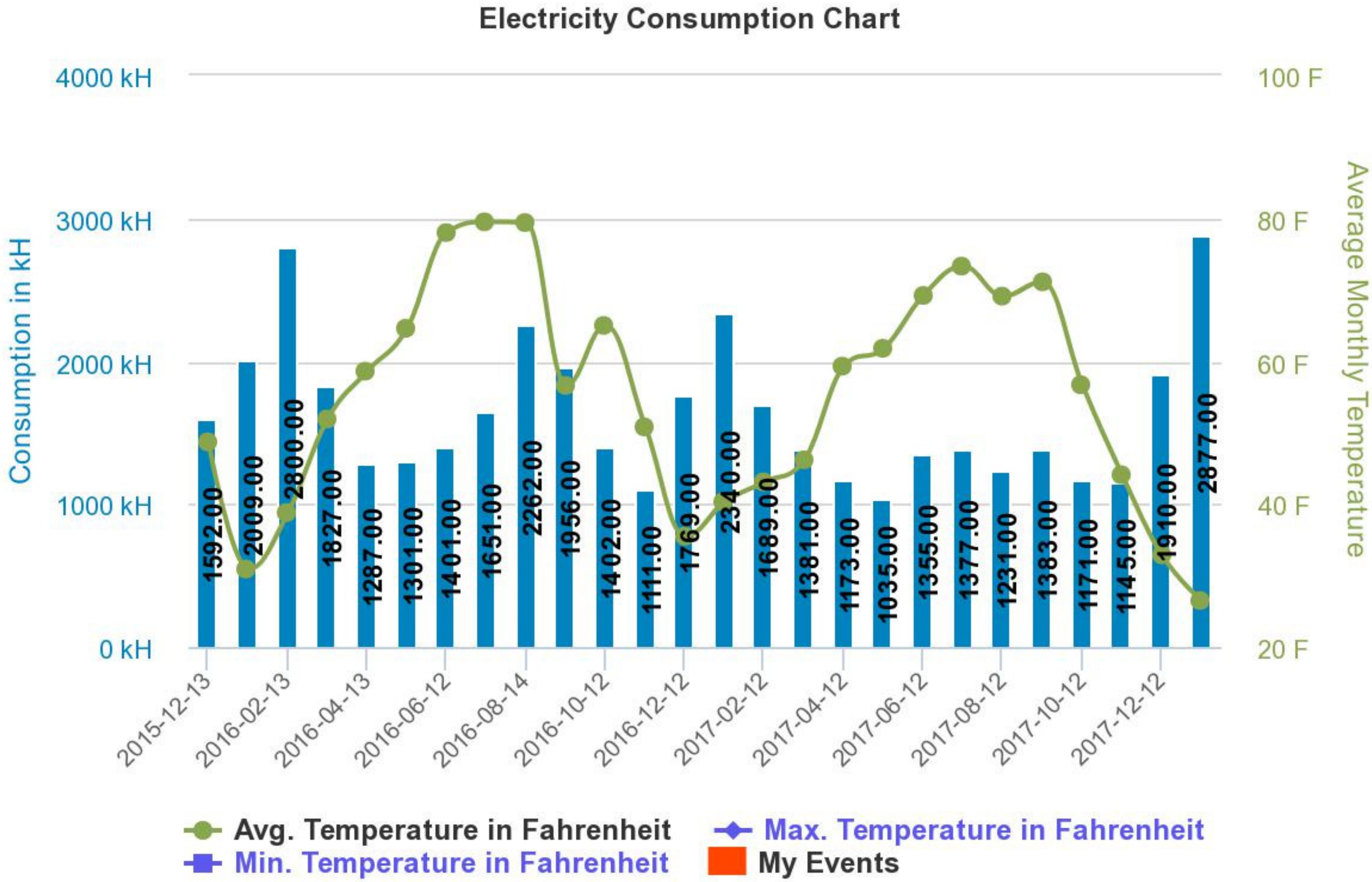
Space heating

Extremely cold temperatures Jan 1-7, 2018

Historical Data							
	Temp 1/1/2018 Mon	Temp 1/2/2018 Tue	Temp 1/3/2018 Wed	Temp 1/4/2018 Thu	Temp 1/5/2018 Fri	Temp 1/6/2018 Sat	Temp 1/7/2018 Sun
1	1	2	4	14	7	2	-1
2	1	2	4	13	5	1	-1
3	2	2	4	13	4	1	-1
4	2	1	3	14	4	0	2
5	2	0	3	14	3	2	4
6	2	0	4	15	3	2	5
7	2	0	5	14	3	1	6
8	2	-2	5	13	3	1	7
9	2	-3	7	14	4	2	9
10	5	-2	10	13	6	4	11
11	6	2	13	13	8	7	14
12	7	3	15	13	8	11	16
13	8	6	17	13	9	12	18
14	8	7	18	14	10	13	21
15	8	9	23	14	11	13	23
16	8	9	20	14	10	12	25
17	7	9	20	13	9	12	26
18	6	8	20	12	8	9	26
19	6	7	19	11	7	7	27
20	5	6	18	12	5	6	27
21	5	4	18	10	5	2	28
22	4	4	18	10	4	2	29
23	3	3	16	9	3	2	30
24	2	3	16	8	2	0	32

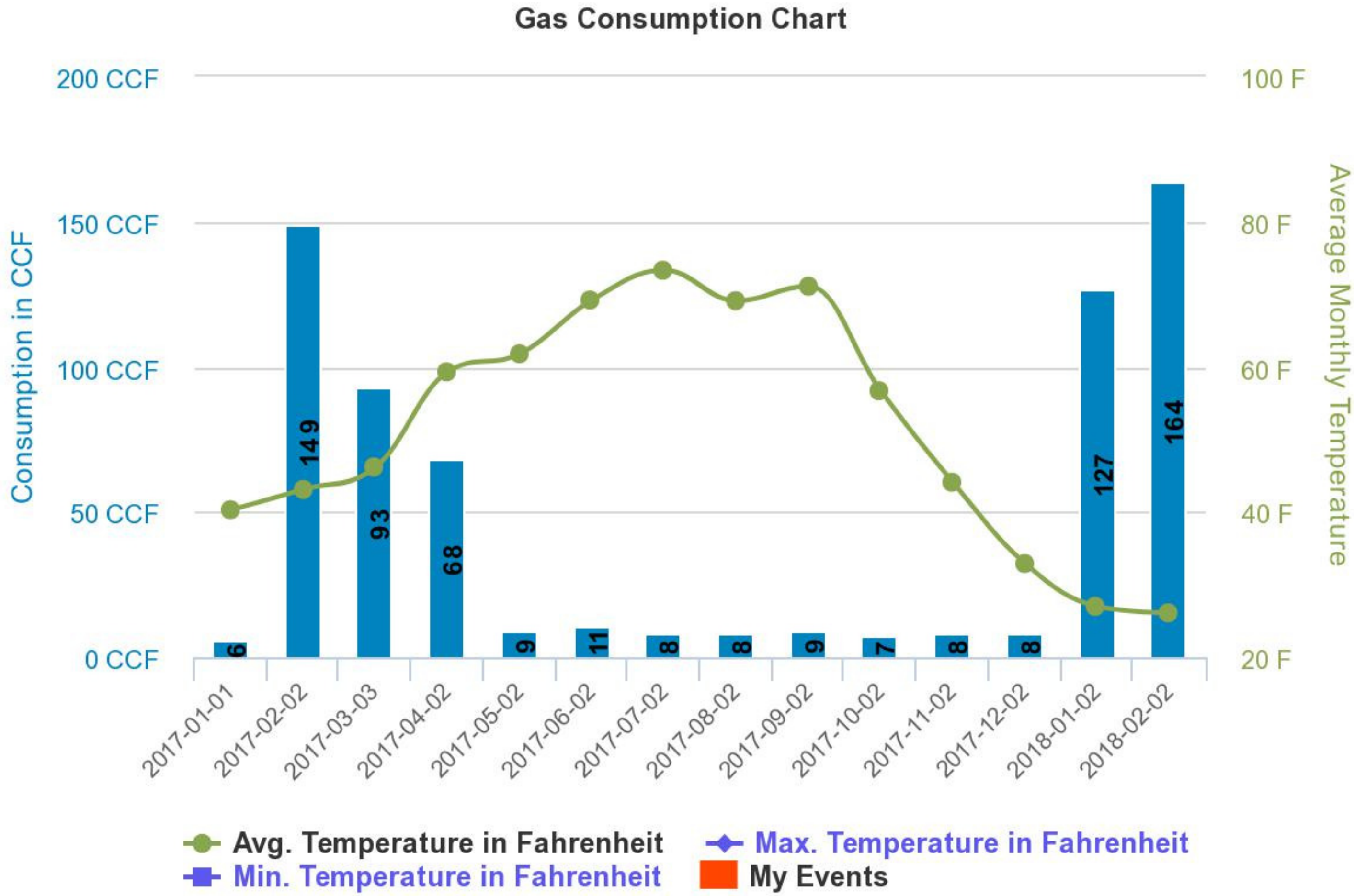
Danville temperatures below freezing entire week
143 out of 168 hours at or below 15 degrees

January High Consumption



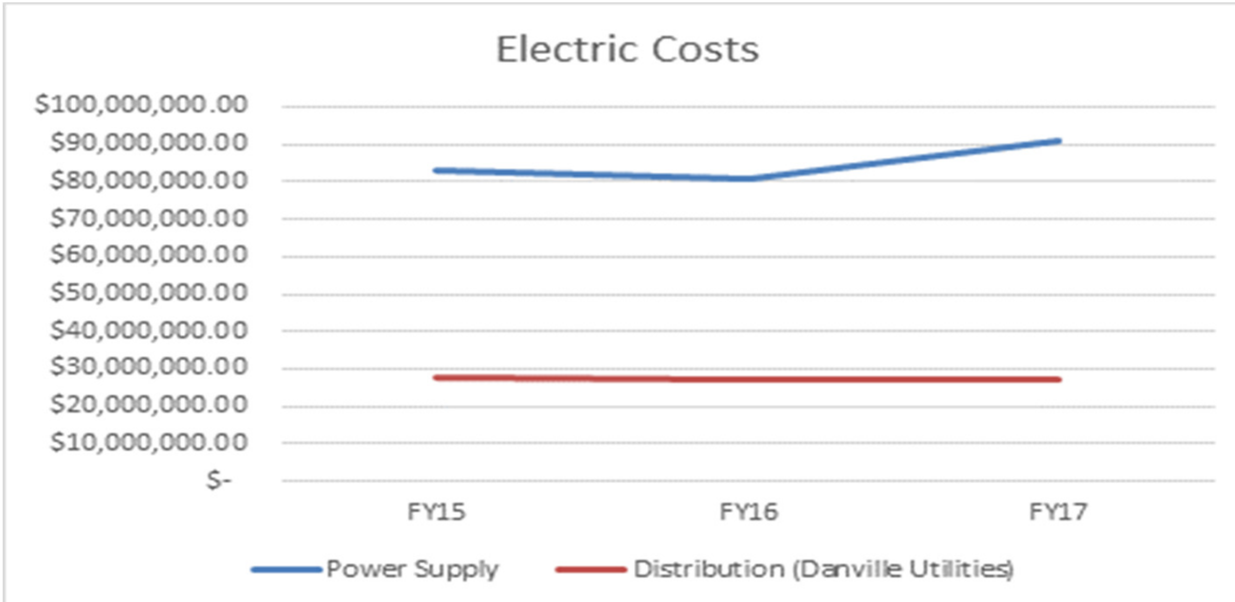
~1,500 Square foot home-Electric heating $410

January High Consumption



~1,500 Square foot home-Natural Gas heating $320

Power Supply/Distribution Costs



1. **AEP transmission rate increases in 2017/2018**
2. **AMP Hydro commissioned in 2016/2017**

Electric Rates/Power Cost Adjustment Changes

1. City of Danville-$142.60/1,000 kWh
2. Dominion $117.20/1,000 kWh
3. Appalachian Power $115.25/1,000 kWh
4. Mecklenburg Cooperative $126.77/1,000 kWh
5. Southside Cooperative $128.49/1,000 kWh
6. City of Martinsville- $119.94/1,000 kWh
7. Harrisonburg Electric Commission (VA lowest)-$102.01
8. Craig-Botetourt Cooperative (VA highest)-$150.94

January 2018 $0.014 to $0.016

a. $2 increase 1,000 kWh from December
b. Reason-AEP transmission rate increase

April 2018 $0.016 to $0.018

a. $4/month increase per 1,000 kWh from December
b. Reason-AEP transmission rate increase

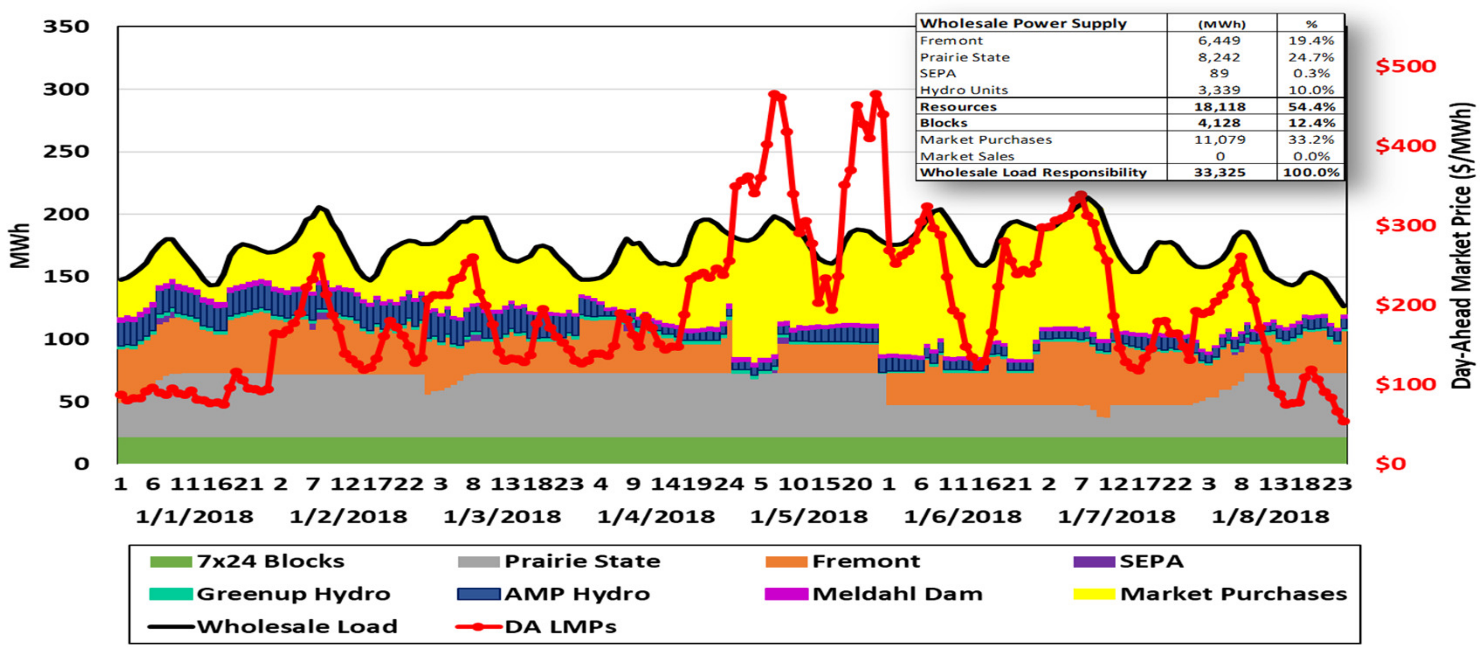
July 2018 $0.018 to $0.020

a. $ 6/month increase per 1,000 kWh from December
b. Reason- AEP transmission rate increase

January High Load and Market Conditions

High Market prices:

Danville is served by a diversified portfolio of resources and a market-based block. Under normal weather conditions, close to 100% of the load is served by resources and the market product, however, market purchases will occur when load deviates from weather-normal conditions or resources generate differently than expected. Unfortunately, in this instance, there were several days of extremely high load and volatile market prices which, in combination, contributed to high market costs.



Wholesale Power Supply	(MWh)	%
Fremont	6,449	19.4%
Prairie State	8,242	24.7%
SEPA	89	0.3%
Hydro Units	3,339	10.0%
Resources	**18,118**	**54.4%**
Blocks	**4,128**	**12.4%**
Market Purchases	11,079	33.2%
Market Sales	0	0.0%
Wholesale Load Responsibility	**33,325**	**100.0%**

Recommendation (1)-Energy Efficiency Education

1. **Education current rebates**
   - **HVAC tune-ups $55**
   - **Heat Pump- $350 (tier 1) $500 (tier 2)**
   - **Mini-split heat pump- $50/ton (tier 1) $100 (tier 2)**
   - **Smart Thermostats- $75**
   - **Windows-$1 square foot**
   - **Insulation**
     - A. **Attic- $0.10 square foot**
     - B. **Wall-$0.45 square foot**
     - C. **Floor-$0.15 square foot**
     - D. **Crawlspace-$0.15 square foot**

<u>Proposal</u>

Home energy audits

1. **Determine opportunities where residential improvements can be made.**

Recommendation (2)-Equal Payment Plan

The Equal Payment Plan (EPP) allows residential and small general service commercial customers, churches and non-profit agencies to pay for their utilities in equal monthly amounts rather than experience the seasonal fluctuations characteristic of normal billing payments.

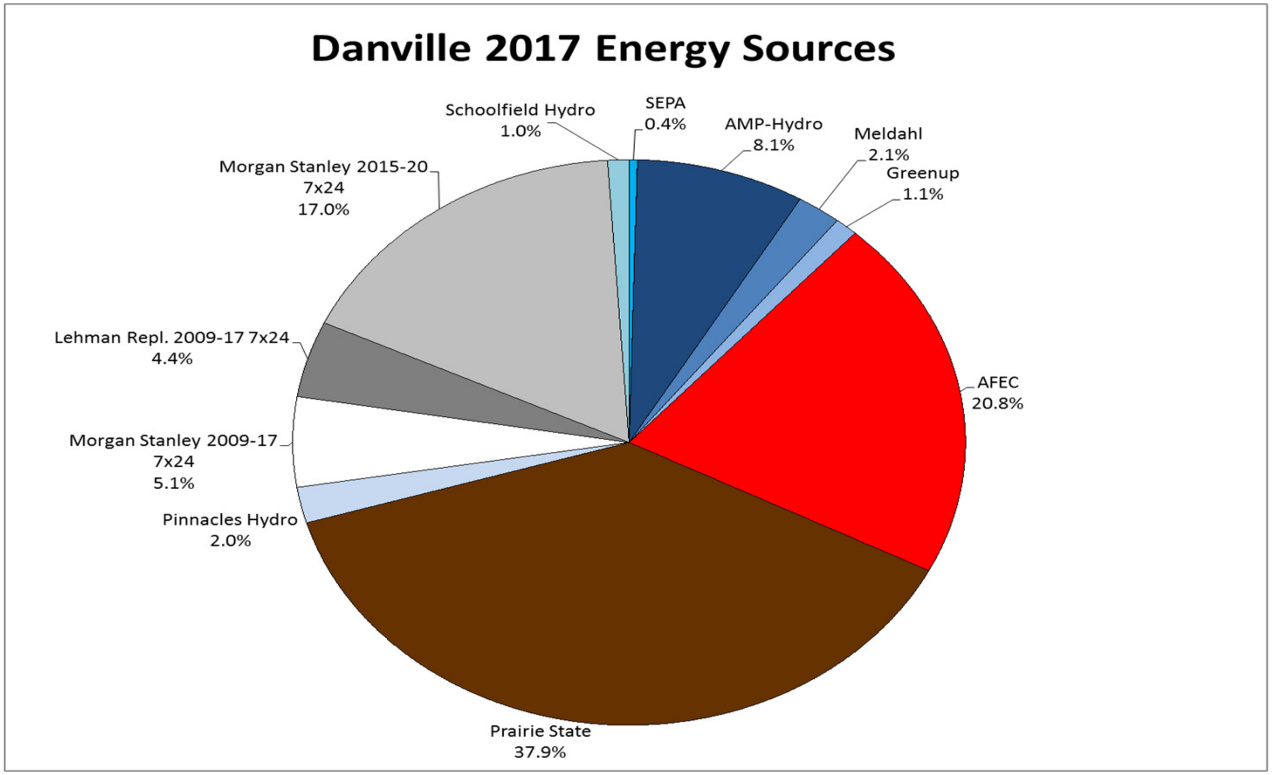
- **Have been customer at that location for 12 months.**
- **Good payment record. No delinquent fees or disconnects.**
- **Have a zero balance.**

Proposal

1. **Waive the zero balance requirement/good payment record and allow customers with delinquent balances to amortize payments over a 12 month period. The customer would be required to enter into the same equal payment agreement as today. Any customer who fails to pay the full equal pay amount each month will be removed from the program and be subject to penalties and/or disconnection.**

Recommendation (3)-Additional Winter Energy and Transmission Hedging

- **Purchase additional 7x24 short term energy (winter months)**
- **Purchase additional FTRs (financial transmission rights)**



Recommendation (4): Continue to Pursue Behind the Meter Generation

Currently in discussions with two natural gas providers.

- **Potentially 25-40 megawatt natural gas facility within the electric service territory.**
- **Would enter into purchase power agreement. No debt issued**
- **Could be brought to Utility Commission by spring 2018**
- **Online by January 2021**

Evaluate future solar projects.

- **Kentuck project to be commissioned March 2018**
- **Evaluate other potential projects**

Recommendations
Power Cost Adjustment (PCA) Pay Down

Goal is to operate PCA to collect outstanding power cost within same fiscal year. Similar method to the purchase gas adjustment but with a summer and winter peak consumption period.

Fully recover PCA by December 2020 and operate within a +- $4 million bandwidth.

Recommendation-$8 million pay down using electric unrestricted fund balance on June 30, 2018.

June 30, 2017 balance=~$45 million
City's Fund Balance policy (90 days operating expenses including power supply)= ~$30 million

December	$ 12,984,730.00	Actual
January	$ 16,932,153.00	Forecast
February	$ 14,714,775.00	Forecast
March	$ 13,684,661.00	Forecast
April	$ 12,582,798.00	Forecast
May	$ 12,540,877.00	Forecast
June	$ 12,158,215.00	Forecast

QUESTIONS?

Recommendations Motions

1) I move that the Danville Utility Commission recommend to City Council paying down the power cost adjustment balance by $8 million after June 30, 2018 using the electric unrestricted fund balance.

2) I move that the Danville Utility Commission approve modifying the equal payment plan service policy by allowing residential and small general service commercial customers with delinquent balances to pay for their utilities in equal monthly amounts rather than experience the seasonal fluctuations characteristic of normal billing payments.