DANVILLE UTILITY COMMISSION AGENDA

CITY COUNCIL CHAMBERS

September 25, 2023

4:00 PM

A. CALL TO ORDER

B. ROLL CALL

C. ITEMS FOR DISCUSSION

1. Minutes of the August 28, 2023 Commission Meeting
2. Financial Report
3. Renewable Energy Purchase Power Projects: Smokey Mountain Hydro and Blue Creek Wind-Renewable Energy Purchase Power Agreements (PPA)

ADJOURN

Next Meeting: October 23, 2023 at 4:00 pm

STAFF REPORT

DATE: September 25, 2023

TO: Danville Utility Commission

FROM:

RE: Minutes of the August 28, 2023 Commission Meeting

ATTACHMENTS

1. August 28 2023 DUC Minutes

Danville Utility Commission
4:00 p.m. August 28, 2023 Meeting
Council Chambers, City Hall
Minutes

Commission Members Present: Ken Larking, Mary Williamson, Vanessa Cain, Anna Kautzman, Ronald Scearce

Commission Members Absent: Sheila Williamson-Branch, Steven Merricks, Gary Miller, Helm Dobbins

Staff Present: Ryan Dodson, Jason Grey, Janet Davis, Michael Adkins, Alan Johnson

Others Present: Jerry Shupe, Alan Gould, Gary Stainback, and John Galletta, Inframark

Call to Order

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

Discussion/Business Items

Minutes of July 24, 2023 Commission Meeting

Ms. Cain asked for any corrections, deletions, or adjustments to the minutes from July 24, 2023.

Me. Kautzman made a motion to approve the minutes. Ms. Williamson seconded, all members voted in favor, and the motion carried unanimously.

Review of Utilities' Financial Statements

Mr. Adkins presented the utility financial statements for June for each utility fund.

Presentation on the Upgrades and Changes at the Wastewater Plant

Mr. Grey introduced Jerry Shupe, Regional Manager from Inframark. Mr. Shupe presented the recent upgrades and changes to the Wastewater Plant and introduced his management staff to the Commission. Improvements included the replacement of a bar screen, conversion from chlorine gas to sodium hypochlorite, Return Activated Sludge (RAS) pump installation, and RAS pump variable frequency drive installation.

Ms. Cain asked what the life expectancy is of the bar screen. Mr. Shupe said that Inframark should be able to stretch the life out to 30 years, whereas normal expectancy is 20-25 years according to the manufacturer.

Ms. Kautzman asked about the current capacity of the plant. Mr. Shupe replied that the City has increased capacity and remarked that not many communities could add a company such as Tyson to their system.

Department Discussions

Mr. Grey announced that next month there will be a presentation on purchase power agreements and peaking resources to operate during higher demand periods.

There were no further communications from commission members or the public.

Adjournment

Ms. Cain stated the next meeting is scheduled for September 25, 2023. Mr. Larking made a motion to adjourn. Ms. Kautzman seconded. Ms. Cain adjourned the meeting at 4:22 p.m.

September 25, 2023
Date Approved

Submitted by Janet C. Davis
Secretary to the DUC

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Chairman
Danville Utility Commission

STAFF REPORT

DATE: September 25, 2023

TO: Danville Utility Commission

FROM:

RE: Financial Report

ATTACHMENTS

1. All Utilities Financial Statements July 2023

UTILITY FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE PERIOD ENDED JULY 31, 2023 (YTD)
UNAUDITED

	WASTEWATER	WATER	GAS	ELECTRIC	TELECOM	TOTAL	CURRENT 23-24 BUDGET	LAST YEAR TO DATE
OPERATING REVENUE	782,584.56	713,656.30	828,190.78	10,920,759.19	77,943.03	13,323,133.86	179,730,890.00	14,970,060.72
COST OF SALES								
PURCHASED SERVICES	-	-	580,036.66	8,170,169.04	5,705.54	8,755,911.24	116,125,030.00	10,014,637.15
PRODUCTION	-	-	-	193.25	-	193.25	-	-
TOTAL COST OF SALES	-	-	580,036.66	8,170,362.29	5,705.54	8,756,104.49	116,125,030.00	10,014,637.15
GROSS PROFIT	782,584.56	713,656.30	248,154.12	2,750,396.90	72,237.49	4,567,029.37	63,605,860.00	4,955,423.57
GROSS PROFIT %	100.00%	100.00%	29.96%	25.19%	92.68%	34.28%	35.39%	33.10%
OPERATING EXPENSES								
TRANSMISSION & TREATMENT	56,070.66	140,206.19	-	106,500.97	-	302,777.82	7,805,760.00	364,800.41
ENGINEERING	-	15,916.47	15,915.12	58,181.83	-	90,013.42	2,156,760.00	111,101.01
DISTRIBUTION	177,843.84	50,112.46	48,594.96	896,608.65	-	1,173,159.91	17,664,370.00	1,392,736.33
SERVICE	13,043.40	4,776.15	1,688.82	-	-	19,508.37	679,720.00	13,163.19
METERS & REGULATORS	-	12,771.42	11,425.99	41,583.17	-	65,780.58	666,800.00	59,286.09
GENERAL & ADMINISTRATIVE	169,793.41	280,882.09	348,857.02	564,406.20	61,344.02	1,425,282.74	16,438,960.00	1,368,402.45
TOTAL OPERATING EXPENSES	416,751.31	504,664.78	426,481.91	1,667,280.82	61,344.02	3,076,522.84	45,412,370.00	3,309,489.48
OPERATING INCOME (LOSS)	365,833.25	208,991.52	(178,327.79)	1,083,116.08	10,893.47	1,490,506.53	18,193,490.00	1,645,934.09
NON-OPERATING REVENUE (EXPENSE)								
INTEREST INCOME ON INVESTMENTS	9,931.03	22,224.92	20,364.46	40,494.33	1,647.62	94,662.36	438,250.00	76,075.88
ENERGY EFFICIENCY RECOVERY	-	-	-	-	-	-	-	-
RECOVERIES AND REBATES	-	-	378.50	1,925.51	-	2,304.01	(93,000.00)	(403.46)
GAIN/LOSS ON DISPOSAL	-	-	-	-	-	-	37,500.00	72,234.64
JOBBING INCOME (LOSS)	3,389.00	4,738.02	(8,658.60)	10,124.80	190.61	9,783.83	1,003,770.00	(56,761.95)
INTEREST ON LONG TERM INDEBTEDNESS	-	-	-	-	-	-	(2,940,700.00)	(1,400.00)
NET INCOME (LOSS)	379,153.28	235,954.46	(166,243.43)	1,135,660.72	12,731.70	1,597,256.73	16,639,310.00	1,735,679.20
OPERATING TRANSFERS IN(OUT)	(58,813.33)	(80,525.00)	(266,610.83)	(886,300.83)	(6,750.00)	(1,298,999.99)	(15,588,000.00)	(1,292,416.74)
NET INCOME AFTER TRANSFERS	320,339.95	155,429.46	(432,854.26)	249,359.89	5,981.70	298,256.74	1,051,310.00	443,262.46
NET ASSETS JULY 1, AS RESTATED	60,449,045.34	48,454,139.43	57,045,630.09	151,214,455.25	7,994,406.14	325,157,676.25		
NET INCOME AFTER TRANSFERS	320,339.95	155,429.46	(432,854.26)	249,359.89	5,981.70	298,256.74		
FEDERAL GRANT	-	-	-	-	-	-		
CONTRIBUTION IN AID	2,468.00	-	-	-	-	2,468.00		
NET ASSETS JUNE 30, 2023	60,771,853.29	48,609,568.89	56,612,775.83	151,463,815.14	8,000,387.84	325,458,400.99		
NET ASSETS								
CONTRIBUTED CAPITAL - FIXED ASSETS	4,092,665.60	4,676,282.92	1,340,510.58	13,721,622.53	337,248.59	24,168,330.22		
RESTRICTED FOR INVESTMENT IN FIXED ASSETS	47,837,290.46	25,102,826.44	38,409,985.51	105,796,273.89	6,123,402.16	223,269,778.46		
RESTRICTED FOR PROJECTS IN PROGRESS	3,662,965.50	5,783,844.81	1,643,096.38	7,463,321.81	23,363.42	18,576,591.92		
RESTRICTED FOR ENCUMBRANCES	253,199.51	53,607.99	35,684.75	1,394,852.76	11,310.34	1,748,655.35		
RESTRICTED FOR ENERGY EFFICIENCY	-	-	-	-	-	-		
NET PENSION ASSETS	109,448.00	198,503.00	136,979.00	617,919.00	20,744.00	1,083,593.00		
DEFERRED OUTFLOWS - PENSION	429,700.00	779,334.00	537,790.00	2,425,991.00	81,443.00	4,254,258.00		
UNRESTRICTED	4,816,284.22	12,794,503.73	15,046,519.61	22,469,825.15	1,484,319.33	56,611,452.04		
TOTAL NET ASSETS	60,771,853.29	48,609,568.89	56,612,775.83	151,463,815.14	8,000,387.84	325,458,400.99		

CITY OF DANVILLE
UTILITY FUNDS
COMBINING STATEMENT OF NET ASSETS - UNAUDITED
JULY 31, 2023

		WASTEWATER	WATER	GAS	ELECTRIC	TELECOM	JULY 31, 2023
ASSETS							
Equity in pooled Cash and Investments	$	7,264,505.59	16,346,153.18	14,879,335.12	29,588,068.60	1,255,000.32	69,333,062.81
Receivables (Net of allowances for Uncollectible):							
Accounts		1,239,652.47	1,094,492.51	1,424,629.79	12,958,312.94	34,701.38	16,751,789.09
Power/Gas Cost Recovery		-	-	(445,635.53)	(1,197,295.65)	-	(1,642,931.18)
Pension Assets		109,448.00	198,503.00	136,979.00	617,919.00	20,744.00	1,083,593.00
Inventory of Gas, Materials and Supplies, at Cost		-	1,048,657.38	1,115,409.01	2,908,144.79	181,787.43	5,253,998.61
Fixed Assets		106,498,346.53	83,792,432.80	71,721,764.44	318,924,008.81	11,227,548.50	592,164,101.08
Accumulated Depreciation		(53,195,428.56)	(44,881,771.30)	(31,293,617.66)	(144,600,883.22)	(4,766,897.75)	(278,738,598.49)
Deferred Outflows - Pension		429,700.00	779,334.00	537,790.00	2,425,991.00	81,443.00	4,254,258.00
TOTAL ASSETS	$	62,346,224.03	58,377,801.57	58,076,654.17	221,624,266.27	8,034,326.88	408,459,272.92
LIABILITIES AND NET ASSETS							
Liabilities							
Accounts Payable	$	178,920.96	369,318.68	689,103.86	9,530,345.41	22,965.84	10,790,654.75
Accrued Interest Payable		22,487.87	111,687.88	10,742.85	668,400.51	-	813,319.11
Customer Deposits		-		-	4,103,391.71	-	4,103,391.71
Accrued Vacation, Sick Leave & Workers Comp.		-	155,673.98	86,380.94	614,499.48	10,973.20	867,527.60
Deferred Gain / Loss - Refunding Bonds		(91,602.10)	(88,594.45)	(47,175.24)	(984,650.97)	-	(1,212,022.76)
Original Issue Premium/Discount (Refunding Bonds)		117,040.57	870,708.76	55,572.99	5,023,065.15	-	6,066,387.47
General Obligation Bonds Payable		1,347,523.44	4,646,580.69	669,252.94	47,989,672.13	-	54,653,029.20
Revenue Bonds Payable		-	3,702,857.14	-	2,777,142.86	-	6,480,000.00
Long-Term Leases, Notes, and Contracts Payable		-	-	-	438,584.85	-	438,584.85
TOTAL LIABILITIES	$	1,574,370.74	9,768,232.68	1,463,878.34	70,160,451.13	33,939.04	83,000,871.93
Net Assets							
Contributed Capital	$	4,092,665.60	4,676,282.92	1,340,510.58	13,721,622.53	337,248.59	24,168,330.22
Retained Earnings:							
Restricted for Investment in Fixed Assets	$	47,837,290.46	25,102,826.44	38,409,985.51	105,796,273.89	6,123,402.16	223,269,778.46
Restricted for Incomplete Projects		3,662,965.50	5,783,844.81	1,643,096.38	7,463,321.81	23,363.42	18,576,591.92
Restricted for Subsequent Expenses		253,199.51	53,607.99	35,684.75	1,394,852.76	11,310.34	1,748,655.35
Net Pension Assets		109,448.00	198,503.00	136,979.00	617,919.00	20,744.00	1,083,593.00
Deferred Outflows - Pension		429,700.00	779,334.00	537,790.00	2,425,991.00	81,443.00	4,254,258.00
Unrestricted		4,816,284.22	12,794,503.73	15,046,519.61	22,469,825.15	1,484,319.33	56,611,452.04
Total Retained Earnings	$	56,679,187.69	43,933,285.97	55,272,265.25	137,742,192.61	7,663,139.25	301,290,070.77
TOTAL NET ASSETS	$	60,771,853.29	48,609,568.89	56,612,775.83	151,463,815.14	8,000,387.84	325,458,400.99
TOTAL LIABILITIES AND NET ASSETS	$	62,346,224.03	58,377,801.57	58,076,654.17	221,624,266.27	8,034,326.88	408,459,272.92

CITY OF DANVILLE
UTILITY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
FOR THE PERIOD ENDED JULY 31, 2023

	WASTEWATER	WATER	GAS	ELECTRIC	TELECOM	JULY 31, 2023
Operating revenues:						
Charges for Services	$ 782,584.56	713,656.30	828,190.78	10,920,759.19	77,943.03	13,323,133.86
Operating Expenses:						
Purchased Services	$ -	-	580,036.66	8,170,169.04	5,705.54	8,755,911.24
Production	-	-	-	193.25	-	193.25
Transmission & Treatment	56,070.66	140,206.19	-	106,500.97	-	302,777.82
Engineering	-	15,916.47	15,915.12	58,181.83	-	90,013.42
Distribution	177,843.84	50,112.46	48,594.96	896,608.65	-	1,173,159.91
Service	13,043.40	4,776.15	1,688.82	-	-	19,508.37
Meters & Regulators	-	12,771.42	11,425.99	41,583.17	-	65,780.58
Administrative	169,793.41	280,882.09	348,857.02	564,406.20	61,344.02	1,425,282.74
Total Operating Expenses	$ 416,751.31	504,664.78	1,006,518.57	9,837,643.11	67,049.56	11,832,627.33
Operating Income (Loss)	$ 365,833.25	208,991.52	(178,327.79)	1,083,116.08	10,893.47	1,490,506.53
Non-Operating Revenues (Expenses):						
Jobbing Income (Loss)	3,389.00	4,738.02	(8,658.60)	10,124.80	190.61	9,783.83
Interest Income	9,931.03	22,224.92	20,364.46	40,494.33	1,647.62	94,662.36
Energy Efficiency Recovery	-	-	-	-	-	-
Gain (Loss) on Disposal of Property	-	-	-	-	-	-
Recoveries and Rebates	-	-	378.50	1,925.51	-	2,304.01
Interest Expense	-	-	-	-	-	-
Total Non-Operating Revenues (Expenses)	$ 13,320.03	26,962.94	12,084.36	52,544.64	1,838.23	106,750.20
Income (Loss) Before Operating Transfers	$ 379,153.28	235,954.46	(166,243.43)	1,135,660.72	12,731.70	1,597,256.73
Operating Transfers:						
Transfers In (Out)	(58,813.33)	(80,525.00)	(266,610.83)	(886,300.83)	(6,750.00)	(1,298,999.99)
Total Operating Transfers	$ (58,813.33)	(80,525.00)	(266,610.83)	(886,300.83)	(6,750.00)	(1,298,999.99)
Net Income (Loss)	$ 320,339.95	155,429.46	(432,854.26)	249,359.89	5,981.70	298,256.74
Net Assets - July 1, 2023, as restated	60,449,045.34	48,454,139.43	57,045,630.09	151,214,455.25	7,994,406.14	325,157,676.25
Net Income (Loss)	320,339.95	155,429.46	(432,854.26)	249,359.89	5,981.70	298,256.74
Contribution In Aid of Construction	2,468.00	-	-	-	-	2,468.00
Net Assets -June 30, 2024	$ 60,771,853.29	48,609,568.89	56,612,775.83	151,463,815.14	8,000,387.84	325,458,400.99

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED JULY 31, 2023

WASTEWATER

	ORIGINAL BUDGET 2023-24	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2023-24	JULY 2023	PERCENT OF CURRENT BUDGET	JULY 2022
OPERATING REVENUE	9,955,550.00		9,955,550.00	782,584.56	7.86%	727,167.51
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	3,941,690.00		3,941,690.00	56,070.66	1.42%	54,909.82
ENGINEERING	-		-	-		-
DISTRIBUTION	2,795,730.00		2,795,730.00	177,843.84	6.36%	175,146.86
SERVICE	160,600.00		160,600.00	13,043.40	8.12%	7,640.50
METERS & REGULATORS	-		-	-		-
BAD DEBT	36,000.00		36,000.00	17,877.66	49.66%	5,199.36
GENERAL & ADMINISTRATIVE	1,821,860.00		1,821,860.00	151,915.75	8.34%	145,235.74
TOTAL OPERATING EXPENSES	8,755,880.00	-	8,755,880.00	416,751.31	4.76%	388,132.28
OPERATING INCOME (LOSS)	1,199,670.00	-	1,199,670.00	365,833.25	30.49%	339,035.23
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	58,640.00		58,640.00	9,931.03	16.94%	10,157.91
RECOVERIES AND REBATES	-		-	-		-
GAIN/LOSS ON DISPOSAL	-		-	-		-
JOBBING INCOME (LOSS)	35,000.00		35,000.00	3,389.00	9.68%	3.83
INTEREST ON LONG TERM INDEBTEDNESS	(43,070.00)		(43,070.00)	-	0.00%	-
NET INCOME (LOSS)	1,250,240.00	-	1,250,240.00	379,153.28	30.33%	349,196.97
OPERATING TRANSFERS IN (OUT)	(705,760.00)		(705,760.00)	(58,813.33)	8.33%	(58,813.37)
NET INCOME AFTER TRANSFERS	544,480.00	-	544,480.00	320,339.95	58.83%	290,383.60
CONTRIBUTION IN AID	40,000.00		40,000.00	2,468.00	6.17%	
REGULAR CAPITAL MAINTENANCE	(4,166,990.00)		(4,166,990.00)	(4,024.50)	0.10%	
CAPITAL PROJECTS	(500,000.00)	-	(500,000.00)	-	0.00%	
DEBT SERVICE	(152,930.00)		(152,930.00)	-	0.00%	
DEPRECIATION	1,959,530.00		1,959,530.00	169,064.00	8.63%	

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED JULY 31, 2023

WATER

	ORIGINAL BUDGET 2023-24	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2023-24	JULY 2023	PERCENT OF CURRENT BUDGET	JULY 2022
OPERATING REVENUE	8,929,030.00		8,929,030.00	713,656.30	7.99%	695,164.77
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	2,177,120.00		2,177,120.00	140,206.19	6.44%	188,455.45
ENGINEERING	404,550.00		404,550.00	15,916.47	3.93%	32,724.99
DISTRIBUTION	891,480.00		891,480.00	50,112.46	5.62%	78,749.87
SERVICE	260,310.00		260,310.00	4,776.15	1.83%	3,299.24
METERS & REGULATORS	123,310.00		123,310.00	12,771.42	10.36%	9,826.86
BAD DEBT	30,000.00		30,000.00	13,944.63	46.48%	4,287.28
GENERAL & ADMINISTRATIVE	3,518,410.00		3,518,410.00	266,937.46	7.59%	302,296.67
TOTAL OPERATING EXPENSES	7,405,180.00	-	7,405,180.00	504,664.78	6.82%	619,640.36
OPERATING INCOME (LOSS)	1,523,850.00	-	1,523,850.00	208,991.52	13.71%	75,524.41
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	69,670.00		69,670.00	22,224.92	31.90%	12,347.03
RECOVERIES AND REBATES	7,000.00		7,000.00	-	0.00%	-
GAIN/LOSS ON DISPOSAL	7,500.00		7,500.00	-	0.00%	-
JOBBING INCOME (LOSS)	132,000.00		132,000.00	4,738.02	3.59%	(1,409.53)
INTEREST ON LONG TERM INDEBTEDNESS	(499,580.00)		(499,580.00)	-	0.00%	-
NET INCOME (LOSS)	1,240,440.00	-	1,240,440.00	235,954.46	19.02%	86,461.91
OPERATING TRANSFERS IN (OUT)	(966,300.00)		(966,300.00)	(80,525.00)	8.33%	(79,441.63)
NET INCOME AFTER TRANSFERS	274,140.00	-	274,140.00	155,429.46	56.70%	7,020.28
CONTRIBUTION IN AID	-		-	-	0.00%	
REGULAR CAPITAL MAINTENANCE	(1,128,280.00)		(1,128,280.00)	(96,202.25)	8.53%	
CAPITAL PROJECTS	(680,000.00)	-	(680,000.00)	71,767.06	-10.55%	
DEBT SERVICE	(242,600.00)		(242,600.00)	-	0.00%	
DEPRECIATION	1,494,790.00		1,494,790.00	124,565.83	8.33%	

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED JULY 31, 2023

GAS

	ORIGINAL BUDGET 2023-24	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2023-24	JULY 2023	PERCENT OF CURRENT BUDGET	JULY 2022
OPERATING REVENUE	27,234,710.00		27,234,710.00	828,190.78	3.04%	1,461,299.62
	-					
COST OF SALES	-					
PURCHASED SERVICES	18,221,520.00		18,221,520.00	580,036.66	3.18%	1,086,623.44
PRODUCTION	-		-	-		-
TOTAL COST OF SALES	18,221,520.00	-	18,221,520.00	580,036.66		1,086,623.44
GROSS PROFIT	9,013,190.00	-	9,013,190.00	248,154.12		374,676.18
GROSS PROFIT %	33.09%		33.09%	29.96%		25.64%
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	-		-	-		-
ENGINEERING	378,230.00		378,230.00	15,915.12	4.21%	25,944.33
DISTRIBUTION	863,640.00		863,640.00	48,594.96	5.63%	57,611.63
SERVICE	258,810.00		258,810.00	1,688.82	0.65%	2,223.45
METERS & REGULATORS	159,230.00		159,230.00	11,425.99	7.18%	13,340.64
BAD DEBT	50,000.00		50,000.00	48,143.13	96.29%	13,047.81
GENERAL & ADMINISTRATIVE	3,760,400.00		3,760,400.00	300,713.89	8.00%	306,601.28
TOTAL OPERATING EXPENSES	5,470,310.00	-	5,470,310.00	426,481.91	7.80%	418,769.14
OPERATING INCOME (LOSS)	3,542,880.00	-	3,542,880.00	(178,327.79)	-5.03%	(44,092.96)
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	100,110.00		100,110.00	20,364.46	20.34%	15,734.13
RECOVERIES AND REBATES	-		-	378.50	0.00%	131.09
GAIN/LOSS ON DISPOSAL	-		-	-	0.00%	-
JOBBING INCOME (LOSS)	115,940.00		115,940.00	(8,658.60)	-7.47%	66,820.19
INTEREST ON LONG TERM INDEBTEDNESS	(23,850.00)		(23,850.00)	-	0.00%	-
NET INCOME (LOSS)	3,735,080.00	-	3,735,080.00	(166,243.43)	-4.45%	38,592.45
OPERATING TRANSFERS IN (OUT)	(3,199,330.00)		(3,199,330.00)	(266,610.83)	8.33%	(266,360.87)
NET INCOME AFTER TRANSFERS	535,750.00	-	535,750.00	(432,854.26)	-80.79%	(227,768.42)

CONTRIBUTION IN AID			-	-	0.00%
REGULAR CAPITAL MAINTENANCE	(558,860.00)	-	(558,860.00)	(15,773.62)	2.82%
CAPITAL PROJECTS	(1,100,000.00)	-	(1,100,000.00)	-	0.00%
DEBT SERVICE	(93,030.00)		(93,030.00)	-	0.00%
DEPRECIATION	1,554,450.00		1,554,450.00	140,869.00	9.06%

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED JULY 31, 2023

ELECTRIC

	ORIGINAL BUDGET 2023-24	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2023-24	JULY 2023	PERCENT OF CURRENT BUDGET	JULY 2022
OPERATING REVENUE	132,932,400.00		132,932,400.00	10,920,759.19	8.22%	12,022,952.69
COST OF SALES						
PURCHASED SERVICES	97,843,510.00		97,843,510.00	8,170,169.04	8.35%	8,921,496.29
PRODUCTION	-	-	-	193.25		-
TOTAL COST OF SALES	97,843,510.00	-	97,843,510.00	8,170,362.29		8,921,496.29
GROSS PROFIT	35,088,890.00	-	35,088,890.00	2,750,396.90		3,101,456.40
GROSS PROFIT %	26.40%		26.40%	25.19%		25.80%
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	1,686,950.00		1,686,950.00	106,500.97	6.31%	121,435.14
ENGINEERING	1,373,980.00		1,373,980.00	58,181.83	4.23%	52,431.69
DISTRIBUTION	13,113,520.00		13,113,520.00	896,608.65	6.84%	1,081,227.97
SERVICE	-		-	-		-
METERS & REGULATORS	384,260.00		384,260.00	41,583.17	10.82%	36,118.59
BAD DEBT	375,000.00		375,000.00	143,076.18	38.15%	28,115.61
GENERAL & ADMINISTRATIVE	5,984,870.00		5,984,870.00	421,330.02	7.04%	496,475.11
TOTAL OPERATING EXPENSES	22,918,580.00	-	22,918,580.00	1,667,280.82	7.27%	1,815,804.11
OPERATING INCOME (LOSS)	12,170,310.00	-	12,170,310.00	1,083,116.08	8.90%	1,285,652.29
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	202,680.00		202,680.00	40,494.33	19.98%	36,764.81
RECOVERIES AND REBATES	(100,000.00)		(100,000.00)	1,925.51	-1.93%	(534.55)
GAIN/LOSS ON DISPOSAL	30,000.00		30,000.00	-	0.00%	72,234.64
JOBBING INCOME (LOSS)	724,830.00		724,830.00	10,124.80	1.40%	(122,274.81)
INTEREST ON LONG TERM INDEBTEDNESS	(2,374,200.00)		(2,374,200.00)	-	0.00%	(1,400.00)
NET INCOME (LOSS)	10,653,620.00	-	10,653,620.00	1,135,660.72	10.66%	1,270,442.38
OPERATING TRANSFERS IN (OUT)	(10,635,610.00)		(10,635,610.00)	(886,300.83)	8.33%	(881,050.87)
NET INCOME AFTER TRANSFERS	18,010.00	-	18,010.00	249,359.89	1384.56%	389,391.51
CONTRIBUTION IN AID	-		-	-	0.00%	
FEDERAL AID - CAPITAL PROJECTS	-	-	-	-	0.00%	
REGULAR CAPITAL MAINTENANCE	(5,002,930.00)	-	(5,002,930.00)	(296,516.29)	5.93%	
CAPITAL PROJECTS	-	-	-	(243,131.90)		
DEBT SERVICE	(3,627,660.00)	-	(3,627,660.00)	-	0.00%	
DEPRECIATION	8,104,400.00		8,104,400.00	675,366.67	8.33%	

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED JULY 31, 2023

TELECOMMUNICATIONS

	ORIGINAL BUDGET 2023-24	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2023-24	JULY 2023	PERCENT OF CURRENT BUDGET	JULY 2022
OPERATING REVENUE	679,200.00		679,200.00	77,943.03	11.48%	63,476.13
COST OF SALES						
PURCHASED SERVICES	60,000.00		60,000.00	5,705.54	9.51%	6,517.42
PRODUCTION			-	-		-
TOTAL COST OF SALES	60,000.00	-	60,000.00	5,705.54		6,517.42
GROSS PROFIT	619,200.00	-	619,200.00	72,237.49		56,958.71
GROSS PROFIT %	91.17%		91.17%	92.68%		89.73%
OPERATING EXPENSES						
TRANSMISSION & TREATMENT			-	-		-
ENGINEERING			-	-		-
DISTRIBUTION			-	-		-
SERVICE			-	-		-
METERS & REGULATORS			-	-		-
BAD DEBT	-		-	-		-
GENERAL & ADMINISTRATIVE	862,420.00	-	862,420.00	61,344.02	7.11%	67,143.59
TOTAL OPERATING EXPENSES	862,420.00	-	862,420.00	61,344.02	7.11%	67,143.59
OPERATING INCOME (LOSS)	(243,220.00)	-	(243,220.00)	10,893.47	-4.48%	(10,184.88)
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	7,150.00		7,150.00	1,647.62	23.04%	1,072.00
RECOVERIES AND REBATES			-	-		-
GAIN/LOSS ON DISPOSAL			-	-		-
JOBBING INCOME (LOSS)	(4,000.00)		(4,000.00)	190.61	-4.77%	98.37
INTEREST ON LONG TERM INDEBTEDNESS			-	-		-
NET INCOME (LOSS)	(240,070.00)	-	(240,070.00)	12,731.70	-5.30%	(9,014.51)
OPERATING TRANSFERS IN (OUT)	(81,000.00)		(81,000.00)	(6,750.00)	8.33%	(6,750.00)
NET INCOME AFTER TRANSFERS	(321,070.00)	-	(321,070.00)	5,981.70	-1.86%	(15,764.51)
CONTRIBUTION IN AID	-		-	-	0.00%	
REGULAR CAPITAL MAINTENANCE	(50,000.00)		(50,000.00)	(1,414.20)	2.83%	
CAPITAL PROJECTS	-	-	-	-	0.00%	
DEPRECIATION	437,520.00		437,520.00	36,460.00	8.33%	

Future months (still in blue) show projections.

After PGA's are calculated, hard code them before reconciling the month

Mo Rate Applied	WACOG	WACOG Plus Losses	Demand Rate Firm	Demand Rate Interruptible	Adjustments	PGA (f)	PGA (i)	DEMAND Recovery (Independent of Commod) Cum Over (Under) Demand Recovery Current FY	COMMODITY - Rolling Recovery (Does not include Demand Recovery) Monthly Commodity Cost	Monthly Commodity Recovered	Monthly Commod Over (Under) Recovery	Adjustments	Commodity Recovery Balance Over (Under) +/- $2,000,000	
Jun-23	$ 3.19175	$ 3.19175	$ (0.30000)	$ -		$ 3.68695	$ 3.98695	$ 8,395.30	$361,740.12	$ 485,101.57	$ 123,361.45		$435,993.29	FY FINAL
Jul-23	$ 3.36060	$ 3.36060	$ -	$ -		$ 3.27427	$ 3.27427	$ (199,324.67)	$ 371,556.21	$ 381,198.45	$ 9,642.24		$445,635.53	Final
Aug-23	$ 2.82158	$ 2.82158	$ -	$ -		$ 2.82158	$ 2.82158	$ (407,423.54)	$ 389,008.28	$ 427,392.82	$ 38,384.54		$484,020.07	Est
Sep-23	$ 3.12424	$ 3.12424	$ -	$ -	$ (0.50000)	$ 2.62424	$ 2.62424	$ (607,495.03)	$ 414,397.80	$ 454,191.16	$ 39,793.36		$523,813.43	Est
Oct-23	$ 3.10880	$ 3.10880	$ -	$ -	$ (0.50000)	$ 2.60880	$ 2.60880	$ (817,401.02)	$ 577,141.58	$ 513,206.23	$ (63,935.35)		$459,878.08	Est
Nov-23	$ 3.48820	$ 3.48820	$ 2.30000	$ -	$ (0.50000)	$ 5.28820	$ 2.98820	$ (821,287.57)	$ 1,052,050.97	$ 761,448.33	$ (290,602.65)		$169,275.43	Est
Dec-23	$ 3.70050	$ 3.70050	$ 2.30000	$ -	$ (0.50000)	$ 5.50050	$ 3.20050	$ (615,130.11)	$ 1,329,112.65	$ 1,128,422.98	$ (200,689.68)		($31,414.24)	Est
Jan-24	$ 3.88792	$ 3.88792	$ 2.30000	$ -	$ (0.50000)	$ 5.68792	$ 3.38792	$ (259,550.90)	$ 1,571,590.61	$ 1,329,117.44	$ (242,473.17)		($273,887.41)	Est
Feb-24	$ 3.93650	$ 3.93650	$ 2.30000	$ -	$ (0.50000)	$ 5.73650	$ 3.43650	$ 220,508.74	$ 1,289,338.06	$ 1,587,251.72	$ 297,913.66		$24,026.26	Est
Mar-24	$ 3.93403	$ 3.93403	$ 2.30000	$ -	$ (0.50000)	$ 5.73403	$ 3.43403	$ 422,373.48	$ 990,012.89	$ 1,085,244.41	$ 95,231.51		$119,257.77	Est
Apr-24	$ 3.53331	$ 3.53331	$ 1.85000	$ -	$ (0.50000)	$ 4.88331	$ 3.03331	$ 455,365.67	$ 586,029.72	$ 855,885.92	$ 269,856.20		$389,113.97	Est
May-24	$ 3.45562	$ 3.45562	$ -	$ -	$ (0.50000)	$ 2.95562	$ 2.95562	$ 247,266.80	$ 522,124.86	$ 620,507.39	$ 98,382.53		$487,496.50	Est
Jun-24	$ 3.44154	$ 3.44154	$ -	$ -	$ (0.50000)	$ 2.94154	$ 2.94154	$ 6,445.31	$454,242.30	$ 532,138.45	$ 77,896.15		$565,392.64	Est

KEY IN YELLOW CELLS ONLY. TWEAK THE PCA IN COLUMN "L" TO ACHIEVE THE DESIRED RECOVERY.

BILLING MONTH	TOTAL POWER COST	HLF POWER COST	**NON-HLF POWER COST**	TOTAL kWh SALES	HLF kWh SALES	NON-HLF kWh SALES	PCA / kWh	POWER COST / kWh RECOVERED IN BASE RATE	TOTAL POWER COST / kWh RECOVERED	HLF STRANDED COSTS RECOVERED	**NON-HLF POWER COST RECOVERED**	NON-HLF POWER COST OVER / (UNDER) RECOVERY	ADJUSTMTS	**CUMULATIVE POWER COST RECOVERY NON-HLF CUSTOMERS (+ / - $4,000,000)**	
Jun-23	$ 7,594,779.01	$ 1,379,311.23	**$ 6,215,467.78**	62,691,519	11,385,600	51,305,919	$0.030000	$0.086200	$0.116200		**$ 5,961,747.79**	$ (253,719.99)		**$ 1,826,200.91**	ACTUAL
Jul-23	$ 8,170,169.04	$ 1,215,225.56	**$ 6,954,943.48**	77,249,233	11,490,000	65,759,233	*$0.010000*	$0.086200	$0.096200		**$ 6,326,038.21**	$ (628,905.27)		**$ 1,197,295.64**	ACTUAL
Aug-23	$ 8,646,541.36	$ 1,128,129.87	**$ 7,518,411.49**	92,679,026	12,092,000	80,587,026	*$0.010000*	$0.086200	$0.096200		**$ 7,752,471.94**	$ 234,060.45		**$ 1,431,356.09**	PROJECTED
Sep-23	$ 7,689,862.73	$ 1,084,531.76	**$ 6,605,330.97**	84,654,791	11,939,200	72,715,591	*$0.020000*	$0.086200	$0.106200		**$ 7,722,395.74**	$ 1,117,064.77		**$ 2,548,420.85**	PROJECTED
Oct-23	$ 7,234,278.44	$ 1,238,839.03	**$ 5,995,439.41**	65,559,605	11,226,800	54,332,805	*$0.045000*	$0.086200	$0.131200		**$ 7,128,463.99**	$ 1,133,024.58		**$ 3,681,445.44**	PROJECTED
Nov-23	$ 7,607,839.56	$ 1,313,747.67	**$ 6,294,091.89**	62,841,011	10,851,600	51,989,411	*$0.035000*	$0.086200	$0.121200		**$ 6,301,116.59**	$ 7,024.70		**$ 3,688,470.14**	PROJECTED
Dec-23	$ 9,513,850.59	$ 1,374,439.32	**$ 8,139,411.27**	70,565,500	10,194,400	60,371,100	*$0.020000*	$0.086200	$0.106200		**$ 6,411,410.85**	$ (1,728,000.42)		**$ 1,960,469.72**	PROJECTED
Jan-24	$ 9,081,604.45	$ 1,124,565.09	**$ 7,957,039.36**	81,018,244	10,032,400	70,985,844	*$0.010000*	$0.086200	$0.096200		**$ 6,828,838.17**	$ (1,128,201.19)		**$ 832,268.54**	PROJECTED
Feb-24	$ 7,855,086.70	$ 997,573.94	**$ 6,857,512.76**	86,679,083	11,008,000	75,671,083	*$0.012500*	$0.086200	$0.098700		**$ 7,468,735.92**	$ 611,223.16		**$ 1,443,491.70**	PROJECTED
Mar-24	$ 7,721,352.60	$ 1,155,920.77	**$ 6,565,431.83**	67,030,744	10,034,800	56,995,944	*$0.025000*	$0.086200	$0.111200		**$ 6,337,948.96**	$ (227,482.87)		**$ 1,216,008.83**	PROJECTED
Apr-24	$ 7,534,847.81	$ 1,258,199.98	**$ 6,276,647.83**	65,393,042	10,919,600	54,473,442	*$0.035000*	$0.086200	$0.121200		**$ 6,602,181.17**	$ 325,533.34		**$ 1,541,542.17**	PROJECTED
May-24	$ 6,808,661.35	$ 1,224,381.19	**$ 5,584,280.16**	60,062,169	10,800,800	49,261,369	*$0.045000*	$0.086200	$0.131200		**$ 6,463,091.57**	$ 878,811.41		**$ 2,420,353.58**	PROJECTED
Jun-24	$ 7,830,822.10	$ 1,303,029.49	**$ 6,527,792.60**	68,676,498	11,427,600	57,248,898	*$0.020000*	$0.086200	$0.106200		**$ 6,079,832.98**	$ (447,959.62)		**$ 1,972,393.96**	PROJECTED

Danville Utility Commission

STAFF REPORT

DATE: September 25, 2023

TO: Danville Utility Commission

FROM: Jason Grey, Director of Utilities

RE: Renewable Energy Purchase Power Projects: Smokey Mountain Hydro and Blue Creek Wind-Renewable Energy Purchase Power Agreements (PPA)

Staff has been seeking winter renewable energy proposals to replace expiring purchase power blocks and the Locust Ridge Wind (PPA). The Smokey Mountain Hydro and Blue Creek Wind contracts are currently open for subscription. Through our membership with American Municipal Power, we are applying for an ERA grant through the USDA to possibly lower the cost of the PPA by up to 25% for 20-years. Staff is recommending up to 20 megawatts of Smokey Mountain Hydro and up to 10 megawatts of Blue Creek wind if we are successful in receiving grant funding.

Recommendation: A suggested motion follows:
I move that the Danville Utility Commission recommend to City Council approving entering into purchase power agreements for up to twenty megawatts of Smokey Mountain hydro generation and ten megawatts of Blue Creek wind generation.

ATTACHMENTS

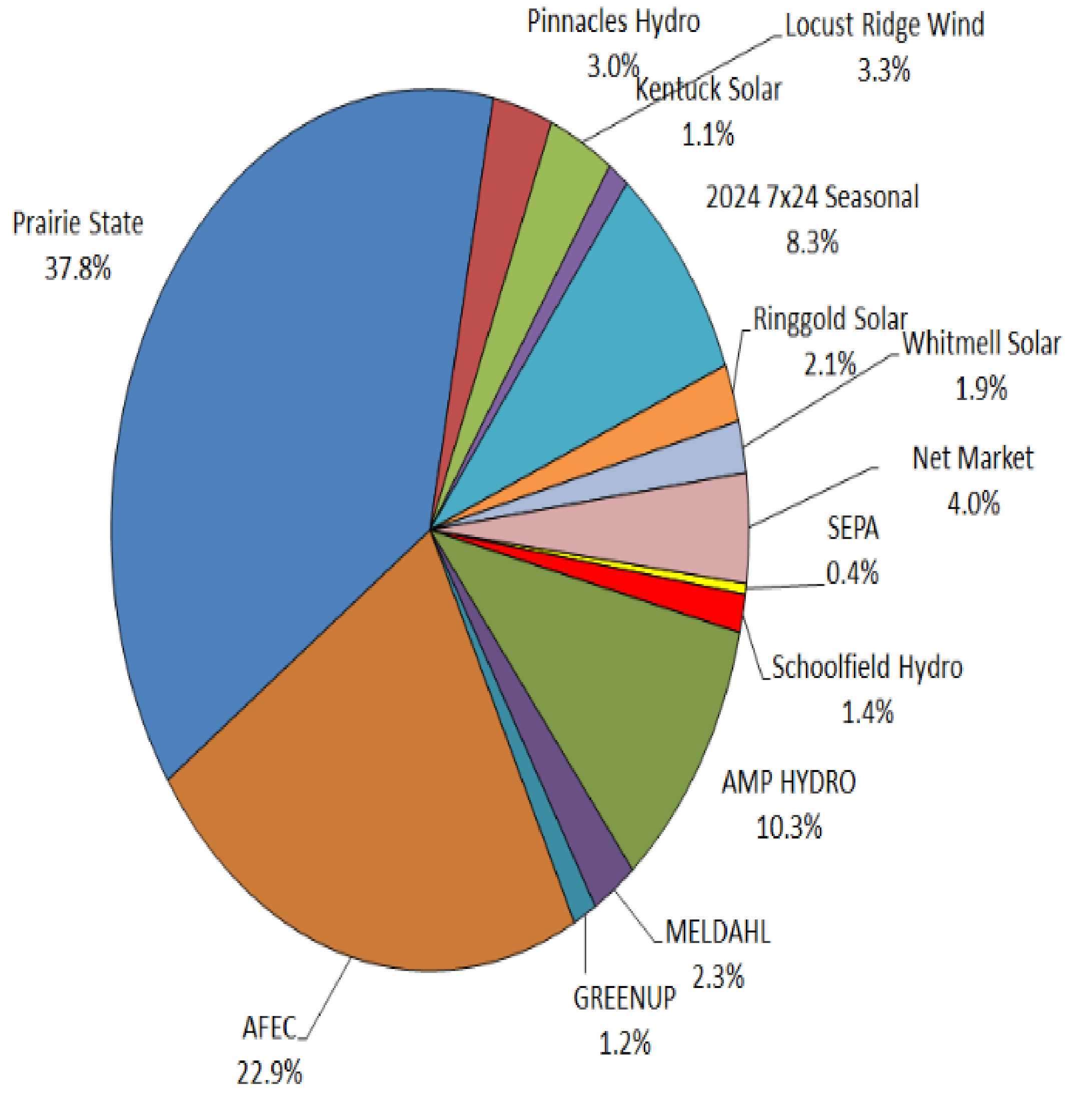
1. Renewable Energy PPAs 9-23

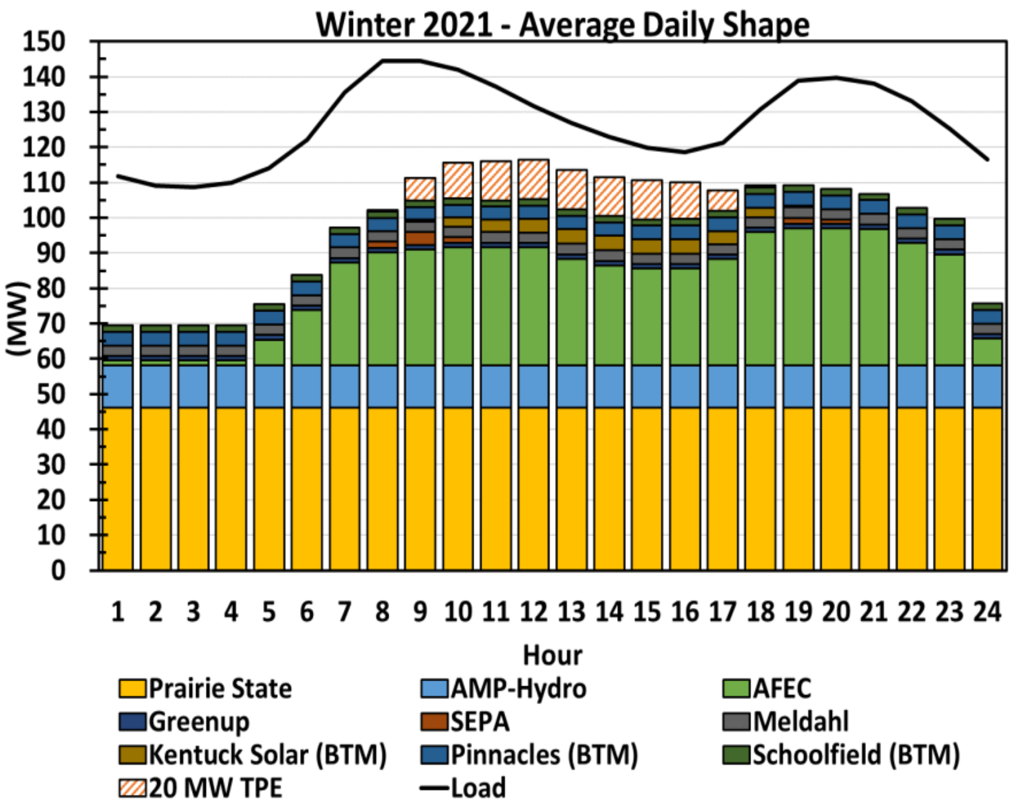
Renewable Energy Purchase Power Agreements

Renewable Energy

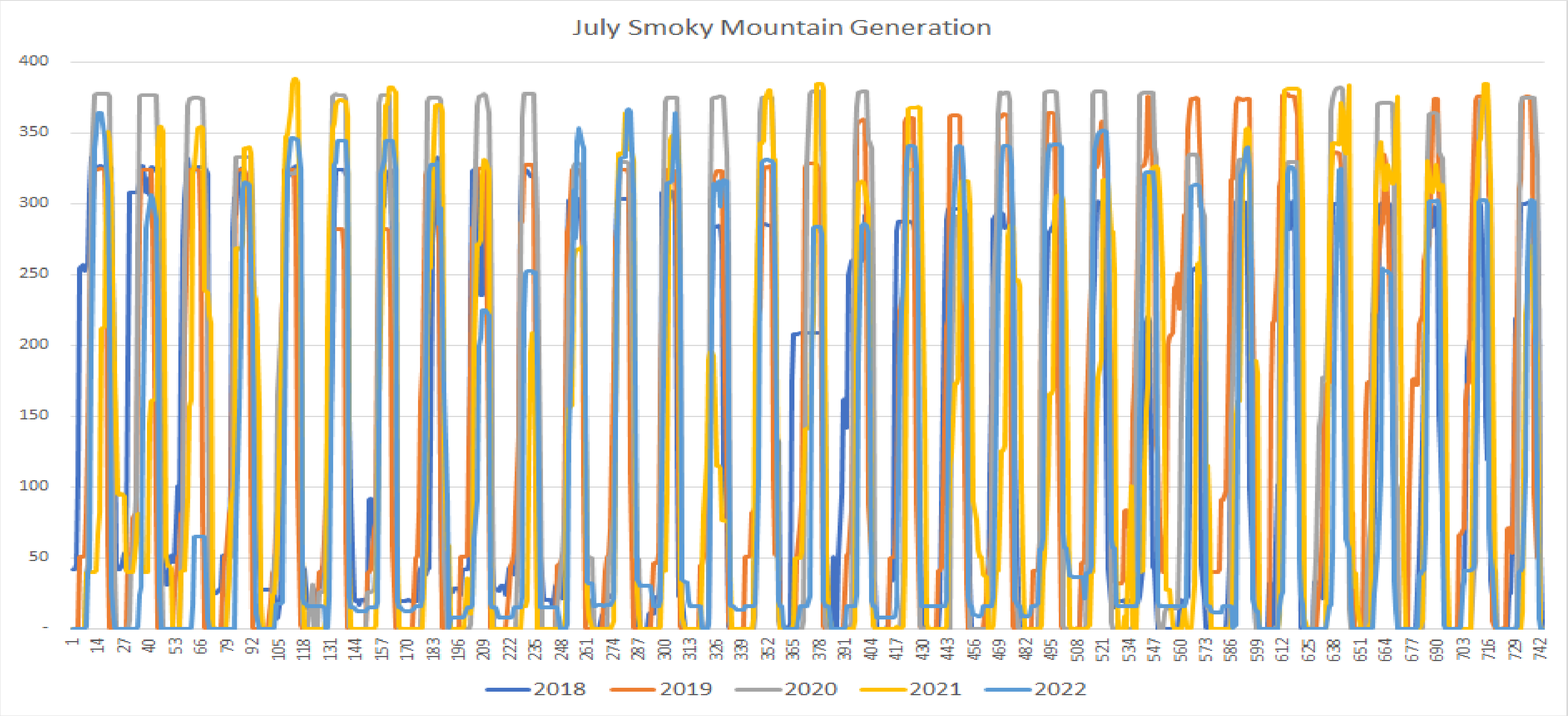
- Seeking winter renewable resources
- Avoid volatile winter market in a polar vortex
- Summer needs covered by solar and lower market costs
- Replace expiring Locust Ridge Wind and Purchase Blocks in 2025

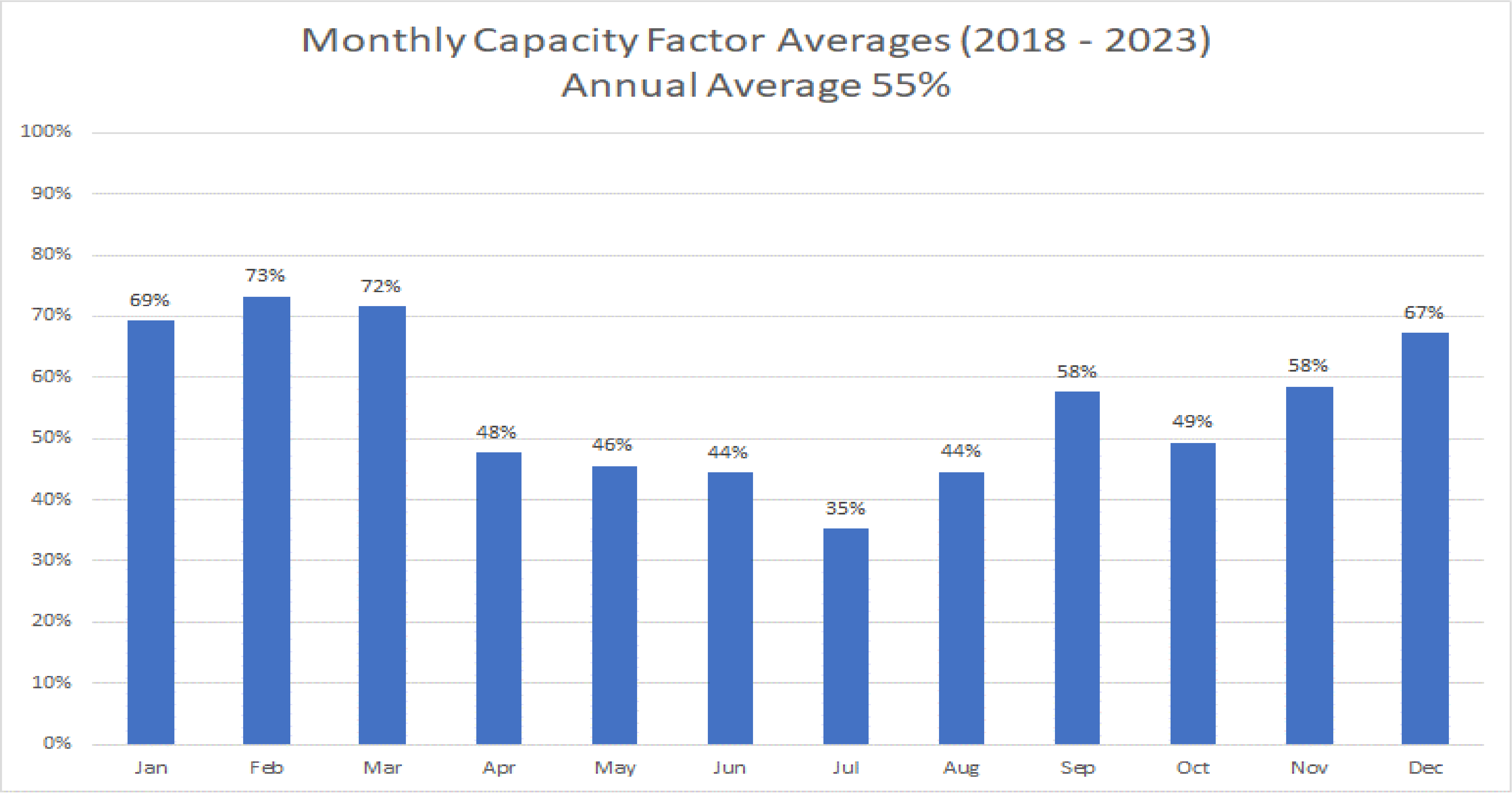
Danville 2024 Energy Sources





- $72.51/mWh
- 10-Year PPA
- Energy and RECs only
- Applying for ERA grant (Empowering Rural America) up to 25% discount
- LIHI Maryland Tier 2 RECs (market value-~$13/REC)
- Dispatch hydro based on market
- Usually operates in a 5x16 manner (next slide)
- Off-peak hours would be market energy (Lower pricing)


July Smoky Mountain Generation
400
350
300
250
200
150
100
50
-
2018
2019
2020
2021
2022


Monthly Capacity Factor Averages (2018 - 2023)
Annual Average 55%
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
69%
73%
72%
48%
46%
44%
35%
44%
58%
49%
58%
67%
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec

Blue Creek Wind

- Existing project in Ohio
- Up to 300 MW available in 2025
- $59/mWh-20-year term
- Includes energy/capacity/RECs

Empowering Rural America (New ERA)

Program Overview

$9.7 billion in budget authority for the long-term **resiliency, reliability, and affordability** of rural electric systems to achieve the **greatest reduction** in CO2, methane, and nitrous oxide emissions.

Eligibility: Electric cooperatives that are or have been RUS or REA borrowers, cooperative entities serving a predominantly rural area, or wholly or jointly owned subsidiaries of such cooperatives.

Activities Supported

- Purchase of renewable energy
- Renewable energy systems
- Zero-emission systems
- Carbon capture and storage systems
- The deployment of such systems
- Energy efficiency improvements to generation & transmission systems of eligible entities
- Any combination of the above

Permitted Use of Funds

- Grants – maximum 25 percent of project cost
- Loans fixed at 2 percent or at a rate tied to the Federal government's cost of capital; and 0 percent for predominantly distressed, disadvantaged or energy communities
- Refinance debt for a stranded assets at 0 percent interest in certain instances
- Any combination of the above

Empowering Rural America (New ERA)

Program Timelines

Target Date	Activity
May 16, 2023	Publication of the New ERA NOFO
May 16 – July 31, 2023	USDA hosts webinars, speaks at conferences, and is available to answer questions
July 31, 2023	Opening date for submission of New ERA Letters of Interest
~~August 31, 2023~~ September 15, 2023	Closing date for submission of New ERA Letters of Interest
September 2023	USDA reviews, scores, and ranks submitted Letters of Interest
October – November 2023	USDA invites competitive New ERA applications to file a full application Once applicants are invited to submit a full application, they have 60 days to do so unless otherwise agreed to with USDA.
December 2023 – December 2026	New ERA awards and announcements are made
September 30, 2031	All funds fully disbursed