



DANVILLE UTILITY COMMISSION AGENDA

CITY COUNCIL CHAMBERS

March 23, 2026

4:00 PM

A. CALL TO ORDER

B. ROLL CALL

C. ITEMS FOR DISCUSSION

1. Minutes of the February 23, 2026 Commission Meeting
2. Review of January Financial Statements
3. EPA/VDH Lead Service Line Inventory and Replacement Project

D. PUBLIC COMMENT

Members of the public who desire to speak on any item not on the agenda will be heard during this period. The Chairman/Vice Chairman of the Commission may restrict the number of speakers and limit the length of public comment to three minutes for individuals and five minutes for groups. The group must be present and have a single speaker to be eligible for the five-minute comment period. Sign up shall be in-person and closes when the meeting starts. Comments shall be limited to the provision of information to the Commission and not for the answering of questions.

E. COMMUNICATIONS

A. Commission Members

B. Director

ADJOURN

Next Meeting: April 27, 2026 at 4:00pm



**Danville Utility
Commission**

STAFF REPORT

DATE: March 23, 2026
TO: Danville Utility Commission
FROM:
RE: Minutes of the February 23, 2026 Commission Meeting

ATTACHMENTS

1. February 23 2026 DUC Minutes



Danville Utility Commission
4:00 p.m. February 23, 2026 Meeting
Council Chambers, City Hall
Minutes

Commission Members Present: Ken Larking, Gary Miller, Fred Shanks, Anna Kautzman, Murray Whittle, Mary Williamson, Steven Merricks, Vanessa Cain

Commission Members Absent: Helm Dobbins

Staff Present: Ryan Dodson, Jason Grey, Janet Davis, Amy Chandler, Mauricio Rodriguez, Joan Hodnett

Others Present:

Call to Order

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

Prior to the discussion and business items, Ms. Kautzman made a motion to correct the agenda to remove Smart Thermostat Program Residential Peak Shaving and to add Winter Energy Efficiency Presentation. Mr. Shanks seconded. All members voted in favor, and the motion passed.

Discussion/Business Items

Minutes of February 2, 2026 Commission Meeting

Ms. Kautzman asked for any corrections, deletions, or adjustments to the minutes from February 2, 2026.

Mr. Shanks made a motion to approve the minutes, and Mr. Larking seconded. All members voted in favor, and the motion was carried unanimously.

Review of Utilities' Financial Statements

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

Fiscal Year 2027 Budget Follow Up

Preliminary FY 2027 budget proposals were reviewed at the February 2nd Commission meeting. Jason Grey was available to answer any follow-up questions from commissioners.

Ms. Cain made a motion that the Danville Utility Commission approve the Utility Department's Proposed Fiscal Year 2027 Budget for submission to City Council with the Commission's

recommendation for its adoption by the Council. Ms. Cain 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 27th meeting should on-going evaluations reveal revenue shortfalls. Mr. Larking seconded the motion. All members voted in favor, and the motion was passed.

Winter Energy Efficiency Presentation

Mauricio Rodriguez presented energy efficiency strategies to help customers better manage electric consumption during the summer and winter months. Staff conducted public energy efficiency seminars in October and November to support customers in reducing energy costs.

Mr. Larking asked for confirmation on the direction the fan turns for winter. Mr. Rodriguez confirmed that the fan should be turning clockwise when looking up at the fan from below.

Department Discussions

Mr. Shanks asked Mr. Grey to address the Commission on the past couple of weeks of snow, ice, and the treatment of water. Mr. Grey responded that due to extreme drought conditions along with the runoff that occurred from the recent rain, raw water would not settle. While trying to get this water treated, the tanks ran out of water.

Mr. Shanks asked if other localities had issues. Mr. Grey responded that each part of the river is different and could face different challenges. He was not aware of any issues with the other nearby plants.

Ms. Cain asked if adjustments will be made to bills from the water issue. Mr. Larking responded that there is no intention to perform adjustments because it was a weather-related issue and was for the safety of the residents and there was no negligence on the part of the utility. Dr. Miller agreed and said that this was an act of God and would be hard to track who suffered, and that the reimbursement would be minimal.

Mr. Larking commended Mr. Grey and staff on their response to the water pressure issue that required the boil-water notice and reemphasized that no water put into the system was unsafe.

Mr. Grey thanked dedicated staff for stepping up during the two snowstorms, a windstorm, and the recent water event.

Adjournment

Chairman Kautzman stated the next meeting is scheduled for March 23, 2026. Ms. Cain made a motion to adjourn the meeting which was seconded by Mr. Shanks. There being no further business, Chairman Kautzman adjourned the meeting at 5:08 p.m.

Submitted by Janet C. Davis
Secretary to the DUC

March 23, 2026

Date Approved

Chairman
Danville Utility Commission



**Danville Utility
Commission**

STAFF REPORT

DATE: March 23, 2026
TO: Danville Utility Commission
FROM: Amy Chandler, Director of Finance
RE: Review of January Financial Statements

January financials will be reviewed.

ATTACHMENTS

1. Jan 2026 Utility Financial Statements

CITY OF DANVILLE
UTILITY FUNDS
COMBINING STATEMENT OF NET ASSETS - UNAUDITED
JANUARY 31, 2026

	<u>WASTEWATER</u>	<u>WATER</u>	<u>GAS</u>	<u>ELECTRIC</u>	<u>TELECOM</u>	<u>JANUARY 31, 2026</u>
ASSETS						
Equity in pooled Cash and Investments	\$ 9,059,744.35	6,968,143.77	12,616,985.54	4,238,341.46	1,574,803.46	34,458,018.58
Receivables (Net of allowances for Uncollectible):						
Accounts	1,455,138.76	1,599,891.84	3,011,326.36	19,567,170.18	56,745.89	25,690,273.03
Power/Gas Cost Recovery	-	-	218,732.51	4,078,523.82	-	4,297,256.33
Pension Assets	23,633.00	39,746.00	31,704.00	117,494.00	5,222.00	217,799.00
Inventory of Gas, Materials and Supplies, at Cost	-	968,157.18	826,970.01	3,576,734.14	244,548.30	5,616,409.63
Fixed Assets	111,109,301.64	104,278,000.57	74,748,586.69	365,118,647.20	11,491,276.76	666,745,812.86
Accumulated Depreciation	(57,762,698.06)	(48,454,339.59)	(35,104,647.54)	(164,500,755.55)	(5,837,519.74)	(311,659,960.48)
Deferred Outflows - Pension	171,684.00	288,743.00	230,324.00	853,564.00	37,935.00	1,582,250.00
	<u>\$ 64,056,803.69</u>	<u>65,688,342.77</u>	<u>56,579,981.57</u>	<u>233,049,719.25</u>	<u>7,573,011.67</u>	<u>426,947,858.95</u>
LIABILITIES AND NET ASSETS						
Liabilities						
Accounts Payable	\$ 521,125.53	1,150,224.36	2,955,145.14	18,169,598.49	30,869.35	22,826,962.87
Accrued Interest Payable	12,260.01	170,383.57	6,792.10	777,156.85	-	966,592.53
Customer Deposits	-	-	-	3,905,966.03	-	3,905,966.03
Accrued Vacation, Sick Leave & Workers Comp.	-	164,805.88	150,636.46	661,652.75	16,130.35	993,225.44
Deferred Gain / Loss - Refunding Bonds	(66,134.29)	(65,148.58)	(32,417.34)	(781,571.11)	-	(945,271.32)
Original Issue Premium/Discount (Refunding Bonds)	85,531.34	1,253,742.74	38,660.62	6,034,800.05	-	7,412,734.75
General Obligation Bonds Payable	1,333,341.50	5,685,196.34	378,181.59	44,859,373.05	-	52,256,092.48
Revenue Bonds Payable	-	6,140,400.00	-	11,034,600.00	-	17,175,000.00
Long-Term Leases, Notes, and Contracts Payable	-	51,421.09	51,421.10	1,270,940.45	-	1,373,782.64
	<u>\$ 1,886,124.09</u>	<u>14,551,025.40</u>	<u>3,548,419.67</u>	<u>85,932,516.56</u>	<u>46,999.70</u>	<u>105,965,085.42</u>
Net Assets						
Contributed Capital	\$ 4,252,014.78	4,676,282.92	1,340,510.58	13,721,622.53	337,248.59	24,327,679.40
Retained Earnings:						
Restricted for Investment in Fixed Assets	\$ 47,741,850.25	38,081,766.47	37,867,582.60	125,749,067.13	5,316,508.43	254,756,774.88
Restricted for Incomplete Projects	7,893,597.84	16,805,572.12	13,987,213.02	2,888,967.00	487,420.69	42,062,770.67
Restricted for Subsequent Expenses	1,687,516.56	32,510.06	14,958.41	1,224,196.85	1,098.89	2,960,280.77
Net Pension Assets	23,633.00	39,746.00	31,704.00	117,494.00	5,222.00	217,799.00
Deferred Outflows - Pension	171,684.00	288,743.00	230,324.00	853,564.00	37,935.00	1,582,250.00
Unrestricted	572,067.17	(8,498,560.20)	(210,406.71)	3,415,855.18	1,378,513.37	(3,342,531.19)
	<u>\$ 57,918,664.82</u>	<u>46,461,034.45</u>	<u>51,691,051.32</u>	<u>133,395,580.16</u>	<u>7,188,763.38</u>	<u>296,655,094.13</u>
	<u>\$ 62,170,679.60</u>	<u>51,137,317.37</u>	<u>53,031,561.90</u>	<u>147,117,202.69</u>	<u>7,526,011.97</u>	<u>320,982,773.53</u>
	<u>\$ 64,056,803.69</u>	<u>65,688,342.77</u>	<u>56,579,981.57</u>	<u>233,049,719.25</u>	<u>7,573,011.67</u>	<u>426,947,858.95</u>

CITY OF DANVILLE
UTILITY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
FOR THE PERIOD ENDED JANUARY 31, 2026

	<u>WASTEWATER</u>	<u>WATER</u>	<u>GAS</u>	<u>ELECTRIC</u>	<u>TELECOM</u>	<u>JANUARY 31, 2026</u>
Operating revenues:						
Charges for Services	\$ 5,771,255.96	5,790,353.20	11,968,755.69	91,920,521.40	458,908.03	115,909,794.28
Operating Expenses:						
Purchased Services	\$ -	-	8,508,289.65	72,068,509.87	29,119.41	80,605,918.93
Production	-	-	-	4,390.89	-	4,390.89
Transmission & Treatment	2,374,978.03	1,260,415.26	-	1,077,167.04	-	4,712,560.33
Engineering	-	164,626.37	173,775.10	696,593.24	-	1,034,994.71
Distribution	1,042,302.02	734,086.79	740,229.03	5,256,445.75	-	7,773,063.59
Service	63,823.38	109,601.13	57,724.22	-	-	231,148.73
Meters & Regulators	-	91,236.57	108,681.29	384,504.06	-	584,421.92
Administrative	1,588,475.89	2,470,044.88	2,429,699.69	9,155,698.16	528,643.18	16,172,561.80
Total Operating Expenses	\$ 5,069,579.32	4,830,011.00	12,018,398.98	88,643,309.01	557,762.59	111,119,060.90
Operating Income (Loss)	\$ 701,676.64	960,342.20	(49,643.29)	3,277,212.39	(98,854.56)	4,790,733.38
Non-Operating Revenues (Expenses):						
Jobbing Income (Loss)	22,201.38	315,351.52	688,462.95	585,904.70	13,455.88	1,625,376.43
Interest Income	154,703.64	141,351.97	233,119.18	127,564.30	28,136.59	684,875.68
Energy Efficiency Recovery	-	-	-	-	-	-
Gain (Loss) on Disposal of Property	1,374.50	115.00	580.00	25,248.69	-	27,318.19
Recoveries and Rebates	-	-	-	9,413.44	-	9,413.44
Federal and State Grants	-	50,472.00	-	36,386.14	-	86,858.14
Interest Expense	(15,451.98)	(292,091.52)	(8,291.08)	(1,223,663.48)	-	(1,539,498.06)
Total Non-Operating Revenues (Expenses)	\$ 162,827.54	215,198.97	913,871.05	(439,146.21)	41,592.47	894,343.82
Income (Loss) Before Operating Transfers	\$ 864,504.18	1,175,541.17	864,227.76	2,838,066.18	(57,262.09)	5,685,077.20
Operating Transfers:						
Transfers In (Out)	(447,640.00)	(609,538.31)	(1,244,805.81)	(3,876,385.81)	(82,030.00)	(6,260,399.93)
Total Operating Transfers	\$ (447,640.00)	(609,538.31)	(1,244,805.81)	(3,876,385.81)	(82,030.00)	(6,260,399.93)
Net Income (Loss)	\$ 416,864.18	566,002.86	(380,578.05)	(1,038,319.63)	(139,292.09)	(575,322.73)
Net Assets - July 1, 2025, as restated	61,714,579.42	50,571,314.51	53,412,139.95	148,155,522.32	7,665,304.06	321,518,860.26
Net Income (Loss)	416,864.18	566,002.86	(380,578.05)	(1,038,319.63)	(139,292.09)	(575,322.73)
Contribution In Aid of Construction	39,236.00	-	-	-	-	39,236.00
Net Assets -June 30, 2026	\$ 62,170,679.60	51,137,317.37	53,031,561.90	147,117,202.69	7,526,011.97	320,982,773.53

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED JANUARY 31, 2026

WASTEWATER						
	ORIGINAL BUDGET 25-26	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 25-26	JANUARY 2026	PERCENT OF CURRENT BUDGET	JANUARY 2025
OPERATING REVENUE	9,387,520.00		9,387,520.00	5,771,255.96	61.48%	5,716,469.59
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	4,405,190.00	32,618.55	4,437,808.55	2,374,978.03	53.52%	2,340,914.84
ENGINEERING	-		-	-		-
DISTRIBUTION	2,003,630.00		2,003,630.00	1,042,302.02	52.02%	1,164,657.51
SERVICE	184,920.00		184,920.00	63,823.38	34.51%	72,729.55
METERS & REGULATORS	-		-	-		-
DEPRECIATION	1,670,190.00		1,670,190.00	974,277.50	58.33%	1,147,632.50
BAD DEBT	40,000.00		40,000.00	53,095.13	132.74%	45,894.24
GENERAL & ADMINISTRATIVE	1,035,250.00		1,035,250.00	561,103.26	54.20%	494,156.77
TOTAL OPERATING EXPENSES	9,339,180.00	32,618.55	9,371,798.55	5,069,579.32	54.09%	5,265,985.41
OPERATING INCOME (LOSS)	48,340.00	(32,618.55)	15,721.45	701,676.64	4463.18%	450,484.18
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	54,200.00		54,200.00	154,703.64	285.43%	99,980.73
RECOVERIES AND REBATES	-		-	-	0.00%	-
GAIN/LOSS ON DISPOSAL	-		-	1,374.50	0.00%	1,451.00
JOBGING INCOME (LOSS)	36,050.00		36,050.00	22,201.38	61.58%	26,022.39
FEDERAL AND STATE GRANTS	-		-	-	0.00%	-
INTEREST ON LONG TERM INDEBTEDNESS	(127,780.00)		(127,780.00)	(15,451.98)	12.09%	(19,460.79)
NET INCOME (LOSS)	10,810.00	(32,618.55)	(21,808.55)	864,504.18	-3964.06%	558,477.51
OPERATING TRANSFERS IN (OUT)	(742,540.00)	-	(742,540.00)	(447,640.00)	60.28%	(411,693.31)
NET INCOME AFTER TRANSFERS	(731,730.00)	(32,618.55)	(764,348.55)	416,864.18	-54.54%	146,784.20
CONTRIBUTION IN AID	70,000.00		70,000.00	39,236.00	56.05%	
REGULAR CAPITAL MAINTENANCE	(1,540,820.00)	(590,830.75)	(2,131,650.75)	(347,296.98)	16.29%	
CAPITAL PROJECTS	-	(6,151,344.26)	(6,151,344.26)	(642,100.19)	10.44%	
DEBT SERVICE	(169,520.00)		(169,520.00)	(155,587.50)	91.78%	
DEPRECIATION	1,670,190.00		1,670,190.00	974,277.50	58.33%	

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED JANUARY 31, 2026

WATER

	<u>ORIGINAL BUDGET 25-26</u>	<u>ADJUSTMENTS AND CARRYFORWARDS</u>	<u>CURRENT BUDGET 25-26</u>	<u>JANUARY 2026</u>	<u>PERCENT OF CURRENT BUDGET</u>	<u>JANUARY 2025</u>
OPERATING REVENUE	9,264,850.00	-	9,264,850.00	5,790,353.20	62.50%	5,473,764.21
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	2,439,090.00	18,415.43	2,457,505.43	1,260,415.26	51.29%	1,169,069.75
ENGINEERING	391,490.00	16,506.25	407,996.25	164,626.37	40.35%	147,539.34
DISTRIBUTION	1,441,430.00	-	1,441,430.00	734,086.79	50.93%	657,666.31
SERVICE	223,640.00	-	223,640.00	109,601.13	49.01%	120,410.94
METERS & REGULATORS	159,440.00	-	159,440.00	91,236.57	57.22%	72,995.90
DEPRECIATION	1,442,130.00	-	1,442,130.00	841,242.43	58.33%	886,585.07
BAD DEBT	30,000.00	-	30,000.00	48,389.27	161.30%	35,202.49
GENERAL & ADMINISTRATIVE	2,791,525.00	76,617.63	2,868,142.63	1,580,413.18	55.10%	1,435,579.09
TOTAL OPERATING EXPENSES	8,918,745.00	111,539.31	9,030,284.31	4,830,011.00	53.49%	4,525,048.89
OPERATING INCOME (LOSS)	346,105.00	(111,539.31)	234,565.69	960,342.20	409.41%	948,715.32
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	103,300.00		103,300.00	141,351.97	136.84%	180,820.58
RECOVERIES AND REBATES	6,000.00		6,000.00	-	0.00%	-
GAIN/LOSS ON DISPOSAL	3,400.00		3,400.00	115.00	3.38%	-
JOBGING INCOME (LOSS)	744,365.00		744,365.00	315,351.52	42.37%	164,374.81
FEDERAL AND STATE GRANTS	2,920,000.00	2,604,620.00	5,524,620.00	50,472.00	0.91%	85,746.00
INTEREST ON LONG TERM INDEBTEDNESS	(571,580.00)		(571,580.00)	(292,091.52)	51.10%	(252,409.61)
NET INCOME (LOSS)	3,551,590.00	2,493,080.69	6,044,670.69	1,175,541.17	19.45%	1,127,247.10
OPERATING TRANSFERS IN (OUT)	(1,020,080.00)		(1,020,080.00)	(609,538.31)	59.75%	(563,675.00)
NET INCOME AFTER TRANSFERS	2,531,510.00	2,493,080.69	5,024,590.69	566,002.86	11.26%	563,572.10
CONTRIBUTION IN AID	-		-	-	0.00%	
REGULAR CAPITAL MAINTENANCE	(961,510.00)	(5,560.86)	(967,070.86)	(396,947.77)	41.05%	
CAPITAL PROJECTS	-	(9,546,074.09)	(9,546,074.09)	(2,907,005.06)	30.45%	
DEBT SERVICE	(516,610.00)		(516,610.00)	(305,162.50)	59.07%	
DEPRECIATION	1,442,130.00		1,442,130.00	841,242.43	58.33%	

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED JANUARY 31, 2026

GAS						
	ORIGINAL BUDGET 25-26	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 25-26	JANUARY 2026	PERCENT OF CURRENT BUDGET	JANUARY 2025
OPERATING REVENUE	19,864,170.00	-	19,864,170.00	11,968,755.69	60.25%	10,435,353.35
COST OF SALES						
PURCHASED SERVICES	12,875,000.00		12,875,000.00	8,508,289.65	66.08%	6,521,953.93
PRODUCTION	-		-	-		-
TOTAL COST OF SALES	12,875,000.00	-	12,875,000.00	8,508,289.65		6,521,953.93
GROSS PROFIT	6,989,170.00	-	6,989,170.00	3,460,466.04		3,913,399.42
GROSS PROFIT %	35.18%		35.18%	28.91%		37.50%
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	-		-	-		-
ENGINEERING	396,830.00	9,736.41	406,566.41	173,775.10	42.74%	168,740.16
DISTRIBUTION	1,400,310.00	-	1,400,310.00	740,229.03	52.86%	631,312.88
SERVICE	146,230.00	-	146,230.00	57,724.22	39.47%	33,733.78
METERS & REGULATORS	186,670.00	-	186,670.00	108,681.29	58.22%	86,318.00
DEPRECIATION	1,589,130.00	-	1,589,130.00	926,992.50	58.33%	920,558.38
BAD DEBT	60,000.00	-	60,000.00	85,902.66	143.17%	55,525.30
GENERAL & ADMINISTRATIVE	2,583,600.00	-	2,583,600.00	1,416,804.53	54.84%	1,368,285.90
TOTAL OPERATING EXPENSES	6,362,770.00	9,736.41	6,372,506.41	3,510,109.33	55.08%	3,264,474.40
OPERATING INCOME (LOSS)	626,400.00	(9,736.41)	616,663.59	(49,643.29)	-8.05%	648,925.02
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	114,700.00		114,700.00	233,119.18	203.24%	168,367.10
RECOVERIES AND REBATES	-		-	-	0.00%	180.08
GAIN/LOSS ON DISPOSAL	-		-	580.00	0.00%	3,570.00
JOBGING INCOME (LOSS)	283,780.00		283,780.00	688,462.95	242.60%	350,290.19
FEDERAL AND STATE GRANTS	-	10,052,738.00	10,052,738.00	-	0.00%	-
INTEREST ON LONG TERM INDEBTEDNESS	(46,580.00)		(46,580.00)	(8,291.08)	17.80%	(10,730.73)
NET INCOME (LOSS)	978,300.00	10,043,001.59	11,021,301.59	864,227.76	7.84%	1,160,601.66
OPERATING TRANSFERS IN (OUT)	(2,109,110.00)		(2,109,110.00)	(1,244,805.81)	59.02%	(4,866,275.81)
NET INCOME AFTER TRANSFERS	(1,130,810.00)	10,043,001.59	8,912,191.59	(380,578.05)	-4.27%	(3,705,674.15)
CONTRIBUTION IN AID						
REGULAR CAPITAL MAINTENANCE	(418,790.00)	(70,156.51)	(488,946.51)	(344,482.52)	70.45%	
CAPITAL PROJECTS	-	(14,398,618.23)	(14,398,618.23)	(555,869.20)	3.86%	
DEBT SERVICE	(103,110.00)		(103,110.00)	(100,462.50)	97.43%	
DEPRECIATION	1,589,130.00		1,589,130.00	926,992.50	58.33%	

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED JANUARY 31, 2026

ELECTRIC

	<u>ORIGINAL BUDGET 25-26</u>	<u>ADJUSTMENTS AND CARRYFORWARDS</u>	<u>CURRENT BUDGET 25-26</u>	<u>JANUARY 2026</u>	<u>PERCENT OF CURRENT BUDGET</u>	<u>JANUARY 2025</u>
OPERATING REVENUE	139,117,080.00	-	139,117,080.00	91,920,521.40	66.07%	83,573,002.27
COST OF SALES						
PURCHASED SERVICES	104,894,010.00	-	104,894,010.00	72,068,509.87	68.71%	64,106,784.69
PRODUCTION	-	-	-	4,390.89		-
TOTAL COST OF SALES	<u>104,894,010.00</u>	<u>-</u>	<u>104,894,010.00</u>	<u>72,072,900.76</u>		<u>64,106,784.69</u>
GROSS PROFIT	34,223,070.00	-	34,223,070.00	19,847,620.64		19,466,217.58
GROSS PROFIT %	24.60%		24.60%	21.59%		23.29%
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	2,060,660.00	67,251.00	2,127,911.00	1,077,167.04	50.62%	1,111,293.79
ENGINEERING	1,317,370.00	43,740.95	1,361,110.95	696,593.24	51.18%	785,556.77
DISTRIBUTION	6,750,560.00	992,758.05	7,743,318.05	5,256,445.75	67.88%	3,610,178.28
METERS & REGULATORS	599,180.00	-	599,180.00	384,504.06	64.17%	327,806.04
DEPRECIATION	8,150,650.00	-	8,150,650.00	4,754,545.81	58.33%	4,787,352.50
BAD DEBT	400,000.00	-	400,000.00	432,245.55	108.06%	372,036.16
GENERAL & ADMINISTRATIVE	<u>6,786,690.00</u>	<u>768,587.86</u>	<u>7,555,277.86</u>	<u>3,968,906.80</u>	<u>52.53%</u>	<u>3,544,003.25</u>
TOTAL OPERATING EXPENSES	26,065,110.00	1,872,337.86	27,937,447.86	16,570,408.25	59.31%	14,538,226.79
OPERATING INCOME (LOSS)	<u>8,157,960.00</u>	<u>(1,872,337.86)</u>	<u>6,285,622.14</u>	<u>3,277,212.39</u>	<u>52.14%</u>	<u>4,927,990.79</u>
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	500,000.00	-	500,000.00	127,564.30	25.51%	304,823.02
RECOVERIES AND REBATES	(10,000.00)	-	(10,000.00)	9,413.44	0.00%	2,052,668.04
GAIN/LOSS ON DISPOSAL	25,000.00	-	25,000.00	25,248.69	100.99%	2,175.00
JOBGING INCOME (LOSS)	2,888,190.00	(7,132.00)	2,881,058.00	585,904.70	20.34%	841,131.99
FEDERAL AND STATE GRANTS	-	-	-	36,386.14	0.00%	-
INTEREST ON LONG TERM INDEBTEDNESS	<u>(2,557,070.00)</u>	<u>-</u>	<u>(2,557,070.00)</u>	<u>(1,223,663.48)</u>	<u>47.85%</u>	<u>(1,112,952.80)</u>
NET INCOME (LOSS)	<u>9,004,080.00</u>	<u>(1,879,469.86)</u>	<u>7,124,610.14</u>	<u>2,838,066.18</u>	<u>39.83%</u>	<u>7,015,836.04</u>
OPERATING TRANSFERS IN (OUT)	<u>(6,620,390.00)</u>	<u>-</u>	<u>(6,620,390.00)</u>	<u>(3,876,385.81)</u>	<u>58.55%</u>	<u>(6,204,105.81)</u>
NET INCOME AFTER TRANSFERS	<u><u>2,383,690.00</u></u>	<u><u>(1,879,469.86)</u></u>	<u><u>504,220.14</u></u>	<u><u>(1,038,319.63)</u></u>	<u><u>-205.93%</u></u>	<u><u>811,730.23</u></u>
CONTRIBUTION IN AID	-	-	-	-	0.00%	
FEDERAL AID - CAPITAL PROJECTS	-	-	-	-	0.00%	
REGULAR CAPITAL MAINTENANCE	(6,057,980.00)	(1,127,781.63)	(7,185,761.63)	(2,521,682.18)	35.09%	
CAPITAL PROJECTS	(26,910.00)	(5,666,400.73)	(5,693,310.73)	(8,031,393.60)	141.07%	
DEBT SERVICE	(4,540,970.00)	-	(4,540,970.00)	(3,062,511.12)	67.44%	
DEPRECIATION	8,150,650.00	-	8,150,650.00	4,754,545.81	58.33%	

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED JANUARY 31, 2026

TELECOMMUNICATIONS

	ORIGINAL BUDGET 25-26	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 25-26	JANUARY 2026	PERCENT OF CURRENT BUDGET	JANUARY 2025
OPERATING REVENUE	853,270.00		853,270.00	458,908.03	53.78%	497,743.08
COST OF SALES						
PURCHASED SERVICES	70,000.00		70,000.00	29,119.41	41.60%	37,216.02
PRODUCTION	-		-	-		-
TOTAL COST OF SALES	70,000.00	-	70,000.00	29,119.41		37,216.02
GROSS PROFIT	783,270.00	-	783,270.00	429,788.62		460,527.06
GROSS PROFIT %	91.80%		91.80%	93.65%		92.52%
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	-		-	-		-
ENGINEERING	-		-	-		-
DISTRIBUTION	-		-	-		-
SERVICE	-		-	-		-
METERS & REGULATORS	-		-	-		-
DEPRECIATION	445,170.00	-	445,170.00	259,682.50	58.33%	256,981.69
BAD DEBT	-		-	-		-
GENERAL & ADMINISTRATIVE	517,530.00	265.54	517,795.54	268,960.68	51.94%	295,573.48
TOTAL OPERATING EXPENSES	962,700.00	265.54	962,965.54	528,643.18	54.90%	552,555.17
OPERATING INCOME (LOSS)	(179,430.00)	(265.54)	(179,695.54)	(98,854.56)	55.01%	(92,028.11)
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	9,900.00	-	9,900.00	28,136.59	284.21%	19,018.19
RECOVERIES AND REBATES	-	-	-	-	0.00%	-
GAIN/LOSS ON DISPOSAL	-	-	-	-	0.00%	-
JOBGING INCOME (LOSS)	700.00	-	700.00	13,455.88	1922.27%	4,536.21
FEDERAL AND STATE GRANTS	-	-	-	-	0.00%	-
INTEREST ON LONG TERM INDEBTEDNESS	-	-	-	-	0.00%	-
NET INCOME (LOSS)	(168,830.00)	(265.54)	(169,095.54)	(57,262.09)	33.86%	(68,473.71)
OPERATING TRANSFERS IN (OUT)	(115,780.00)		(115,780.00)	(82,030.00)	70.85%	(47,250.00)
NET INCOME AFTER TRANSFERS	(284,610.00)	(265.54)	(284,875.54)	(139,292.09)	48.90%	(115,723.71)
CONTRIBUTION IN AID	-		-	-	0.00%	
REGULAR CAPITAL MAINTENANCE	(115,000.00)	-	(115,000.00)	(25,189.16)	21.90%	
CAPITAL PROJECTS	-	(479,576.76)	(479,576.76)	(81,966.91)	0.00%	
DEPRECIATION	445,170.00	-	445,170.00	259,682.50	58.33%	

Future months (still in blue) show projections.

Mo Rate Applied						After PGA's are calculated, hard code them before reconciling the month		DEMAND Recovery <small>(Independent of Commodity)</small>	COMMODITY - Rolling Recovery <small>(Does not include Demand Recovery)</small>			Commodity Recovery Balance	
	WACOG		Demand Rate	Demand Rate	Adjustments	PGA (f)	PGA (i)	Cum Over (Under) Demand Recovery	Monthly Commodity Cost	Monthly Commodity Recovered	Monthly Commodity Over (Under)	Over (Under)	
	WACOG	Plus Losses	Firm	Interruptible				Current FY				+/- \$2,000,000	
Jun-25	\$ 4.38519	\$ 4.38519	\$ 2.15000	\$ -		\$ 5.17432	\$ 3.02432	\$ 10,273.69	\$305,994.68	\$ 414,687.01	\$ 108,692.34	\$1,558,813.40	Final
Jul-25	\$ 3.96358	\$ 3.96358	\$ -	\$ -	\$ -	\$ 3.46063	\$ 3.46063	\$ (310,169.04)	\$ 312,672.57	\$ 332,764.84	\$ 20,092.26	\$1,578,905.66	Final
Aug-25	\$ 4.09117	\$ 4.09262	\$ 0.25000	\$ -	\$ -	\$ 3.91448	\$ 3.66448	\$ (623,057.37)	\$ 319,778.92	\$ 415,523.43	\$ 95,744.51	\$1,674,650.17	Final
Sep-25	\$ 3.64752	\$ 3.64752	\$ 0.35000	\$ -	\$ -	\$ 3.65003	\$ 3.30003	\$ (920,163.32)	\$ 303,929.61	\$ 379,033.79	\$ 75,104.18	\$1,749,754.35	Final
Oct-25	\$ 3.85406	\$ 3.85406	\$ 0.45000	\$ -	\$ -	\$ 4.27733	\$ 3.82733	\$ (1,223,756.60)	\$ 484,576.38	\$ 428,722.20	\$ (55,854.18)	\$1,693,900.16	Final
Nov-25	\$ 3.76503	\$ 3.76503	\$ 3.35000	\$ -	\$ -	\$ 6.29894	\$ 2.94894	\$ (1,202,805.60)	\$ 765,660.18	\$ 612,060.63	\$ (153,599.55)	\$1,540,300.61	Final
Dec-25	\$ 4.21419	\$ 4.22405	\$ 3.50000	\$ -	\$ -	\$ 7.01885	\$ 3.51885	\$ (845,832.52)	\$ 1,493,218.53	\$ 1,097,969.69	\$ (395,248.84)	\$1,145,051.77	Final
Jan-26	\$ 7.61255	\$ 7.63215	\$ 3.00000	\$ -	\$ -	\$ 7.27312	\$ 4.27312	\$ (368,897.15)	\$ 2,618,721.53	\$ 1,254,934.15	\$ (1,363,787.37)	(\$218,735.60)	Final
Feb-26	\$ 5.34324	\$ 5.40707	\$ 2.00000	\$ -	\$ -	\$ 7.40641	\$ 5.40641	\$ (89,763.50)	\$ 1,106,050.30	\$ 1,778,452.09	\$ 672,401.79	\$453,666.18	Est
Mar-26	\$ 3.16122	\$ 3.16122	\$ 5.00000	\$ -	\$ -	\$ 8.16122	\$ 3.16122	\$ 555,975.73	\$ 363,539.95	\$ 727,834.55	\$ 364,294.60	\$817,960.79	Est
Apr-26	\$ 3.91257	\$ 3.91257	\$ 3.00000	\$ -	\$ -	\$ 6.91257	\$ 3.91257	\$ 567,923.39	\$ 176,065.67	\$ 608,909.36	\$ 432,843.69	\$1,250,804.47	Est
May-26	\$ 3.90491	\$ 3.90491	\$ 3.00000	\$ -	\$ -	\$ 6.90491	\$ 3.90491	\$ 408,114.63	\$ 78,098.17	\$ 377,854.71	\$ 299,756.54	\$1,550,561.01	Est
Jun-26	\$ 4.14690	\$ 4.14690	\$ 3.00000	\$ -	\$ -	\$ 7.14690	\$ 4.14690	\$ 210,008.29	\$41,468.98	\$ 343,867.17	\$ 302,398.19	\$1,852,959.20	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	NON-HLF POWER COST RECOVERED	NON-HLF POWER COST OVER / (UNDER) RECOVERY	ADJUSTMENTS	CUMULATIVE POWER COST RECOVERY NON-HLF CUSTOMERS (+ / - \$4,000,000)	
Jun-25	\$ 10,042,672.32	\$ 1,844,404.57	\$ 8,198,267.75	77,394,378	14,214,000	63,180,378	\$0.020000	\$0.086200	\$0.106200	\$ 6,709,756.14	\$ (1,488,511.61)		\$ 21,136.92	ACTUAL
Jul-25	\$ 10,374,088.11	\$ 1,462,869.03	\$ 8,911,219.08	99,770,361	14,068,800	85,701,561	\$0.010000	\$0.086200	\$0.096200	\$ 8,244,490.17	\$ (666,728.91)		\$ (645,592.00)	ACTUAL
Aug-25	\$ 8,911,168.27	\$ 1,263,099.36	\$ 7,648,068.91	102,878,858	14,582,400	88,296,458	\$0.020000	\$0.086200	\$0.106200	\$ 9,377,083.84	\$ 1,729,014.93		\$ 1,083,422.94	ACTUAL
Sep-25	\$ 9,209,528.44	\$ 1,514,383.17	\$ 7,695,145.27	85,973,582	14,137,200	71,836,382	\$0.025000	\$0.086200	\$0.111200	\$ 7,988,205.68	\$ 293,060.41		\$ 1,376,483.35	ACTUAL
Oct-25	\$ 9,036,030.30	\$ 1,547,434.43	\$ 7,488,595.87	72,440,793	12,405,600	60,035,193	\$0.035000	\$0.086200	\$0.121200	\$ 7,276,265.39	\$ (212,330.48)		\$ 1,164,152.87	ACTUAL
Nov-25	\$ 8,172,131.72	\$ 1,454,587.39	\$ 6,717,544.33	70,687,923	12,582,000	58,105,923	\$0.045000	\$0.086200	\$0.131200	\$ 7,623,497.10	\$ 905,952.77		\$ 2,070,105.64	ACTUAL
Dec-25	\$ 10,256,355.71	\$ 1,464,568.68	\$ 8,791,787.03	80,640,798	11,515,200	69,125,598	\$0.045000	\$0.086200	\$0.131200	\$ 9,069,278.46	\$ 277,491.43		\$ 2,347,597.07	ACTUAL
Jan-26	\$ 16,109,207.32	\$ 1,915,824.76	\$ 14,193,382.56	91,639,167	10,898,400	80,740,767	\$0.010000	\$0.086200	\$0.096200	\$ 7,767,261.79	\$ (6,426,120.77)		\$ (4,078,523.70)	ACTUAL
Feb-26	\$ 9,471,984.80	\$ 1,350,943.86	\$ 8,121,040.94	90,138,340	12,856,000	77,282,340	\$0.010000	\$0.086200	\$0.096200	\$ 7,434,561.08	\$ (686,479.86)		\$ (4,765,003.56)	PROJECTED
Mar-26	\$ 8,319,695.41	\$ 1,350,223.59	\$ 6,969,471.81	71,924,488	11,672,800	60,251,688	\$0.035000	\$0.086200	\$0.121200	\$ 7,302,504.58	\$ 333,032.77		\$ (4,431,970.79)	PROJECTED
Apr-26	\$ 8,164,633.70	\$ 1,457,912.21	\$ 6,706,721.48	69,319,562	12,378,000	56,941,562	\$0.040000	\$0.086200	\$0.126200	\$ 7,186,025.12	\$ 479,303.64		\$ (3,952,667.16)	PROJECTED
May-26	\$ 8,141,408.57	\$ 1,492,932.70	\$ 6,648,475.87	65,197,463	11,955,600	53,241,863	\$0.045000	\$0.086200	\$0.131200	\$ 6,985,332.43	\$ 336,856.56		\$ (3,615,810.60)	PROJECTED
Jun-26	\$ 9,404,945.95	\$ 1,671,990.80	\$ 7,732,955.14	72,566,982	12,900,800	59,666,182	\$0.020000	\$0.086200	\$0.106200	\$ 6,336,548.53	\$ (1,396,406.61)		\$ (5,012,217.21)	PROJECTED



**Danville Utility
Commission**

STAFF REPORT

DATE: March 23, 2026
TO: Danville Utility Commission
FROM: Roger Arnold
RE: EPA/VDH Lead Service Line Inventory and Replacement Project

Roger Arnold, Associate, Hazen and Sawyer, will provide an overview of the EPA/VDH Lead Service Line (LSL) requirements that the City and water utilities nationwide are required to satisfy by 2037. The City has undertaken LSL-related activities since 2022 and has developed a plan to meet applicable state and federal requirements for identifying public and private water service line materials.

ATTACHMENTS

1. City of Danville LCR Review_Utility Commission Meeting - March 2026 DRAFT

Hazen



Lead and Copper Rule Compliance: Service Line Inventory and Replacement

Utility Commission Meeting
March 23, 2026

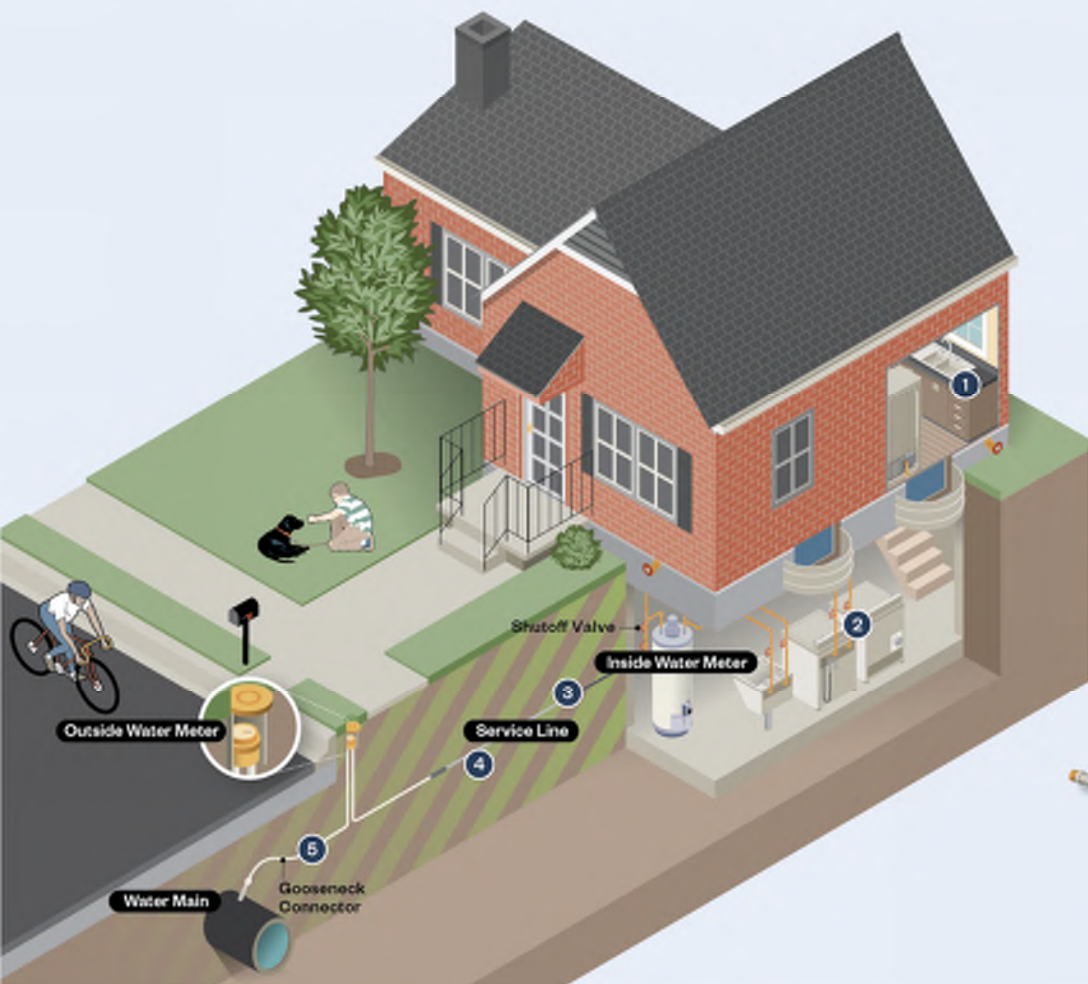


Presentation Overview

- Lead and Copper Rule Compliance
- Funding Sources
- Service Line Inventory Progress
- Ongoing Service Line Identification and Replacement
- Danville's Compliance Progress

Sources of Lead in Drinking Water

Where it may be and how to protect your family



Faucets

Fixtures and faucets installed prior to 2014 do not meet today's requirements for "lead-free" fixtures.



Copper pipe with lead solder

Before 1979, copper pipes were usually connected with solder that contained lead.



Galvanized pipe requiring replacement (GRR)

Galvanized pipes can capture lead released from upstream lead service lines, which could be released into the home, requiring their replacement. Galvanized pipes that were never downstream of a lead pipe do not need to be replaced.



Lead service lines

Service lines are the pipes that bring water from the main in the street to the plumbing in your home.



Lead Gooseneck

Goosenecks (also called pigtails) are shorter pipes that connect the service line to the water main and may be made of lead.

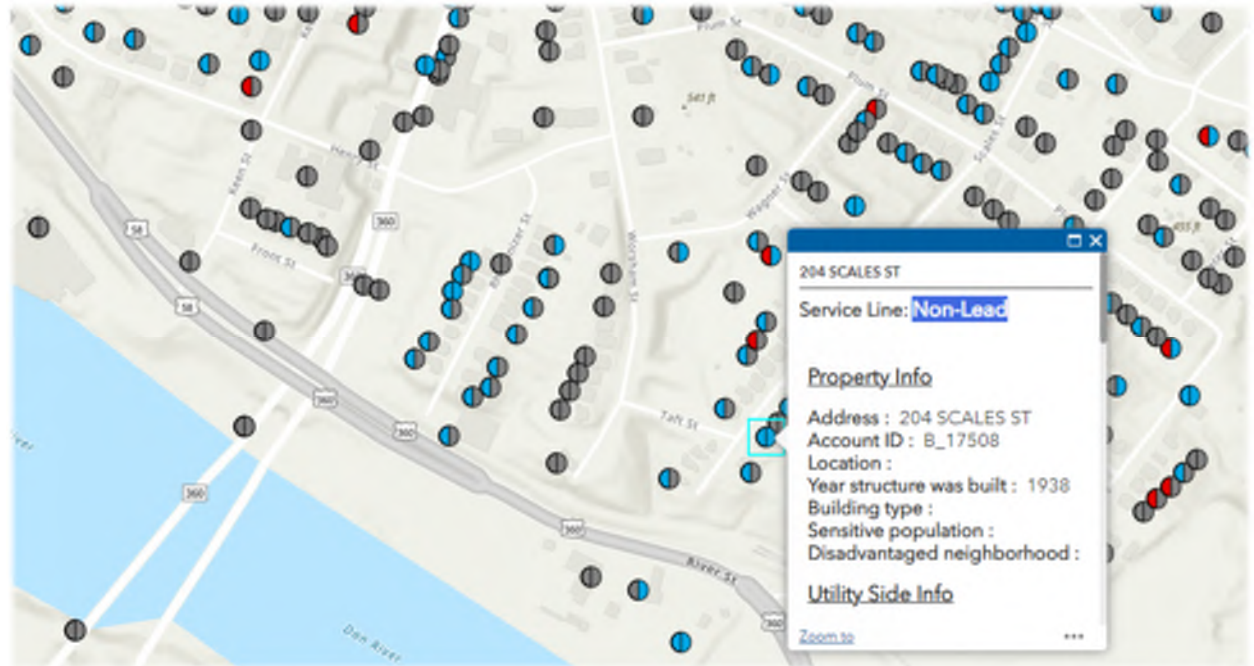
USEPA Lead and Copper Rule Improvements

- Required an initial service line inventory to be submitted to Virginia Department of Health (VDH) by Oct. 16, 2024
- Updated inventory due Nov. 1, 2027
- Annual material notifications to customers with unknown, lead, or GRR service lines continues annually
 - Deadline Dec. 31, 2026
- All unknowns must be identified and lead service lines replaced by Dec. 31, 2037



What is a Service Line Inventory?

- A regularly-updated registry of available information on service line materials
- Updated with field observations, utility records, and other sources of information



Regulatory Timeline for Lead and Copper Rule Compliance



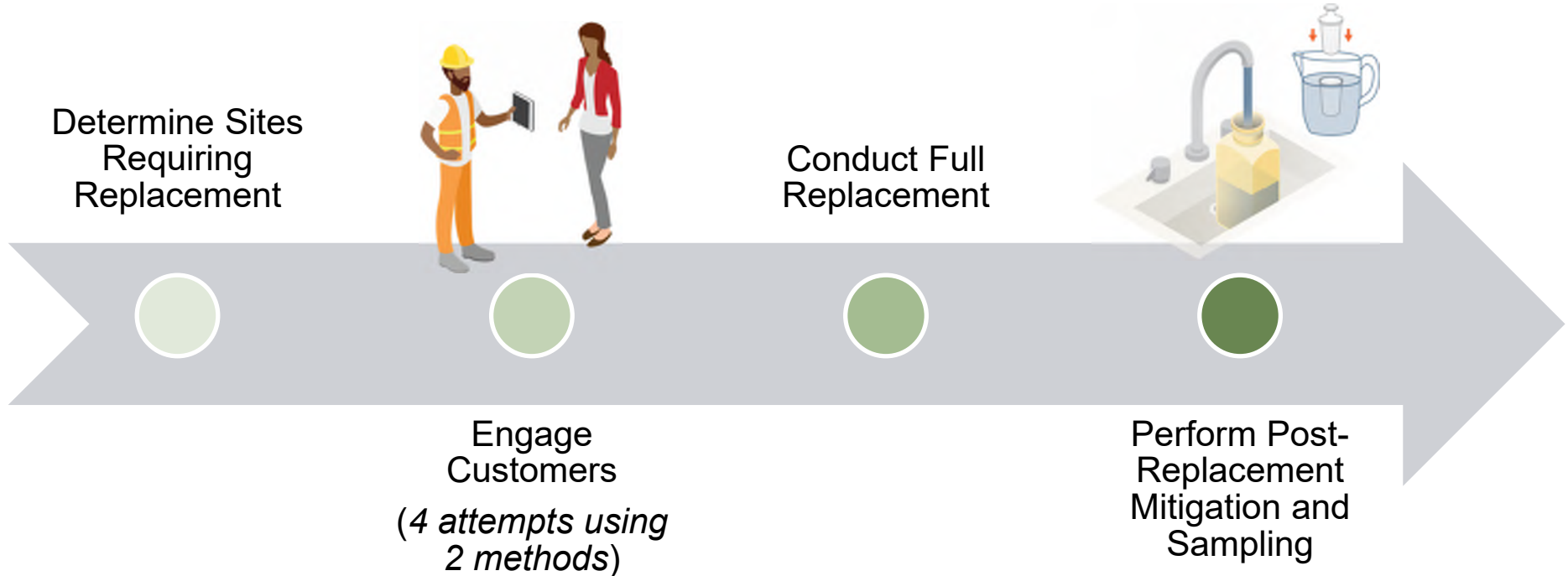
Danville's Service Line Material Inventory Status

Parameter	Utility-Side	Customer-Side
Non-Lead	18,341	16,570
Lead	16	0
Galvanized Requiring Replacement	--	76
Unknown	2,843*	4,554
Total Service Lines	21,200	21,200

The remaining City-side unknown service lines been prioritized for field verifications to determine if lead is still present.

Service Line Replacement

Replacement of all LSL and GRR from November 1, 2027 to December 31, 2037



City of Danville Funding Awards

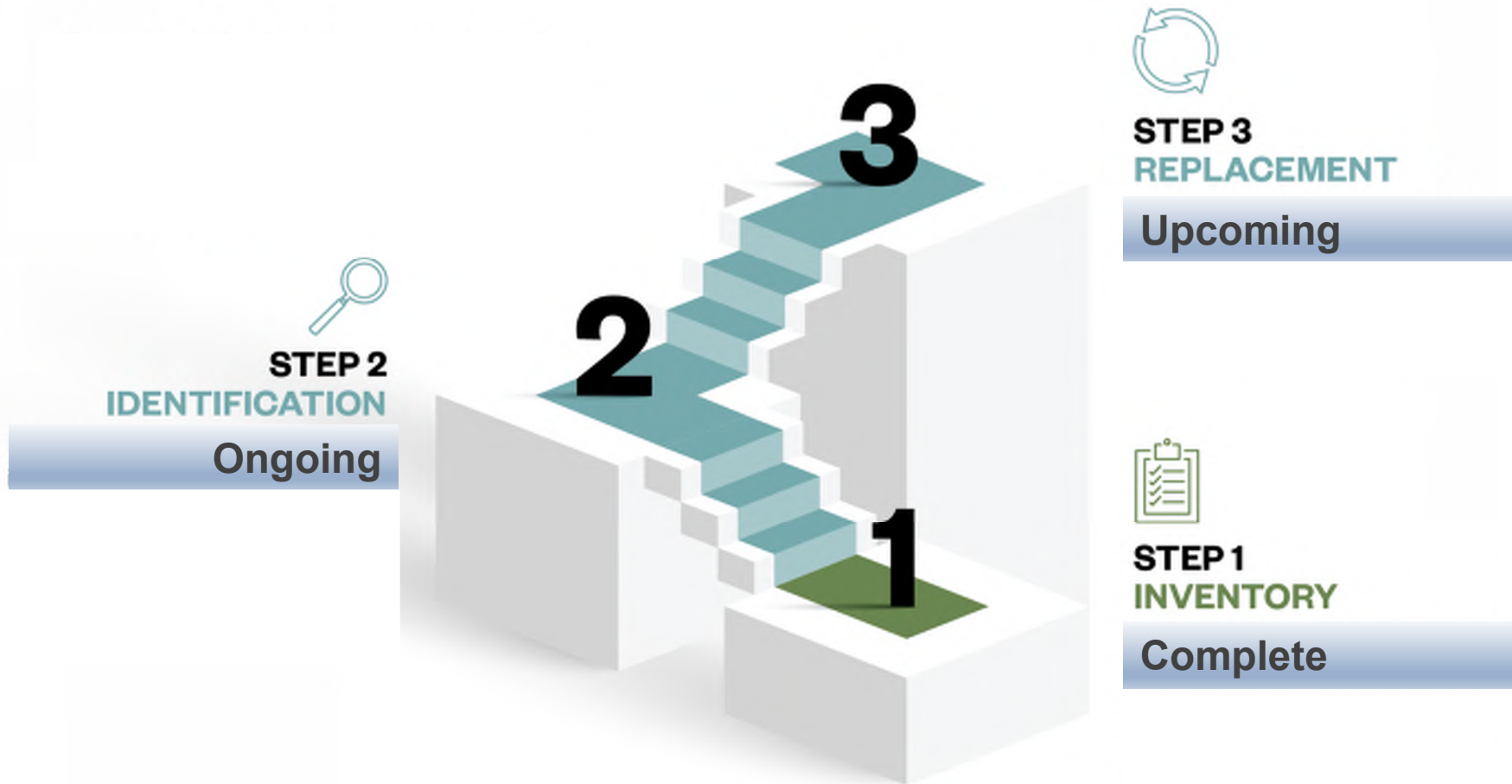
- Bipartisan Infrastructure Law (BIL)
- \$15B+ federal funding available nationally in recent years
- Locally administered by Virginia Department of Health (VDH) Funding and Construction Assistance Program (FCAP)
- City of Danville Funding Awards from VDH Funding and :
 - **Service Line Inventory – \$500,000**
 - *100% principal forgiveness*
 - **Service Line Identification and Replacement – \$8.0M**

The City's funding awards provide an opportunity to remove lead pipes at low cost to the community.

Compliance Progress

Hazen

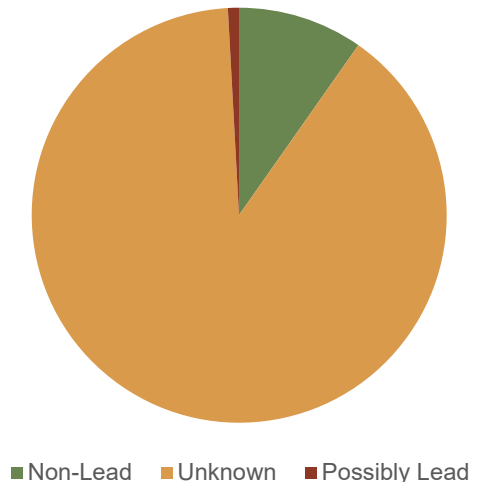
How the City is Navigating Lead and Copper Compliance



Completed Work

- The City successfully developed a complete service line inventory in accordance with 2024 LCRR requirements.
- 80,000+ records were reviewed, including:
 - Water Service Records
 - Prior Identifications
 - Service Line Installation Dates
 - Plumbing Permits
 - Billing Records
 - Water Meter Records
- Conducted a customer survey campaign (water bill insert)
- Performed over 300 service line identifications in the field
- Results were used to develop a predictive model

STEP 1: INVENTORY

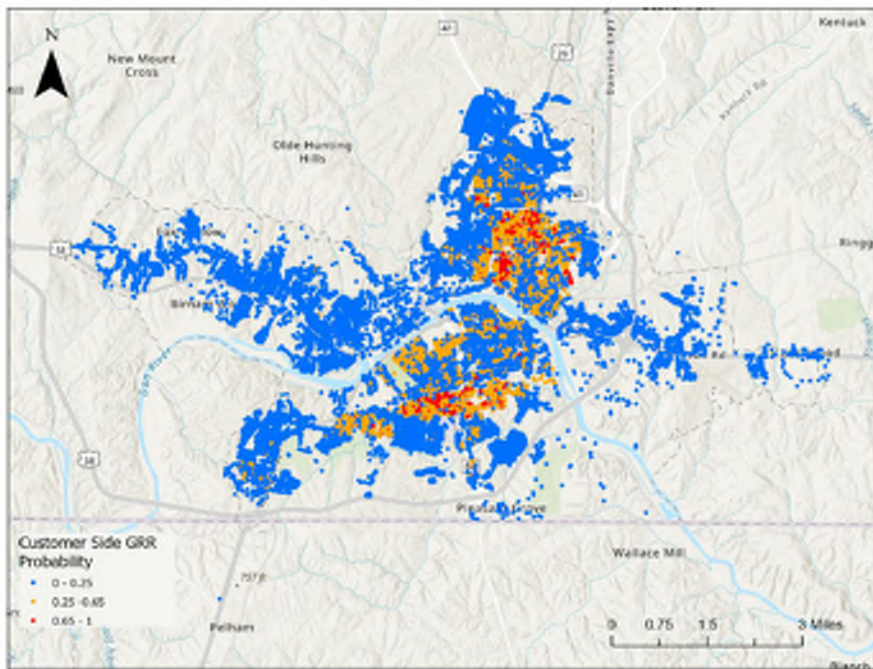


Inventory Results

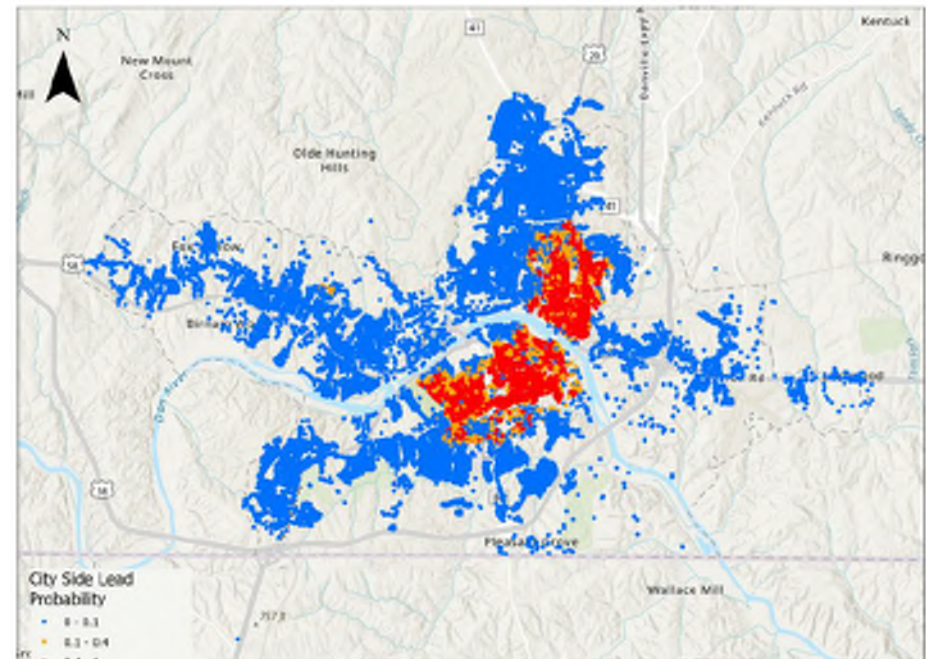
Predictive Model of Lead/GRR Likelihood

STEP 1: INVENTORY

- The City's predictive model was approved by VDH in December 2025.



Heat map of Customer-Side Model Predictions for GRR
94% accuracy



Heat map of City-Side Model Predictions
96% accuracy

Ongoing Projects

STEP 2: IDENTIFICATION

- Additional field identifications are being performed to determine service line materials.
- Results will be used to update and improve the predictive model.

What does this entail?

1. *A vacuum truck or shovel is used to clear a small section of the service line for material verification.*
2. *Both the public and private sides of the service line must be verified. **The City continues to depend on customer cooperation for this effort.***



Work is well underway!



Upcoming Projects

- The City of Danville, like all water systems in the US, will be required to replace all Lead Service Lines by 2037 to comply with LCR Improvements.
- VDH funding will contribute towards funding needs.
- Customer participation will be critical for removing 100% of the system's lead service lines, if any are found on private property.

STEP 3: REPLACEMENT

The identification efforts will help the City develop a comprehensive replacement plan to ensure that all existing lead service lines are removed from the system.

Resources

- Visit the City's website: [LCRR & LCRI Overview | Danville Utilities, VA](#)
- To review the City's Frequently Asked Questions, visit: [Program-FAQs-PDF](#)
- To review the City's publicly-available service line inventory, contact the City water treatment plant at 434-799-6473
- For more information: [Basic Information about Lead in Drinking Water | US EPA](#)