

Gas

Fiscal Year 2023

Revenue

Charges for Services

Revenues are forecasted based upon results of the 2021 Rate Study, which evaluated 2017-2019 statistics obtained from our customer information system, and further refined by staff to include actual revenue.

Expenditures

Administration Services: Decrease of \$68,940 due to a decrease in legal services and internal allocations.

Engineering: Decrease of \$25,460 due primarily to a decrease in engineering/architectural services.

Distribution: Increase of \$6,740 due to an increase in contractors' expense.

Service: Increase of \$43,930 for increase in salaries and uniform expenses.

Meters and Regulators: Decrease of \$55,210 due to decreases in wages and contractors

Gas Control: Decrease of \$32,490 due to decrease in salaries and travel/training expenses.

Debt Service: Increase of \$9,050 in principal payment on general obligation bonds.

Capital Expenses

Regular Capital

Equipment and Vehicles

Shared with Water Fund:

Vehicles: 3 vehicles (including aftermarket expenses)	\$62,950
1 dump truck replacement	\$35,000
Machinery & Equipment: Fusion equipment	\$5,000

Other Regular Capital

Meters and regulators	\$216,400
Projects: Contractors, locators, and other materials	\$186,500

Projects

We included \$3 million in Capital Projects for the Natural Gas Transmission Pipeline project.

Gas

Calculation of Contribution to(from) Fund Balance/General Fund

	Adopted Budget FY 2022	City Council's Introductory FY 2023
Estimated Revenue		
Rev-Use Money/Property	298,110	286,550
Charges for Services	19,630,430	22,408,490
Miscellaneous Revenue	6,500	8,500
Total Estimated Revenue	19,935,040	22,703,540
Operating Expenses		
Administration Services	3,471,750	3,532,540
Engineering	373,050	374,400
Gas Control	11,498,210	14,196,860
Distribution	511,880	572,840
Service	295,470	308,270
Meters & Regulators	116,750	125,380
Capital Expenses	813,510	866,130
Capital Projects	1,213,790	3,000,000
Total Operating Expenses	18,294,410	22,976,420
Net Operating Income (Loss)	1,640,630	-272,880
Add:		
Depreciation	1,573,910	1,690,430
Deduct:		
Debt Service Principal	132,210	88,430
Capital Expenditures from Current Operating Funds	0	0
Contribution to City's General Fund	3,196,330	3,196,330
Contribution To(From) Retained Earnings	(114,000)	(1,867,210)

Revenue categories for this fund are as follows:

REVENUE – USE OF MONEY/PROPERTY: This revenue category includes: **Interest on Investments** - All of the City’s funds are invested in secured accounts in an attempt to earn the highest possible return. Investment earnings are a function of the money marketplace and swings in the revenues reflect higher or lower interest rates. Other sources include: **Rental Income that is offset by vehicle and equipment charges to the divisions for daily and monthly usage.** **Sale-Salvage and Surplus Property** - This revenue represents the sale of surplus vehicles and equipment and funds received from the sale of scrap metal.

CHARGES FOR SERVICES: The major revenue source for the Gas Fund is consumer fees. The residential category is the largest part of that revenue stream representing 13,168 customers. The commercial base represents 1509 customers, and the industrial base represents 19 firms, six interruptible and five transport customers. There are 54 municipal class represents gas sold to the City for its municipal facilities. Other revenues in this category include penalties for non-payment and reconnection fees. The monthly charge for the Purchased Gas Adjustment is also included in Charges for Services. In FY20 a rate decrease for the natural gas fund was implemented based on the biennial Cost of Service Study. This rate decrease was implemented through the gas distribution charge based on the cost to serve for each customer class. The decrease is possible due to the reduction in on-going capital projects. In FY22, the gas fund completed a twenty-year gas main replacement project.

MISCELLANEOUS REVENUE: Miscellaneous revenue includes charges to customers who request alternation or expansion of their existing services and for amounts billed to third parties for damages to equipment and infrastructure.

	FY 2020 Actual	FY 2021 Actual	FY 2022 Adopted	FY 2023 Introductory	Increase/ (Decrease)
Revenues:					
Rev-Use Money & Property	\$ 466,563	\$ 163,840	\$ 298,110	\$ 286,550	\$ (11,560)
Charges for Services	19,435,942	19,682,733	19,630,430	22,408,490	2,778,060
Miscellaneous Rev	2,152	13,512	6,500	8,500	2,000
Totals	\$ 19,904,657	\$ 19,860,085	\$ 19,935,040	\$ 22,703,540	\$ 2,768,500

Description

Danville has been in the gas distribution business since 1876. In 1950, the City was the first to begin receiving natural gas from the new, Transcontinental Gas Pipeline allowing Danville access to gas produced along the Gulf Coast. Danville has a gas-purchasing contract with Muni-Gas of Houston, Texas to purchase wholesale gas discounted from the market price.

Danville’s gas system includes more than 356 miles of mains that are 1 ¼ to 12 inches in diameter. Nineteen regulator stations allow Danville to supply just under 15,000 customers. Danville Utilities-Water and Gas is staffed with employees equipped to handle both natural gas and potable water distribution system construction, maintenance, and service.

Expenditures

	FY 2020 Actual	FY 2021 Actual	FY 2022 Adopted	FY 2023 Introductory	Increase/ (Decrease)
Expenditures:					
Personnel Services	\$ 62,095	\$ 62,900	\$ 81,880	\$ 134,180	\$ 52,300
Employee Benefits	82,592	57,268	38,740	48,640	9,900
Purchased Services	59,550	75,341	64,760	73,280	8,520
Internal Service	30,502	19,948	23,830	27,760	3,930
Other Operating Exp	190,903	192,042	278,900	241,780	(37,120)
Cost Allocation	1,504,780	1,274,512	1,232,640	1,296,200	63,560
Capital Outlay	-	442	500	500	-
Depreciation	1,546,538	1,556,838	1,573,910	1,690,430	116,520
Debt Service	46,485	38,833	51,590	30,440	(21,150)
Transfer Out	3,186,330	3,186,330	3,321,330	3,196,330	(125,000)
Totals	\$ 6,709,775	\$ 6,464,454	\$ 6,668,080	\$ 6,739,540	\$ 71,460

Personnel

The Division Director position is allocated 50/50 to Water Distribution and Gas.

Position Title	FY 2020 FTEs	FY 2021 FTEs	FY 2022 FTEs	FY 2023 FTEs
DIVISION DIR OF WATER & GAS	0.500	0.500	0.500	0.500
Total	0.500	0.500	0.500	0.500

Description

Gas Engineering performs complex work managing the design, planning, and coordination of projects to ensure reliable, safe and efficient operation of Danville's natural gas system. This is accomplished by managing projects for new main and service installations, main rehabilitation, economic development, roadway construction and relocations; performing system testing and calculations for adequate capacity; reviewing plans and engineering work performed by consultants and interpreting and implementing regulations related to construction of the gas distribution system. In addition, Gas Engineering maintains and supports the Gas Geographic Information System, ensures compliance with Pipeline Safety and various environmental regulations, including the Distribution Integrity Management Program (DIMP), and performs investigations for response to regulatory and compliance issues. The Gas Engineering group provides technical and operational support for measurement, leak survey and cathodic protection.

Expenditures

	FY 2020 Actual	FY 2021 Actual	FY 2022 Adopted	FY 2023 Introductory	Increase/ (Decrease)
Expenditures:					
Personnel Services	\$ 208,211	\$ 169,689	\$ 230,140	\$ 296,410	\$ 66,270
Employee Benefits	24,899	22,016	29,800	36,200	6,400
Purchased Services	56,610	18,784	63,910	49,660	(14,250)
Internal Service	13,570	11,609	15,800	14,800	(1,000)
Other Operating Exp	4,000	3,345	24,750	27,730	2,980
Capital Outlay	3,912	5,952	8,650	5,350	(3,300)
Totals	\$ 311,202	\$ 231,395	\$ 373,050	\$ 430,150	\$ 57,100

Personnel

Position Title	FY 2020 FTEs	FY 2021 FTEs	FY 2022 FTEs	FY 2023 FTEs
W&G PROJECT ENGINEER		0.500		
CONSTRUCTION INSPECTOR		0.500	0.500	0.500
W&G CORROSION TECHNICIAN			0.500	0.500
WG GIS ENGINEERING TECHNICIAN	1.000	1.000	1.000	1.000
WATER & GAS ENGINEERING AIDE				
W&G SR ENGINEERING TECHNICIAN	1.000	1.000	1.000	1.000
W&G CHIEF ENGINEER	0.500	0.500	0.500	0.500
W&G COMPLIANCE COORDINATOR	1.000	1.000	0.500	0.500
SENIOR SECRETARY	0.250	0.250	0.250	0.250
Total	3.750	4.750	4.250	4.250

Description

The Gas Control group manages the purchase and dispatch of the City's natural gas supply. The division participates in negotiations for acquiring gas and delivery contracts to meet system and customer needs and develops and administers cost-effective capacity and commodity procurement strategies. Gas control monitors system pressures, customer usage, capacity limits, and weather to optimize throughput and revenue. The technicians install, operate, and maintain electronic gas measurement equipment.

Expenditures

	FY 2020 Actual	FY 2021 Actual	FY 2022 Adopted	FY 2023 Introductory	Increase/ (Decrease)
Expenditures:					
Personnel Services	\$ 307,353	\$ 273,573	\$ 387,350	\$ 352,280	\$ (35,070)
Employee Benefits	36,211	35,460	51,600	41,920	(9,680)
Purchased Services	14,795	14,890	22,770	22,970	200
Internal Service	8,710	10,157	15,000	15,000	-
Other Operating Exp	34,624	30,740	37,170	48,960	11,790
Source of Supply	12,002,695	12,202,083	10,984,320	13,715,730	2,731,410
Capital Outlay	400	-	-	-	-
Totals	\$ 12,404,788	\$ 12,566,903	\$ 11,498,210	\$ 14,196,860	\$ 2,698,650

Personnel

Position Title	FY 2020	FY 2021	FY 2022	FY 2023
	FTEs	FTEs	FTEs	FTEs
GAS CONTROL TECHNICIAN	2.000	2.000	2.000	2.000
GAS SUPPLY ANALYST	1.000	1.000	1.000	1.000
UTILITY OPERATIONS SUPERVISOR			0.400	
UTILITY OPERATOR	3.200	3.600	2.800	2.800
Total	6.200	6.600	6.200	5.800

Description

Gas Distribution group safely and properly installs and maintains gas mains, valves, and services. They repair leaks, inspect and repair valves, and demo services as needed. This group responds to natural gas emergencies affecting gas mains and services continuously throughout the year.

Expenditures

	FY 2020 Actual	FY 2021 Actual	FY 2022 Adopted	FY 2023 Introductory	Increase/ (Decrease)
Expenditures:					
Personnel Services	\$ 211,540	\$ 205,282	\$ 256,790	\$ 292,850	\$ 36,060
Employee Benefits	24,901	27,025	33,150	35,620	2,470
Purchased Services	55,959	65,290	97,340	96,230	(1,110)
Internal Service	16,903	10,289	27,150	30,350	3,200
Other Operating Exp	65,663	72,097	97,200	115,650	18,450
Capital Outlay	2,003	2,043	250	2,140	1,890
Totals	\$ 376,969	\$ 382,026	\$ 511,880	\$ 572,840	\$ 60,960

Personnel

Positions are allocated to Water Distribution and Gas Distribution.

Position Title	FY 2020 FTEs	FY 2021 FTEs	FY 2022 FTEs	FY 2023 FTEs
PUBLIC SERVICE WORKER	0.780	0.520		
CONSTRUCTION WORKER				
UTILITIES PIPELINE TECHNICIAN I	2.080	3.380	2.080	2.080
UTILITIES PIPELINE TECHNICIAN II	0.260	0.260	1.040	1.540
UTILITIES PIPELINE TECHNICIAN III	0.260	0.260	0.780	0.780
W&G CONSTRUCTION INSPECTOR	0.500			
W&G CREW SUPERVISOR	1.560	1.300	0.780	0.780
W&G WELDER/CREW SUPERVISOR	0.260	0.260	0.260	0.260
W&G CONSTRUCTION CREW SUPERVSR			0.520	0.520
W&G DISTRIBUTION SUPERVISOR	0.500	0.500		
W&G DISTRIBUTION SUPERINTENDEN	0.500	0.500	0.500	0.500
Total	6.700	6.980	5.960	6.460

Description

The Gas metering and regulator division is responsible for the maintenance, operation, and installation of the automated meter reading modules and the physical meters. The team tests, calibrates and removes or installs all gas meters in the distribution system. The group is responsible for meter disconnects and reconnections, and investigations and the operation and maintenance of gas valves.

Expenditures

	FY 2020 Actual	FY 2021 Actual	FY 2022 Adopted	FY 2023 Introductory	Increase/ (Decrease)
Expenditures:					
Personnel Services	\$ 76,405	\$ 56,000	\$ 57,380	\$ 58,010	\$ 630
Employee Benefits	8,980	7,859	7,360	7,130	(230)
Purchased Services	1,167	1,674	16,500	14,580	(1,920)
Internal Service	3,965	6,898	-	-	-
Other Operating Exp	16,886	16,575	35,510	45,660	10,150
Totals	\$ 107,403	\$ 89,006	\$ 116,750	\$ 125,380	\$ 8,630

Personnel

Position Title	FY 2020 FTEs	FY 2021 FTEs	FY 2022 FTEs	FY 2023 FTEs
W&G METER TECHNICIAN	1.350	0.900	0.450	0.900
W&G SYSTEMS CONTROL SUPERINTEN	0.500	0.500	0.250	0.250
Total	1.850	1.400	0.700	1.150

Description

The purpose of the Capital Improvement Program is to ensure the orderly expansion, modification and repair to the Gas distribution system for improved customer reliability, to allow future growth, and improve operational efficiency. This mission is accomplished by systematic construction and/or modifications to the distribution system.

Expenditures

	FY 2020 Actual	FY 2021 Actual	FY 2022 Adopted	FY 2023 Introductory	Increase/ (Decrease)
Expenditures:					
Personnel Services	\$ 97,907	\$ 175,545	\$ 202,930	\$ 222,350	\$ 19,420
Employee Benefits	11,725	21,655	25,910	26,240	330
Purchased Services	1,091,684	1,098,796	118,000	182,400	64,400
Internal Service	19,264	39,690	-	-	-
Other Operating Exp	226,989	161,576	326,370	301,690	(24,680)
Capital Outlay	24,068	181,326	140,300	133,450	(6,850)
Capital Projects	-	-	1,213,790	3,000,000	1,786,210
Totals	\$ 1,471,637	\$ 1,678,588	\$ 2,027,300	\$ 3,866,130	\$ 1,838,830

Personnel

Hourly Gas fund employees are accounted for within capital projects through our work order system. Although there are no employees exclusively or specifically assigned to capital projects, we forecast the following results for FY 2023:

Position Title	FY 2020 FTEs	FY 2021 FTEs	FY 2022 FTEs	FY 2023 FTEs
PUBLIC SERVICE WORKER	1.280	0.480		
CONSTRUCTION WORKER				
UTILITIES PIPELINE TECHNICIAN I	2.080	3.120	1.920	1.920
UTILITIES PIPELINE TECHNICIAN II	0.260	0.240	0.960	0.960
UTILITIES PIPELINE TECHNICIAN III	0.260	0.240	0.720	0.720
W&G METER TECHNICIAN		0.100	0.050	0.100
W&G CREW SUPERVISOR	1.560	1.200	0.720	0.720
W&G WELDER/CREW SUPERVISOR	0.260	0.240	0.240	0.240
W&G CONSTRUCTION CREW SUPERVSR			0.480	0.480
W&G DISTRIBUTION SUPERVISOR	0.500			
W&G DISTRIBUTION SUPERINTENDEN	0.500			
Total	6.700	5.620	5.090	5.140

Description

Gas Debt Service budgets and accounts for the retirement of principal for general obligation bonds for the Gas fund.

Expenditures

	FY 2020 Actual	FY 2021 Actual	FY 2022 Adopted	FY 2023 Introductory	Increase/ (Decrease)
Expenditures:					
Debt Service	\$ 205,242	\$ 123,149	\$ 132,210	\$ 88,430	\$ (43,780)
Totals	\$ 205,242	\$ 123,149	\$ 132,210	\$ 88,430	\$ (43,780)

Description

The Gas Distribution Service group ensures that the system is safe and reliable by conducting leak surveys of the system and measuring cathodic protection and odorant levels. They install meters and the AMI equipment that allows remote meter reading for billing. The distribution group is trained to recognize abnormal operating conditions that might affect public safety and they investigate customers' fuel pipes and appliances for leaks and proper installation. This group provides first response to emergency calls continuously throughout the year.

Expenditures

	FY 2020 Actual	FY 2021 Actual	FY 2022 Adopted	FY 2023 Introductory	Increase/ (Decrease)
Expenditures:					
Personnel Services	\$ 229,731	\$ 207,842	\$ 209,400	\$ 216,300	\$ 6,900
Employee Benefits	27,563	27,619	28,240	27,760	(480)
Purchased Services	2,387	798	6,160	6,890	730
Internal Service	24,953	29,444	25,200	25,250	50
Other Operating Exp	16,227	23,698	26,470	29,700	3,230
Capital Outlay	2,390	2,583	-	2,370	2,370
Totals	\$ 303,251	\$ 291,984	\$ 295,470	\$ 308,270	\$ 12,800

Personnel

The Dispatcher is a shared position with the Electric Fund.

Position Title	FY 2020 FTEs	FY 2021 FTEs	FY 2022 FTEs	FY 2023 FTEs
DISPATCHER	0.500	0.500	0.500	0.500
W&G SERVICE TECHNICIAN	3.500	3.500	3.500	3.500
W&G SYSTEMS CONTROL SUPERINTEN			0.250	0.250
Total	4.000	4.000	4.250	4.250

Accomplishments

Work with coordination with Customer Service to complete internal investigations and customer requests safely and efficiently.

Goals

Improve day-time response for leak investigations to an average response of less than ten minutes.

Improve over-all response time for leak investigations to an average response of less than thirty-five minutes.

**GAS FUND
INTRODUCTORY - CAPITAL & SPECIAL PROJECTS - FY 2023-2027**

<u>Project/Source</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>5 Yr Total</u>
Gas Distribution						
New Natural Gas Transmission pipeline	\$3,000,000	\$0	\$0	\$0	\$0	\$3,000,000
Pittsylvania County Natural Gas Expansion	\$0	\$750,000	\$750,000	\$800,000	\$800,000	\$3,100,000
Gas Distribution Total	\$3,000,000	\$750,000	\$750,000	\$800,000	\$800,000	\$6,100,000
Total Projects:	\$3,000,000	\$750,000	\$750,000	\$800,000	\$800,000	\$6,100,000
Funding Source:						
Gas Fund Balance	\$2,000,000	\$0	\$0	\$0	\$0	\$2,000,000
Utility Fund Revenues	\$1,000,000	\$750,000	\$750,000	\$800,000	\$800,000	\$4,100,000
Total Funding	\$3,000,000	\$750,000	\$750,000	\$800,000	\$800,000	\$6,100,000

**GAS FUND
 INTRODUCTORY - CAPITAL & SPECIAL PROJECTS - FY 2023
 FUNDING SOURCES**

Dept/Project Name	Current Revenues	Fund Balance	Debt Financing	Grants/CIA	Casino	Other	Project Total
Gas Distribution							
New Natural Gas Transmission pipeline	\$1,000,000	\$2,000,000	\$0	\$0	\$0	\$0	\$3,000,000
Pittsylvania County Natural Gas Expansion	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Gas Distribution	<u>\$1,000,000</u>	<u>\$2,000,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,000,000</u>
Fund Total	<u>\$1,000,000</u>	<u>\$2,000,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,000,000</u>

**GAS FUND
PROJECT DESCRIPTION
FY 2023 FIVE-YEAR CAPITAL & SPECIAL PROJECTS PLAN**

Project New Natural Gas
Transmission pipeline **Department:** Utilities

Project No: **Division:** Water & Gas

Section: Distribution (Water, Gas, and Electric)

Description:

This project would add an additional natural gas transmission pipeline from the City's Transco gas gate to serve current and future industry on the south and east side of the City. Due to recent economic development announcements, further expansion is needed to serve new industry.

Justification:

An additional steel natural gas pipeline is needed to add capacity to the south and east side of the City to serve future industrial customers. The expansion can be funded through a mix of current revenues and fund balance.

Comments:

Funding	<u>Prior Years:</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>Total</u>
Gas Fund	\$0	\$2,000,000	\$0	\$0	\$0	\$0	\$2,000,000
Utility Fund Revenues	\$0	\$1,000,000	\$0	\$0	\$0	\$0	\$1,000,000
Project Totals:	\$0	\$3,000,000	\$0	\$0	\$0	\$0	\$3,000,000

Goals/Milestones:

FY 2023 Construction of the new pipeline would take approximately 18 months once engineering and right-of-way acquisition is completed.