



Danville Utility Commission Meeting Agenda **4:00 p.m., January 25, 2021**

City Council Chambers, Danville City Hall

- I. Call to Order**
 - A. Roll Call
 - B. Announcements

- II. Discussion/Business Items**
 - A. Minutes of the November 30, 2020 Commission Meeting
 - B. Review of Utilities' Financial Statements
 - C. 2021 Biennial Rate Study Follow-up
 - D. Introduction to Fiscal Year 2021 Utilities Budget

- 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, February 22, 2021

**City Council Chambers
4th Floor, City Hall**



Commission Members Present: Sheila Williamson-Branch, Vanessa Cain, Helm Dobbins, Ken Larking, Anna Kautzman, Bert Eades, Paul Liepe, Gary Miller

Commission Members Absent:

Staff Present: Ryan Dodson, Janet Davis, Jennifer Holley, Michael Adkins

Others Present:

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. Ms. Cain introduced new Danville Utility Commission member Anna Kautzman.

Discussion/Business Items

Minutes of October 26, 2020 Commission Meeting

Ms. Cain asked for any corrections, deletions, or adjustments to the minutes from October 30, 2020.

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

Review of Utilities' Financial Statements

Ms. Holley presented the utility financial statements for each utility fund and addressed questions from the commissioners.

2021 Biennial Rate Study

Mark Beauchamp from Utility Financial Solutions (UFS) presented via video conference their review of the City's electric, gas, water and wastewater rate requirements for fiscal years 2022 and 2023.

In wastewater, Utility Financial Solutions (UFS) recommended no rate changes as the current rate structure was aligned with the current cost of service. They did present a large industrial wastewater rate that could be applicable for a large user at Berry Hill Industrial Park or Cane Creek Industrial Park.

Mr. Beauchamp recommended several rate changes to the water fund that would have a neutral effect. He recommended lowering the commodity charge and raising the customer charges equally to be able to bring the customer charges closer to cost to service. This would lead to a small increase in the residential customer class while the remaining customer classes would see a small rate decrease. Mr. Beauchamp also presented a large industrial water rate that could be used for tenants in the Berry Hill Industrial Park and Cane Creek Industrial Park.

In the natural gas fund, UFS presented changes to raise the customer charges and lower the distribution charges based on the cost of service findings. The natural gas commodity charge is a pass-through to the customer and will be billed based on the cost of gas through purchase gas adjustment. Overall, customers will see a rate decrease in fiscal year 2022 because of lower natural gas supply costs.

Mr. Beauchamp presented several changes in the electric fund to meet the targeted debt coverage ratio and minimum cash fund balance goals. He recommended raising the customer charges in a phased approach over several years in order reach the cost of service targets. He also recommended raising the base rate energy charge to recover fixed costs not recovered in the power cost adjustment (PCA). He fully expects that the City will recover the remaining PCA deficit balance before fiscal year 2022 and will be able to lower that rate to offset any increases and be able to provide a net rate decrease across all rate classes.

Ms. Cain asked if adjustments could be made per the discussion at the meeting and come back with some revisions to the rate study recommendations. Mr. Grey said that he would work with each Utility Commissioner individually on their ideas and bring any revisions to the next meeting.

Battery Energy Storage System Proposal

Mr. Grey presented a proposal that would provide cost savings and lower transmission and capacity cost through the use of a battery storage system that would allow the City to discharge energy stored during transmission and capacity peak hours.

Mr. Eades made a motion and Ms. Williamson-Branch seconded that the Danville Utility Commission recommend to City Council allowing the City Manager to enter into a capacity agreement for 10.6 megawatts of battery storage capacity to be constructed, owned and operated by Delorean Power. All members voted in favor, and the motion carried.

Department Discussions

There was no further communication from staff, commission members, or the public.

Adjournment

Ms. Cain stated the next meeting is scheduled for January 25, 2020. There being no further business, Mr. Dobbins made a motion to adjourn and Mr. Larking seconded. All members voted in favor, and the motion carried. Ms. Cain adjourned the meeting at 6:30pm.

Submitted by Janet C. Davis
Secretary to the DUC

January 25, 2020
Date Approved

Chairman
Danville Utility Commission



Commission Item Number: DUC210125 - 1
Utility Commission Meeting: January 25, 2021
Item: II. B. Review of Utilities' Financial Statements

Financial Report

November financials will be reviewed.

UTILITY FUNDS
 COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 FOR THE PERIOD ENDED NOVEMBER 30, 2020 (YTD)
UNAUDITED

	WASTEWATER	WATER	GAS	ELECTRIC	TELECOM	TOTAL	CURRENT 20-21 BUDGET	LAST YEAR TO DATE
OPERATING REVENUE	3,741,734.74	3,680,118.22	5,045,079.83	49,708,135.90	297,733.01	62,472,801.70	169,322,180.00	64,878,803.46
COST OF SALES								
PURCHASED SERVICES	-	-	3,961,331.64	38,440,533.34	26,609.60	42,428,474.58	109,277,060.00	42,963,611.59
PRODUCTION	-	-	-	216,188.94	-	216,188.94	1,161,914.34	298,490.90
TOTAL COST OF SALES	-	-	3,961,331.64	38,656,722.28	26,609.60	42,644,663.52	110,438,974.34	43,262,102.49
GROSS PROFIT	3,741,734.74	3,680,118.22	1,083,748.19	11,051,413.62	271,123.41	19,828,138.18	58,883,205.66	21,616,700.97
GROSS PROFIT %	100.00%	100.00%	21.48%	22.23%	91.06%	31.74%	34.78%	33.32%
OPERATING EXPENSES								
TRANSMISSION & TREATMENT	1,214,851.79	780,093.73	-	637,152.96	-	2,632,098.48	6,881,796.06	2,577,667.15
ENGINEERING	-	90,843.01	89,567.60	388,480.33	-	568,890.94	1,826,807.95	507,543.82
DISTRIBUTION	970,703.84	393,842.52	235,883.49	5,371,094.39	-	6,971,524.24	17,391,054.40	6,954,476.42
SERVICE	35,083.94	26,444.53	20,609.71	-	-	82,138.18	382,580.00	62,798.02
METERS & REGULATORS	-	33,361.79	37,189.40	146,454.71	(8.80)	216,997.10	699,846.14	235,098.29
GENERAL & ADMINISTRATIVE	705,292.73	1,401,730.44	1,302,390.45	2,083,965.69	336,884.37	5,830,263.68	15,792,518.82	6,106,275.76
TOTAL OPERATING EXPENSES	2,925,932.30	2,726,316.02	1,685,640.65	8,627,148.08	336,875.57	16,301,912.62	42,974,603.37	16,443,859.46
OPERATING INCOME (LOSS)	815,802.44	953,802.20	(601,892.46)	2,424,265.54	(65,752.16)	3,526,225.56	15,908,602.29	5,172,841.51
NON-OPERATING REVENUE (EXPENSE)								
INTEREST INCOME ON INVESTMENTS	59,681.88	56,553.31	65,448.69	158,470.90	4,458.21	344,612.99	951,800.00	627,369.81
ENERGY EFFICIENCY RECOVERY	-	-	-	-	-	-	(110,160.09)	(142,765.13)
RECOVERIES AND REBATES	2,516.45	5,871.72	316.47	(38,548.77)	-	(29,844.13)	(122,050.00)	15,552.99
GAIN/LOSS ON DISPOSAL	-	-	-	5,450.46	-	5,450.46	48,970.00	10,705.00
JOBGING INCOME (LOSS)	13,558.78	31,063.90	11,945.16	398,163.67	(939.06)	453,792.45	495,850.00	191,649.33
INTEREST ON LONG TERM INDEBTEDNESS	(44,557.66)	(44,101.17)	(21,750.06)	(880,586.94)	-	(990,995.83)	(1,774,700.00)	(956,163.71)
NET INCOME (LOSS)	847,001.89	1,003,189.96	(545,932.20)	2,067,214.86	(62,233.01)	3,309,241.50	15,398,312.20	4,919,189.80
OPERATING TRANSFERS IN(OUT)	(294,066.65)	(395,958.35)	(1,327,637.50)	(4,345,670.85)	(33,750.00)	(6,397,083.35)	(15,353,000.00)	(6,397,083.35)
NET INCOME AFTER TRANSFERS	552,935.24	607,231.61	(1,873,569.70)	(2,278,455.99)	(95,983.01)	(3,087,841.85)	45,312.20	(1,477,893.55)
NET ASSETS JULY 1, AS RESTATED	62,156,573.90	47,244,511.09	56,214,191.52	170,688,476.88	8,647,107.61	344,950,861.00		
NET INCOME AFTER TRANSFERS	552,935.24	607,231.61	(1,873,569.70)	(2,278,455.99)	(95,983.01)	(3,087,841.85)		
FEDERAL GRANT	-	-	-	-	-	-		
CONTRIBUTION IN AID	20,213.00	-	-	-	-	20,213.00		
NET ASSETS NOVEMBER 2020	62,729,722.14	47,851,742.70	54,340,621.82	168,410,020.89	8,551,124.60	341,883,232.15		
NET ASSETS								
CONTRIBUTED CAPITAL - FIXED ASSETS	3,943,144.44	4,676,282.92	1,340,510.58	13,721,622.53	337,248.59	24,018,809.06		
RESTRICTED FOR INVESTMENT IN FIXED ASSETS	45,128,500.43	30,287,987.82	38,884,201.66	117,344,116.44	7,005,039.57	238,649,845.92		
RESTRICTED FOR PROJECTS IN PROGRESS	9,552,770.67	10,165,630.21	6,297,586.57	12,762,171.72	623,702.74	39,401,861.91		
RESTRICTED FOR ENCUMBRANCES	1,485,333.84	103,615.52	57,277.65	759,553.59	2,779.70	2,408,560.30		
RESTRICTED FOR ENERGY EFFICIENCY	-	-	-	-	-	-		
NET PENSION ASSETS	165,573.00	333,715.00	287,208.00	1,158,908.00	35,936.00	1,981,340.00		
DEFERRED OUTFLOWS - PENSION	205,037.00	413,258.00	355,665.00	1,435,139.00	44,502.00	2,453,601.00		
UNRESTRICTED	2,454,399.76	2,284,511.23	7,473,837.36	22,663,648.61	546,418.00	35,422,814.96		
TOTAL NET ASSETS	62,729,722.14	47,851,742.70	54,340,621.82	168,410,020.89	8,551,124.60	341,883,232.15		

CITY OF DANVILLE
UTILITY FUNDS
COMBINING STATEMENT OF NET ASSETS - UNAUDITED
NOVEMBER 30, 2020

	WASTEWATER	WATER	GAS	ELECTRIC	TELECOM	NOVEMBER 30, 2020
ASSETS						
Equity in pooled Cash and Investments	\$ 12,517,030.15	11,492,633.37	12,231,559.87	30,070,457.82	938,411.61	67,250,092.82
Receivables (Net of allowances for Uncollectible):						
Accounts	1,112,682.49	353,609.35	1,524,763.42	14,970,610.88	43,929.76	18,005,595.90
Power/Gas Cost Recovery	-	-	306,978.46	2,141,736.37	-	2,448,714.83
Pension Assets	165,573.00	333,715.00	287,208.00	1,158,908.00	35,936.00	1,981,340.00
Inventory of Gas, Materials and Supplies, at Cost	-	560,247.46	742,317.32	1,646,687.59	180,968.25	3,130,220.62
Fixed Assets	99,209,239.06	77,678,740.34	71,853,146.68	321,805,777.14	10,965,021.84	581,511,925.06
Accumulated Depreciation	(48,183,435.26)	(40,776,842.14)	(30,681,461.28)	(145,122,264.22)	(3,622,733.68)	(268,386,736.58)
Deferred Outflows - Pension	205,037.00	413,258.00	355,665.00	1,435,139.00	44,502.00	2,453,601.00
	<u>65,026,126.44</u>	<u>50,055,361.38</u>	<u>56,620,177.47</u>	<u>228,107,052.58</u>	<u>8,586,035.78</u>	<u>408,394,753.65</u>
TOTAL ASSETS	\$ 65,026,126.44	50,055,361.38	56,620,177.47	228,107,052.58	8,586,035.78	408,394,753.65
LIABILITIES AND NET ASSETS						
Liabilities						
Accounts Payable	\$ 307,712.97	113,930.69	1,250,046.42	8,385,301.26	24,304.75	10,081,296.09
Accrued Interest Payable	34,532.40	33,632.09	17,610.92	620,360.67	-	706,136.08
Customer Deposits	-	-	-	3,916,202.49	-	3,916,202.49
Accrued Vacation, Sick Leave & Workers Comp.	-	118,428.44	64,925.15	552,506.27	10,606.43	746,466.29
Deferred Gain / Loss - Refunding Bonds	(129,803.08)	(123,763.30)	(69,312.09)	(1,267,774.71)	-	(1,590,653.18)
Original Issue Premium/Discount (Refunding Bonds)	160,704.43	156,720.87	80,941.41	4,297,943.41	-	4,696,310.12
General Obligation Bonds Payable	1,923,257.75	1,904,669.89	935,343.84	42,587,605.25	-	47,350,876.73
Revenue Bonds Payable	(0.17)	-	-	-	-	(0.17)
Long-Term Leases, Notes, and Contracts Payable	-	-	-	604,887.05	-	604,887.05
	<u>2,296,404.30</u>	<u>2,203,618.68</u>	<u>2,279,555.65</u>	<u>59,697,031.69</u>	<u>34,911.18</u>	<u>66,511,521.50</u>
TOTAL LIABILITIES	\$ 2,296,404.30	2,203,618.68	2,279,555.65	59,697,031.69	34,911.18	66,511,521.50
Net Assets						
Contributed Capital	\$ 3,943,144.44	4,676,282.92	1,340,510.58	13,721,622.53	337,248.59	24,018,809.06
Retained Earnings:						
Restricted for Investment in Fixed Assets	\$ 45,128,500.43	30,287,987.82	38,884,201.66	117,344,116.44	7,005,039.57	238,649,845.92
Restricted for Incomplete Projects	9,552,770.67	10,165,630.21	6,297,586.57	12,762,171.72	623,702.74	39,401,861.91
Restricted for Subsequent Expenses	1,485,333.84	103,615.52	57,277.65	759,553.59	2,779.70	2,408,560.30
Net Pension Assets	165,573.00	333,715.00	287,208.00	1,158,908.00	35,936.00	1,981,340.00
Deferred Outflows - Pension	205,037.00	413,258.00	355,665.00	1,435,139.00	44,502.00	2,453,601.00
Unrestricted	2,454,399.76	2,284,511.23	7,473,837.36	22,663,648.61	546,418.00	35,422,814.96
	<u>58,786,577.70</u>	<u>43,175,459.78</u>	<u>53,000,111.24</u>	<u>154,688,398.36</u>	<u>8,213,876.01</u>	<u>317,864,423.09</u>
Total Retained Earnings	\$ 58,786,577.70	43,175,459.78	53,000,111.24	154,688,398.36	8,213,876.01	317,864,423.09
	<u>62,729,722.14</u>	<u>47,851,742.70</u>	<u>54,340,621.82</u>	<u>168,410,020.89</u>	<u>8,551,124.60</u>	<u>341,883,232.15</u>
TOTAL NET ASSETS	\$ 62,729,722.14	47,851,742.70	54,340,621.82	168,410,020.89	8,551,124.60	341,883,232.15
TOTAL LIABILITIES AND NET ASSETS	\$ 65,026,126.44	50,055,361.38	56,620,177.47	228,107,052.58	8,586,035.78	408,394,753.65

CITY OF DANVILLE
UTILITY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
FOR THE PERIOD ENDED NOVEMBER 30, 2020

	<u>WASTEWATER</u>	<u>WATER</u>	<u>GAS</u>	<u>ELECTRIC</u>	<u>TELECOM</u>	<u>NOVEMBER 30, 2020</u>
Operating revenues:						
Charges for Services	\$ 3,741,734.74	3,680,118.22	5,045,079.83	49,708,135.90	297,733.01	62,472,801.70
Operating Expenses:						
Purchased Services	\$ -	-	3,961,331.64	38,440,533.34	26,609.60	42,428,474.58
Production	-	-	-	216,188.94	-	216,188.94
Transmission & Treatment	1,214,851.79	780,093.73	-	637,152.96	-	2,632,098.48
Engineering	-	90,843.01	89,567.60	388,480.33	-	568,890.94
Distribution	970,703.84	393,842.52	235,883.49	5,371,094.39	-	6,971,524.24
Service	35,083.94	26,444.53	20,609.71	-	-	82,138.18
Meters & Regulators	-	33,361.79	37,189.40	146,454.71	(8.80)	216,997.10
Administrative	705,292.73	1,401,730.44	1,302,390.45	2,083,965.69	336,884.37	5,830,263.68
Total Operating Expenses	\$ 2,925,932.30	2,726,316.02	5,646,972.29	47,283,870.36	363,485.17	58,946,576.14
Operating Income (Loss)	\$ 815,802.44	953,802.20	(601,892.46)	2,424,265.54	(65,752.16)	3,526,225.56
Non-Operating Revenues (Expenses):						
Jobbing Income (Loss)	13,558.78	31,063.90	11,945.16	398,163.67	(939.06)	453,792.45
Interest Income	59,681.88	56,553.31	65,448.69	158,470.90	4,458.21	344,612.99
Energy Efficiency Recovery	-	-	-	-	-	-
Gain (Loss) on Disposal of Property	-	-	-	5,450.46	-	5,450.46
Recoveries and Rebates	2,516.45	5,871.72	316.47	(38,548.77)	-	(29,844.13)
Interest Expense	(44,557.66)	(44,101.17)	(21,750.06)	(880,586.94)	-	(990,995.83)
Total Non-Operating Revenues (Expenses)	\$ 31,199.45	49,387.76	55,960.26	(357,050.68)	3,519.15	(216,984.06)
Income (Loss) Before Operating Transfers	\$ 847,001.89	1,003,189.96	(545,932.20)	2,067,214.86	(62,233.01)	3,309,241.50
Operating Transfers:						
Transfers In (Out)	(294,066.65)	(395,958.35)	(1,327,637.50)	(4,345,670.85)	(33,750.00)	(6,397,083.35)
Total Operating Transfers	\$ (294,066.65)	(395,958.35)	(1,327,637.50)	(4,345,670.85)	(33,750.00)	(6,397,083.35)
Net Income (Loss)	\$ 552,935.24	607,231.61	(1,873,569.70)	(2,278,455.99)	(95,983.01)	(3,087,841.85)
Net Assets - July 1, 2020, as restated	62,156,573.90	47,244,511.09	56,214,191.52	170,688,476.88	8,647,107.61	344,950,861.00
Net Income (Loss)	552,935.24	607,231.61	(1,873,569.70)	(2,278,455.99)	(95,983.01)	(3,087,841.85)
Contribution In Aid of Construction	20,213.00	-	-	-	-	20,213.00
Net Assets - November 30, 2020	\$ 62,729,722.14	47,851,742.70	54,340,621.82	168,410,020.89	8,551,124.60	341,883,232.15

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED NOVEMBER 30, 2020

WASTEWATER - FINAL

	<u>ORIGINAL BUDGET 2020-21</u>	<u>ADJUSTMENTS AND CARRYFORWARDS</u>	<u>CURRENT BUDGET 2020-21</u>	<u>NOVEMBER 2020</u>	<u>PERCENT OF CURRENT BUDGET</u>	<u>NOVEMBER 2019</u>
OPERATING REVENUE	9,118,040.00		9,118,040.00	3,741,734.74	41.04%	4,062,082.58
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	3,088,200.00	27,977.16	3,116,177.16	1,214,851.79	38.99%	1,148,007.41
ENGINEERING	-		-	-		-
DISTRIBUTION	2,509,070.00	127,017.58	2,636,087.58	970,703.84	36.82%	885,882.09
SERVICE	140,230.00		140,230.00	35,083.94	25.02%	3,123.72
METERS & REGULATORS	-		-	-		-
BAD DEBT	36,000.00		36,000.00	2,199.56	6.11%	13,041.85
GENERAL & ADMINISTRATIVE	1,808,530.00		1,808,530.00	703,093.17	38.88%	703,565.01
TOTAL OPERATING EXPENSES	7,582,030.00	154,994.74	7,737,024.74	2,925,932.30	37.82%	2,753,620.08
OPERATING INCOME (LOSS)	1,536,010.00	(154,994.74)	1,381,015.26	815,802.44	59.07%	1,308,462.50
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	118,200.00		118,200.00	59,681.88	50.49%	91,513.24
RECOVERIES AND REBATES	-		-	2,516.45		6,849.38
GAIN/LOSS ON DISPOSAL	-		-	-		-
JOBGING INCOME (LOSS)	48,500.00		48,500.00	13,558.78	27.96%	16,815.12
INTEREST ON LONG TERM INDEBTEDNESS	(78,250.00)		(78,250.00)	(44,557.66)	56.94%	(62,402.34)
NET INCOME (LOSS)	1,624,460.00	(154,994.74)	1,469,465.26	847,001.89	57.64%	1,361,237.90
OPERATING TRANSFERS IN (OUT)	(705,760.00)		(705,760.00)	(294,066.65)	41.67%	(294,066.65)
NET INCOME AFTER TRANSFERS	918,700.00	(154,994.74)	763,705.26	552,935.24	72.40%	1,067,171.25
CONTRIBUTION IN AID	38,000.00		38,000.00	20,213.00	53.19%	
REGULAR CAPITAL MAINTENANCE	(126,300.00)	(236,178.50)	(362,478.50)	(136,610.36)	37.69%	
CAPITAL PROJECTS	(4,150,000.00)		(4,150,000.00)	(265,581.32)	6.40%	
DEBT SERVICE	(333,340.00)		(333,340.00)	(120,321.00)	36.10%	
DEPRECIATION	2,145,750.00		2,145,750.00	821,575.10	38.29%	

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED NOVEMBER 30, 2020

WATER - FINAL

	<u>ORIGINAL BUDGET 2020-21</u>	<u>ADJUSTMENTS AND CARRYFORWARDS</u>	<u>CURRENT BUDGET 2020-21</u>	<u>NOVEMBER 2020</u>	<u>PERCENT OF CURRENT BUDGET</u>	<u>NOVEMBER 2019</u>
OPERATING REVENUE	8,473,100.00		8,473,100.00	3,680,118.22	43.43%	3,555,888.15
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	1,897,720.00	58,994.85	1,956,714.85	780,093.73	39.87%	718,797.19
ENGINEERING	309,270.00	7,233.25	316,503.25	90,843.01	28.70%	94,471.53
DISTRIBUTION	662,080.00	154,340.63	816,420.63	393,842.52	48.24%	218,510.43
SERVICE	124,940.00		124,940.00	26,444.53	21.17%	42,034.26
METERS & REGULATORS	140,980.00		140,980.00	33,361.79	23.66%	38,399.28
BAD DEBT	31,000.00		31,000.00	2,211.06	7.13%	10,102.08
GENERAL & ADMINISTRATIVE	3,557,220.00	1,045.18	3,558,265.18	1,399,519.38	39.33%	1,204,678.96
TOTAL OPERATING EXPENSES	6,723,210.00	221,613.91	6,944,823.91	2,726,316.02	39.26%	2,326,993.73
OPERATING INCOME (LOSS)	1,749,890.00	(221,613.91)	1,528,276.09	953,802.20	62.41%	1,228,894.42
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	190,000.00		190,000.00	56,553.31	29.76%	98,340.38
RECOVERIES AND REBATES	17,980.00		17,980.00	5,871.72	32.66%	8,110.36
GAIN/LOSS ON DISPOSAL	1,970.00		1,970.00	-	0.00%	8,525.00
JOBGING INCOME (LOSS)	105,180.00		105,180.00	31,063.90	29.53%	7,434.12
INTEREST ON LONG TERM INDEBTEDNESS	(77,440.00)		(77,440.00)	(44,101.17)	56.95%	(64,429.96)
NET INCOME (LOSS)	1,987,580.00	(221,613.91)	1,765,966.09	1,003,189.96	56.81%	1,286,874.32
OPERATING TRANSFERS IN (OUT)	(950,300.00)		(950,300.00)	(395,958.35)	41.67%	(395,958.35)
NET INCOME AFTER TRANSFERS	1,037,280.00	(221,613.91)	815,666.09	607,231.61	74.45%	890,915.97
CONTRIBUTION IN AID	2,500,000.00		2,500,000.00	-	0.00%	
REGULAR CAPITAL MAINTENANCE	(926,490.00)	(204,980.91)	(1,131,470.91)	(509,568.71)	45.04%	
CAPITAL PROJECTS	(4,500,000.00)	145,047.93	(4,354,952.07)	(476,891.13)	10.95%	
DEBT SERVICE	(359,710.00)		(359,710.00)	(105,009.00)	29.19%	
DEPRECIATION	1,752,540.00		1,752,540.00	669,848.95	38.22%	

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED NOVEMBER 30, 2020

GAS - FINAL

	<u>ORIGINAL BUDGET 2020-21</u>	<u>ADJUSTMENTS AND CARRYFORWARDS</u>	<u>CURRENT BUDGET 2020-21</u>	<u>NOVEMBER 2020</u>	<u>PERCENT OF CURRENT BUDGET</u>	<u>NOVEMBER 2019</u>
OPERATING REVENUE	22,389,840.00		22,389,840.00	5,045,079.83	22.53%	5,830,027.02
COST OF SALES						
PURCHASED SERVICES	12,730,400.00		12,730,400.00	3,961,331.64	31.12%	4,639,605.58
PRODUCTION	-		-	-		-
TOTAL COST OF SALES	<u>12,730,400.00</u>	<u>-</u>	<u>12,730,400.00</u>	<u>3,961,331.64</u>		<u>4,639,605.58</u>
GROSS PROFIT	9,659,440.00	-	9,659,440.00	1,083,748.19		1,190,421.44
GROSS PROFIT %	43.14%		43.14%	21.48%		20.42%
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	-		-	-		-
ENGINEERING	398,510.00	41,739.88	440,249.88	89,567.60	20.34%	129,654.16
DISTRIBUTION	668,480.00	1,818.86	670,298.86	235,883.49	35.19%	254,590.32
SERVICE	117,410.00		117,410.00	20,609.71	17.55%	17,640.04
METERS & REGULATORS	171,960.00	(673.86)	171,286.14	37,189.40	21.71%	62,679.19
BAD DEBT	57,000.00		57,000.00	6,322.84	11.09%	30,102.64
GENERAL & ADMINISTRATIVE	<u>3,651,460.00</u>	<u>5,644.37</u>	<u>3,657,104.37</u>	<u>1,296,067.61</u>	<u>35.44%</u>	<u>1,470,421.80</u>
TOTAL OPERATING EXPENSES	5,064,820.00	48,529.25	5,113,349.25	1,685,640.65	32.97%	1,965,088.15
OPERATING INCOME (LOSS)	<u>4,594,620.00</u>	<u>(48,529.25)</u>	<u>4,546,090.75</u>	<u>(601,892.46)</u>	<u>-13.24%</u>	<u>(774,666.71)</u>
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	177,900.00		177,900.00	65,448.69	36.79%	114,909.58
RECOVERIES AND REBATES	(20,000.00)		(20,000.00)	316.47		225.52
GAIN/LOSS ON DISPOSAL	2,000.00		2,000.00	-		-
JOBGING INCOME (LOSS)	148,610.00		148,610.00	11,945.16	8.04%	18,980.58
INTEREST ON LONG TERM INDEBTEDNESS	<u>(38,180.00)</u>		<u>(38,180.00)</u>	<u>(21,750.06)</u>	<u>56.97%</u>	<u>(26,986.18)</u>
NET INCOME (LOSS)	<u>4,864,950.00</u>	<u>(48,529.25)</u>	<u>4,816,420.75</u>	<u>(545,932.20)</u>	<u>-11.33%</u>	<u>(667,537.21)</u>
OPERATING TRANSFERS IN (OUT)	<u>(3,186,330.00)</u>		<u>(3,186,330.00)</u>	<u>(1,327,637.50)</u>	<u>41.67%</u>	<u>(1,327,637.50)</u>
NET INCOME AFTER TRANSFERS	<u>1,678,620.00</u>	<u>(48,529.25)</u>	<u>1,630,090.75</u>	<u>(1,873,569.70)</u>	<u>-114.94%</u>	<u>(1,995,174.71)</u>
CONTRIBUTION IN AID	-		-	-	0.00%	
REGULAR CAPITAL MAINTENANCE	(845,400.00)	(176,319.77)	(1,021,719.77)	(199,791.15)	19.55%	
CAPITAL PROJECTS	(3,500,000.00)		(3,500,000.00)	(451,634.47)	12.90%	
DEBT SERVICE	(123,160.00)		(123,160.00)	(77,691.00)	63.08%	
DEPRECIATION	1,542,230.00		1,542,230.00	651,606.70	42.25%	

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED NOVEMBER 30, 2020

ELECTRIC - FINAL

	<u>ORIGINAL BUDGET 2020-21</u>	<u>ADJUSTMENTS AND CARRYFORWARDS</u>	<u>CURRENT BUDGET 2020-21</u>	<u>NOVEMBER 2020</u>	<u>PERCENT OF CURRENT BUDGET</u>	<u>NOVEMBER 2019</u>
OPERATING REVENUE	128,714,030.00		128,714,030.00	49,708,135.90	38.62%	51,188,184.38
COST OF SALES						
PURCHASED SERVICES	96,489,660.00		96,489,660.00	38,440,533.34	39.84%	38,298,897.87
PRODUCTION	978,580.00	183,334.34	1,161,914.34	216,188.94		298,490.90
TOTAL COST OF SALES	97,468,240.00	183,334.34	97,651,574.34	38,656,722.28		38,597,388.77
GROSS PROFIT	31,245,790.00	(183,334.34)	31,062,455.66	11,051,413.62		12,590,795.61
GROSS PROFIT %	24.28%		24.13%	22.23%		24.60%
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	1,511,680.00	297,224.05	1,808,904.05	637,152.96	35.22%	710,862.55
ENGINEERING	1,044,490.00	25,564.82	1,070,054.82	388,480.33	36.30%	283,418.13
DISTRIBUTION	13,492,900.00	(224,652.67)	13,268,247.33	5,371,094.39	40.48%	5,595,493.58
SERVICE	-		-	-		-
METERS & REGULATORS	383,580.00	4,000.00	387,580.00	146,454.71	37.79%	134,019.82
BAD DEBT	310,000.00		310,000.00	60,197.60	19.42%	233,842.64
GENERAL & ADMINISTRATIVE	5,315,840.00	91,066.77	5,406,906.77	2,023,768.09	37.43%	2,082,209.13
TOTAL OPERATING EXPENSES	22,058,490.00	193,202.97	22,251,692.97	8,627,148.08	38.77%	9,039,845.85
OPERATING INCOME (LOSS)	9,187,300.00	(376,537.31)	8,810,762.69	2,424,265.54	27.51%	3,550,949.76
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	452,100.00		452,100.00	158,470.90	35.05%	313,028.97
ENERGY EFFICIENCY RECOVERY	-	(110,160.09)	(110,160.09)	-	0.00%	(142,765.13)
RECOVERIES AND REBATES	(120,030.00)		(120,030.00)	(38,548.77)	32.12%	367.73
GAIN/LOSS ON DISPOSAL	45,000.00		45,000.00	5,450.46	12.11%	2,180.00
JOBGING INCOME (LOSS)	185,640.00		185,640.00	398,163.67	214.48%	146,779.90
INTEREST ON LONG TERM INDEBTEDNESS	(1,580,830.00)		(1,580,830.00)	(880,586.94)	55.70%	(802,345.23)
NET INCOME (LOSS)	8,169,180.00	(486,697.40)	7,682,482.60	2,067,214.86	26.91%	3,068,196.00
OPERATING TRANSFERS IN (OUT)	(10,429,610.00)		(10,429,610.00)	(4,345,670.85)	41.67%	(4,345,670.85)
NET INCOME AFTER TRANSFERS	(2,260,430.00)	(486,697.40)	(2,747,127.40)	(2,278,455.99)	82.94%	(1,277,474.85)
CONTRIBUTION IN AID			-		0.00%	
FEDERAL AID - CAPITAL PROJECTS			-		0.00%	
REGULAR CAPITAL MAINTENANCE	(3,306,680.00)	(162,422.50)	(3,469,102.50)	(1,264,205.90)	36.44%	
CAPITAL PROJECTS	-		-	(1,121,842.82)	100.00%	
DEBT SERVICE	(3,152,550.00)		(3,152,550.00)	(2,042,094.39)	64.78%	
DEPRECIATION	8,871,610.00		8,871,610.00	3,546,401.45	39.97%	

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED NOVEMBER 30, 2020

TELECOMMUNICATIONS - FINAL

	<u>ORIGINAL BUDGET 2020-21</u>	<u>ADJUSTMENTS AND CARRYFORWARDS</u>	<u>CURRENT BUDGET 2020-21</u>	<u>NOVEMBER 2020</u>	<u>PERCENT OF CURRENT BUDGET</u>	<u>NOVEMBER 2019</u>
OPERATING REVENUE	627,170.00		627,170.00	297,733.01	47.47%	242,621.33
COST OF SALES						
PURCHASED SERVICES	57,000.00		57,000.00	26,609.60	46.68%	25,108.14
PRODUCTION	-		-	-		-
TOTAL COST OF SALES	<u>57,000.00</u>	<u>-</u>	<u>57,000.00</u>	<u>26,609.60</u>		<u>25,108.14</u>
GROSS PROFIT	570,170.00	-	570,170.00	271,123.41		217,513.19
GROSS PROFIT %	90.91%		90.91%	91.06%		89.65%
OPERATING EXPENSES						
TRANSMISSION & TREATMENT			-	-		-
ENGINEERING			-	-		-
DISTRIBUTION			-	-		-
SERVICE			-	-		-
METERS & REGULATORS			-	-		-
BAD DEBT			-	(8.80)		(270.45)
GENERAL & ADMINISTRATIVE	<u>926,650.00</u>	<u>1,062.50</u>	<u>927,712.50</u>	<u>336,884.37</u>	<u>36.31%</u>	<u>358,582.10</u>
TOTAL OPERATING EXPENSES	926,650.00	1,062.50	927,712.50	336,875.57	36.31%	358,311.65
OPERATING INCOME (LOSS)	<u>(356,480.00)</u>	<u>(1,062.50)</u>	<u>(357,542.50)</u>	<u>(65,752.16)</u>	<u>18.39%</u>	<u>(140,798.46)</u>
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	13,600.00		13,600.00	4,458.21	32.78%	9,577.64
RECOVERIES AND REBATES	-		-	-		-
GAIN/LOSS ON DISPOSAL	-		-	-		-
JOBGING INCOME (LOSS)	7,920.00		7,920.00	(939.06)	-11.86%	1,639.61
INTEREST ON LONG TERM INDEBTEDNESS	-		-	-		-
NET INCOME (LOSS)	<u>(334,960.00)</u>	<u>(1,062.50)</u>	<u>(336,022.50)</u>	<u>(62,233.01)</u>	<u>18.52%</u>	<u>(129,581.21)</u>
OPERATING TRANSFERS IN (OUT)	<u>(81,000.00)</u>		<u>(81,000.00)</u>	<u>(33,750.00)</u>	<u>41.67%</u>	<u>(33,750.00)</u>
NET INCOME AFTER TRANSFERS	<u>(415,960.00)</u>	<u>(1,062.50)</u>	<u>(417,022.50)</u>	<u>(95,983.01)</u>	<u>23.02%</u>	<u>(163,331.21)</u>
CONTRIBUTION IN AID	-		-		0.00%	
REGULAR CAPITAL MAINTENANCE	(25,000.00)		(25,000.00)	(8,349.98)	33.40%	
CAPITAL PROJECTS	(250,000.00)		(250,000.00)	(83,767.01)	33.51%	
DEPRECIATION	482,230.00		482,230.00	183,269.10	38.00%	
CONTINGENCY	-		-	-	0.00%	

**GAS OPERATING STATISTICS
YTD November 2020 and 2019**

	YTD		YTD	YTD
	2020	2019	Change	% Change
NUMBER OF CUSTOMERS:				
Residential	13,170	13,066	104	0.7960%
Commercial	1,494	1,492	2	0.1340%
Small Firm Industrial	14	14	0	0.0000%
Municipal	52	54	-2	-3.7037%
Large Firm Industrial	5	5	0	0.0000%
Interruptible Industrial	6	6	0	0.0000%
Industrial Transportation	7	8	-1	-12.5000%
Interruptible Commercial	1	1	0	0.0000%
Commercial Transportation	-	8	-8	-100.0000%
TOTAL CUSTOMERS	14,749	14,654	95	0.6483%
NATURAL GAS SALES-DEKATHERMS:				
Residential	93,497	97,197	-3,700	-3.8067%
Commercial	82,617	91,063	-8,446	-9.2749%
Small Firm Industrial	7,710	13,468	-5,758	-42.7532%
Municipal	3,534	4,042	-508	-12.5680%
Large Firm Industrial	10,086	12,728	-2,642	-20.7574%
Interruptible Industrial	622,019	678,428	-56,409	-8.3147%
Industrial Transportation	75,126	86,417	-11,291	-13.0657%
Interruptible Commercial	32,537	35,208	-2,671	-7.5863%
Commercial Transportation	-	2,125	-2,125	-100.0000%
TOTAL DEKATHERMS	927,126	1,020,676	-93,550	-9.1655%

**ELECTRIC OPERATING STATISTICS
YTD November 2020 and 2019**

	YTD		YTD	YTD
	2020	2019	Change	% Change
NUMBER OF CUSTOMERS:				
Residential	37,148	36,887	261	0.7076%
Commercial	4,763	4,738	25	0.5276%
Industrial	16	16	0	0.0000%
High Load Factor	7	8	-1	-12.5000%
Municipal	285	282	3	1.0638%
Outdoor Lighting	6,017	5,949	68	1.1430%
TOTAL CUSTOMERS	48,236	47,880	356	0.7435%
KILOWATT HOURS SALES:				
Residential	190,889,531	196,086,636	-5,197,105	-2.6504%
Commercial	114,713,682	127,511,740	-12,798,058	-10.0368%
Industrial	5,019,240	12,050,660	-7,031,420	-58.3488%
High Load Factor	55,374,000	61,310,400	-5,936,400	-9.6825%
Municipal	9,185,200	9,450,440	-265,240	-2.8066%
Outdoor Lighting	6,059,892	6,154,763	-94,871	-1.5414%
TOTAL KILOWATT HOURS	381,241,545	412,564,639	-31,323,094	-7.5923%

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)	
Jul-20	\$ 8,068,815.04	\$ 1,130,204.86	\$ 6,938,610.18	80,145,220	11,226,000	68,919,220	\$0.015000	\$0.086200	\$0.101200		\$ 6,974,625.09	\$ 36,014.91		\$ (5,072,208.45)	ACTUAL
Aug-20	\$ 8,030,609.43	\$ 1,001,949.95	\$ 7,028,659.48	94,794,779	11,827,200	82,967,579	\$0.015000	\$0.086200	\$0.101200		\$ 8,396,319.01	\$ 1,367,659.53		\$ (3,704,548.92)	ACTUAL
Sep-20	\$ 7,478,941.40	\$ 1,025,891.66	\$ 6,453,049.74	83,055,635	11,392,800	71,662,835	\$0.025000	\$0.086200	\$0.111200		\$ 7,968,907.29	\$ 1,515,857.55		\$ (2,188,691.38)	ACTUAL
Oct-20	\$ 7,440,523.04	\$ 1,259,816.19	\$ 6,180,706.85	61,701,566	10,447,200	51,254,366	\$0.035000	\$0.086200	\$0.121200		\$ 6,212,029.21	\$ 31,322.36		\$ (2,157,369.02)	ACTUAL
Nov-20	\$ 7,421,644.43	\$ 1,263,881.72	\$ 6,157,762.71	61,544,343	10,480,800	51,063,543	\$0.035000	\$0.086200	\$0.121200		\$ 6,188,901.47	\$ 31,138.76		\$ (2,141,736.37)	ACTUAL
Dec-20	\$ 8,458,029.62	\$ 1,197,251.36	\$ 7,260,778.26	80,561,183	11,403,600	69,157,583	\$0.020000	\$0.086200	\$0.106200		\$ 7,344,535.34	\$ 83,757.08		\$ (2,057,979.29)	PROJECTED
Jan-21	\$ 7,818,549.35	\$ 1,045,435.56	\$ 6,773,113.80	81,093,563	10,843,200	70,250,363	\$0.010000	\$0.086200	\$0.096200		\$ 6,758,084.93	\$ (15,028.87)		\$ (2,073,008.16)	PROJECTED
Feb-21	\$ 7,545,412.09	\$ 1,015,300.95	\$ 6,530,111.14	88,244,006	11,874,000	76,370,006	\$0.010000	\$0.086200	\$0.096200		\$ 7,346,794.58	\$ 816,683.44		\$ (1,256,324.72)	PROJECTED
Mar-21	\$ 7,473,414.54	\$ 1,094,593.84	\$ 6,378,820.70	72,680,833	10,645,200	62,035,633	\$0.015000	\$0.086200	\$0.101200		\$ 6,278,006.08	\$ (100,814.62)		\$ (1,357,139.34)	PROJECTED
Apr-21	\$ 7,649,350.31	\$ 1,300,067.59	\$ 6,349,282.72	69,017,088	11,730,000	57,287,088	\$0.030000	\$0.086200	\$0.116200		\$ 6,656,759.60	\$ 307,476.88		\$ (1,049,662.46)	PROJECTED
May-21	\$ 8,087,498.11	\$ 1,472,777.87	\$ 6,614,720.24	63,734,484	11,606,400	52,128,084	\$0.030000	\$0.086200	\$0.116200		\$ 6,057,283.40	\$ (557,436.84)		\$ (1,607,099.30)	PROJECTED
Jun-21	\$ 8,392,169.97	\$ 1,292,282.69	\$ 7,099,887.28	77,648,257	11,956,800	65,691,457	\$0.020000	\$0.086200	\$0.106200		\$ 6,976,432.71	\$ (123,454.57)		\$ (1,730,553.87)	PROJECTED

Future months (still in blue) show projections.

Mo Rate Applied						After PGA's are calculated, hard code them before reconciling the month		DEMAND Recovery (Independent of Commodity) Cum Over (Under) Demand Recovery Current FY	COMMODITY - Rolling Recovery (Does not include Demand Recovery)			Adjustments	Commodity Recovery Balance Over (Under) +/- \$2,000,000	
	WACOG	WACOG Plus Losses	Demand Rate Firm	Demand Rate Interruptible	Adjustments	PGA (f)	PGA (i)		Monthly Commodity Cost	Monthly Commodity Recovered	Monthly Commodity Over (Under) Recovery			
Jul-20	\$ 3.92642	\$ 3.92642	\$ -	\$ -		\$ 3.62684	\$ 3.62684	\$ (408,820.15)	\$ 295,052.52	\$ 320,376.73	\$ 25,324.21		\$ 4,078.66	Final
Aug-20	\$ 3.95831	\$ 3.95831	\$ -	\$ -	\$ (0.09800)	\$ 2.91569	\$ 2.91569	\$ (670,726.42)	\$ 350,492.32	\$ 335,146.76	\$ (15,345.56)		\$ (11,266.90)	Final
Sep-20	\$ 3.84209	\$ 3.84209	\$ -	\$ -	\$ (0.09800)	\$ 4.12912	\$ 4.12912	\$ (923,943.40)	\$ 454,684.44	\$ 441,344.54	\$ (13,339.90)		\$ (24,606.80)	Final
Oct-20	\$ 4.17663	\$ 4.17663	\$ -	\$ -		\$ 3.86782	\$ 3.86782	\$ (1,181,326.46)	\$ 553,173.93	\$ 472,220.20	\$ (80,953.73)		\$ (105,560.53)	Final
Nov-20	\$ 4.14921	\$ 4.14921	\$ 1.98533	\$ -	\$ (0.16450)	\$ 5.59840	\$ 3.61307	\$ (384,931.48)	\$ 888,024.15	\$ 686,606.22	\$ (201,417.93)		\$ (306,978.46)	Final
Dec-20	\$ 3.54392	\$ 3.54392	\$ 1.98533	\$ -	\$ (0.03345)	\$ 5.49867	\$ 3.51334	\$ (226,314.87)	\$ 1,290,698.33	\$ 1,183,983.57	\$ (106,714.76)		\$ (413,693.21)	Est
Jan-21	\$ 3.56843	\$ 3.56843	\$ 2.08883	\$ -	\$ (0.01765)	\$ 5.63961	\$ 3.55078	\$ 19,134.43	\$ 1,312,220.06	\$ 1,200,069.77	\$ (112,150.28)		\$ (525,843.50)	Est
Feb-21	\$ 3.76209	\$ 3.76209	\$ 2.08883	\$ -	\$ (0.01765)	\$ 5.83327	\$ 3.74444	\$ 322,904.79	\$ 1,063,209.41	\$ 1,386,804.96	\$ 323,595.54		\$ (202,247.95)	Est
Mar-21	\$ 3.05022	\$ 3.05022	\$ 2.08883	\$ -	\$ (0.01765)	\$ 5.12140	\$ 3.03257	\$ 436,251.07	\$ 884,241.78	\$ 885,517.10	\$ 1,275.32		\$ (200,972.63)	Est
Apr-21	\$ 2.36654	\$ 2.36654	\$ 2.08883	\$ -	\$ (0.01765)	\$ 4.43772	\$ 2.34889	\$ 483,025.58	\$ 453,028.66	\$ 630,378.84	\$ 177,350.19		\$ (23,622.45)	Est
May-21	\$ 2.44453	\$ 2.44453	\$ -	\$ -		\$ 2.44453	\$ 2.44453	\$ 237,555.66	\$ 418,021.66	\$ 446,772.72	\$ 28,751.06		\$ 5,128.61	Est
Jun-21	\$ 2.46598	\$ 2.46598	\$ -	\$ -		\$ 2.46598	\$ 2.46598	\$ 0.52	\$389,659.94	\$ 384,534.89	\$ (5,125.04)		\$ 3.57	Est



Commission Item Number: DUC210125 - 2
Utility Commission Meeting: January 25, 2021
Item: II. C. 2021 Biennial Rate Study Follow-up

2021 Biennial Rate Study Follow-up

At the November meeting, Mark Beauchamp with Utility Financial Solutions presented his firm's recommendations for rate adjustments for FY 2022 and 2023. Attached in this agenda packet you will find a summary of the suggested recommendations from discussions with various Utility Commissioners.

Recommendation: A suggested motion follows:

I move that the Danville Utility Commission recommend the 2021 biennial rate study to City Council for fiscal years 2022/2023 including the various rate adjustments to meet cost of service requirements.



City of Danville

Department of Utilities

January 15, 2021

To: Danville Utility Commissioners

From: Jason Grey, Utilities Director

Re: 2021 Biennial Rate Study Recommendations

The following rate changes below are based on the feedback and thoughts from various Utility Commissioners. I want to thank you for your time in discussing the biennial rate study with me and sharing your ideas and comments regarding the utility rates over the next two fiscal years. Please feel free to reach out to me prior to the January meeting if you have any questions regarding the items below.

Wastewater

- No changes to the commodity charge or to any of the customer charges. The cost of service study aligned very well with current rates.
- Addition of a new large industrial wastewater rate.

Water

- Decreasing the consumption charge from \$2.60/100 cubic feet to \$2.50/100 cubic feet.
- Increasing the customer charges closer to cost of service.
- Addition of a new large industrial water rate.

Natural Gas Fund

- Increasing the customer charges closer to the cost of service study.
- Decreasing the distribution charges to better align with the cost of service study.
- Recognizing that the cost of natural gas will be lower moving compared to FY21. This will allow an overall rate decrease for all rate classes except transport customers.

Electric

- Increasing the customer charges closer to the cost of service study. Using a one-step method during this rate study rather than the original two-step method that was originally proposed.
- No changes to the Worship Sanctuary Rate. This rate was aligned close to the cost of service results during the 2019 biennial rate study.



City of Danville

Department of Utilities

- A proposed revised phased approach to introducing time-of-use (TOU) rates. Utility Financial Solutions came back and recommended phasing in the TOU rates over two or three biennial rate study processes to allow customers to get accustomed with the rate design. The initial TOU rates would have a lower risk level but yield lower savings. The goal would be to introduce the rate to residential, small general and medium general customers in FY22 and roll-out on a voluntary basis in FY23. This will allow staff time to market and display what a customer's bill would be on a TOU rate compared to the standard rate. A TOU rate would allow applicable customers to be billed 74% off-peak rates during the summer months and 85% off-peak rates during all other months.

Please find included a summary of each rate change with an example of an average customer bill. Feel free to contact me with any questions regarding any of this information.

Thank you,

Jason Grey

Water

Consumption Rate	(per 100 cubic feet)	\$	<u>Current</u>	\$	<u>Proposed</u>
			2.60		2.50
Customer Charge					
	5/8"	\$	8.85	\$	9.50
	1"	\$	22.13	\$	23.00
	1.5"	\$	44.25	\$	48.50
	2"	\$	70.80	\$	76.50
	3"	\$	141.60	\$	145.00
	4"	\$	221.25	\$	232.50
	6"	\$	442.50	\$	460.50
	8"	\$	708.00	\$	735.50
Residential Water Exa.					
	<u>Consumption</u>		<u>Current</u>		<u>Proposed</u>
			8.85		9.50
Customer Charge					
Consumption Charge	5	\$	13.00	\$	12.50
			\$21.85		\$22.00
			% Increase		0.69%
			\$0.15/month		

Water-Large Industrial Rate

	per 1,000 Gallons
Over 1,000,000 GPD	\$ 2.10
500,000 to 1,000,000 GPD	\$ 2.25
200,000 to 500,000 GPD	\$ 2.40

Wastewater-Large Industrial Rate

	per 1,000 Gallons
Over 1,000,000 GPD	\$ 2.40
500,000 to 1,000,000 GPD	\$ 2.50
200,000 to 500,000 GPD	\$ 2.65

2021 Proposed Natural Rate Changes

Residential				Firm Commercial			
Natural Gas-Therms		<u>Current</u>	<u>Proposed</u>	Natural Gas		<u>Current</u>	<u>Proposed</u>
Customer Charge	\$	11.15	\$ 12.15	Customer Charge	\$	22.30	\$ 24.30
Distribution Charge	\$	0.2825	\$ 0.2681	Distribution Charge:			
PGA per therm	\$	0.5085	\$ 0.4415	0-5,000 Therms	\$	0.2825	\$ 0.2585
				5,001+ Therms	\$	0.2525	\$ 0.2310
				PGA per therm	\$	0.5022	\$ 0.4250
	<u>Consumption</u>	<u>Current</u>	<u>Proposed</u>				
Customer Charge		\$ 11.15	\$ 12.15		<u>Consumption</u>	<u>Current</u>	<u>Proposed</u>
Distribution Charge	55	\$ 15.54	\$ 14.75	Customer Charge		22.30	24.30
PGA	55	\$ 27.97	\$ 24.28	Distribution Charge:			
		\$54.66	\$51.18	0-5,000 Therms	5000	1,412.50	1,292.50
		% Decrease	-6.36%	5,001+ Therms	1500	378.75	346.50
				PGA per therm		5,753.30	5,637.50
					\$	7,566.85	\$ 7,300.80
						% Decrease	-3.52%
Firm Industrial				Interruptible Industrial			
Natural Gas		<u>Current</u>	<u>Proposed</u>	Natural Gas-Therms		<u>Current</u>	<u>Proposed</u>
Customer Charge	\$	106.00	\$ 125.00	Customer Charge	\$	475.00	\$ 550.00
Distribution Charge:				Distribution Charge	150000	\$ 0.1150	\$ 0.1032
0-5,000 Therms	5000	\$ 0.2450	\$ 0.2295	PGA per therm		\$ 0.3500	\$ 0.3500
5,001-100,000 Therms	95000	\$ 0.2083	\$ 0.2014				
100,000+ Therms	50000	\$ 0.1200	\$ 0.1124		<u>Consumption</u>	<u>Current</u>	<u>Proposed</u>
PGA per therm		\$ 0.5085	\$ 0.4325	Customer Charge		\$ 475.00	\$ 550.00
				Distribution Charge		\$ 17,250.00	\$ 15,480.00
	<u>Consumption</u>	<u>Current</u>	<u>Proposed</u>	PGA	150000	\$ 52,500.00	\$ 52,500.00
Customer Charge		\$ 106.00	\$ 125.00			\$70,225.00	\$68,530.00
Distribution Charge:						% Decrease	-2.41%
0-5,000 Therms	5000	1,225.00	1,147.50				
5,001+ Therms	95000	19,788.50	19,133.00				
100,000 Therms	50000	6,000.00	5,620.00				
PGA per therm		53,307.50	46,087.50				
		\$ 80,427.00	\$ 72,113.00				
		% Decrease	-10.34%				

2021 Proposed Electric Rate Changes

Residential				Worship Sanctuary			
Electric				Electric			
		<u>Current</u>	<u>Proposed</u>			<u>Current</u>	<u>Proposed</u>
Customer Charge		9.00	11.00	Customer Charge		50.00	50.00
Energy Charge		0.11760	0.12000	Energy Charge		0.10750	0.10750
PCA		0.02167	0.01016	PCA		0.02167	0.01016
				Demand	\$	2.60	\$ 2.60
	<u>Consumption</u>	<u>Current</u>	<u>Proposed</u>			<u>Current</u>	<u>Proposed</u>
Electric (kWh)				Electric (kWh)			
Customer Charge		9.00	\$ 11.00	Customer Charge		\$ 50.00	\$ 50.00
Energy Charge	1000	\$ 117.60	\$ 120.00	Energy Charge	4000	\$ 430.00	\$ 430.00
PCA	1000	\$ 21.67	\$ 10.16	PCA	4000	\$ 86.68	\$ 40.64
		\$148.27	\$141.16	Demand (kW-over 25kW)	5	\$ 13.00	\$ 13.00
						\$ 579.68	\$ 533.64
		% Decrease	-4.80%			% Decrease	-7.94%
Small General Service				Medium General Service			
Electric				Electric			
		<u>Current</u>	<u>Proposed</u>			<u>Current</u>	<u>Proposed</u>
Customer Charge		\$ 12.50	\$ 16.50	Customer Charge		\$ 75.00	\$ 100.00
Energy Charge		0.11940	0.12	Energy Charge		0.06530	0.069
PCA		0.02167	0.01016	PCA		0.02167	0.01016
				Demand (kW)		\$ 15.00	\$ 14.00
	<u>Consumption</u>	<u>Current</u>	<u>Proposed</u>			<u>Current</u>	<u>Proposed</u>
Electric (kWh)				Electric (kWh)			
Customer Charge		\$ 12.50	\$ 16.50	Customer Charge		\$ 75.00	\$ 100.00
Energy Charge	3000	\$ 358.20	\$ 360.00	Energy Charge	20,880	\$ 1,363.46	\$ 1,440.72
PCA	3000	\$ 65.01	\$ 30.48	PCA	20,880	\$ 452.47	\$ 212.14
		\$435.71	\$406.98	Demand (kW)	100.0	\$ 1,500.00	\$ 1,400.00
						\$3,390.93	\$3,152.86
		% Decrease	-6.59%			% Decrease	-7.02%

Large General Service-Utility Owned Transformer

Electric		<u>Current</u>	<u>Proposed</u>
Customer Charge		\$ 350.00	\$ 450.00
Energy Charge		0.05700	0.064
PCA		0.02167	0.01016
Demand (kW)		\$ 17.04	\$ 17.04

	<u>Consumption</u>	<u>Current</u>	<u>Proposed</u>
Electric (kWh)			
Customer Charge		\$ 350.00	\$ 450.00
Energy Charge	356400	\$ 20,314.80	\$ 22,809.60
PCA	356400	\$ 7,723.19	\$ 3,621.02
Demand (kW)	900.0	\$ 15,336.00	\$ 15,336.00
		\$43,723.99	\$42,216.62
	% Decrease		-3.45%

Residential Time-of-Use Rate (Multi-phase approach)

Electric (kWh)		<u>Proposed</u>	<u>Residential</u>
Customer Charge		\$ 11.00	\$ 15.80
Energy Charge	Critical Peak	\$ 0.12	
	On-peak		\$ 0.1552
	Off-peak		\$ 0.1031
PCA		\$ 0.01016	\$ 0.01016

Small General Time-of-Use Rate (Multi-phase approach)

		<u>Proposed</u>	<u>SGS</u>
Electric (kWh)		<u>SGS</u>	<u>Time of Use</u>
Customer Charge		\$ 16.50	\$ 23.50
Energy Charge	Summer (June-September)		
	Critical Peak	\$ 0.12	
	On-peak (12 pm-9 pm)		\$ 0.1730
	Off-peak		\$ 0.1020
	<u>All other months</u>		
	Critical Peak	\$ 0.12	
	On-peak (6am-11 am)		\$ 0.1530
	Off-peak		\$ 0.1040
PCA		\$ 0.01016	\$ 0.01016

Medium General Time-of-Use Rate (Multi-phase approach)

		<u>Proposed</u>	<u>MGS</u>
Electric (kWh)		<u>MGS</u>	<u>Time of Use</u>
Customer Charge		\$ 100.00	\$ 136.00
Energy Charge	Summer (June-September)		
	Critical Peak	\$ 0.069	
	On-peak (12 pm-9 pm)		\$ 0.1360
	Off-peak		\$ 0.0650
	<u>All other months</u>		
	Critical Peak	\$ 0.069	
	On-peak (6am-11 am)		\$ 0.1160
	Off-peak		\$ 0.0670
Winter Demand (kW)		\$ 14.00	\$ 11.27
Summer Demand (kW)		\$ 14.00	\$ 11.27
PCA		\$ 0.01016	\$ 0.01016



Commission Item Number: DUC210125 - 3
Utility Commission Meeting: January 25, 2021
Item: II. D. Introduction to Fiscal Year 2022 Utilities
Budget

Introduction to Fiscal Year 2022 Utilities Budget

Lori Flanigan will present the proposed Wastewater, Water, Gas, Electric and Telecommunication budgets for FY2022 including capital improvement projects. Please contact Jason Grey at (434) at 799-5270 if you have any questions regarding the proposed FY22 budget.



City of Danville
Department of Utilities

January 15, 2021

To: Danville Utility Commissioners

From: Jason Grey, Utilities Director

Re: FY 2022 Proposed Utilities Budget

I am pleased to present the proposed FY 2022 Budget for the Department of Utilities for your review and consideration. The budget is a sound financial plan and has been prepared with the Commission's goals and objectives adopted from the 2020-2025 Strategic Plan. A balanced budget for the next fiscal year, must be recommended by February 22, 2022 in order for City Council to start their review and approval process as scheduled.

The proposed FY 2022 budget is balanced and totals \$166,663,360 in for all operating expenses. The budget is spread over the following funds: Wastewater Fund \$10,978,970; Water Fund \$10,882,310; Natural Gas \$19,935,040 Fund; Electric Fund \$124,195,850; and Telecommunications Fund \$671,190.

REVENUES

The proposed budget is being prepared and based on revenue projections provided by the 2021 Biennial Rate Study. Staff forecasts that water and wastewater revenues will remain flat even with the additions of several new industrial customers. The electric and gas funds have existing supply contracts expiring in FY 2021. The electric fund will see power supply costs decrease as compared to FY 2021. The difference is the expiring Morgan Stanley purchase power energy contract which represented approximately 17% of the City's energy needs. This will partly be off-set by an increase in AEP transmission rates compared to FY 2021 due to a transmission rate increase from \$6.69/kilowatt-month to \$7.97/kilowatt-month. The Natural Gas Fund will see the "blended and extended" gas hedges expire on March 31, 2021. Some of the savings will be off-set by a recent Transco transmission rate settlement. The Telecommunication Fund will see a slight increase in revenue from additional fiber to the home customer sign-ups and the addition of new E-rate contracts with the Pittsylvania County Schools to serve four elementary schools.

EXPENDITURES

Expenditure estimates were compiled and formulated by the Budget Director and Utilities staff using a budget application that displays prior year's expenditures for the past five years. Staff requested changes to the budget based on current year expenditures and capital requests for FY 2022. Requests were given consideration based on projected



revenues, proposed work program needs, inflationary trends and a review of each departmental operation. All estimates in the budget are based upon department's strategic plan. The FY 2022 budget includes a total of \$15,909,290 in capital projects across all five utility funds. This budget also includes appropriations of \$15,509,000 in transfers to the General Fund.

HIGHLIGHTS

I. All Funds

- Pay-for-performance budgeted at an average 2% per employee.
- Increase General fund contributions (\$0-Wastewater, \$3,000-Water, \$10,000-Gas, \$143,000-Electric)

II. Capital Projects

Wastewater

- \$2M for Fall Creek Sanitary Sewer Reconstruction (Wastewater Fund Balance)
- \$1M Apple Branch Sewer Line Replacement (revenues)
- New sewer Connections-\$300,000 (revenues)
- Sewer maintenance-\$250,000 (revenues)

Water

- \$1M for the water infrastructure expansion within Berry Hill Industrial Park (water fund balance)
- \$1.5M for water main replacements (\$844,260 water fund revenues and \$700,000 water fund balance)

Natural Gas Fund

- \$1,213,790 for the Pittsylvania County gas expansion (Gas Fund Revenues)

Electric

- \$6M for Southside and Westover Substation upgrades (Reprogrammed Funds)
- \$551,240 for Line Re-conductoring and 25 kV conversion (Electric Revenues)
- \$1M for Casino Substation (Reprogrammed Funds)
- \$1M for 4th Delivery Point at West Fork Substation (Reprogrammed Funds)

Telecommunications

- \$50,000 for Fiber to the Home Extensions (\$50,000 Telecom Revenues)



City of Danville

Department of Utilities

Please contact Lori Flanigan, Division Director of Support Services, or myself as we start the 2022 budgeting process. Our email addresses are flanilb@danvilleva.gov and greyjc@danvilleva.gov.

Thank you,

Jason Grey