



Danville Utility Commission Meeting Agenda 4:00 p.m., March 23, 2020

City Council Chambers, Danville City Hall

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

- II. Discussion/Business Items**
 - A. Minutes of the February 24, 2020 Commission Meeting
 - B. Review of Utilities' Financial Statements
 - C. Westover Substation Information/Substation Renovation Project Plan
 - D. City of Eden, NC Water and Wastewater Agreements for the Berry Hill Industrial Park

- 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, April 27, 2020

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



Danville Utility Commission
4:00 p.m. February 24, 2020 Meeting
Council Chambers, City Hall
Minutes

Commission Members Present: Bill Donohue, Ken Larking, Helm Dobbins, Fred Shanks, Sheila Williamson-Branch, Paul Liepe, Bert Eades

Commission Members Absent: Vanessa Cain

Staff Present: Ryan Dodson, Philip Haley, Jason Grey, Janet Davis, Alan Johnson, Mike Nelson, Kelly Kinnett, Mike Spencer, Jennifer Holley, Michael Adkins, Lori Millner, Laura Blackwell

Others Present: Jerry Shupe, Inframark

Call to Order and Announcements

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

Discussion/Business Items

Minutes of January 27, 2020 Commission Meeting

Chairman Donohue asked for any corrections, deletions, or adjustments to the minutes from January 27, 2020.

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

Review of Utilities' Financial Statements

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

Mr. Grey explained to the Utility Commission that due to the milder winter months, the gas and electric funds both are lower than budgeted. He said this has been the warmest January in the past five years.

Mr. Dobbins said that it would be nice to see the past five to ten years year-by-year to see if the difference between budgets for the winter months averages out. Mr. Grey responded that staff can put this together.

Mr. Eades asked why the General and Administrative Expenses is higher year-to-year for the Telecommunications Fund. Ms. Holley responded that she did not research this, but will get back with the Commission regarding this.

Fiscal Year 2021 Utilities Budget

Ms. Millner presented changes to the proposed 2021 fiscal year budget to the Commission from the last meeting. Corrections included changes to the water and wastewater fund due to the change in the rates in Fiscal Year 2020.

Mr. Shanks requested that the reporting return to the way it was reported in previous years. Mr. Donahue agreed that it was easier to read and was more of a business format than a government format. Mr. Grey responded that the same software has been used and that perhaps an upgrade to the software makes the data appear differently.

Mr. Dobbins asked if it would be possible to add an additional column for projected numbers to simplify the way the report is read rather than having to flip back and forth between pages, much like pages 10 and 11 of the Utility Commission packet. This way the budget would appear more like a general accounting principles format and would better summarize the information. Mr. Grey responded that staff will talk with Information Technology and Finance and see if this can be done.

Mr. Shanks requested a summary of the capital improvement budget for substations – recent and future. Mr. Grey responded that in 2018 the Schoolfield Substation was engineered and is currently being upgraded. In 2019, the Riverside Substation was engineered and is currently being upgraded. In 2020 the Kentuck and Whitmell substations will be engineered and transformers ordered. In 2021, Kentuck and Whitmell Substations will be upgraded. The Southside Substation and New Design substation will be upgraded in FY2022. Westover substation that feeds the west side of Danville will be upgraded in 2023.

Mr. Shanks asked what year is the Westover Substation upgrade. Mr. Grey responded that it is planned for either 2023 or 2024. Mr. Shanks asked if reliability is considered when prioritizing upgrades to substations.

Mr. Shanks stated that he has family in Westover and that he is concerned with how often that substation goes out of service. Mr. Grey responded that the outages have been more due to weather instances than equipment failure and that the upgrades are prioritized by the age of the infrastructure. He would like to see the performance of the Westover Substation to summarize what are the reasons for each time the substation has gone down.

Mr. Donahue requested that information be shared regarding the substations at the next Utility Commission meeting.

Mr. Shanks asked about the funding on page 37 regarding the substation projects. Mr. Grey explained each year's project, the cost, and the timeframe for each project. Mr. Shanks said he understands that some of the substations are under design currently, but he would like to know more about how the order of upgrade was determined.

Mr. Larking stated that a document can be created that shows the criteria that helped determine how each substation was put in the order for upgrade.

Mr. Donahue mentioned that the Westover area has been hit twice by major windstorms and that the substation may need to be reevaluated to ensure that these storms had no effect on the health of the substation.

Mr. Eades asked what was determined to be the problem with the Westover Substation. Mr. Grey responded that a lightning arrestor failed that damaged a bushing to the transformer. Unfortunately the bushing was from 1975, so there was not a bushing on hand to fit the transformer so it took time to get a bushing to repair the transformer.

Mr. Eades asked if parts could be standardized in upgrades to make having replacement part inventory less cost prohibitive. Mr. Grey responded that due to the different vendors supplying the substation components, it would not be possible as the parts vary from manufacturer to manufacturer, and the Utility must award the bids to the most qualified, lowest bidders.

A motion was made by Mr. Dobbins and seconded by Ms. Williamson-Branch to approve the Utility Department's Proposed Fiscal Year 2021 Budget for submission to the City Manager and inclusion in his budget proposal to the City Council, with the Commission's recommendation for its adoption by the Council. It was 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. All members voted in favor, and the motion carried unanimously.

Kentuck Substation Property Acquisition

Mr. Haley told the Commission that as part of the Kentuck substation upgrade, an additional half acre of land is needed to accommodate the open-air design needed to upgrade the station to meet current design standards. Staff has been able to negotiate a purchase price of \$15,000 with the current property owner for a half acre of land adjoining the substation.

Mr. Liepe made a motion and Ms. Williamson-Branch seconded that the Danville Utility Commission recommend to City Council purchasing a half acre adjacent to Kentuck substation for \$15,000 in order to expand the Kentuck substation footprint. All members voted in favor, and the motion carried unanimously.

Department Discussions

Mr. Larking stated the budget will be presented at the second meeting in March.

Mr. Eades suggested that the board packets be sent electronically rather than mailed out. Mr. Grey asked if the Utility Commission would be okay with utilizing tablets and a link would be mailed out prior to the meeting for review. The Commission agreed that this would be acceptable.

Mr. Todd Turner, City resident, spoke regarding the gas budget. He pointed out that there are a lot of City residents off Westover Drive and in the Glenwood community that have not received gas service. He asked if there was any consideration to serve these areas prior to Pittsylvania County residents. Mr. Grey responded that the extensions are based on a feasibility assessment. The assessment will be completed in May, and will be dependent on the return on investment.

Mr. Gordon Lyles spoke regarding his neighborhood on Halifax Road. He stated that a lot of crashes have occurred in that area and would like an installation of a guardrail to be addressed. Mr. Larking responded that this would be a matter for Public Works and not Danville Utilities, and that he will relay the message. Mr. Donahue requested that Danville Utilities look into the lighting in the area to make sure it is adequate to avoid accidents.

Mr. Grey presented updates to the Strategic Plan and the progress to the plan. Mr. Liepe asked about the reliability item in the plan. He asked if Danville Utilities has not been tracking outages as they occur. Mr. Grey stated that currently outages are not tracked, but there is a software that Danville Utilities is working to obtain that will track the outages and will provide this information.

Mr. Liepe was also concerned about the Strategic Plan mentioning the implementation of a safety manual. Mr. Grey stated that the City has a manual, but each division of Danville Utilities does not. The industry standard's manual is followed for each type of utility. Danville Utilities is planning on crafting safety manuals specific to each division within the Utility.

Mr. Donahue asked about the Strategic Plan item regarding Danville Utilities being an employer of choice. Mr. Grey responded that Danville Utilities has begun a robust on boarding process. There will also be a larger push to find out why people exit from Danville Utilities. Mr. Grey said employee retention has been better over the past few years.

Mr. Eades asked had the cost been figured out to the total dollar cost impact for each goal in the Cost and Asset Management category. Mr. Grey responded that it has not as of yet. Mr. Eades recommended that this action be taken.

Mr. Grey stated a presentation will be put together for the March meeting on the Westover Substation and future planning on its upgrades. Mr. Donahue asked for benchmark information on what other utilities are doing in the area. Mr. Shanks asked Mr. Grey to check with Appalachian Power to see what impact they have weather-wise with their substations. Mr. Grey responded that Piney Forest and West Fork were not affected by the storm the way that Westover was, so staff can check, but it may not show any differences since Danville Utilities other nearby substations didn't experience the same conditions as Westover. Mr. Shanks requested at least 10 years of history.

Mr. Grey updated the Commission on renewable energy credits. He stated that they are a high commodity, and that the market may be more aggressive in the future.

Mr. Grey mentioned that the legislation that has been passed does not affect Danville Utilities since it is municipality-owned. A good goal for total renewable energy however, would be 2050.

Adjournment

Chairman Donohue stated the next meeting is scheduled for March 23, 2020. Mr. Liepe made a motion to adjourn the meeting, and the motion was seconded by Mr. Dobbins. All members voted in favor. There being no further business, Chairman Donohue adjourned the meeting at 5:38 p.m.

Submitted by Janet C. Davis
Secretary to the DUC

March 23, 2020

Date Approved

Chairman
Danville Utility Commission



Commission Item Number: DUC200323 - 1
Utility Commission Meeting: March 23, 2020
Item: II. B. Review of Utilities' Financial Statements

Financial Report

January financials will be reviewed.

UTILITY FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE PERIOD ENDED JANUARY 31, 2020 (YTD)
UNAUDITED

	WASTEWATER	WATER	GAS	ELECTRIC	TELECOM	TOTAL	CURRENT 19-20 BUDGET	LAST YEAR TO DATE
OPERATING REVENUE	5,246,133.40	5,176,784.92	11,438,014.74	71,101,038.97	366,538.75	93,328,510.78	167,810,680.00	97,695,800.00
COST OF SALES								
PURCHASED SERVICES	-	-	7,688,506.78	53,640,573.64	25,863.35	61,354,943.77	108,918,670.00	64,667,538.94
PRODUCTION	-	-	-	418,223.33	-	418,223.33	1,130,043.91	380,357.81
TOTAL COST OF SALES	-	-	7,688,506.78	54,058,796.97	25,863.35	61,773,167.10	110,048,713.91	65,047,896.75
GROSS PROFIT	5,246,133.40	5,176,784.92	3,749,507.96	17,042,242.00	340,675.40	31,555,343.68	57,761,966.09	32,647,903.25
GROSS PROFIT %	100.00%	100.00%	32.78%	23.97%	92.94%	33.81%	34.42%	33.42%
OPERATING EXPENSES								
TRANSMISSION & TREATMENT	1,425,350.36	978,504.61	-	882,491.45	-	3,286,346.42	6,579,595.90	3,056,255.94
ENGINEERING	-	123,378.53	173,052.83	420,087.98	-	716,519.34	1,922,817.96	729,561.60
DISTRIBUTION	1,211,748.83	323,866.18	383,660.28	7,919,151.95	-	9,838,427.24	16,649,637.81	8,989,755.15
SERVICE	4,185.60	48,445.75	23,116.65	-	-	75,748.00	404,720.00	95,947.02
METERS & REGULATORS	-	55,847.69	83,358.63	191,018.03	(270.45)	329,953.90	746,240.00	309,538.33
GENERAL & ADMINISTRATIVE	1,051,821.22	1,812,037.99	2,208,642.04	3,142,843.78	510,206.31	8,725,551.34	15,142,849.65	8,242,309.62
TOTAL OPERATING EXPENSES	3,693,106.01	3,342,080.75	2,871,830.43	12,555,593.19	509,935.86	22,972,546.24	41,445,861.32	21,423,367.66
OPERATING INCOME (LOSS)	1,553,027.39	1,834,704.17	877,677.53	4,486,648.81	(169,260.46)	8,582,797.44	16,316,104.77	11,224,535.59
NON-OPERATING REVENUE (EXPENSE)								
INTEREST INCOME ON INVESTMENTS	128,339.63	135,654.37	154,354.03	439,642.11	12,768.15	870,758.29	1,015,800.00	937,780.68
ENERGY EFFICIENCY RECOVERY	-	-	-	(211,016.29)	-	(211,016.29)	(479,811.79)	(261,560.50)
RECOVERIES AND REBATES	6,849.38	8,110.36	225.52	1,482.29	-	16,667.55	19,320.00	247,963.73
GAIN/LOSS ON DISPOSAL	-	8,525.00	-	20,657.74	-	29,182.74	48,140.00	15,706.50
JOBBING INCOME (LOSS)	19,905.80	9,140.51	8,756.87	133,419.73	3,019.49	174,242.40	455,610.00	287,557.72
INTEREST ON LONG TERM INDEBTEDNESS	(90,871.40)	(89,276.06)	(45,368.59)	(989,178.99)	-	(1,214,695.04)	(1,859,960.00)	(1,261,605.58)
NET INCOME (LOSS)	1,617,250.80	1,906,858.35	995,645.36	3,881,655.40	(153,472.82)	8,247,937.09	15,515,202.98	11,190,378.14
OPERATING TRANSFERS IN(OUT)	(411,693.31)	(554,341.69)	(1,858,692.50)	(6,083,939.19)	(47,250.00)	(8,955,916.69)	(15,353,000.00)	(11,682,166.69)
NET INCOME AFTER TRANSFERS	1,205,557.49	1,352,516.66	(863,047.14)	(2,202,283.79)	(200,722.82)	(707,979.60)	162,202.98	(491,788.55)
NET ASSETS JULY 1, AS RESTATED	60,553,912.35	45,516,684.17	56,018,959.51	176,913,450.37	9,115,652.75	348,118,659.15		
NET INCOME AFTER TRANSFERS	1,205,557.49	1,352,516.66	(863,047.14)	(2,202,283.79)	(200,722.82)	(707,979.60)		
FEDERAL GRANT	-	-	-	-	-	-		
CONTRIBUTION IN AID	34,841.00	-	-	-	-	34,841.00		
NET ASSETS JANUARY 2020	61,794,310.84	46,869,200.83	55,155,912.37	174,711,166.58	8,914,929.93	347,445,520.55		
NET ASSETS								
CONTRIBUTED CAPITAL - FIXED ASSETS	3,906,207.44	4,676,282.92	1,340,510.58	13,721,622.53	337,248.59	23,981,872.06		
RESTRICTED FOR INVESTMENT IN FIXED ASSETS	44,913,362.24	28,512,485.11	38,563,077.93	111,925,777.37	7,221,758.33	231,136,460.98		
RESTRICTED FOR PROJECTS IN PROGRESS	6,588,049.01	7,430,140.73	3,797,493.23	13,106,902.80	492,438.48	31,415,024.25		
RESTRICTED FOR ENCUMBRANCES	1,193,172.13	136,068.19	84,179.39	829,791.23	10,705.01	2,253,915.95		
RESTRICTED FOR ENERGY EFFICIENCY	-	-	-	-	-	-		
NET PENSION ASSETS	386,429.00	1,039,349.00	934,757.00	3,622,378.00	100,981.00	6,083,894.00		
DEFERRED OUTFLOWS - PENSION	66,617.00	179,174.00	161,143.00	624,465.00	17,408.00	1,048,807.00		
UNRESTRICTED	4,807,091.02	5,074,874.88	10,435,894.24	31,504,694.65	751,798.52	52,574,353.31		
TOTAL NET ASSETS	61,794,310.84	46,869,200.83	55,155,912.37	174,711,166.58	8,914,929.93	347,445,520.55		

CITY OF DANVILLE
UTILITY FUNDS
COMBINING STATEMENT OF NET ASSETS - UNAUDITED
JANUARY 31, 2020

	<u>WASTEWATER</u>	<u>WATER</u>	<u>GAS</u>	<u>ELECTRIC</u>	<u>TELECOM</u>	<u>JANUARY 31, 2020</u>
ASSETS						
Equity in pooled Cash and Investments	\$ 11,582,494.00	12,167,817.98	12,927,800.29	38,585,384.51	1,006,606.20	76,270,102.98
Receivables (Net of allowances for Uncollectible):						
Accounts	1,074,461.41	112,639.30	2,139,131.83	14,188,980.03	72,686.07	17,587,898.64
Power/Gas Cost Recovery	-	-	182,616.43	3,718,573.31	-	3,901,189.74
Pension Assets	386,429.00	1,039,349.00	934,757.00	3,622,378.00	100,981.00	6,083,894.00
Inventory of Gas, Materials and Supplies, at Cost	-	603,198.08	755,002.36	1,861,723.97	188,964.43	3,408,888.84
Fixed Assets	98,749,127.06	75,269,990.82	70,554,160.41	313,310,412.22	10,821,665.30	568,705,355.81
Accumulated Depreciation	(47,360,675.05)	(39,449,208.44)	(29,515,140.35)	(138,489,183.99)	(3,262,658.38)	(258,076,866.21)
Deferred Outflows - Pension	66,617.00	179,174.00	161,143.00	624,465.00	17,408.00	1,048,807.00
TOTAL ASSETS	\$ 64,498,453.42	49,922,960.74	58,139,470.97	237,422,733.05	8,945,652.62	418,929,270.80
LIABILITIES AND NET ASSETS						
Liabilities						
Accounts Payable	\$ 88,275.20	284,918.75	1,770,574.35	8,651,799.85	25,898.37	10,821,466.52
Accrued Interest Payable	46,985.05	47,680.32	21,463.32	566,185.89	-	682,314.58
Customer Deposits	-	-	-	3,704,718.79	-	3,704,718.79
Accrued Vacation, Sick Leave & Workers Comp.	-	89,146.49	56,089.38	592,168.46	4,824.32	742,228.65
Deferred Gain / Loss - Refunding Bonds	(142,336.10)	(135,244.97)	(76,652.87)	(1,360,633.24)	-	(1,714,867.18)
Original Issue Premium/Discount (Refunding Bonds)	158,121.97	149,568.36	86,054.52	11,512,583.04	-	11,906,327.89
General Obligation Bonds Payable	2,553,096.63	2,617,690.96	1,126,029.90	39,021,878.53	-	45,318,696.02
Revenue Bonds Payable	(0.17)	-	-	-	-	(0.17)
Long-Term Leases, Notes, and Contracts Payable	-	-	-	22,865.15	-	22,865.15
TOTAL LIABILITIES	\$ 2,704,142.58	3,053,759.91	2,983,558.60	62,711,566.47	30,722.69	71,483,750.25
Net Assets						
Contributed Capital	\$ 3,906,207.44	4,676,282.92	1,340,510.58	13,721,622.53	337,248.59	23,981,872.06
Retained Earnings:						
Restricted for Investment in Fixed Assets	\$ 44,913,362.24	28,512,485.11	38,563,077.93	111,925,777.37	7,221,758.33	231,136,460.98
Restricted for Incomplete Projects	6,588,049.01	7,430,140.73	3,797,493.23	13,106,902.80	492,438.48	31,415,024.25
Restricted for Subsequent Expenses	1,193,172.13	136,068.19	84,179.39	829,791.23	10,705.01	2,253,915.95
Net Pension Assets	386,429.00	1,039,349.00	934,757.00	3,622,378.00	100,981.00	6,083,894.00
Deferred Outflows - Pension	66,617.00	179,174.00	161,143.00	624,465.00	17,408.00	1,048,807.00
Unrestricted	4,807,091.02	5,074,874.88	10,435,894.24	31,504,694.65	751,798.52	52,574,353.31
Total Retained Earnings	\$ 57,888,103.40	42,192,917.91	53,815,401.79	160,989,544.05	8,577,681.34	323,463,648.49
TOTAL NET ASSETS	\$ 61,794,310.84	46,869,200.83	55,155,912.37	174,711,166.58	8,914,929.93	347,445,520.55
TOTAL LIABILITIES AND NET ASSETS	\$ 64,498,453.42	49,922,960.74	58,139,470.97	237,422,733.05	8,945,652.62	418,929,270.80

CITY OF DANVILLE
UTILITY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
FOR THE PERIOD ENDED JANUARY 31, 2020

	<u>WASTEWATER</u>	<u>WATER</u>	<u>GAS</u>	<u>ELECTRIC</u>	<u>TELECOM</u>	<u>JANUARY 31, 2020</u>
Operating revenues:						
Charges for Services	\$ 5,246,133.40	5,176,784.92	11,438,014.74	71,101,038.97	366,538.75	93,328,510.78
Operating Expenses:						
Purchased Services	\$ -	-	7,688,506.78	53,640,573.64	25,863.35	61,354,943.77
Production	-	-	-	418,223.33	-	418,223.33
Transmission & Treatment	1,425,350.36	978,504.61	-	882,491.45	-	3,286,346.42
Engineering	-	123,378.53	173,052.83	420,087.98	-	716,519.34
Distribution	1,211,748.83	323,866.18	383,660.28	7,919,151.95	-	9,838,427.24
Service	4,185.60	48,445.75	23,116.65	-	-	75,748.00
Meters & Regulators	-	55,847.69	83,358.63	191,018.03	(270.45)	329,953.90
Administrative	1,051,821.22	1,812,037.99	2,208,642.04	3,142,843.78	510,206.31	8,725,551.34
Total Operating Expenses	\$ 3,693,106.01	3,342,080.75	10,560,337.21	66,614,390.16	535,799.21	84,745,713.34
Operating Income (Loss)	\$ 1,553,027.39	1,834,704.17	877,677.53	4,486,648.81	(169,260.46)	8,582,797.44
Non-Operating Revenues (Expenses):						
Jobbing Income (Loss)	19,905.80	9,140.51	8,756.87	133,419.73	3,019.49	174,242.40
Interest Income	128,339.63	135,654.37	154,354.03	439,642.11	12,768.15	870,758.29
Energy Efficiency Recovery	-	-	-	(211,016.29)	-	(211,016.29)
Gain (Loss) on Disposal of Property	-	8,525.00	-	20,657.74	-	29,182.74
Recoveries and Rebates	6,849.38	8,110.36	225.52	1,482.29	-	16,667.55
Interest Expense	(90,871.40)	(89,276.06)	(45,368.59)	(989,178.99)	-	(1,214,695.04)
Total Non-Operating Revenues (Expenses)	\$ 64,223.41	72,154.18	117,967.83	(604,993.41)	15,787.64	(334,860.35)
Income (Loss) Before Operating Transfers	\$ 1,617,250.80	1,906,858.35	995,645.36	3,881,655.40	(153,472.82)	8,247,937.09
Operating Transfers:						
Transfers In (Out)	(411,693.31)	(554,341.69)	(1,858,692.50)	(6,083,939.19)	(47,250.00)	(8,955,916.69)
Total Operating Transfers	\$ (411,693.31)	(554,341.69)	(1,858,692.50)	(6,083,939.19)	(47,250.00)	(8,955,916.69)
Net Income (Loss)	\$ 1,205,557.49	1,352,516.66	(863,047.14)	(2,202,283.79)	(200,722.82)	(707,979.60)
Net Assets - July 1, 2019, as restated	60,553,912.35	45,516,684.17	56,018,959.51	176,913,450.37	9,115,652.75	348,118,659.15
Net Income (Loss)	1,205,557.49	1,352,516.66	(863,047.14)	(2,202,283.79)	(200,722.82)	(707,979.60)
Contribution In Aid of Construction	34,841.00	-	-	-	-	34,841.00
Net Assets - January 31, 2020	\$ 61,794,310.84	46,869,200.83	55,155,912.37	174,711,166.58	8,914,929.93	347,445,520.55

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED JANUARY 31, 2020

WASTEWATER - FINAL

	<u>ORIGINAL BUDGET 2019-20</u>	<u>ADJUSTMENTS AND CARRYFORWARDS</u>	<u>CURRENT BUDGET 2019-20</u>	<u>JANUARY 2020</u>	<u>PERCENT OF CURRENT BUDGET</u>	<u>JANUARY 2019</u>
OPERATING REVENUE	9,158,550.00		9,158,550.00	5,246,133.40	57.28%	5,862,149.41
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	3,050,270.00	7,031.83	3,057,301.83	1,425,350.36	46.62%	1,247,015.63
ENGINEERING	-		-	-		-
DISTRIBUTION	2,230,480.00	72,914.98	2,303,394.98	1,211,748.83	52.61%	1,466,676.54
SERVICE	143,400.00		143,400.00	4,185.60	2.92%	28,777.94
METERS & REGULATORS	-		-	-		-
BAD DEBT	35,800.00		35,800.00	20,881.76	58.33%	18,282.80
GENERAL & ADMINISTRATIVE	1,832,710.00		1,832,710.00	1,030,939.46	56.25%	965,286.45
TOTAL OPERATING EXPENSES	7,292,660.00	79,946.81	7,372,606.81	3,693,106.01	50.09%	3,726,039.36
OPERATING INCOME (LOSS)	1,865,890.00	(79,946.81)	1,785,943.19	1,553,027.39	86.96%	2,136,110.05
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	118,540.00		118,540.00	128,339.63	108.27%	127,922.35
RECOVERIES AND REBATES	-		-	6,849.38		4,244.50
GAIN/LOSS ON DISPOSAL	-		-	-		-
JOBGING INCOME (LOSS)	46,020.00		46,020.00	19,905.80	43.25%	37,283.24
INTEREST ON LONG TERM INDEBTEDNESS	(127,120.00)		(127,120.00)	(90,871.40)	71.48%	(120,809.33)
NET INCOME (LOSS)	1,903,330.00	(79,946.81)	1,823,383.19	1,617,250.80	88.70%	2,184,750.81
OPERATING TRANSFERS IN (OUT)	(705,760.00)		(705,760.00)	(411,693.31)	58.33%	(3,404,693.31)
NET INCOME AFTER TRANSFERS	1,197,570.00	(79,946.81)	1,117,623.19	1,205,557.49	107.87%	(1,219,942.50)
CONTRIBUTION IN AID	35,000.00		35,000.00	34,841.00	99.55%	
REGULAR CAPITAL MAINTENANCE	(598,420.00)		(598,420.00)	(196,015.46)	32.76%	
CAPITAL PROJECTS	(1,350,000.00)	(5,232,529.00)	(6,582,529.00)	(496,884.53)	7.55%	
DEBT SERVICE	(727,290.00)		(727,290.00)	(147,105.50)	20.23%	
DEPRECIATION	2,115,000.00		2,115,000.00	1,157,176.72	54.71%	
CONTINGENCY	(100,000.00)		(100,000.00)	-	0.00%	

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED JANUARY 31, 2020

WATER - FINAL

	<u>ORIGINAL BUDGET 2019-20</u>	<u>ADJUSTMENTS AND CARRYFORWARDS</u>	<u>CURRENT BUDGET 2019-20</u>	<u>JANUARY 2020</u>	<u>PERCENT OF CURRENT BUDGET</u>	<u>JANUARY 2019</u>
OPERATING REVENUE	8,758,450.00		8,758,450.00	5,176,784.92	59.11%	4,653,717.92
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	1,892,690.00	(68,059.20)	1,824,630.80	978,504.61	53.63%	945,416.07
ENGINEERING	371,830.00	20,454.89	392,284.89	123,378.53	31.45%	124,787.74
DISTRIBUTION	702,810.00	3,490.02	706,300.02	323,866.18	45.85%	321,225.35
SERVICE	136,380.00		136,380.00	48,445.75	35.52%	34,808.04
METERS & REGULATORS	178,160.00		178,160.00	55,847.69	31.35%	68,616.34
BAD DEBT	27,500.00		27,500.00	16,573.22	60.27%	13,091.65
GENERAL & ADMINISTRATIVE	3,155,010.00	109,818.09	3,264,828.09	1,795,464.77	54.99%	1,530,233.44
TOTAL OPERATING EXPENSES	6,464,380.00	65,703.80	6,530,083.80	3,342,080.75	51.18%	3,038,178.63
OPERATING INCOME (LOSS)	2,294,070.00	(65,703.80)	2,228,366.20	1,834,704.17	82.33%	1,615,539.29
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	143,850.00		143,850.00	135,654.37	94.30%	145,011.58
RECOVERIES AND REBATES	13,320.00		13,320.00	8,110.36	60.89%	9,776.71
GAIN/LOSS ON DISPOSAL	12,490.00		12,490.00	8,525.00	68.25%	5,408.25
JOBGING INCOME (LOSS)	91,050.00		91,050.00	9,140.51	10.04%	29,854.07
INTEREST ON LONG TERM INDEBTEDNESS	(111,200.00)		(111,200.00)	(89,276.06)	80.28%	(112,678.51)
NET INCOME (LOSS)	2,443,580.00	(65,703.80)	2,377,876.20	1,906,858.35	80.19%	1,692,911.39
OPERATING TRANSFERS IN (OUT)	(950,300.00)		(950,300.00)	(554,341.69)	58.33%	(549,675.00)
NET INCOME AFTER TRANSFERS	1,493,280.00	(65,703.80)	1,427,576.20	1,352,516.66	94.74%	1,143,236.39
CONTRIBUTION IN AID	-		-	-		
REGULAR CAPITAL MAINTENANCE	(1,238,100.00)	(32,313.93)	(1,270,413.93)	(178,703.24)	14.07%	
CAPITAL PROJECTS	(1,000,000.00)	(6,540,155.68)	(7,540,155.68)	(1,301,725.64)	17.26%	
DEBT SERVICE	(821,300.00)		(821,300.00)	(128,339.50)	15.63%	
DEPRECIATION	1,685,000.00		1,685,000.00	921,711.70	54.70%	
CONTINGENCY	(100,000.00)		(100,000.00)		0.00%	

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED JANUARY 31, 2020

GAS - FINAL

	ORIGINAL BUDGET 2019-20	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2019-20	JANUARY 2020	PERCENT OF CURRENT BUDGET	JANUARY 2019
OPERATING REVENUE	21,453,960.00		21,453,960.00	11,438,014.74	53.31%	13,794,566.14
COST OF SALES	-		-			
PURCHASED SERVICES PRODUCTION	12,794,670.00		12,794,670.00	7,688,506.78	60.09%	8,457,748.75
TOTAL COST OF SALES	12,794,670.00	-	12,794,670.00	7,688,506.78		8,457,748.75
GROSS PROFIT	8,659,290.00	-	8,659,290.00	3,749,507.96		5,336,817.39
GROSS PROFIT %	40.36%		40.36%	32.78%		38.69%
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	-		-			-
ENGINEERING	438,250.00	72,999.75	511,249.75	173,052.83	33.85%	187,271.12
DISTRIBUTION	645,870.00	9,798.00	655,668.00	383,660.28	58.51%	315,005.99
SERVICE	124,940.00		124,940.00	23,116.65	18.50%	32,361.04
METERS & REGULATORS	188,380.00		188,380.00	83,358.63	44.25%	76,726.84
BAD DEBT	51,440.00		51,440.00	31,557.95	61.35%	37,069.26
GENERAL & ADMINISTRATIVE	3,805,550.00	8,431.98	3,813,981.98	2,177,084.09	57.08%	2,078,078.10
TOTAL OPERATING EXPENSES	5,254,430.00	91,229.73	5,345,659.73	2,871,830.43	53.72%	2,726,512.35
OPERATING INCOME (LOSS)	3,404,860.00	(91,229.73)	3,313,630.27	877,677.53	26.49%	2,610,305.04
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	161,550.00		161,550.00	154,354.03	95.55%	150,229.30
RECOVERIES AND REBATES	-		-	225.52		234,460.02
GAIN/LOSS ON DISPOSAL	5,150.00		5,150.00	-		68.25
JOBGING INCOME (LOSS)	154,820.00		154,820.00	8,756.87	5.66%	55,950.94
INTEREST ON LONG TERM INDEBTEDNESS	(47,340.00)		(47,340.00)	(45,368.59)	95.84%	(52,337.81)
NET INCOME (LOSS)	3,679,040.00	(91,229.73)	3,587,810.27	995,645.36	27.75%	2,998,675.74
OPERATING TRANSFERS IN (OUT)	(3,186,330.00)		(3,186,330.00)	(1,858,692.50)	58.33%	(1,784,609.19)
NET INCOME AFTER TRANSFERS	492,710.00	(91,229.73)	401,480.27	(863,047.14)	-214.97%	1,214,066.55
CONTRIBUTION IN AID						
REGULAR CAPITAL MAINTENANCE	(822,200.00)	(90,960.77)	(913,160.77)	(223,149.05)	24.44%	
CAPITAL PROJECTS	(1,500,000.00)	(1,989,551.81)	(3,489,551.81)	(482,070.30)	13.81%	
DEBT SERVICE	(221,390.00)		(221,390.00)	(94,970.50)	42.90%	
DEPRECIATION	1,556,000.00		1,556,000.00	912,310.84	58.63%	
CONTINGENCY	(100,000.00)		(100,000.00)	-	0.00%	

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED JANUARY 31, 2020

ELECTRIC - FINAL

	ORIGINAL BUDGET 2019-20	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2019-20	JANUARY 2020	PERCENT OF CURRENT BUDGET	JANUARY 2019
OPERATING REVENUE	127,879,720.00		127,879,720.00	71,101,038.97	55.60%	72,763,543.61
COST OF SALES						
PURCHASED SERVICES	96,067,000.00		96,067,000.00	53,640,573.64	55.84%	56,177,223.79
PRODUCTION	889,770.00	240,273.91	1,130,043.91	418,223.33		380,357.81
TOTAL COST OF SALES	96,956,770.00	240,273.91	97,197,043.91	54,058,796.97		56,557,581.60
GROSS PROFIT	30,922,950.00	(240,273.91)	30,682,676.09	17,042,242.00		16,205,962.01
GROSS PROFIT %	24.18%		23.99%	23.97%		22.27%
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	1,611,140.00	86,523.27	1,697,663.27	882,491.45	51.98%	863,824.24
ENGINEERING	959,840.00	59,443.32	1,019,283.32	420,087.98	41.21%	417,502.74
DISTRIBUTION	12,987,030.00	(2,755.19)	12,984,274.81	7,919,151.95	60.99%	6,886,847.27
SERVICE	-		-	-		-
METERS & REGULATORS	379,700.00		379,700.00	191,018.03	50.31%	164,195.15
BAD DEBT	305,800.00		305,800.00	301,845.08	98.71%	222,440.27
GENERAL & ADMINISTRATIVE	4,805,060.00	92,927.08	4,897,987.08	2,840,998.70	58.00%	2,938,517.52
TOTAL OPERATING EXPENSES	21,048,570.00	236,138.48	21,284,708.48	12,555,593.19	58.99%	11,493,327.19
OPERATING INCOME (LOSS)	9,874,380.00	(476,412.39)	9,397,967.61	4,486,648.81	47.74%	4,712,634.82
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	574,980.00		574,980.00	439,642.11	76.46%	500,926.74
ENERGY EFFICIENCY RECOVERY	-	(479,811.79)	(479,811.79)	(211,016.29)	43.98%	(261,560.50)
RECOVERIES AND REBATES	6,000.00		6,000.00	1,482.29	24.70%	(517.50)
GAIN/LOSS ON DISPOSAL	30,500.00		30,500.00	20,657.74	67.73%	10,230.00
JOBGING INCOME (LOSS)	141,590.00		141,590.00	133,419.73	94.23%	138,934.32
INTEREST ON LONG TERM INDEBTEDNESS	(1,574,300.00)		(1,574,300.00)	(989,178.99)	62.83%	(975,779.93)
NET INCOME (LOSS)	9,053,150.00	(956,224.18)	8,096,925.82	3,881,655.40	47.94%	4,124,867.95
OPERATING TRANSFERS IN (OUT)	(10,429,610.00)		(10,429,610.00)	(6,083,939.19)	58.33%	(5,895,939.19)
NET INCOME AFTER TRANSFERS	(1,376,460.00)	(956,224.18)	(2,332,684.18)	(2,202,283.79)	94.41%	(1,771,071.24)
CONTRIBUTION IN AID			-			
FEDERAL AID - CAPITAL PROJECTS			-			
REGULAR CAPITAL MAINTENANCE	(3,505,530.00)	(309,896.39)	(3,815,426.39)	(1,754,785.61)	45.99%	
CAPITAL PROJECTS	(500,000.00)	(8,631,948.27)	(9,131,948.27)	(6,763,341.73)	74.06%	
DEBT SERVICE	(2,916,660.00)		(2,916,660.00)	(1,667,132.70)	57.16%	
DEPRECIATION	8,573,000.00		8,573,000.00	4,768,940.47	55.63%	
CONTINGENCY	(500,000.00)		(500,000.00)	-	0.00%	

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED JANUARY 31, 2020

TELECOMMUNICATIONS - FINAL

	<u>ORIGINAL BUDGET 2019-20</u>	<u>ADJUSTMENTS AND CARRYFORWARDS</u>	<u>CURRENT BUDGET 2019-20</u>	<u>JANUARY 2020</u>	<u>PERCENT OF CURRENT BUDGET</u>	<u>JANUARY 2019</u>
OPERATING REVENUE	560,000.00		560,000.00	366,538.75	65.45%	621,822.92
COST OF SALES						
PURCHASED SERVICES	57,000.00		57,000.00	25,863.35	45.37%	32,566.40
PRODUCTION			-	-		-
TOTAL COST OF SALES	<u>57,000.00</u>	<u>-</u>	<u>57,000.00</u>	<u>25,863.35</u>		<u>32,566.40</u>
GROSS PROFIT	503,000.00	-	503,000.00	340,675.40		589,256.52
GROSS PROFIT %	89.82%		89.82%	92.94%		94.76%
OPERATING EXPENSES						
TRANSMISSION & TREATMENT			-	-		-
ENGINEERING			-	-		-
DISTRIBUTION			-	-		-
SERVICE			-	-		-
METERS & REGULATORS			-	-		-
BAD DEBT			-	(270.45)		92.11
GENERAL & ADMINISTRATIVE	<u>907,790.00</u>	<u>5,012.50</u>	<u>912,802.50</u>	<u>510,206.31</u>	<u>55.89%</u>	<u>439,218.02</u>
TOTAL OPERATING EXPENSES	<u>907,790.00</u>	<u>5,012.50</u>	<u>912,802.50</u>	<u>509,935.86</u>	<u>55.86%</u>	<u>439,310.13</u>
OPERATING INCOME (LOSS)	<u>(404,790.00)</u>	<u>(5,012.50)</u>	<u>(409,802.50)</u>	<u>(169,260.46)</u>	<u>41.30%</u>	<u>149,946.39</u>
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	16,880.00		16,880.00	12,768.15	75.64%	13,690.71
RECOVERIES AND REBATES	-		-	-		-
GAIN/LOSS ON DISPOSAL	-		-	-		-
JOBGING INCOME (LOSS)	22,130.00		22,130.00	3,019.49	13.64%	25,535.15
INTEREST ON LONG TERM INDEBTEDNESS	-		-	-		-
NET INCOME (LOSS)	<u>(365,780.00)</u>	<u>(5,012.50)</u>	<u>(370,792.50)</u>	<u>(153,472.82)</u>	<u>41.39%</u>	<u>189,172.25</u>
OPERATING TRANSFERS IN (OUT)	<u>(81,000.00)</u>		<u>(81,000.00)</u>	<u>(47,250.00)</u>	<u>58.33%</u>	<u>(47,250.00)</u>
NET INCOME AFTER TRANSFERS	<u>(446,780.00)</u>	<u>(5,012.50)</u>	<u>(451,792.50)</u>	<u>(200,722.82)</u>	<u>44.43%</u>	<u>141,922.25</u>
CONTRIBUTION IN AID			-		0.00%	
REGULAR CAPITAL MAINTENANCE	(25,000.00)		(25,000.00)	(42,314.41)	169.26%	
CAPITAL PROJECTS	(250,000.00)	(464,478.49)	(714,478.49)	(204,725.60)	28.65%	
DEPRECIATION	476,620.00		476,620.00	250,988.01	52.66%	
CONTINGENCY			-			

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

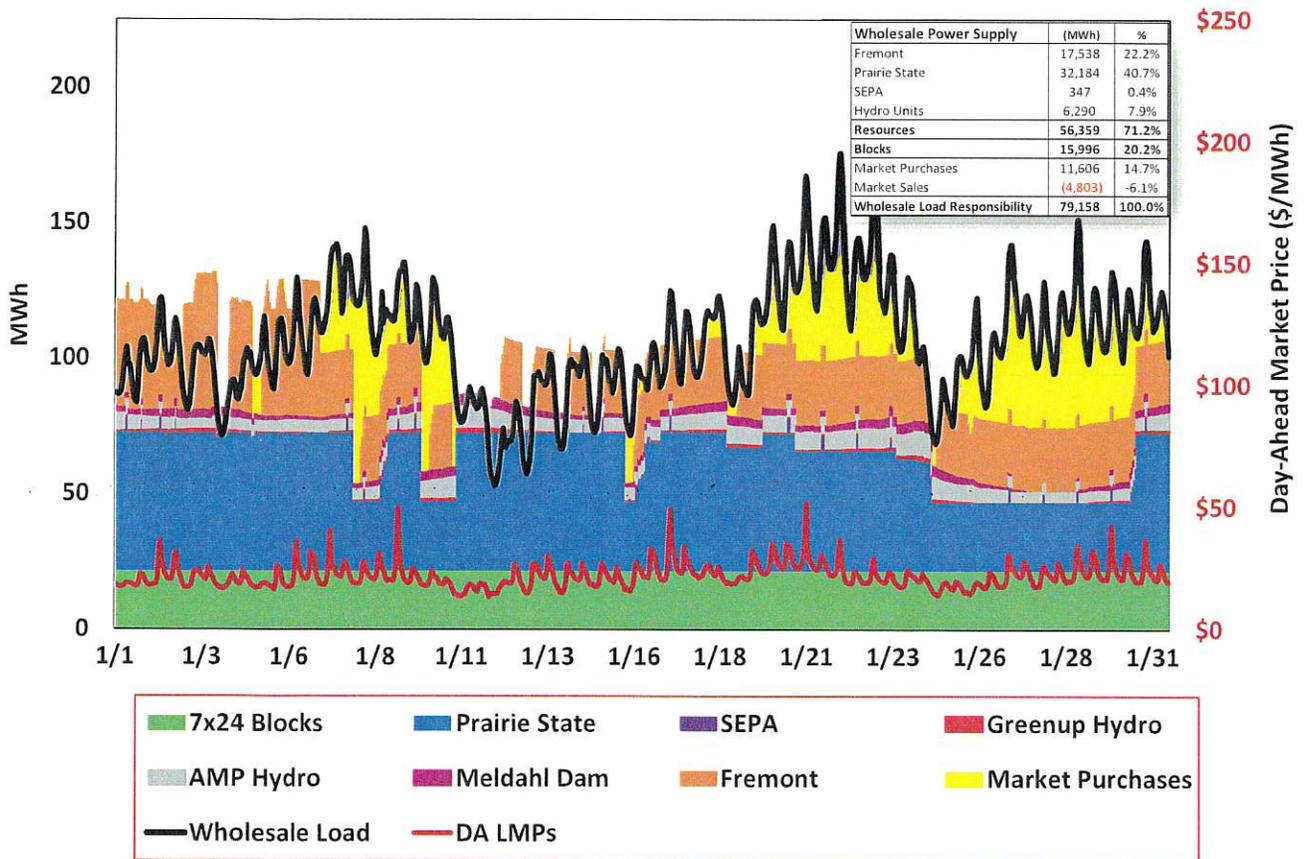
BILLING MONTH	TOTAL POWER COST	HLF POWER COST	NON-HLF POWER COST	TOTAL kWh SALES	HLF kWh SALES	NON-HLF kWh SALES	PCA / kWh	POWER COST / kWh RECOVERED IN BASE RATE	TOTAL POWER COST / kWh RECOVERED	HLF STRANDED COSTS RECOVERED	NON-HLF POWER COST RECOVERED	NON-HLF POWER COST OVER / (UNDER) RECOVERY	ADJUSTMTS	CUMULATIVE POWER COST RECOVERY NON-HLF CUSTOMERS (+ / - \$4,000,000)	
Aug-19	\$ 7,744,425.65	\$ 1,102,670.00	\$ 6,641,755.65	83,529,980	11,893,200	71,636,780	\$0.005000	\$0.086200	\$0.091200		\$ 6,533,274.38	\$ (108,481.27)		\$ (5,190,535.27)	ACTUAL
Sep-19	\$ 7,875,097.92	\$ 1,131,175.58	\$ 6,743,922.34	88,571,701	12,722,400	75,849,301	\$0.012000	\$0.086200	\$0.098200		\$ 7,448,401.37	\$ 704,479.03		\$ (4,486,056.24)	ACTUAL
Oct-19	\$ 7,270,911.76	\$ 1,112,340.92	\$ 6,158,570.84	78,776,316	12,051,600	66,724,716	\$0.025000	\$0.086200	\$0.111200		\$ 7,419,788.47	\$ 1,261,217.63		\$ (3,224,838.61)	ACTUAL
Nov-19	\$ 7,286,341.23	\$ 1,258,888.70	\$ 6,027,452.53	66,808,750	11,542,800	55,265,950	\$0.025000	\$0.086200	\$0.111200		\$ 6,145,573.59	\$ 118,121.06		\$ (3,106,717.55)	ACTUAL
Dec-19	\$ 7,510,597.56	\$ 1,046,358.72	\$ 6,464,238.84	74,790,242	10,419,600	64,370,642	\$0.015000	\$0.086200	\$0.101200		\$ 6,514,309.00	\$ 50,070.16		\$ (3,056,647.39)	ACTUAL
Jan-20	\$ 7,831,078.21	\$ 1,036,600.01	\$ 6,794,478.20	75,433,997	9,985,200	65,448,797	\$0.007500	\$0.086200	\$0.093700		\$ 6,132,552.28	\$ (661,925.92)		\$ (3,718,573.31)	ACTUAL
Feb-20	\$ 7,837,004.72	\$ 961,163.87	\$ 6,875,840.85	96,356,708	11,817,600	84,539,108	\$0.007500	\$0.086200	\$0.093700		\$ 7,921,314.45	\$ 1,045,473.60		\$ (2,673,099.71)	PROJECTED
Mar-20	\$ 7,585,193.95	\$ 983,065.53	\$ 6,602,128.42	84,812,710	10,992,000	73,820,710	\$0.015000	\$0.086200	\$0.101200		\$ 7,470,655.86	\$ 868,527.44		\$ (1,804,572.27)	PROJECTED
Apr-20	\$ 6,868,398.91	\$ 1,096,622.61	\$ 5,771,776.30	73,892,327	11,797,800	62,094,527	\$0.025000	\$0.086200	\$0.111200		\$ 6,904,911.44	\$ 1,133,135.14		\$ (671,437.13)	PROJECTED
May-20	\$ 7,342,713.97	\$ 1,310,689.45	\$ 6,032,024.51	64,036,241	11,430,600	52,605,641	\$0.025000	\$0.086200	\$0.111200		\$ 5,849,747.33	\$ (182,277.18)		\$ (853,714.31)	PROJECTED
Jun-20	\$ 7,927,356.32	\$ 1,254,989.03	\$ 6,672,367.29	77,005,307	12,190,800	64,814,507	\$0.020000	\$0.086200	\$0.106200		\$ 6,883,300.65	\$ 210,933.36		\$ (642,780.95)	PROJECTED
Jul-20	\$ 9,000,519.34	\$ 1,203,196.81	\$ 7,797,322.53	91,319,009	12,207,600	79,111,409	\$0.018000	\$0.086200	\$0.104200		\$ 8,243,408.78	\$ 446,086.25		\$ (196,694.70)	PROJECTED

Future months (still in blue) show projections.

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

Mo Rate Applied	WACOG		Demand Rate	Demand Rate	Adjustments	PGA (f)	PGA (i)	DEMAND Recovery	COMMODITY - Rolling Recovery			Adjustments	Commodity Recovery Balance Over (Under) +/- \$2,000,000		
	WACOG	Plus Losses	Firm	Interruptible				(Independent of Commodity)	Monthly Commodity Cost	Monthly Commodity Recovered	Monthly Commodity Over (Under) Recovery				
								Cum Over (Under) Demand Recovery Current FY							
Aug-19	\$ 3.43537	\$ 3.47007	\$ -	\$ 0.2500	\$ (0.28008)	\$ 3.84061	\$ 4.09061	\$ (528,620.04)	\$ 425,295.16	\$ 374,459.48	\$ (50,835.68)		\$ 698,711.99	Final	
Sep-19	\$ 3.90042	\$ 3.90237	\$ -	\$ 0.2500	\$ (0.36700)	\$ 4.19972	\$ 4.44972	\$ (837,224.83)	\$ 436,543.53	\$ 482,740.56	\$ 46,197.03		\$ 744,909.02	Final	
Oct-19	\$ 4.15220	\$ 4.15220	\$ 1.76305	\$ 0.2500	\$ (0.29000)	\$ 5.34967	\$ 3.83662	\$ (1,097,446.13)	\$ 608,600.43	\$ 501,271.63	\$ (107,328.80)		\$ 637,580.23	Final	
Nov-19	\$ 3.65958	\$ 3.65958	\$ 3.26380	\$ 0.2500	\$ (0.51456)	\$ 6.52744	\$ 3.51364	\$ (1,094,994.67)	\$ 1,062,044.67	\$ 740,111.17	\$ (321,933.50)		\$ 315,646.73	Final	
Dec-19	\$ 3.61191	\$ 3.61191	\$ 3.28489	\$ 0.2500	\$ (0.54742)	\$ 6.28632	\$ 3.25142	\$ (734,777.68)	\$ 1,166,720.05	\$ 999,183.18	\$ (167,536.88)		\$ 148,109.85	Final	
Jan-20	\$ 3.79668	\$ 3.79668	\$ 3.27340	\$ 0.2500	\$ (0.54742)	\$ 6.15030	\$ 3.12690	\$ (383,713.51)	\$ 1,244,832.04	\$ 914,105.76	\$ (330,726.28)		\$ (182,616.43)	Final	
Feb-20	\$ 3.79759	\$ 3.79759	\$ 3.24525	\$ 0.2500	\$ (0.58050)	\$ 6.52069	\$ 3.52544	\$ 170,091.83	\$ 1,078,958.51	\$ 1,244,356.13	\$ 165,397.62		\$ (17,218.81)	Est	
Mar-20	\$ 3.06217	\$ 3.06217	\$ 3.24525	\$ 0.2500	\$ -	\$ 6.30742	\$ 3.31217	\$ 389,455.55	\$ 867,141.55	\$ 786,792.73	\$ (80,348.82)		\$ (97,567.63)	Est	
Apr-20	\$ 3.87992	\$ 3.87992	\$ 3.10110	\$ 0.2500	\$ -	\$ 6.98102	\$ 4.12992	\$ 525,258.51	\$ 601,276.98	\$ 894,810.54	\$ 293,533.57		\$ 195,965.94	Est	
May-20	\$ 3.53408	\$ 3.53408	\$ -	\$ 0.2500	\$ -	\$ 3.53408	\$ 3.78408	\$ 257,631.13	\$ 460,712.91	\$ 507,215.04	\$ 46,502.13		\$ 242,468.07	Est	
Jun-20	\$ 3.82458	\$ 3.82458	\$ -	\$ 0.2500	\$ -	\$ 3.82458	\$ 4.07458	\$ 2.92	\$ 443,576.45	\$ 454,882.35	\$ 11,305.89		\$ 253,773.96	Est	
Jul-20	\$ 3.90866	\$ 3.90866	\$ -	\$ 0.2500	\$ -	\$ 3.90866	\$ 4.15866	\$ (268,792.46)	\$ 412,936.85	\$ 398,816.85	\$ (14,120.00)		\$ 239,653.96	Est	

Hourly Danville Wholesale Power Supply January 2020





Commission Item Number: DUC200323 - 2
Utility Commission Meeting: March 23, 2020
Item: II. C. Westover Substation Information/
Substation Renovation Project Plan

Westover Substation Information/Substation Renovation Project Plan

Staff will present information regarding power outages in the Westover community. Staff will also present an updated substation renovation project plan that will accelerate the construction process of multiple substation projects.

Recommendation: A suggested motion follows:

I move that the Danville Utility Commission recommend to City Council changing the FY21 budget request for substation capital projects from \$4,000,000 to \$10,500,000 to allow three substations to be renovated in fiscal year 2021.



WESTOVER SUBSTATION UPDATE/SUBSTATION PROJECT PLAN

**Danville Utility Commission
March 23, 2020**



Westover outages 2018-2020

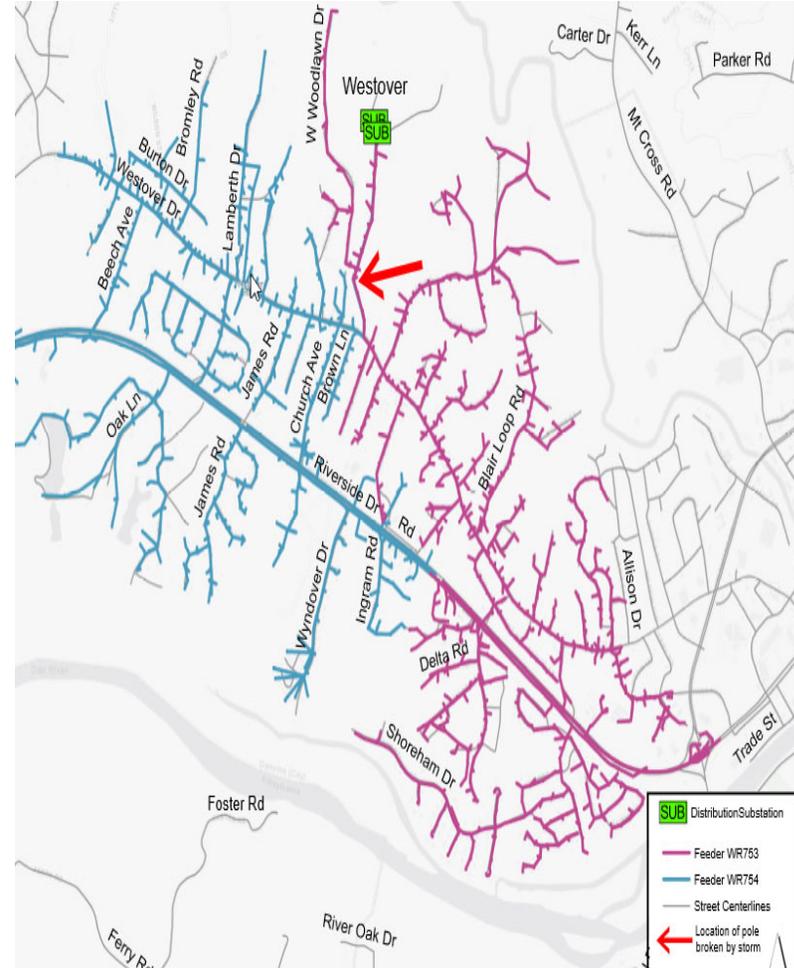
<u>Outage cause</u>	<u>Date</u>	<u>Length</u>	
Westover substation transformer damage	2/10/2020	up to 22 hours	Substation related
Westover-Straight line winds	8/22/2019	up to 24 hours	Weather related
Westover-TS Michael damage	10/11/2018	up to 24 hours	Weather related
Westover- Storm broke double circuit pole Woodlawn Drive	8/7/2018	~12 hours	Weather related
Westover-Tornado damage (broke 15 poles around Woodlawn Drive)	4/15/2018	up to 48 hours	Weather related

	Weather related
	Substation related



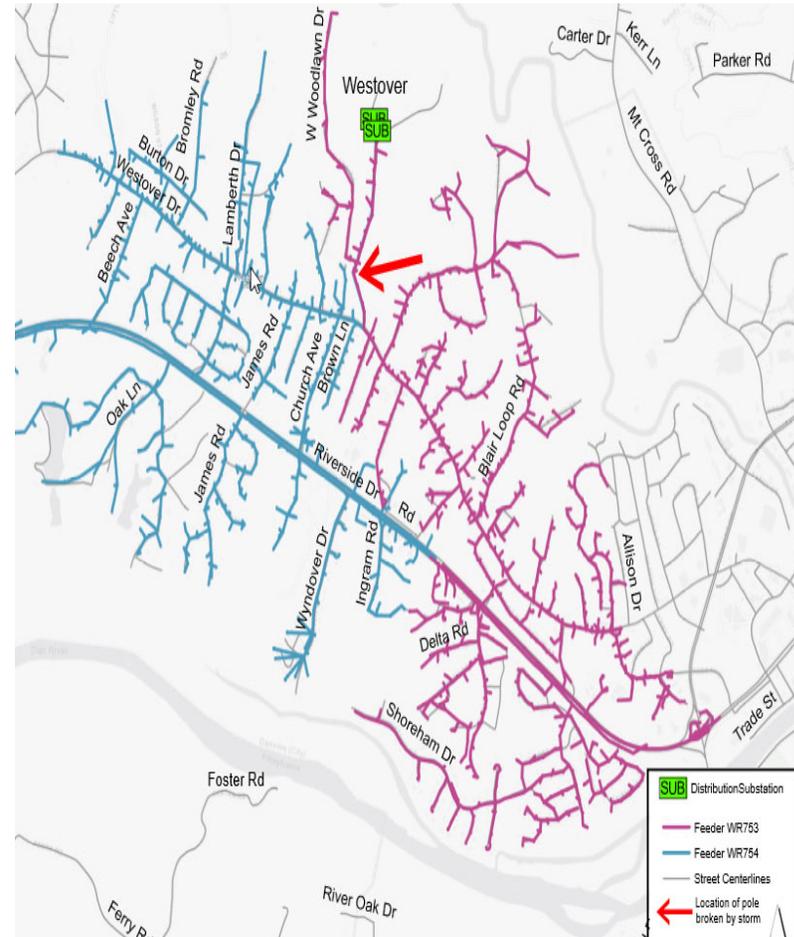
Tornado

4/15/2018
120 hour outage
15 Broken Poles in Woodlawn Area





8/2/18
Severe Thunder Storm
Woodlawn Double Circuit Pole
27 hour outage

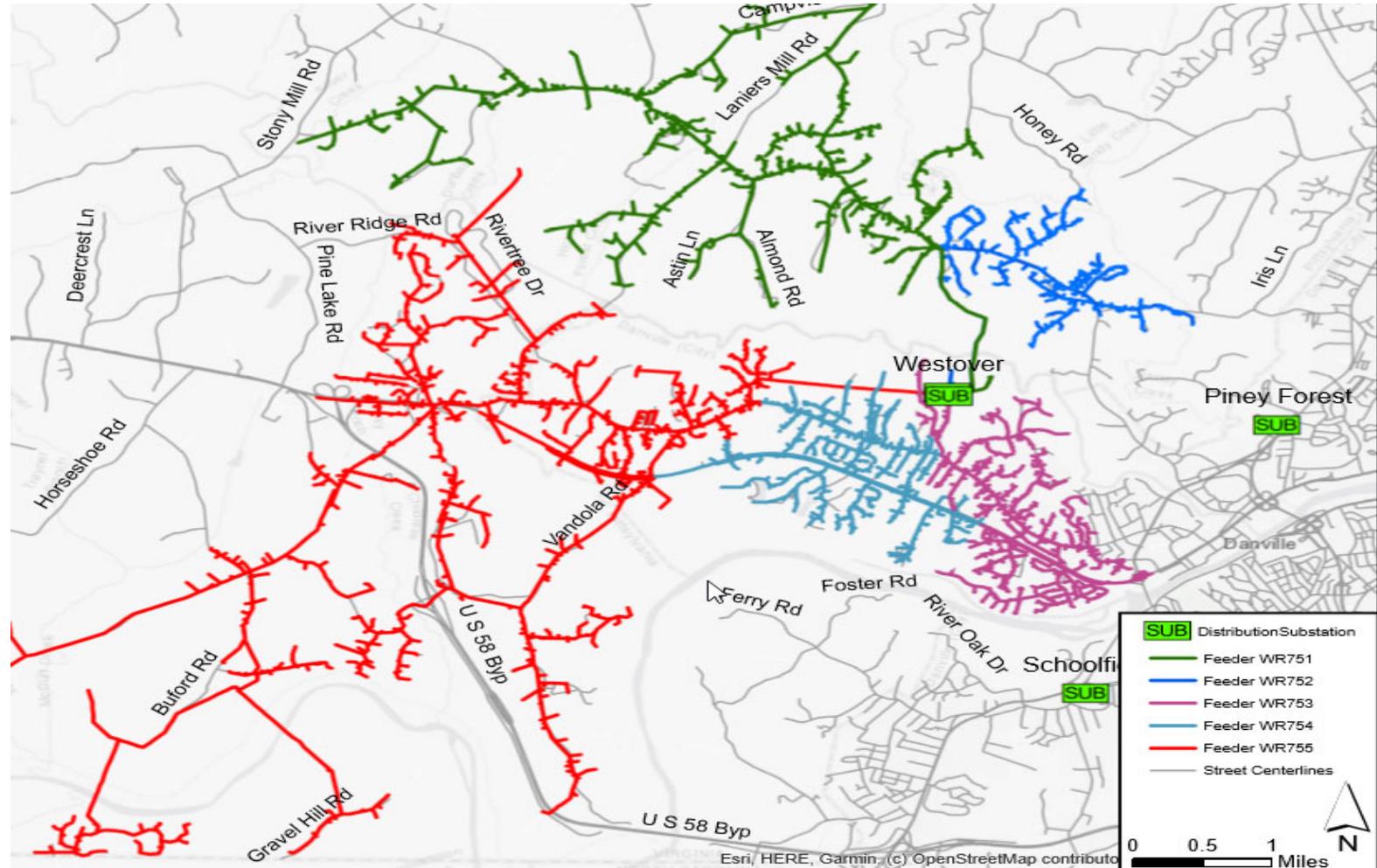




Hurricane Michael

10/11/2018

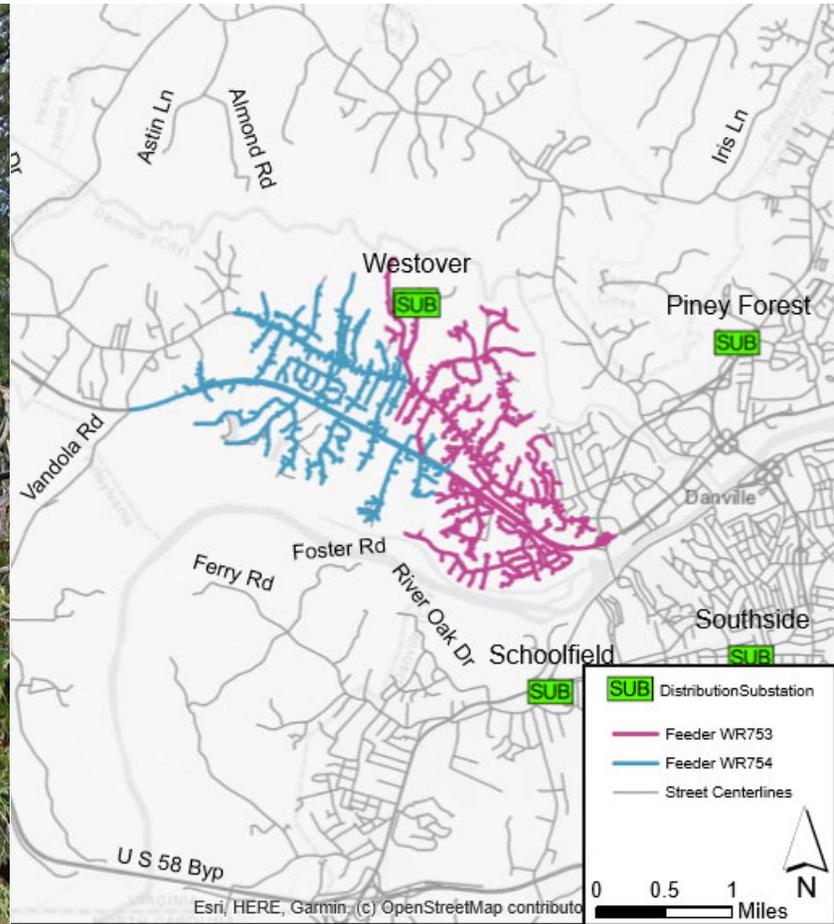
22Hour Outage





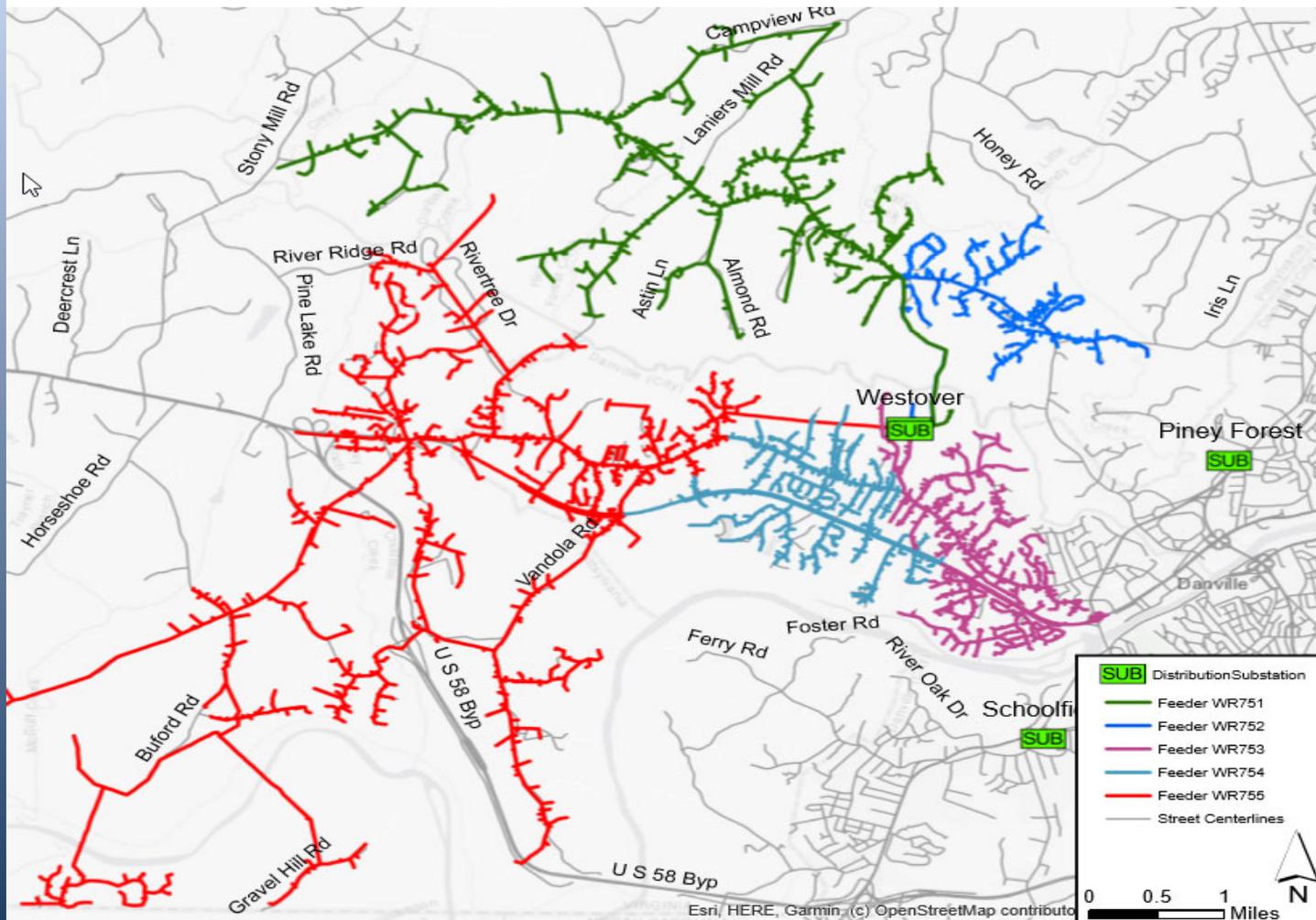
Straight-Line Wind Storm

8/22/2019
8 hour outage





Westover Substation Lighting Arrestor Failure 2/10/2020





Power & Light Substations



16 Substations with Transformer Manufacturer Dates

Schoolfield (2020)	1962/1971
Riverside (2020)	1961(138-69), 1961, 1971
Kentuck (2021)	1969
Whitmell (2021)	1972
Westover	1975
Southside	1973
New Design	1970, 1972
Airside	1990
Piney Forest	1979, 2008
Westfork	1997
White Oak	1997
Brantly	1978(138-69), 2014
Bridge Street	2004
Tunstall	2006
Cain Creek	2009
Rocksprings	2011(138-69), 1993, 2003



Municipal Utility Survey

- Electricities
 - Three members responded
 - Average age 20 years old
 - Replace at 30 years old
- AMP members
 - 5 members responded
 - Average age 35 years old
 - Replace at 30-40 years old



Project Plan FY2021/22

- Prioritize five substations based on age, current/future load, and estimated restoration time

Forecasted Load and Restoration Time

	Peak Load	Peak Load	Peak Load	Peak Load	Estimated Restoration time
	<u>2020 Summer</u>	<u>2020 Winter</u>	<u>2024 Summer</u>	<u>2024 Winter</u>	
Kentuck (1969)	9.06 MW	13.59 MW	8.83 MW	13.10 MW	up to 24 hrs
Whitmell (1972)	8.76 MW	12.84 MW	8.54 MW	12.38 MW	up to 24 hrs
Westover (1975)	4.38 MW	4.82 MW	4.62 MW	5.03 MW	up to 24 hours
Southside (1973)	18.97 MW	18.38 MW	18.47 MW	17.72 MW	up to 10 hours
New Design (1970, 1972)	15.93 MW	15.11 MW	15.53 MW	14.57 MW	up to 10 hours



Project Cost Estimates

Cost Estimates				
Description of Material	Quantity	Unit Price	Total	Lead Time
Grading	5	\$ 20,000.00	\$ 100,000.00	
Landscaping	5	\$ 5,000.00	\$ 25,000.00	
Fencing	5	\$ 5,000.00	\$ 25,000.00	
Oil containment system	5	\$ 35,000.00	\$ 175,000.00	
Structural Steel	5	\$ 175,000.00	\$ 875,000.00	24-28 weeks
Foundations	5	\$ 150,000.00	\$ 750,000.00	8 weeks
Three-pole GOAB switch	5	\$ 20,000.00	\$ 100,000.00	20 weeks
SCADA	5	\$ 10,000.00	\$ 50,000.00	4 weeks
Single-pole disconnecting switches	5	\$ 10,000.00	\$ 50,000.00	8 weeks
Circuit Breakers-69 kV	10	\$ 70,000.00	\$ 700,000.00	6 weeks
Circuit Breakers-15 kV	45	\$ 28,000.00	\$ 1,260,000.00	6 weeks
Instrument transformers	5	\$ 7,500.00	\$ 37,500.00	8 weeks
Relay Panels	7	\$ 20,000.00	\$ 140,000.00	10 weeks
Power Transformers	7	\$ 600,000.00	\$ 4,200,000.00	40-60 weeks
Transformer Relocation	6		\$ -	
Station Control Transformer	5	\$ 500.00	\$ 2,500.00	16 weeks
Cable Trench	5	\$ 20,000.00	\$ 100,000.00	12 weeks
Control House	5	\$ 100,000.00	\$ 500,000.00	12 weeks
Control cable and wiring	5	\$ 15,000.00	\$ 75,000.00	8 weeks
Station Grounding	5	\$ 40,000.00	\$ 200,000.00	4 weeks
Battery and Charger	5	\$ 15,000.00	\$ 75,000.00	8 weeks
UG Cable and terminations	5	\$ 60,000.00	\$ 300,000.00	4 weeks
Contractor Labor	7	\$ 750,000.00	\$ 5,250,000.00	
Contingency (10%)			\$ 1,583,750.00	
Engineering	5	\$ 200,000.00	\$ 1,000,000.00	
Minus Current Funds			(\$2,000,000)	
Talbott Insurance Proceeds			(\$978,225)	
Grand Total			\$ 14,595,525.00	



Project Plan FY2021

- Complete top three substation (Kentuck, Whitmell, and Westover) in FY21.
- Ordered all long lead time items immediately
- One bidding process for all five substations
 - Transformers
 - Breakers
 - Contractor
- Issue bonds for up to \$10.5M in FY21 and up to \$4.5M in FY22 to complete project.

<u>Plan of Action</u>		
<u>Step 1</u>	<u>When</u>	
Engineer all five substations	Immediately	
<u>Step 2</u>		
Order long lead time items Transformers, steel package, etc.	1-Jun-20	Budget approval
<u>Step 3</u>		
Order remaining materials	1-Jul-20	
<u>Step 4</u>		
Contractor bid	15-Jul-20	
<u>Step 5</u>		
Begin construction on three subs	1-Sep-20	



Power & Light Substation Plan-Proposed



16 Substations with Transformer
Manufacturer Dates

Schoolfield (2020)	1962/1971
Riverside (2020)	1961(138-69), 1961, 1971
Kentuck (2021)	1969
Whitmell (2021)	1972
Airside (Inspect 2020)	1990
Southside (Replace 2022)	1973, 2nd transformer
Westover (Replace 2021)	1975
New Design (Replace 2022, Maint 2018)	1970, 1972
Piney Forest (Inspect 2021)	1979, 2008
Westfork (Inspect 2021)	1997
White Oak (Inspect 2020)	1997
Brantly	1978(138-69), 2014
Bridge Street	2004
Tunstall	2006
Cain Creek	2009
Rocksprings	2011(138-69), 1993, 2003

Red(target fiscal years)



Resolution

Recommendation:

I move that the Danville Utility Commission recommend to City Council changing the FY21 budget request for substation capital projects from \$4,000,000 to \$10,500,000 to allow three substations to be renovated in fiscal year 2021.



Questions?



Commission Item Number: DUC200323 - 3
Utility Commission Meeting: March 23, 2020
Item: II. D. City of Eden, NC Water and Wastewater
Agreements for the Berry Hill Industrial Park

City of Eden, NC Water and Wastewater Agreements for the Berry Hill Industrial Park

Staff will present information on the proposed agreements to provide water and wastewater services to the Berry Hill Industrial Park. Engineers have designed water infrastructure to be able serve up to 7 million gallons per day (MGD) of water capacity and 3 million gallons per day of wastewater capacity to the Berry Hill tenants. Out of the 7 MGD designed for the park, approximately 6 MGD of water and all 3 MGD of wastewater is to be served from the City of Eden, NC. Staff will present highlights of the agreement.

Recommendation: A suggested motion follows:

I move that the Danville Utility Commission recommend to City Council authorizing the City Manager to enter into a 20-year agreement with the City of Eden, NC for water and wastewater services for Berry Hill Industrial Park.



Eden Water and Wastewater Services to Berry Hill Industrial Park

**Danville Utility Commission
March 23, 2020**

Terms

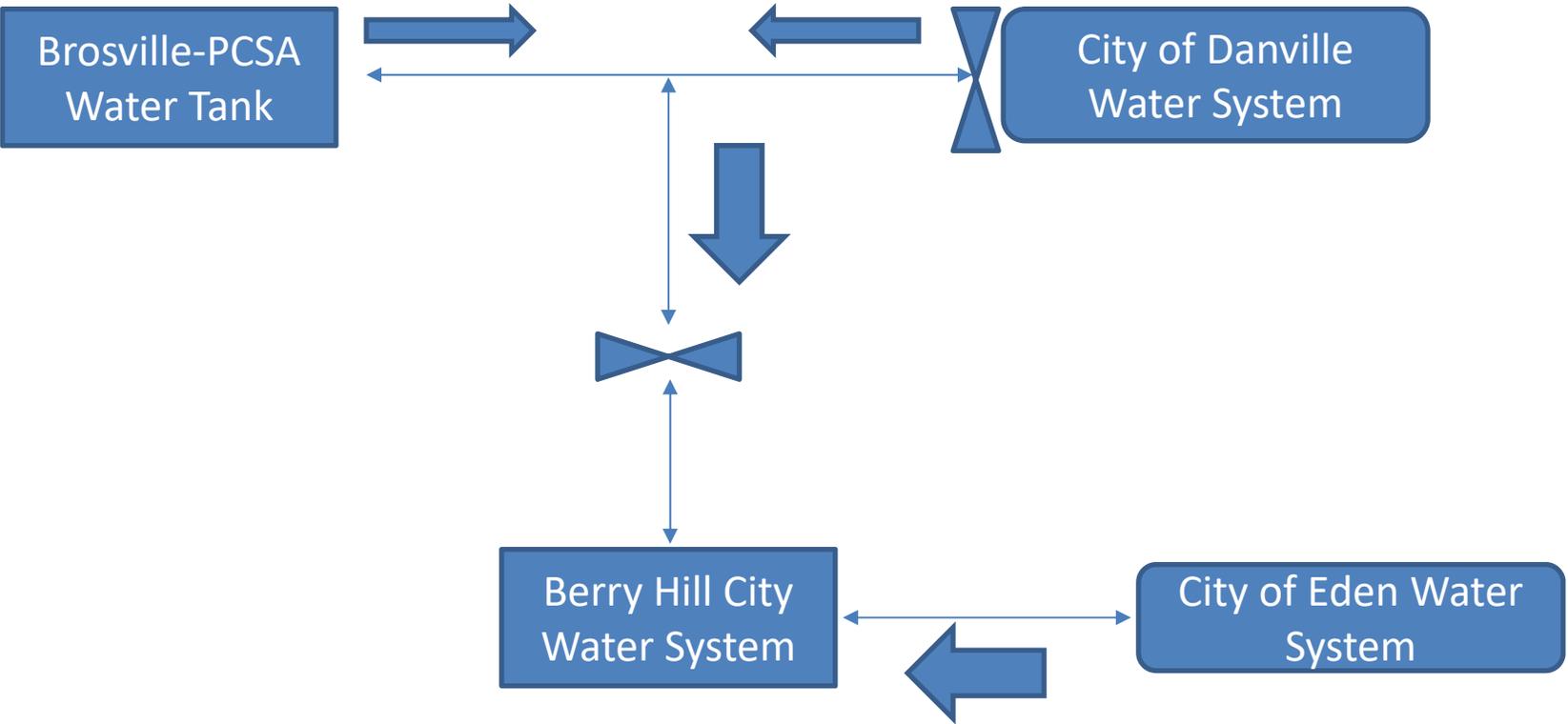
- 20 year agreement
 - Replaces Pittsylvania County Service Authority's role in serving the Berry Hill Industrial Park with water/wastewater
 - Audited water rate \$1.40-\$1.60/1,000 gallons
 - Audited wastewater rate \$1.80-\$2.00/1,000 gallons
 - Requires each party to notify the other within at least five years of their intention to end agreement.
 - City of Eden would supply 6 of the possible 7 million gallons per day of water supply.
 - City of Eden would treat all 3 million gallons per day of wastewater capacity

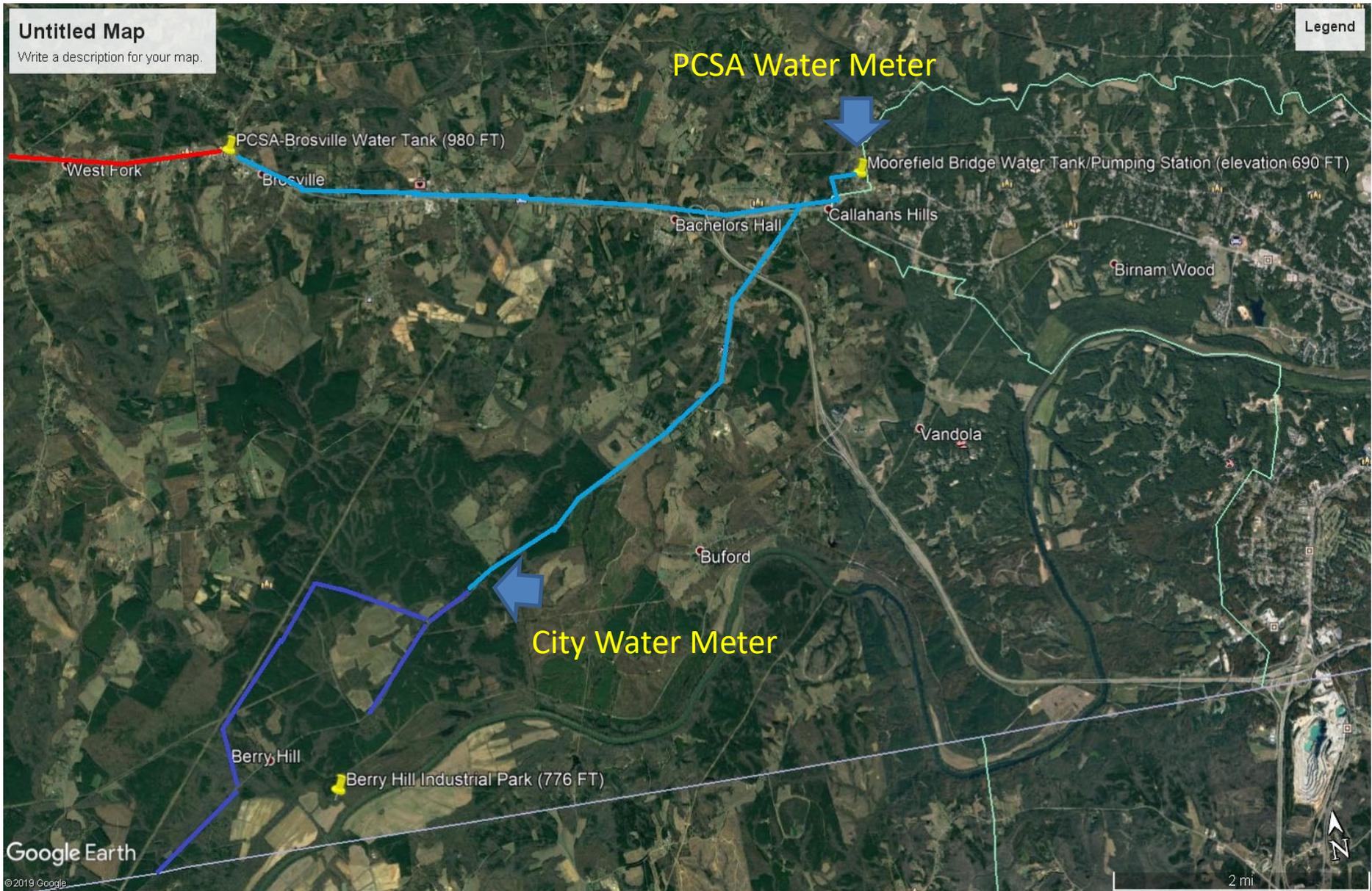
GJ2

Henry County
Water Authority

	Avg.		Eden	Danville
PCSA/Henry County	\$1.45	1,000 gallons	0	300,000
Eden	\$1.40-\$1.60	1,000 gallons	200,000-500,000	100,000
Danville	\$1.92	100 cubic feet	450,000-650,000	150,000
			600,000-800,000	200,000
			700,000-1,200,000	300,000
			1,100,000-6,000,000	400,000
			6,000,000	400,000-1,000,000

measured in gallons per day

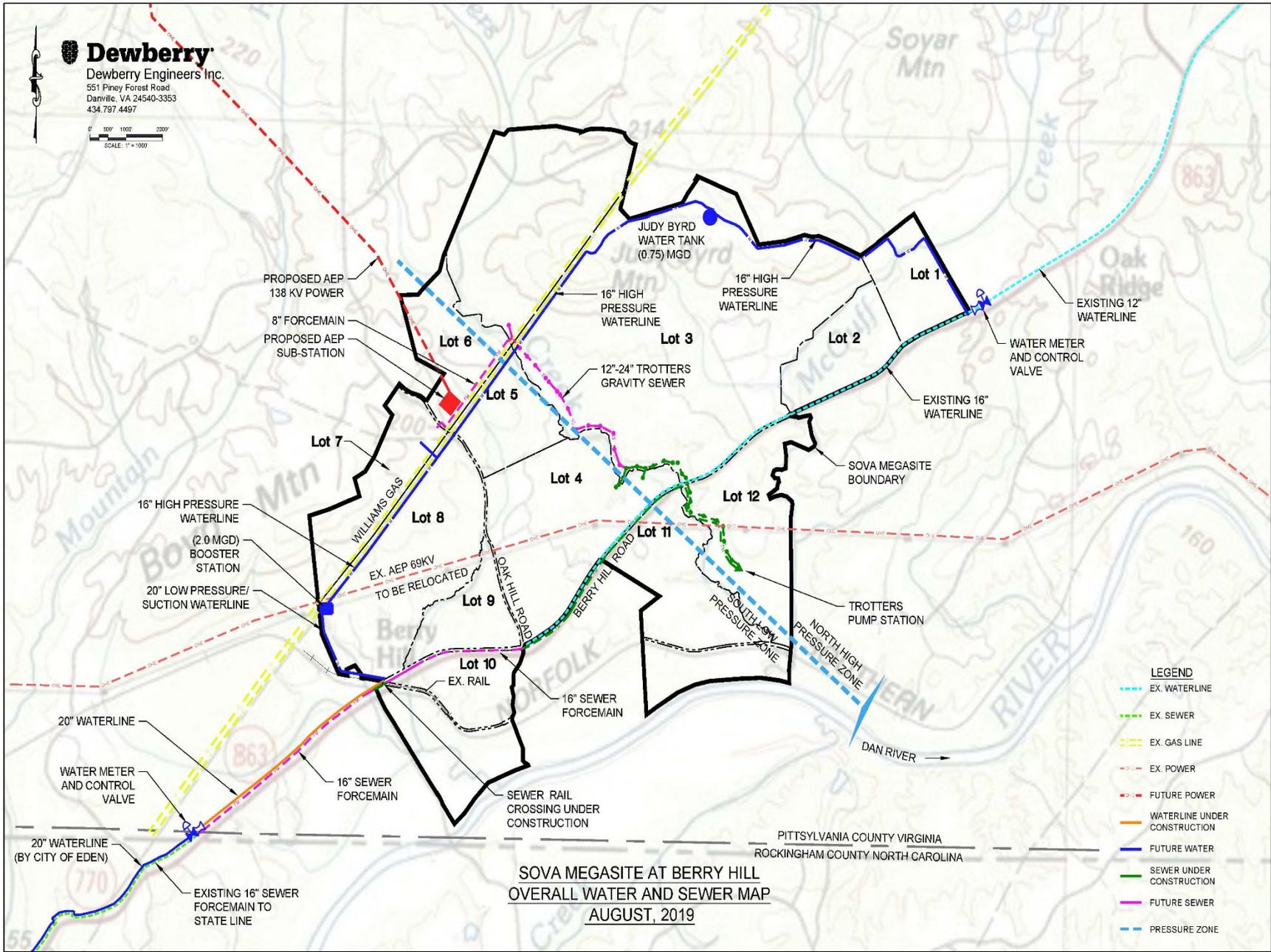
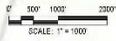




Red Line=Henry County Feed
 Blue Line=PCSA infrastructure

Purple Line=City-Berry Hill infrastructure

Dewberry
 Dewberry Engineers Inc.
 551 Piney Forest Road
 Danville, VA 24540-3353
 434.797.4497



**SOVA MEGASITE AT BERRY HILL
 OVERALL WATER AND SEWER MAP
 AUGUST, 2019**

PITTSYLVANIA COUNTY VIRGINIA
 ROCKINGHAM COUNTY NORTH CAROLINA

THIS AGREEMENT made and entered into this ____ day of _____, ~~2019~~2020, by and between ~~Pittsylvania County Service Authority ("PCSA"), the public service authority in Pittsylvania County~~ City of Danville, Virginia, ("Danville"), a municipal corporation of the Commonwealth of Virginia, and the City of Eden, ("the City of Eden"), a municipal corporation in Rockingham County, North Carolina.

WITNESSETH:

WHEREAS, ~~the City of Eden~~ owns and operates a municipal water treatment plant and water distribution system, and furnishes potable water as a public service within the City of Eden and to certain nearby areas; and

WHEREAS, ~~PCSA Danville is the public service authority of record under the provisions of the Virginia Water and Waste Authorities Act~~ Danville is a municipal corporation of the Commonwealth of Virginia and whose service area includes the Danville-Pittsylvania Regional Industrial Facility Authority's ("RIFA") 3,500 acre Southern Virginia (SoVa) Mega Site at Berry Hill located on Berry Hill Road, Pittsylvania County, Virginia ("the Park"); and

WHEREAS, ~~the City of Eden~~ and PCSA Danville anticipate industries to locate in the Park and to utilize significant quantities of potable water;

WHEREAS, based on this anticipation, ~~the City of Eden~~ is considering appropriation of a substantial amount of money to construct a twenty (20) inch diameter water main along North Carolina Highway 770 from the current extent of the City of Eden's water distribution system to the North Carolina / Virginia State line from which PCSA Danville would receive potable water for distribution and use in the Park; and

WHEREAS, ~~Eden~~ the City has been designated a recipient of an Economic Development Administration grant and other sources of funding in loans and grants including North Carolina Department of Water Quality (DEQ) Water and Infrastructure Section for construction of a water main to serve PCSA Danville's needs related to the distribution of water within the Park; and

WHEREAS, ~~the City of Eden~~ anticipates an additional contribution of \$2,200,000 in loans and other local funds toward the construction of the infrastructure and a water main to serve the Park; and

WHEREAS, ~~the City of Eden~~ desires assurance that ~~the City of Eden~~ will be the primary source of potable water for PCSA Danville's purchase for distribution within the Park during the term of this Agreement up to the maximum gallonages of potable water capacity in order to obtain full compensation, including any debt incurred for ~~the City of Eden's~~ contribution toward the construction of a water main to serve PCSA Danville's distribution needs within the Park; and

WHEREAS, PCSA Danville desires assurance that ~~the CityEden~~ will deliver and make continuously available certain capacities of potable water to PCSA Danville for its distribution within the Park during the term of this Agreement on the terms and conditions hereinafter set forth; and

WHEREAS, ~~the CityEden~~ and PCSA Danville have agreed that upon successful conclusion of ~~the CityEden's~~ construction of the aforementioned twenty inch water main, ~~the CityEden~~ shall reserve and make available to PCSA Danville during the term of this Agreement certain maximum daily gallonages of potable water capacity city for the sole use and purchase of PCSA Danville in connection with the Park, on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, ~~the CityEden~~ and PCSA Danville do hereby agree as follows:

1. Primary Source. ~~The CityEden~~ will be PCSA Danville's primary source for the Southern Virginia Mega Site at Berry Hill, though not necessarily the sole source, of potable water for distribution within the Park during the term of this Agreement up to the maximum gallonage of potable water capacity on the terms and conditions set forth hereinafter. However, upon occupancy of the Park by the first industrial customer(s) during which water demands may not be adequate to maintain potable water quality with both PCSA Danville and ~~the CityEden~~ serving the Park, PCSA Danville shall serve as the primary source until minimum demand, Demand Stage 2 as specified in Paragraph 5, is reached on a consistent basis. When such minimum demand is achieved, the supply of water to the Park shall be shared proportionally by the parties as indicated in Paragraph 5.
2. Water Main. ~~The CityEden~~ shall construct at its expense a twenty (20) inch water main and accompanying infrastructure along North Carolina Highway 770 from the current extent of the ~~CityEden's~~ water distribution system to the North Carolina/Virginia state line sufficient to meet the water delivery and related requirements set forth herein (collectively, the "Water Main") which Water Main shall be owned, operated, and maintained by the CityEden.
3. Potable Water Delivery. CityEden shall be responsible for pumping water to the North Carolina/Virginia state line via the Water Main at sufficient and reasonable pressure through the main to PCSA Danville's water system. At no time shall ~~the CityEden~~ cause the pressure to exceed the designed operating capacities for volume, velocity, or pressure of the Water Main or PCSA Danville's water system for the Park.
4. Maximum Gallonages and Metering. ~~The CityEden~~ agrees to reserve and make continuously available to PCSA Danville up to 6 million gallons per day of potable water capacity. ~~The CityEden~~ shall install a meter (the "Meter") for proper measurement of flow delivered to the PCSA Danville receiving point. The Meter shall be installed and located at the Virginia/North Carolina state line. The cost of procurement and installation of the Meter shall be shared equally by ~~the CityEden~~ and PCSA Danville; however, ~~the CityEden~~ shall control the design and specification of the Meter, subject to the reasonable approval of PCSA Danville. ~~The CityEden~~ shall also maintain and retain ownership of the Meter and shall calibrate the Meter at least every two years or upon the request of PCSA DANVILLE DANVILLE Danville but not more frequently than once annually. The results of such calibration testing shall be made available to

PCSA Danville. A calibration showing Meter accuracy not more than two percent (2%) above or below the test results shall be deemed accurate for purposes of this Agreement. In the event calibration testing discloses an inaccuracy, ~~the CityEden~~ shall correct the inaccuracy as promptly as reasonably possible and the bills for the three (3) months preceding the calibration shall be adjusted accordingly, unless otherwise agreed to by the parties. If the Meter fails to register for any period, the amount of water furnished, as determined by other information made available by the parties, shall be deemed to be the amount of water delivered. The Meter shall be read on a monthly basis and PCSA Danville shall have reasonable access to the meter for purposes of verifying its readings.

5. Purchase of Water. In consideration of ~~the CityEden~~'s agreement to supply PCSA Danville up to the maximum daily gallonages of treated water capacity set forth in Paragraph 4 at the rate provided in Paragraph 8, PCSA Danville agrees to begin purchasing water to serve the Park as soon as demand in the park is sufficient to allow both PCSA Danville and ~~the CityEden~~ to provide water without compromising water quality. Supply proportioning of the total water demand in the Park will be as summarized below in Table 5-1. ~~The CityEden~~ and PCSA Danville recognize that these proportioning quantities cannot be precisely maintained at all times but will represent supply for which both parties will strive to achieve. Every two months, the total delivered supply will be assessed and adjustments made in control strategies to compensate for the imbalance that may be found to have occurred. The minimum average daily demand represented in Demand Stage 2 represents an estimated minimum demand deemed necessary to allow both water systems to begin simultaneously supplying water to the Park. If at startup it is revealed that water quality compliance with applicable regulatory standards cannot be maintained, ~~the CityEden~~ and PCSA Danville will work cooperatively to develop operational changes, and if necessary, re-proportion supply to bring water quality into regulatory standards.

Table 5 -1

Demand Stage	Park Water Demand (Average Daily Demand -- MGD)	Proportion of Supply	
		<u>CityEden</u>	<u>PCSA Danville</u>
1	0 - 0.30	0	0 to 0.30
2	0.30 - 0.60	0.20 - 0.50	0.10
3	0.60 - 0.80	0.45 - 0.65	0.15
4	0.80 - 1.0	0.60 - 0.80	0.20
5	1.0 - 1.5	0.70 - 1.2	0.30
6	1.5 - 6.4	1.1 - 6.0	0.40
7	6.4 - 7.0	6.0	0.40 - 1.0

Subject to adjustments necessary to maintain water quality standards as set forth herein, PCSADanville will begin purchasing water from ~~the CityEden~~ commencing at such time the average daily water demand in the Park consistently equals or exceeds the minimum demand indicated as Demand Stage 2 in Table 5-1, or on a date otherwise mutually agreed to by the parties hereto; provided, however, that after delivery and distribution of water in the Park commences, in the event that circumstances concerning water demands within the Park change beyond PCSADanville's reasonable control, including but not limited to (a) the failure of one or more PCSADanville water customers in the Park to continue operations or (b) changes in Park customer processes which result in a significant reduction of potable water demand, the proportioning of supply as illustrated in Table 5-1 will be adjusted to the appropriate lower Demand Stage. ~~The CityEden~~ shall invoice PCSADanville for the actual amount of water delivered as measured by the metering equipment, on a monthly basis during the term of this Agreement. The invoices shall reflect the gallons shown by the Meter for the period such invoices cover.

6. Water Quality Treatment Standards. The potable water treatment quality standards provided by ~~the CityEden~~ to PCSADanville shall conform at all times to all existing drinking water quality standards and requirements adopted from time to time by North Carolina DEQ, the Virginia Department of Health, and other applicable Federal, state of North Carolina, and Commonwealth of Virginia agencies having jurisdiction over drinking water standards.
7. Subsequent Contract Amendments. At such time as there is a viable customer in the Park and funding for the Park is finalized, the ~~CityEden~~ and PCSADanville will finalize the rate based upon the criteria set forth in paragraph 8 below. No fees shall be due from PCSADanville to ~~the CityEden~~ until such time as water is received by PCSADanville at the delivery point for transmission to one or more of its customers.
8. Rate Development. The rate to be paid by PCSADanville to ~~the CityEden~~ for potable water production and distribution shall be based on sound engineering, management, and accounting principles as developed and advised by Dewberry Engineering as of the date of this Agreement. The rate, which shall not exceed 1.15 times the audited cost of production/distribution ("Audited Cost of Production/Distribution") for ~~the CityEden's~~ water, ~~and~~ shall be calculated based upon the following components from ~~the CityEden's~~ most current fiscal year financial audit:
 - a. Routine operating costs associated with ~~the CityEden's~~ Water Treatment Plant ("WTP") to include, but not be limited to, salary and benefits of WTP employees, utilities, chemicals, permits, supplies, and other related items integral to the operation of the WTP;
 - b. Capital expenditures incurred at the WTP which represent plant-related improvements occurring less frequently than annually, which are included in ~~the CityEden's~~ long range Capital Improvement Plan ("CIP"), and which are paid from ~~CityEden~~ funds or financed by ~~the CityEden~~, to include, but not necessarily be limited to, pump and valve

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replacements, monitoring and/or testing equipment replacement, pre-settling impoundment dredging, roof replacement, and other plant-related items included in CIP;

- c. Recoupment of debt service expenditures for the construction of the 20 inch diameter water main to the Park, Debt service expenditures for the WTP, to include principal, interest, and associated customary financing fees incurred by ~~the CityEden~~ for the routine operation of WTP utilizing outside funding or loan sources but only to the extent not otherwise included or accounted for in (b) above or otherwise;
- d. The portion of the Water Distribution System budget attributable to the Freedom Park Elevated Tank distribution mains used to transport water to the Park; and

The total annual cost of components (a) through (d) above shall then be divided by the total volume of water then estimated to be produced for the applicable fiscal year to determine a per 1,000 gallon cost.

- 9. Rate Adjustments and Annual Review. ~~The CityEden~~ may modify its projected water rate charged to ~~PCSADanville~~ hereunder on an annual basis to reflect its budgeted or other projected costs for the upcoming fiscal year. ~~The CityEden~~ shall review rate(s) charged to ~~PCSADanville~~ in the prior fiscal year annually within a reasonable period of time following the ~~CityEden's~~ receipt of related audited financial information to ensure that such rate(s) are equal to 1.15 times ~~the CityEden's~~ actual Audited Cost of Production/Distribution for that fiscal year based on the components set forth in Paragraph 8 above. In the event a discrepancy is determined to exist between the rate(s) charged to ~~PCSADanville~~ in the prior fiscal year and ~~the CityEden's~~ actual cost of production/distribution, prior charges shall be adjusted and reflected as a credit or surcharge, as appropriate, on the next following billing cycle or as otherwise mutually agreed to between the parties. ~~The CityEden~~ further agrees to provide to ~~PCSADanville~~ and its designated agents reasonable access during normal business hours to those financial records for purposes of ~~PCSADanville~~ verifying ~~the CityEden's~~ projected or actual rates as determined under Paragraph 8 and 9 hereof.
- 10. Additional Unit Operational Costs. When new or additional drinking water quality requirements or limits have been established by Federal or state of North Carolina or Virginia regulating agencies, ~~the CityEden~~ will develop an appropriate system to assure that such required quality standards are met. The development of these required system(s) may result in capital expenditures and/or operational increases that may require a rate adjustment in accordance with paragraph 8 above.
- 11. Early Stage of Park Development. During the early stages of development of the Park it is understood that utilities extended to the initial industrial customer will be sized in an effort to accommodate the reasonably anticipated development of the entire Park. Likewise, the rate structure is designed to accommodate the development of the entire Park. Nothing in this Agreement, however, shall preclude ~~the CityEden~~ and ~~PCSADanville~~ from mutually agreeing upon a different rate calculation or reduced rates to accommodate subsequent water users who may locate within the Park.

12. Temporary Interruptions. ~~The City~~Eden shall not be liable for temporary interruption of water delivery pursuant to this Agreement by reason of fire, flood, strikes or other labor disturbances, regulations or directives of any governmental authority, shortages of fuel, power or raw materials or the inability to obtain supplies, failure of normal sources of supplies, inability to obtain or delays in transportation facilities, any Act of God or other reason beyond the reasonable control of ~~the City~~Eden.
13. Term. This agreement is entered into pursuant to the provisions of Article 16 Chapter 160A of the North Carolina General Statutes. Subject to termination as provided, the initial term of this Agreement ends twenty (20) years from the date that PCSADanville receives water from ~~the City~~Eden at the receiving point for transmission to one or more of its customers. Upon agreement of both parties, this Agreement may be renewed for additional terms of twenty (20) years. Either party must provide a minimum of five years notice of their intention to end the end this agreement.
14. Default and Remedies. A default of this Agreement shall mean a material failure to comply with any of the material provisions of this Agreement. This Agreement shall be enforceable by each party hereto by all remedies available at law or in equity, including but not limited to specific performance. Failure or delay to exercise any right, remedy or privilege hereunder shall not operate as a waiver of such right, remedy or privilege, nor prevent subsequent enforcement thereof.
15. Notices. All notices required or permitted to be given under this Agreement shall be delivered in person or given by certified mail, return receipt requested. Notices shall be effective as of the time of delivery except notices by certified mail, which shall be effective two (2) days following the date of deposit in the United States mail. All notices shall be addressed or delivered as follows or to such other addressees or addresses as the parties may from time to time designate in writing:
- a. To the City of Eden: ~~Stephen B. Corcoran~~Terry Shelton, City Manager
City of Eden
P. O. Box 70
Eden, NC 27289-0070
 - b. To the City of PCSADanville: ~~Chris Adcock~~Ken Larking, City Manager~~Executive Director~~
~~Pittsylvania County Service Authority~~City of Danville, Virginia
405 R&L Smith Drive427 Patton Street
DanvilleDanville, VA 24541
16. Effect. This Agreement shall take effect as of the date of execution hereof by both PCSADanville and ~~the City~~Eden and shall supersede and replace any prior implied or expressed agreements. This Agreement shall be binding and shall inure to the benefit of the parties hereto and their respective successors and assigns.
17. Construction. Except with respect to those water quality standards made applicable to the parties' arrangement hereunder, this Agreement shall be governed and construed in accordance with the laws of the State of North Carolina.

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IN WITNESS WHEREOF, this Agreement is executed on behalf of ~~the City of Eden~~ by the Mayor of the City of Eden, and by the City Clerk, pursuant to authority duly given by the City Council of the City of Eden and by the City Manager of the City of Danville, and by the City Clerk, pursuant to authority duly given by the City Council of the City of Danville ~~on behalf of PCSA by the Chairman of the Board of Commissioners of the Pittsylvania County Service Authority~~, all as of the date first above written.

~~PITTSYLVANIA COUNTY SERVICE AUTHORITY~~ CITY OF DANVILLE, VIRGINIA

By: _____
~~Chairman~~ City Manager

ATTEST:

City Clerk

Approved as to form:

City Attorney

~~CITY OF EDEN~~ CITY OF EDEN, NORTH CAROLINA
~~A Municipal Corporation~~

By: _____
Mayor

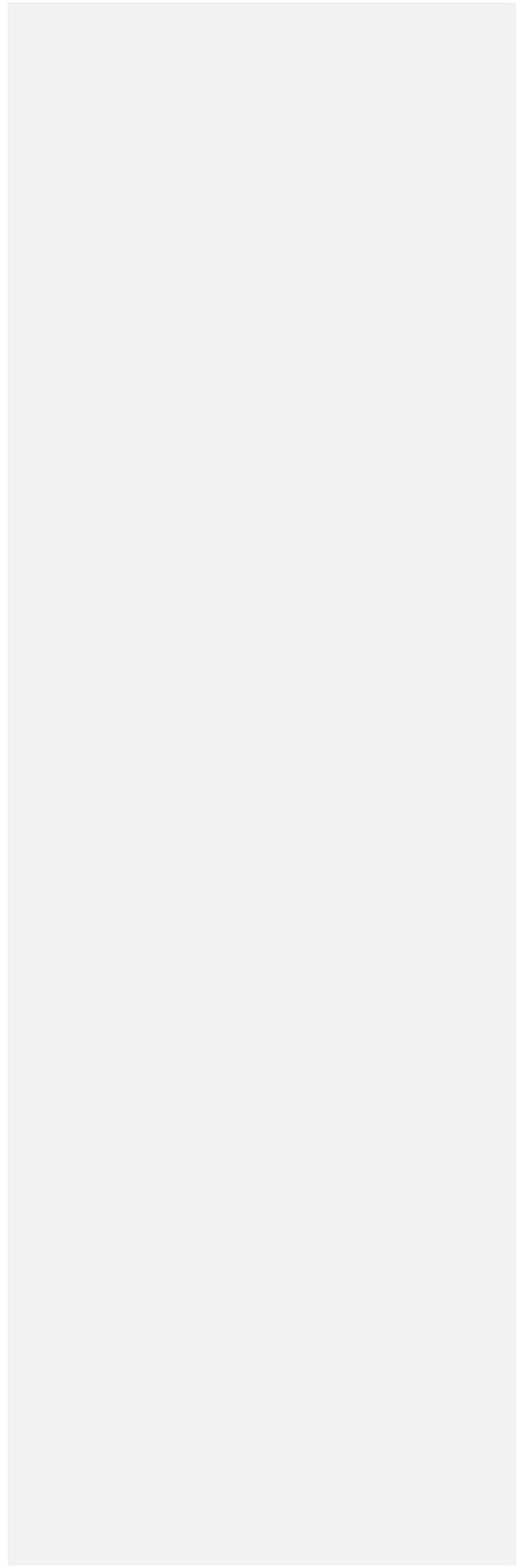
ATTEST:

City Clerk

Approved as to form:

City Attorney

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NORTH CAROLINA

**ROCKINGHAM COUNTY SOUTHERN VIRGINIA BERRY HILL INDUSTRIAL PARK
WASTEWATER AGREEMENT**

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THIS AGREEMENT made and entered into this ____ day of ~~December, 2014~~ February, 2020 by and between ~~the Eden~~ City of Danville, Virginia, ~~Pittsylvania County Service Authority ("PCSA DANVILLE~~ Danville") a municipal corporation of the Commonwealth of Virginia ~~public service authority in Pittsylvania County, Virginia~~ and ~~the~~ City of Eden, ~~North Carolina~~, ("~~the City Eden~~ Eden"), a municipal corporation in Rockingham County, North Carolina.

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WITNESSTH:

WHEREAS, ~~the City Eden~~ owns and operates a municipal wastewater treatment plant and wastewater collection system and furnishes wastewater treatment as a public service within ~~the City Eden~~ the City of Eden and to certain nearby areas; and

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WHEREAS, _____ Danville is ~~an owner the public service authority~~ of record for the Danville-Pittsylvania Regional Industrial Facility Authority's ("RIFA") 3,500 acre ~~Berryhill~~ Mega Park, ("~~Park~~"); and

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WHEREAS, ~~the City Eden~~ has received certain information from ~~PCSA~~ Danville encouraging ~~the City Eden~~ to construct a sixteen inch diameter sewer force main along North Carolina Highway 770 from ~~the~~ current extent of ~~the City Eden~~'s wastewater collection system to the North Carolina / Virginia State line; and

WHEREAS, ~~the City Eden~~ is the designated recipient of a \$769,000 Golden LEAF Foundation grant for construction of a sewer force main to serve the Park; and

WHEREAS, ~~the City Eden~~ anticipates an additional contribution of \$1,000,000 in local funds toward the construction of the sewer force main to serve the Park; and

WHEREAS, ~~the City Eden~~ and ~~PCSA~~ Danville have agreed that upon successful conclusion of ~~the City Eden~~'s construction of the aforementioned sixteen inch sewer force

main that ~~the CityEden~~ shall reserve and make available only to PCSA Danville except as otherwise expressly provided herein, during the term of this Agreement certain maximum daily gallonages of wastewater treatment capacity for the sole use of PCSA Danville in connection with the Park, on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, ~~the CityEden~~ and PCSA Danville do hereby agree as follows:

1. Sole Source. ~~The CityEden~~ will be the sole source of wastewater treatment for the Park during the term of this Agreement to the maximum gallonage of wastewater treatment capacity on the terms and conditions set for hereinafter.
2. Force main. The sixteen inch force main to be constructed along North Carolina Highway 770 from the current extent of ~~the CityEden~~'s wastewater collection system to the North Carolina / Virginia State line shall be owned, operated, and maintained by ~~the CityEden~~.
3. Wastewater Delivery. PCSA Danville shall be responsible for pumping wastewater from the Park into the force main at the state line at sufficient pressure to cause its transport through the force main to ~~the CityEden~~'s wastewater collection system. At no time shall PCSA Danville cause the pressure in the force main to exceed the force main's designed operating capacities for volume, velocity, or pressure.
4. Industrial Wastewater Permits. PCSA Danville shall apply to ~~the CityEden~~ for an Industrial Wastewater Discharge Permit prior to commencement of pumping of wastewater through the force main. PCSA Danville shall be responsible for maintaining compliance with the most current Federal and State standards for permitting industrial dischargers within the Park. As the characteristics of the wastewater from the Park change as industrial dischargers are added or removed PCSA Danville shall apply to ~~the CityEden~~ and PCSA Danville shall at all times cooperate fully to maintain compliance with all applicable Federal and State wastewater regulations.
5. Maximum Gallonages. ~~The CityEden~~ agrees to receive and make continuously available to PCSA Danville 3.0 million gallons per day of wastewater treatment capacity. PCSA Danville agrees to limit the rate at which wastewater pumped to ~~the CityEden~~ to a maximum instantaneous rate of 3.0 million gallons per day. ~~The CityEden~~ shall install a Mag meter for measurement of flow delivered to ~~the CityEden~~ receiving point. The meter shall be installed and located at the Virginia / North Carolina state line. The cost of procurement and installation of the meter shall be shared equally by ~~the CityEden~~ and PCSA Danville; however, ~~the CityEden~~ shall control the design and specification of the meter. ~~The CityEden~~ shall also maintain, calibrate and retain and retain ownership of the meter.

6. Wastewater Treatment Standards. The wastewater treatment quality standards provided by ~~the CityEden~~ to PGSADanville shall conform at all times to all existing quality requirements adopted from time to time by the North Carolina Department of Environment and Natural Resources and other applicable Federal and State standards relative to treated wastewater effluent.
7. Subsequent Contract Amendments. At such time as there is a viable customer in the Park ~~the CityEden~~ and PGSADanville will enter into rate development negotiations. No fees shall be due from PGSADanville to ~~the CityEden~~ until such time as there is actually flow being sent to ~~the CityEden~~'s treatment facility.
8. Rate Development. The rate to be paid ~~for from~~ PGSADanville to ~~the CityEden~~ for wastewater treatment services shall be developed cooperatively by PGSADanville and ~~the CityEden~~ and shall be based on sound engineering and management principles. Prior to commencing wastewater operations and flow from the Park, the parties shall develop the initial rate (Initial Rate") which shall not exceed 1.15 times the audited cost of treatment ("Audited Cost of Treatment") for ~~the CityEden~~'s wastewater service, calculated based upon the following components from ~~the CityEden~~'s most current fiscal year financial audit:
 - a. Routine operating costs at ~~the CityEden~~'s Wastewater Treatment Plant ("WTP") to include, but not be limited to, salary and benefits of WTP employees, utilities, chemicals, permits, supplies, and other related items integral to the operation of the WTP;
 - b. Capital expenditures incurred at the WTP which represent plant-related improvements occurring less frequently than annually, which are included in ~~the CityEden~~'s long range Capital Improvement Plan ("CIP"), and which are paid from City funds or financed by ~~the CityEden~~, to include, but not limited to, pump and valve replacements, monitoring and/or testing equipment replacement, backwash lagoon dredging, roof replacement, and other plant-related items included in CIP;
 - c. Debt service expenditures for the WTP, to include principal, interest, and associated financing fees incurred by ~~the CityEden~~ for the WTP utilizing outside funding or loan sources;
 - d. The portion of the wastewater Collection and Distribution System budget attributable to ~~the CityEden~~'s Railroad Pump Station and those force and gravity mains used to transport wastewater from the Park; and
 - e. Capital improvements and debt service for improvements of ~~the CityEden~~'s Railroad Pump Station and the wastewater force and gravity mains used to transport wastewater from the Park.

The total annual cost of components (a) through (e) above shall then be divided by the total volume of wastewater then estimated to be treated for the applicable fiscal year to determine a per 1,000 gallon cost.
9. Rate Adjustments. ~~The CityEden~~ shall review the rate annually to ensure that it continues to be representative of the actual cost of delivering wastewater

treatment services. ~~The CityEden~~ may modify its projected sewer rate charged to ~~PCSA Danville~~ hereunder on an annual basis to reflect its budgeted or other projected costs for the upcoming fiscal year. ~~The CityEden~~ shall annually adjust the ~~PCSA Danville~~'s prior year charges for wastewater hereunder based on a rate calculated with reference to and not to exceed 1.15 times ~~the CityEden~~'s actual Audited Cost of Treatment for that fiscal year. Any such adjustments shall be based upon ~~the CityEden~~'s audited financial records and shall be made within a reasonable period of time following its receipt of such audited financial information. Any such adjustments shall be reflected as a credit or surcharge, as appropriate, on the next following billing cycle or as otherwise mutually agreed to between the parties. ~~The CityEden~~ further agrees to provide to ~~PCSA Danville~~ and its designated agents reasonable access during normal business hours to those financial records for purposes of ~~PCSA Danville~~ verifying ~~the CityEden~~'s projected or actual rates as determined hereunder.

10. Additional Unit Operational Costs. As the Park is populated and the constituent nature of the various wastewater discharges is known it may be necessary to consider additional operational costs that may include but not be limited to surcharges for such wastewater stream constituents as biochemical oxygen demand, chemical oxygen demand, suspended solids, dissolved solids and color. When new or additional wastewater quality requirements or limits have been established by Federal or State regulating agencies, ~~the CityEden~~ will develop an appropriate system to assure that such required quality standards are met. The development of these required system(s) may result in capital expenditures and/or operational increases that may require a rate adjustment in accordance with paragraph 8 above.
11. Early Stage of Park Development. During the early stages of development of the Park it is understood that utilities extended to the initial industrial customer will be sized to accommodate the development of the entire park. Consequently, debt retirement associated with these utilities may not be able to be fully incorporated into the rate structure during this initial phase. In this situation it will be the intent of both parties of this agreement to develop financial strategies that will result in a competitive rate structure that can be offered to industrial customers while allowing for subsequent delayed rate adjustments including an increase or decrease in the volume of wastewater discharged, that will allow both parties to obtain full compensation for such debt as the ~~p~~Park builds out. Nothing in the Agreement shall preclude ~~the CityEden~~ and ~~PCSA Danville~~ from agreeing upon a different rate calculation or reduced rates to accommodate significant generators of wastewater who locate within the Park.
12. Temporary Interruptions. ~~The CityEden~~ shall not be liable for temporary interruption of wastewater treatment service pursuant to this Agreement by reason of fire, flood, strikes or other labor disturbances, regulations or directives of any governmental authority, shortages of fuel, power or raw materials or the inability to obtain supplies, failure of normal sources of supplies, inability to obtain or

delays in transportation facilities, any Act of God or other reason beyond the reasonable control of ~~the City~~Eden.

13. Term. This agreement is entered into pursuant to the provisions of Article 16 Chapter 160A of the North Carolina General Statutes. Subject to termination as provided, the initial term of this Agreement shall be for a period of twenty (20) years commencing at such time when there is actual flow sent to ~~the City~~Eden's wastewater treatment facility. Upon agreement of both parties this agreement may be renewed for additional terms of twenty (20) years.

14. Notices. All notices required or permitted to be given under this Agreement shall be delivered in person or given by certified mail, return receipt requested. Notices shall be effective as of the date of depositing in the United States mail. All notices shall be addressed or delivered as follows or to such other addressees or addresses as the parties may from time to time designate in writing:

14.

a. To ~~the City~~Eden: ~~Stephen B. Coreoran~~Terry Shelton, ~~Interim~~ City Manager

City of Eden
P.O. Box 70
Eden, NC 27289.0070

b. To ~~PCSA~~Danville: ~~Bonnie Snoad~~Ken Larking, ~~City~~ ManagerExecutive Director

~~Pittsylvania County Service Authority~~City of Danville, Virginia
~~405 R&L Smith Drive~~427 Patton Street
Danville, VA 24541

15. Effect. This Agreement shall take effect as of the date of execution hereof by both ~~PCSA~~Danville and ~~the City~~Eden and shall supersede and replace any prior implied or express agreements. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

16. Construction. This Agreement shall be governed and construed in accordance with the laws of the State of North Carolina. IN WITNESS WHEREOF, this Agreement is executed on behalf of ~~the City~~Eden~~the City~~ of Eden by the Mayor of ~~the City~~Eden~~of Eden~~, and by ~~the City~~Eden~~the City~~ Clerk, pursuant to authority duly given by ~~the City~~Eden City Council ~~of the City~~Eden~~of Eden~~ and on behalf of ~~PCSA~~the City of Danville by the ~~Executive Director of the Pittsylvania County Service Authority~~City Manager of the City of Danville, Virginia, ~~and by the City Clerk~~, pursuant to authority duly given by ~~the Board of Commissioners of the Pittsylvania County Service Authority~~Danville City Council, all as of the date first above written.

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~~PITTSYLVANIA COUNTY SERVICE
AUTHORITY~~ CITY OF DANVILLE, VIRGINIA

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By: _____
Chairman City Manager

WITNESS:

City Clerk

WITNESS Approved as to form:

City Attorney

CITY OF EDEN, NORTH CAROLINA
A Municipal Corporation

By: _____
Mayor

ATTEST:

City Clerk

Approved as to form:

City Attorney