

Gas

Fiscal Year 2024

Revenue

Charges for Services

Revenues are forecasted based upon results of the 2023 Rate Study, which evaluated 2020-2022 statistics obtained from our customer information system, and further refined by staff to include actual FY 2022 revenue.

Expenditures

Administration Services: Decrease of \$6,090 due to a decrease in salaries and benefits

Engineering: Increase of \$3,830 due to a change in salary allocations

Distribution: Increase of \$236,130 due to an increase in salaries and benefits

Service: Increase of \$5,210 in salaries and benefits

Meters and Regulators: Increase of \$33,850 due primarily to increases in small tools and uniforms

Gas Control: Increase of \$57,000 in salaries and benefits

Debt Service: Increased by \$4,600 or 5% compared to FY23

Capital Expenses

Regular Capital

Equipment and Vehicles

Shared with Water Fund

Vehicles: 4 vehicles (including aftermarket expenses) \$ 100,000

Machinery & Equipment: Fusion equipment \$ 5,000

Other Regular Capital

Meters and regulators \$ 182,785

Projects: Contractors, locators, and other materials \$ 166,000

Projects

The following projects are included in the Gas Fund:

<u>Project Name</u>	<u>Project Cost</u>	<u>Funding Source</u>
Pittsylvania County Natural Gas Expansion	\$ 1,100,000	Revenues
Gas Total	<u>\$ 1,100,000</u>	

City Council's Introductory - FY 2024

Gas

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

	Adopted Budget FY 2023	City Council's Introductory FY 2024
Estimated Revenue		
Rev-Use Money/Property	286,550	345,110
Charges for Services	22,408,490	27,234,710
Miscellaneous Revenue	8,500	7,500
Total Estimated Revenue	22,703,540	27,587,320
Operating Expenses		
Administration Services	3,532,540	3,432,680
Engineering	374,400	378,230
Gas Control	14,196,860	18,759,650
Distribution	572,840	808,970
Service	308,270	313,480
Meters & Regulators	125,380	159,230
Capital Expenses	866,130	558,860
Capital Projects	3,000,000	1,100,000
Total Operating Expenses	22,976,420	25,511,100
Net Operating Income (Loss)	-272,880	2,076,220
Add:		
Depreciation	1,690,430	1,554,450
Deduct:		
Debt Service Principal	88,430	93,030
Capital Expenditures from Current Operating Funds	0	0
Contribution to City's General Fund	3,196,330	3,199,330
Contribution To(From) Retained Earnings	(1,867,210)	338,310

Revenue categories for this fund are as follows:

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

CHARGES FOR SERVICES: The major revenue source for the Gas Fund are customer charges. The residential customer class is the largest part of that revenue stream representing approximately 13,168 customers. The commercial customer class represents approximately 1509 customers, and the industrial base represents 19 firms, six interruptible and five transport customers. There are 54 municipal class represents gas sold to the City for its municipal facilities. Other revenues in this category include penalties for non-payment and reconnection fees. The monthly charge for the Purchased Gas Adjustment is also included in Charges for Services. In FY22, the gas fund completed a twenty-year gas main replacement project.

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

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2024 Introductory	Increase/ (Decrease)
Revenues:					
Rev-Use Money & Property	\$ 163,840	\$ 248,963	\$ 286,550	\$ 345,110	\$ 58,560
Charges for Services	19,682,733	26,054,800	22,408,490	27,234,710	4,826,220
Miscellaneous Rev	13,512	5,615	8,500	7,500	(1,000)
Totals	\$ 19,860,085	\$ 26,309,378	\$ 22,703,540	\$ 27,587,320	\$ 4,883,780

Description

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

Danville’s gas system includes more than 356 miles of mains that are 1 to 12 inches in diameter. Thirteen regulator stations allow Danville to supply just under 13,000 customers. Danville Utilities-Water and Gas is staffed with employees equipped to handle both natural gas and potable water distribution system construction, maintenance, and service.

Expenditures

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2024 Introductory	Increase/ (Decrease)
Expenditures:					
Personnel Services	\$ 62,900	\$ 69,075	\$ 123,510	\$ 132,390	\$ 8,880
Employee Benefits	57,268	13,703	48,640	46,690	(1,950)
Purchased Services	75,341	86,204	73,280	78,140	4,860
Internal Service	19,948	29,032	27,760	38,280	10,520
Other Operating Exp	192,042	216,008	241,780	225,080	(16,700)
Cost Allocation	1,274,512	1,228,055	1,296,200	1,329,220	33,020
Capital Outlay	442	-	500	500	-
Depreciation	1,556,838	1,566,670	1,690,430	1,554,450	(135,980)
Debt Service	38,833	34,384	30,440	28,850	(1,590)
Transfer Out	3,186,330	3,321,330	3,196,330	3,199,330	3,000
Totals	\$ 6,464,454	\$ 6,564,461	\$ 6,728,870	\$ 6,632,930	\$ (95,940)

Personnel

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

Position Title	FY 2021 FTEs	FY 2022 FTEs	FY 2023 FTEs	FY 2024 FTEs
DIVISION DIR OF WATER & GAS	0.500	0.500	0.500	0.500
Total	0.500	0.500	0.500	0.500

Description

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

Expenditures

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2024 Introductory	Increase/ (Decrease)
Expenditures:					
Personnel Services	\$ 169,689	\$ 171,462	\$ 247,450	\$ 247,570	\$ 120
Employee Benefits	22,016	20,598	29,410	27,680	(1,730)
Purchased Services	18,784	24,554	49,660	55,560	5,900
Internal Service	11,609	1,038	14,800	1,300	(13,500)
Other Operating Exp	3,345	7,554	27,730	34,790	7,060
Capital Outlay	5,952	3,096	5,350	11,330	5,980
Totals	\$ 231,395	\$ 228,302	\$ 374,400	\$ 378,230	\$ 3,830

Personnel

Position Title	FY 2021 FTEs	FY 2022 FTEs	FY 2023 FTEs	FY 2024 FTEs
W&G PROJECT MANAGER				0.500
CONSTRUCTION INSPECTOR	0.500	0.500	0.500	0.500
W&G CORROSION TECHNICIAN		0.500	0.500	
WG GIS ENGINEERING TECHNICIAN	1.000	1.000	1.000	1.000
W&G SR ENGINEERING TECHNICIAN	1.000	1.000	1.000	1.000
W&G CHIEF ENGINEER	0.500	0.500	0.500	0.500
W&G COMPLIANCE COORDINATOR	1.000	0.500	0.500	0.500
SENIOR SECRETARY	0.250	0.250	0.250	0.250
Total	4.250	4.250	4.250	4.250

Description

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

Expenditures

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2024 Introductory	Increase/ (Decrease)
Expenditures:					
Personnel Services	\$ 273,573	\$ 268,117	\$ 352,280	\$ 385,590	\$ 33,310
Employee Benefits	35,460	32,135	41,920	45,330	3,410
Purchased Services	14,890	9,982	22,970	40,310	17,340
Internal Service	10,157	10,269	15,000	12,000	(3,000)
Other Operating Exp	30,740	29,130	48,960	54,900	5,940
Source of Supply	12,202,083	17,473,601	13,715,730	18,221,520	4,505,790
Totals	\$ 12,566,903	\$ 17,823,234	\$ 14,196,860	\$ 18,759,650	\$ 4,562,790

Personnel

Position Title	FY 2021 FTEs	FY 2022 FTEs	FY 2023 FTEs	FY 2024 FTEs
GAS CONTROL TECHNICIAN	2.000	2.000	2.000	2.000
GAS SUPPLY ANALYST	1.000	1.000	1.000	1.000
UTILITY OPERATIONS SUPERVISOR		0.400		0.400
UTILITY OPERATOR	3.600	2.800	2.800	2.800
Total	6.600	6.200	5.800	6.200

Description

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

Expenditures

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2024 Introductory	Increase/ (Decrease)
Expenditures:					
Personnel Services	\$ 205,282	\$ 202,543	\$ 292,850	\$ 493,120	\$ 200,270
Employee Benefits	27,025	25,293	35,620	55,190	19,570
Purchased Services	65,290	54,882	96,230	82,060	(14,170)
Internal Service	10,289	11,877	30,350	27,050	(3,300)
Other Operating Exp	72,097	60,321	115,650	149,410	33,760
Capital Outlay	2,043	1,728	2,140	2,140	-
Totals	\$ 382,026	\$ 356,644	\$ 572,840	\$ 808,970	\$ 236,130

Personnel

Positions are allocated to Water Distribution and Gas Distribution.

Position Title	FY 2021 FTEs	FY 2022 FTEs	FY 2023 FTEs	FY 2024 FTEs
UTILITIES PIPELINE TECH I	3.380	2.080	2.080	6.000
UTILITIES PIPELINE TECH II	0.260	1.040	1.540	0.500
UTILITIES PIPELINE TECH III	0.260	0.780	0.780	1.000
W&G CONSTRUCTION CREW SUPERVSR		0.520	0.520	
W&G CREW SUPERVISOR	1.300	0.780	0.780	2.500
W&G DISTRIBUTION SUPERINTENDEN	0.500	0.500	0.500	0.500
W&G WELDER/CREW SUPERVISOR	0.260	0.260	0.260	0.500
PUBLIC SERVICE WORKER	0.520			
Total	6.480	5.960	6.460	11.000

Description

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

Expenditures

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2024 Introductory	Increase/ (Decrease)
Expenditures:					
Personnel Services	\$ 56,000	\$ 63,972	\$ 58,010	\$ 66,880	\$ 8,870
Employee Benefits	7,859	8,143	7,130	7,660	530
Purchased Services	1,674	7,371	14,580	14,500	(80)
Internal Service	6,898	6,592	-	-	-
Other Operating Exp	16,575	18,132	45,660	70,190	24,530
Totals	\$ 89,006	\$ 104,210	\$ 125,380	\$ 159,230	\$ 33,850

Personnel

Position Title	FY 2021 FTEs	FY 2022 FTEs	FY 2023 FTEs	FY 2024 FTEs
W&G METER TECHNICIAN	0.900	0.450	0.900	1.000
W&G SYSTEMS CONTROL SUPERINTEN	0.500	0.250	0.250	0.250
Total	1.400	0.700	1.150	1.250

Description

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

Expenditures

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2024 Introductory	Increase/ (Decrease)
Expenditures:					
Personnel Services	\$ 175,545	\$ 91,302	\$ 222,350	\$ 5,510	\$ (216,840)
Employee Benefits	21,655	10,930	26,240	430	(25,810)
Purchased Services	1,098,796	931,070	182,400	182,400	-
Internal Service	39,690	24,004	-	-	-
Other Operating Exp	161,576	159,129	301,690	251,600	(50,090)
Capital Outlay	181,326	69,698	133,450	118,920	(14,530)
Capital Projects	-	-	3,000,000	1,100,000	(1,900,000)
Totals	\$ 1,678,588	\$ 1,286,133	\$ 3,866,130	\$ 1,658,860	\$ (2,207,270)

Personnel

Hourly Gas fund employees are accounted for within capital projects through our work order system. Although there are no employees exclusively or specifically assigned to capital projects, we forecast the following results for FY 2024:

Position Title	FY 2021 FTEs	FY 2022 FTEs	FY 2023 FTEs	FY 2024 FTEs
MOTOR EQUIPMENT OPERATOR I	3.120	1.920	1.920	
MOTOR EQUIPMENT OPERATOR II	0.240	0.960	0.960	
MOTOR EQUIPMENT OPERATOR III	0.240	0.720	0.720	
W&G METER TECHNICIAN	0.100	0.050	0.100	
W&G CREW SUPERVISOR	1.200	0.720	0.720	
W&G WELDER/CREW SUPERVISOR	0.240	0.240	0.240	
W&G CONSTRUCTION CREW SUPERVSR		0.480	0.480	
Total	5.140	5.090	5.140	

Description

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

Expenditures

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2024 Introductory	Increase/ (Decrease)
Expenditures:					
Debt Service	\$ 123,149	\$ 132,205	\$ 88,430	\$ 93,030	\$ 4,600
Totals	\$ 123,149	\$ 132,205	\$ 88,430	\$ 93,030	\$ 4,600

Description

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

Expenditures

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2024 Introductory	Increase/ (Decrease)
Expenditures:					
Personnel Services	\$ 207,842	\$ 212,978	\$ 216,300	\$ 233,800	\$ 17,500
Employee Benefits	27,619	27,050	27,760	27,020	(740)
Purchased Services	798	798	6,890	6,770	(120)
Internal Service	29,444	24,180	25,250	300	(24,950)
Other Operating Exp	23,698	31,548	29,700	43,220	13,520
Capital Outlay	2,583	2,161	2,370	2,370	-
Totals	\$ 291,984	\$ 298,715	\$ 308,270	\$ 313,480	\$ 5,210

Personnel

The Dispatcher is a shared position with the Electric Fund.

Position Title	FY 2021 FTEs	FY 2022 FTEs	FY 2023 FTEs	FY 2024 FTEs
DISPATCHER	0.500	0.500	0.500	0.500
W&G SERVICE TECHNICIAN	3.500	3.500	3.500	3.500
W&G SYSTEMS CONTROL SUPERINTEN		0.250	0.250	0.250
Total	4.000	4.250	4.250	4.250

Accomplishments

Coordination with Customer Accounts in the Finance Department to complete internal investigations and customer requests safely and efficiently.

Goals

Improve daytime response for leak investigations to an average response of less than ten minutes.

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

**GAS FUND
INTRODUCTORY CAPITAL & SPECIAL PROJECTS - FY 2024-2028**

<u>Project/Source</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>5 Yr Total</u>
Gas Distribution						
Pittsylvania County Natural Gas Expansion	\$ 1,100,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 3,100,000
Gas Distribution Total	\$ 1,100,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 3,100,000
Total Projects:	<u>\$ 1,100,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 3,100,000</u>
Funding Source:						
Utility Fund Revenues	\$ 1,100,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 3,100,000
Total Funding	<u>\$ 1,100,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 3,100,000</u>

**GAS FUND
 INTRODUCTORY - CAPITAL & SPECIAL PROJECTS - FY 2024
 FUNDING SOURCES**

<u>Dept/Project Name</u>	<u>Current Revenues</u>	<u>Project Total</u>
Gas Distribution		
Pittsylvania County Natural Gas Expansion	\$ 1,100,000	\$ 1,100,000
Total Gas Distribution	<u>\$1,100,000</u>	<u>\$1,100,000</u>
Fund Total	<u>\$1,100,000</u>	<u>\$1,100,000</u>

**CITY OF DANVILLE
PROJECT DESCRIPTION
FY 2024 FIVE-YEAR CAPITAL & SPECIAL PROJECTS PLAN**

Project Title: Pittsylvania County Natural Gas Expansion **Department:** Utilities

Project No: 61601 **Division:** Water & Gas

Section: Distribution (Water, Gas, and Electric)

Description:

Expand natural gas service into Pittsylvania County regions in conjunction with PCSA and nDanville projects. This will increase gas consumption/revenue and potentially lower electric demand during winter months. Natural gas is a cheaper cleaner burning fuel than propane. Revenue growth has allowed us to keep our marginal rate flat and reduced after our last cost of service study. Natural gas is a very competitive fuel source for our customers.

Justification:

This project will expand natural gas coverage to areas allowed by the State Corporation Commission. It is our expectation that as more customers switch to natural gas heating, gas consumption will increase and customers will have access to a consistent lower cost of heating. The indirect benefits are that the electric fund will see less demand in the winter when transmission peaks usually occur if a significant number of customers convert from electric to natural gas for heating. This could help avoid increasing transmission costs on the electric side providing some rate relief.

Natural gas is often praised as a clean energy alternative. It burns more cleanly than other fossil fuels, emitting lower levels of harmful emissions such as carbon monoxide, carbon dioxide and nitrous oxides. Customers would likely see a lower cost of heating if they decided to switch from propane to natural gas. Propane is typically three times higher than the cost of natural gas.

Comments:

Funding Sources:	<u>Prior Years:</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>Total</u>
Utility Fund Revenues	\$2,966,080	\$1,100,000	\$500,000	\$500,000	\$500,000	\$500,000	\$3,100,000
Project Totals:	\$2,966,080	\$1,100,000	\$500,000	\$500,000	\$500,000	\$500,000	\$3,100,000

Goals/Milestones:

- FY 2024 Expand Natural Gas Service
- FY 2025 Expand Natural Gas Service
- FY 2026 Expand Natural Gas Service
- FY 2027 Expand Natural Gas Service
- FY 2028 Expand Natural Gas Service