

DELAWARE MUNICIPAL ELECTRIC CORPORATION
REGULAR MEETING
DEMEC ADMINISTRATIVE BUILDING
SMYRNA, DELAWARE
July 17, 2018

A meeting of the Board of Directors of the Delaware Municipal Electric Corporation was held Tuesday the 17th day of July, 2018 at DEMEC's Administrative Building, Smyrna, Delaware.

The meeting was called to order at 10:02 a.m. with Morris Deputy, Chairman, presiding.

The following roll call was presented:

Present:

Morris Deputy, Chairman
Representing Middletown
Austin Calaman, Alternate Director
Representing Lewes BPW
Eric Norenberg, Director
Representing Milford
Gary Stulir, Director
Representing Smyrna
Charles Anderson, Director
Representing Seaford
June Merritt, Alternate Director
Representing Seaford
Donna Mitchell, Director
Representing Dover
Tom Coleman, Director
Representing Newark
David Del Grande, Alternate Director
Representing Newark
Darrin Gordon, Director
Representing Lewes BPW
Mary Ellen DeBenedictis, Director
Representing Clayton
Chalea Johnson, Alternate Director
Representing Smyrna
Sue Muncy, Alternate Director
Representing Clayton
Patrick E. McCullar, President
Representing DEMEC

DEMEC Staff Attending: Kimberly Schlichting, SVP-Operations & Power Supply; Louis Vitola, VP-Finance; Heather Contant, Communications Specialist; Kendra Friel, Administrative Assistant; Jennifer Coulbourne, IT System Administrator; Stephanie Dove, Manager of Accounting & Settlements; Steve Siok, Director of Beasley Plant Operations & Compliance

Guests and Attendees: Bill Evans, Town of Smyrna; Lincoln Willis, The Willis Group

MINUTES

The minutes of the following meetings were presented for approval:

1. Minutes of the Meeting of May 15, 2018

Upon motion made by Lewes to approve the minutes of the meeting of May 15, 2018, seconded by the Seaford, the motion passed unanimously.

APPOINTMENTS / ELECTIONS

None.

TREASURER'S REPORT

Mr. Patrick McCullar, President of DEMEC, commented that the April and May 2018 financials confirm that we remain on budget.

Upon motion made by Clayton to accept and approve the April and May 2018 Financial Reports, seconded by Newark, the motion passed unanimously.

PRESENTATIONS

Mr. John Tingué of Advanced Utility Resources and Supplies, Inc. (AURSI) joined the meeting remotely to offer an overview of AURSI and the benefits enjoyed by the DEMEC membership. Ms. Kimberly Schlichting, SVP-Operations & Power supply reminded the board of previous discussions regarding AURSI and noted that this opportunity was arranged in order to review the program and decide if continued participation was desirable. With that she turned the floor over to Mr. Tingué, who proceeded to review the existing site with the membership focusing on upgrades and improvements. He highlighted the savings of the active members during this walkthrough.

Upon completion of the webinar, Ms. Donna Mitchell, Director representing Dover, questioned if the membership was actively using AURSI. Mr. Tingué noted that a number of the members were not at this time taking advantage of the program, Dover being amongst that group.

Mr. McCullar thanked Mr. Tingué for his time, insuring him that a DEMEC representative would be in contact very soon. With this the presentation was ended.

Mr. Morris Deputy, Chair and Director representing Middletown, inquired if the program was currently being purchased for the entire membership to which Ms. Schlichting replied in the affirmative. She noted that this presentation was arranged to address how the membership would like to proceed given that not every municipality was currently using the program. A number of members indicated that they do use the program, but not to its fullest capacity. June Merritt, Alternate Director representing Seaford, asked if reporting was available outlining current savings to which Ms. Schlichting replied that this would be asked of Mr. Tingué. Mr. Eric Norenberg,

Director representing Milford, expressed great interest in pursuing further, noting that he had not been aware that water and sewage inventories were also available on AURSI.

Due to the interest expressed, Ms. Schlichting offered to arrange a webinar for each municipality to individually speak with Mr. Tingue and receive more training. Mr. McCullar noted that the current term for use was due to expire in six months and recommended that this time be used to review and explore the value of the program.

It was ultimately decided that Ms. Schlichting would coordinate the webinar efforts and the membership would explore the use of AURSI before making a decision of whether to continue use or not.

RESOLUTIONS

None.

COMMITTEE REPORTS

Executive Committee – Meeting to be held Tuesday, July 24, 2018.

Audit Committee – None.

PRESIDENT'S REPORTS TO BOARD

Generation Project Report:

Beasley–

Per Mr. McCullar, Beasley is operating well. However, there has been little to no dispatch of the asset during the first six months of 2018, but July has picked up substantially.

Fremont–

This asset continues to be DEMEC's most productive. Over the past three months, Mr. McCullar noted that Fremont is setting new four year average high bands. In June the asset is shown to have run well above the model capacity factor. Energy costs and total cost out of unit are hitting all-time lows, which Mr. McCullar notes is positively contributing our average variable cost of energy.

Laurel Hill Wind Farm – None

Milford Solar - None

Smyrna Solar – None

In closing, Mr. McCullar noted that all assets were operational and running well. He also noted that Beasley has been highly available, due to the efforts of Mr. Steve Siok, Director of Beasley Plant Operations & Compliance, and his crew.

Mr. Tom Coleman, Director representing Newark, asked if the successful numbers associated with Fremont were due to the newly acquired capacity to which Mr. McCullar responded in the affirmative. Mr. Norenberg asked if the jump in capacity factor occurred when the acquisition was complete. Mr. McCullar stated that this was not the case as capacity factor is associated with PJM economic dispatch. Fremont has a low heat rate, resulting in a low economic offer into PJM. PJM is clearing the Fremont units the majority of the time. In Mr. McCullar's opinion, Fremont will stay in higher capacity factor for the near future, partly owing to the change in asset mix caused by plant retirements in Ohio.

Construction Project Status Report:

Middletown Transmission & Substation –

Per Mr. McCullar, talks were currently taking place with Delmarva Power about the substation work. The required easements are also moving forward.

Seaford System Improvements -

The project is substantially complete. A few punch lists are being addressed, but Mr. McCullar anticipates completion soon.

Economic Development Projects:

Middletown Technology Center – None

Milford Bayhealth Hospital –

Mr. McCullar reported that the project is moving toward final completion and anticipates receiving first patients in early February. Mr. Norenberg noted that when Bayhealth transfers from Milford Memorial to the new facility a new company is slated to take over the old campus. Plans are being worked on for this new "Wellness Village", which plans to house rehabilitation, skilled nursing and other health related services.

Mr. McCullar asked if anyone present had a project they would like to offer an update on. Mr. Coleman shared that Newark was currently experiencing an influx of development plans and with the referendum which passed in June, they were moving forward with the purchase of the Rodney Dorm site. The Dickenson Dorms were sold to a private party and will be used as private student housing.

Legislative Status Report:

Mr. Lincoln Willis, Principal, the Willis Group, was introduced by Mr. McCullar and proceeded with his report. Over all, Mr. Willis stated that it had been a very good year legislatively, however a few threats do linger on the horizon. Mr. Willis proceeded to update the membership on the four bills introduced during the 2018 legislative session.

This first bill, SB189, generally referred to as the Miss Utility Bill, was introduced to address the issue of damage to underground transmission lines. This bill was generally aimed to hold telecommunications entities more responsible when digging. The bill was passed upon amendment.

Secondly we saw SB113, addressing PACE (Property Assessed Clean Energy) Funding. This bill was designed to make the acquisition of funding for larger commercial projects more easily affordable by allowing leans to be placed on the property being constructed, thereby allowing a project for which a five year loan has been granted the ability extend the loan for a more manageable period of time. The bill passed and is awaiting the signature of the Governor.

Mr. Willis then reported on the bills which he deemed possible threats.

Firstly, Mr. Willis addressed SB265 which proposed changes to the current Renewable Energy Portfolio Standards (RPS). The bill was introduced without a committee hearing. Mr. Willis praised DEMEC staff for their quick action, noting the speed and efficiency with which arguments and talking points prepared and presented to legislators. This bill would inhibit the involvement of the Public Service Commission (PSC). Both the PSC and Public Advocate expressed displeasure with the bill. SB265 was held off, but Mr. Willis fully expects it to be reintroduced during the next legislative session.

Secondly, SB480 was also introduced with no committee hearing. This bill addressed net metering and a significant increase of the required amount of renewable energy attained from solar. Once again, DEMEC was critical in stopping the bill with their education efforts. Mr. Willis noted that this was crucial because legislators do not fully understand as they are not intimately involved in the industry. The bill was backed by the Sierra Club and Solar Industry. It too has been thwarted for the moment but will most likely be reintroduced as well.

A fifth bill, which was not introduced, but was circulated, was also backed by the Sierra Club and Solar Industry. This bill proposes a significant increase in RPS goals by 2032. The proposed increase would greatly burden the DEMEC ratepayers. A conversation was held with Senator Harris B. McDowell, Chair of the Energy Committee, who proposed that meetings be held over the legislative break with interested parties to determine if an increase is warranted. Per Mr. Willis, we are vigilantly awaiting the scheduling of these meetings.

With this Mr. Willis concluded his report and opened the floor for questions. A discussion ensued between Mr. Willis, Director Coleman and Alternate Director Del Grande representing Newark. The gentlemen sought input regarding a proposed lodging tax. Mr. Willis offered his opinion and the subject was put to rest.

Utility Best Practices Update:

Mr. McCullar noted that a successful kickoff meeting had taken place and that the consultant will be coming back with a final benchmarking list shortly. He asked for feedback from attendees at the kickoff meeting and made the membership aware that Ms. Stephanie Dove, Manager of Accounting and Settlements, would be responsible for coordinating meetings between the consultant and membership.

SCADA Upgrades

Ms. Dove reported that the project was moving along smoothly. She thanked everyone for their assistance and noted that the various distribution managers had been critical to the smooth implementation of the upgrades. Two upgrades were slated for today and two remain to be completed. Ms. Dove anticipates that the project will be complete by the next board meeting.

AMI Updates

Seaford –

Mr. Louis Vitola, VP Finance, reported that electric meter deployment had begun in Seaford on July 9, 2018. The process was slow at first but has now moved to a pace of 130 meters per day. Mr. Vitola is also accumulating data from Seaford on their best practices for implementation of the project. He hopes to provide examples of the promotional efforts undertaken by Seaford at the next board meeting.

Milford –

Per Mr. Vitola, meters began being switched out at the end of May and by the end of June the project was close to half way done. Milford is now starting to change out water meters where necessary.

Training / Education:

DEMEC Annual Joint Council Briefing – Tuesday May 22nd

Ms. Kimberly Schlichting, SVP Operations & Power Supply, reported that the event was well attended and quite successful having generated new contacts and other accomplishments. For those reasons, the event will be held again next year. Upon request however, DEMEC staff would still be happy to visit each member individually and speak to councils and boards.

DEMEC Legislative Luncheon– Tuesday, June 5th

This event was well attended by the legislators and their staff and has already been very beneficial to DEMEC. DEMEC staff is now recognizable and forming relationships with those at Legislative Hall. We plan to hold this event again next year. The DEMEC billboards coordinated with this event, further educating legislators about who we are. This made it easier for DEMEC to gain the attention of legislators later in the month when the aforementioned bills were introduced.

Mr. McCullar expressed his gratitude to those Board members who attended the Legislative Luncheon and invited them, and all of the Board, to do so again next year. Their presence is extremely impactful with legislators and adds to the reputation of DEMEC on the state level.

Tool & Truck Safety Show – Thursday, June 7th

Ms. Schlichting noted that this is the second year for this event and it was once again well attended. Both the vendors and staff benefited from the formation of relationships and access to the newest safety equipment and tools. We do plan to hold this event again next year as well.

APPA National Conference – June 15th – 20th

It was noted that a number of board members attended. Dolores Slatcher sent her thanks to the board for facilitating her attendance at the conference to receive the Mark Crisson Leadership and Managerial Excellence Award from APPA. Ms. Schlichting also noted that there are plans to recognize her for this achievement at the DEMEC Annual Dinner in September.

Smyrna Solar Facility Commissioning – Tuesday, July 10th

The event was attended by approximately 40 people, comprised of legislators and other distinguished guests.

Ms. Heather Contant, Communications Specialist, informed the board that the event garnered very positive press attention, resulting in articles in the Smyrna Clayton Sun Times, Delaware Business Times and the Delaware State News. She also noted that the New Journal has reached out to write another, more in-depth article which they hope to see as a featured article this weekend.

Using Body Language to Increase Your Influence – Thursday, September 6th

Ms. Schlichting noted that this training is open to all involved staff and others within each community who would like to attend. She stated that the instructor, Erick Rheam, is very dynamic and well-liked by those who have attended in the past.

PJM 101: The Basics – Tuesday, September 11th

All involved staff, council members and other interested parties are encouraged to attend this session. While noted as “The Basics”, Ms. Schlichting ensured the board that it would actually be quite in depth.

DEMEC Annual Dinner – Wednesday, September 19th

The DEMEC Annual Dinner is quickly approaching. The board was asked to submit any suggestions for speakers and topics to Ms. Schlichting.

Public Power Week – October 7th – 13th

Ms. Contant is working with each member on billboard designs.

Communications Update

Ms. Contant noted that given the recognition generated by the billboards we can expect the slogan of “Powering Communities Together” to be seen more frequently. She also noted that this might be a good time to follow the example of Seaford and place vinyl #publicpower and/or #DEMEC decals on utility vehicles. Ms. Contant has a few design ideas and would be very happy to work with the membership to design.

Mr. McCullar agreed with Ms. Contant, noting that such an action would heighten awareness about public power in Delaware and that DEMEC would be happy to provide the decals if the board so wish.

Ms. Contant proceeded with her report, switching to an update on a Facebook ad which ran during the last week of session. She note that the analytics were very favorable, showing a far reach and prompting a number of new page likes. She also noted that men and women between the ages of 25 and 44 were equally reached, which was a good target age. She reminded the members to connect on Facebook to continue this growing awareness.

Updated posters and other requested materials were made available to the members is the lobby for the Storm Prep tables. The storm radio raffle has been replaced with an emergency kit raffle. The winner will receive a kit stocked with a multitude of emergency items. The raffle will be open starting this week and will run through the end of August.

Feedback was requested by Ms. Contant. With Public Power Week coming up quickly, Ms. Contant noted that she is in the process of working with each member to design their billboards. To build presence, she proposed that this year a pre-scripted and pre-recorded radio ad be created for each member, featuring a lineman, to be run the week before as well as during public power week. This endeavor would highlight the hometown connection and help DEMEC be seen as a neighbor, rather than a utility.

Charles Anderson, Director representing Seaford, stated that he felt this was a great idea, noting that such an ad would stress that these workers live in your community. Ms. Schlichting also supported the idea, noting that the linemen chosen would share this with their communities and bring more attention to what DEMEC does.

Ms. Donna Mitchell, Director representing Dover, noted that while a good idea, this could cause problems in each municipality if other groups of staff were not equally recognized.

Ms. Contant and Mr. McCullar both empathized with this statement. Ms. Contant decided that she would include this topic in her Communications Roundtable Meeting in the hopes of generating ideas to bring balance.

It was also noted by Ms. Contant that an email had been sent containing a list of pre-scripted suggestions for each communication team regarding storm prep. These emails feature the work done by each municipality to be better prepared for storms such as tree trimming, substation improvements, AMI, and other various maintenance undertakings. More emails will be sent shortly with thoughts and pictures to help communicators feature each utility.

With this Ms. Contant brought her presentation to an end and opened the floor for questions.

Chairman Deputy asked if his community could purchase a number of the emergency kits to be raffled off at various community events. Mr. McCullar responded in the affirmative and asked Board members to determine how many were needed and DEMEC staff would be happy to prepare them.

Green Energy Program Status Report:

Mr. McCullar stood in for Mr. Scott Lynch, VP of Asset Management, who is currently on vacation. He noted that he intended to stand on the reports prepared by Mr. Lynch and Ms. Emily St. Clair, Energy Services Manager, included in the board packet, but was happy to answer any questions. Ms. Schlichting called attention to the reports on energy efficiency and asked that the members let us know if they would like to see any additional reports or are in need of more information.

Energy Efficiency Program Update – None

Smyrna Solar Project – None

Renewable Energy Tracking – None

Customer Sited Generation Policies – None

Energy Efficiency Advisory Council (EEAC) – None

Demand Response Update – None

BUSINESS FROM THE FLOOR

Mr. Gary Stulir, Director representing Smyrna, spoke on an issue which was brought to his attention while attending the APPA National Conference. Mr. Stulir attended a seminar entitled “Light up the Navaho Nation”. This seminar focused on the lack of electric availability to a section of the western United States roughly the size of Texas, spanning four states. Mr. Stulir was moved by their plight and stated that Smyrna was very eager to assist. He noted that he reached out to Ms. Schlichting for more information and is hoping the rest of the board would like to join Smyrna.

Mr. Bill Evans, Director of Public Works for Smyrna, spoke to the desire of his staff to become involved. He stated that participation would allow us to be a part of history by bringing light to a nation that desperately needs it. He encouraged the other members to consider joining Smyrna in this endeavor.

Ms. Schlichting noted that the area is very remote, and that the planning to tackle this project is currently in its infancy. A working group meeting has been scheduled in September to being the planning process. As of now, no one is quite sure what is required to start the project, however, it is being approached as a mutual aid situation. Ms. Schlichting noted that a request for more information has been submitted, but nothing has yet been heard. She then inquired if other members would be interested in participating, to which a number indicated they were. Ms. Schlichting agreed to send all findings to the membership once they are made available to her.

EXECUTIVE SESSION

The Board went into executive session at 11:49 am upon motion by Newark, seconded by Seaford to discuss the following:

- a. To discuss personnel actions, strategic business and commercial generation operations, dispatch, negotiations and planning.

The Board ended the executive session and returned to regular session at 12:05 p.m.
No action was taken.

NEXT MEETING DATES

The following meeting dates were set:

Tuesday, August 21, 2018 – 10:00 a.m.

Wednesday, September 19, 2018 – 4:00 p.m.

Tuesday, October 16, 2018 – 10:00 a.m.

ADJOURNMENT

Upon motion by Seaford, seconded by Milford, the Board Meeting adjourned at 12:06 p.m.