

DELAWARE MUNICIPAL ELECTRIC CORPORATION
ANNUAL MEETING
DOVER DOWNS CONFERENCE CENTER
DOVER, DELAWARE
September 19, 2018

The Annual Meeting of the Board of Directors of the Delaware Municipal Electric Corporation was held Wednesday the 19th day of September, 2018 at Dover Downs Conference Center, Dover, Delaware.

The meeting was called to order at 4:04 p.m. with Morris Deputy, Chairman, presiding.

The following roll call was presented:

Present:

Morris Deputy, Chairman
Representing Middletown
Eric Norenberg, Director
Representing Milford
Rick Carmean, Alternate Director
Representing Milford
Gary Stulir, Director
Representing Smyrna
Charles Anderson, Director
Representing Seaford
June Merritt, Alternate Director
Representing Seaford
Pam Patone, Director
Representing the MSC of New Castle
Dr. Roy Sippel, Alternate Director
Representing the MSC of New Castle
Donna Mitchell, Director
Representing Dover
David Del Grande, Alternate Director
Representing Newark
Austin Calaman, Alternate Director
Representing Lewes BPW
Mary Ellen DeBenedictis, Director
Representing Clayton
Darrin Gordon, Director
Representing Lewes BPW
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; Scott Lynch, VP of Asset Development; Emily Greene, Energy Services Manager

Guests and Attendees: James Robinson, Electric Director, City of Dover

Upon calling meeting to order, Mr. Deputy invited Ms. Donna Mitchell, Director representing Dover, to introduce Dover's newly appointed Electric Director, Mr. James Robinson. The Board extended a warm welcome to Mr. Robinson.

MINUTES

The minutes of the following meetings were presented for approval:

1. Minutes of the Meeting of August 21, 2018

Upon motion made by Seaford to approve the minutes of the meeting of August 21, 2018, seconded by Clayton, the motion passed unanimously.

APPOINTMENTS / ELECTIONS

Mr. Patrick McCullar, President of DEMEC, reminded the board that elections of corporate officers must take place at the annual meeting pursuant to DEMEC's by-laws. All current officers have agreed to continue to serve. Mr. McCullar inquired if any other members considered serving or nominating others to serve. Hearing no additional nominations, it was recommended that the board adopt the slate of corporate officers as presented. Executive and Audit Committee members were also included in this slate.

Ms. Kimberly Schlichting, VP of Operations and Power Supply, reminded the members to read and sign the annual Conflict of Interest documents circulated prior to the meeting.

Upon motion made by the MSC of New Castle to accept and approve the current corporate officers continued service, seconded by Newark, the motion passed unanimously.

TREASURER'S REPORT

Mr. McCullar reported on the July 2018 financial report, noting that DEMEC is exceeding year-to-date budget targets after strong generation in July contributed significantly to the positive margin. Mr. McCullar offered to answer questions, of which none were presented.

Upon motion made by Clayton to accept and approve the July 2018 Financial Report, seconded by Milford, the motion passed unanimously.

PRESENTATIONS

None.

RESOLUTIONS

None.

COMMITTEE REPORTS

Executive Committee –

Mr. Darrin Gordon, Director representing Lewes BPW and Executive Committee Chair, noted that recommendations discussed during the last meeting will be brought forth at the next DEMEC Board Meeting. At this time there is nothing to report and he commended Mr. McCullar stating that he was doing a great job.

Audit Committee –

None.

PRESIDENT’S REPORTS TO BOARD

Generation Project Report:

Mr. McCullar reported that all assets have been fully available and operational during July, August and September to date with a significant number of hours dispatched. He noted that more detail would be provided in executive session.

Construction Project Status Report:

Middletown Transmission & Substation –

Mr. McCullar reported that easement issues regarding right-of-way for transmission lines are being sorted out and that Delmarva has completed construction of the substation point where the lines will connect.

Economic Development Projects:

Middletown Technology Center – None

Newark STAR Campus –

Mr. McCullar noted that development is moving rapidly. Mr. David Del Grande, Alternate Director representing Newark, had nothing additional to report. Mr. McCullar inquired if any other members had projects on which they would like to report. No new projects were presented.

Legislative Status Report:

Mr. McCullar indicated that there are no new items to report and informed the members that Mr. Lincoln Willis, Principal of The Willis Group and DEMEC Lobbyist, had recently provided a legislative calendar to the membership. He noted that if anyone had not received it, he would be happy to forward another copy.

Community Support/Charitable Contributions Policy:

Mr. McCullar noted that the policy is currently being drafted and that he hopes to have something to present at the October 16, 2018 board meeting.

Utility Best Practices Update:

Ms. Stephanie Dove, Manager of Accounting and Settlements reported that she is still in the data collection stage, but has received most of what is needed. She noted that questions have been submitted to Mr. Shpigler and his responses have been returned.

A question related to the distribution of customer lists was raised. Ms. Dove noted that while some members have provided the lists, others cited their concern with the protection of confidential customer information.. Ms. Dove indicated that she understands the concern, but that the other suggested methods of data collection, such as the member surveys, have been determined to distort the results. Another suggestion, random calling of customers, could result in sampling error. She noted that the customer service section could be excluded for some members if they choose, but given the interest expressed during the teleconferences, she hesitates to suggest this. Direction was requested from the board.

Mr. Deputy asked if the questions could be provided to the membership for review, to which Ms. Dove offered to obtain them, noting that they should be the same for every community.

Ms. Patone advised that New Castle had completed a survey such as this in the past, and she would like to use the results of this survey to measure any changes in responses over time. She noted that she would like to see the same questions used again to ensure comparability. Ms. Dove stated that she would have Mr. Shpigler forward a list of the questions for review and approval. Ms. Patone offered to provide a list of the previously used questions for Mr. Shpigler.

Mr. Del Grande stressed that he'd like Newark customers notified in advance, perhaps in a bill stuffer or online, in an effort to garner a greater response considering most people do not answer the phone if they do not recognize the number. Ms. Dove offered to connect with Ms. Heather Contant, Communications Specialist, to work on materials to accomplish this end.

Mr. Eric Norenberg, Director representing Milford noted that he too had been concerned about the use of confidential customer information. He asked if DEMEC had researched this previously. Mr. McCullar noted that while we are required by the Federal Red Flag Rule to keep our customer information private, that is only from external parties. Being an employed consultant, Mr. Shpigler is bound by the same confidentially rules as DEMEC and its members. For this reason, Mr. McCullar does not believe the use of this information can be viewed as the release of confidential information. Mr. Gary Stulir, Director representing Smyrna, expressed his concern as well. Mr.

McCullar assured the board that the information in question would be used only for the survey. Absolutely no third party will be gaining access to any customer information.

Mr. Del Grande noted that he definitely thinks that forewarning the customers will help, admitting that doing so may slow the process, but will ensure that the trust of the customers will remain intact. He indicated that his commercial customers would be pleased.

Ms. Mary Ellen DeBenedictis asked Ms. Dove if Clayton had provided a list to which Ms. Dove replied they had not, stating that a policy was in place in Clayton forbidding the release.

It was decided that Ms. Dove and Ms. Contant would prepare communication examples while the members were reviewing the proposed question list. Once these steps had been completed, the subject would be revisited and a decision will be made.

The possibility of a number for the customer to call to complete the survey was raised by Mr. Del Grande. Ms. Dove noted that it was a possibility. Mr. Norenberg noted that a good scripted message was integral to boosting participation from those who are not reached the first time and that a call back number will be needed. Ms. Dove agreed to obtain a copy of the script for the board to review.

SCADA Upgrades:

Ms. Dove reported that all instrument upgrades have been installed, those in Beasley being the last. Currently, all are being tested to make sure they are calibrated and communicating correctly. She noted that she is currently awaiting invoices for the labor as the current numbers are an estimate. When all is said and done, she expects the project to wrap up either on or under budget. Once this is complete, she will update the membership via memo.

AMI Updates:

Mr. Louis Vitola, VP of Finance reported that both projects are moving quickly and are well within budget, adding that representatives from AMP were in Delaware today visiting Seaford and Milford to introduce the new members of AMP's AMI project team and gain a greater understanding of the project status in the field.

Seaford -

Mr. Vitola reported that Seaford's electric meter deployment is nearly complete, while the water meter install is progressing quickly.

Milford -

Mr. Vitola noted that data integrity and/or translation issues were causing disruptions in Milford's water meter deployment and water billing processes. The issues are being reviewed and investigated by AMP representatives as part of today's visit. Mr. Norenberg had nothing further to report.

Mr. Vitola noted that Mr. Brandon Poddany, the new AMP AMI project manager, had visited both sites. The deployment of meters continues, and progress is being made.

Other AMI Prospects – none.

Training / Education:

Ms. Schlichting reported on the training that was made available to the members since the last board meeting and provided information on upcoming training opportunities.

- Storm Preparedness Education Tables – Ms. Schlichting reported that these are ready to go up. They highlight what your utility does to prepare for storms and provides tips for your customers.
- Communications & PR Roundtable – Another working group was held for your PR staff on Tuesday, August 28.
- Using Body Language to Increase Your Influence – Training session was held Thursday, September 6 and was very well attended.
- Public Power Awareness Webinar – A free webinar was made available on Thursday, September 9.
- PJM 101: The Basics – This training session was held on Tuesday, September 11. PJM staff come to DEMEC's training facility to provide the training; saving our members the cost and time of traveling to PJM's offices in PA. The class was scheduled 10 months in advance and was well attended.
- Finance & Accounting Webinar, Living in Real Time – This was a free webinar provided by AMP on Tuesday, September 18.
- Public Power Week – October 7 – 13. Ms. Schlichting noted that this is now the biggest focus on our radar, stating that Ms. Contant would be reaching out for information to coordinate the billboards and banners as she did last year.
- Junior Achievement Job Shadow – Thursday, October 11
Ms. Schlichting informed the members of this event which will be hosted for its second time at DEMEC. She offered to put any interested members in contact with Junior Achievement if they are interested in participating.

Communications Update

Ms. Contant reminded the members that Public Power Week takes place the first full week in October (Sunday, October 7 through Sunday, October 14). She also noted that billboards are expected to be in place for each member by the end of the week and encouraged the members to make use of their standing and outdoor banners which were provided by DEMEC last year. Ms. Contant also noted that she will be reaching out to each member to review dates, location and a

script for each community's radio commercial. Ms. Contant offered to answer questions, of which none were presented.

Green Energy Program Status Report:

Renewable Energy Tracking – none.

Customer Sited Generation Policies – none

Energy Efficiency Advisory Council (EEAC) –

Mr. Scott Lynch, VP of Asset Management informed the board that he and Ms. Emily Greene, Energy Services Manager, presented the Efficiency Smart Plan at the last meeting and it was accepted by the state.

Energy Efficiency Program Update –

Ms. Greene reported that DEMEC is more than a quarter of the way to its three year goal. She noted that Mr. Tim Stearns with Efficiency Smart will be out next week to visit the communities. She also noted that next Monday, October 24, 2018, she and Mr. Lynch will be visiting the Nanticoke Senior Center to offer an educational opportunity on energy efficiency at home.

Demand Response Update – none.

Municipal Renewable Portfolio Standard (MRPS) Compliance Report –

Mr. Lynch called the attention of the members to the MRPS Compliance Report, noting that it is arranged very much as in years past. He informed the members that the report is based on the renewable percentage obtained during the year, which now stands at 16%. He reviewed a number of statistics ending with a note that Dover, being in charge of their own renewables, reflects a different balance. He also noted that this year marks the end of the five-year cycle. Mr. Lynch plans to begin projections for another five-year cycle at year end.

Mr. Lynch concluded the report by thanking the members for providing the data required to complete this process, noting the significant savings accumulated due to their cooperation.

BUSINESS FROM THE FLOOR

None.

EXECUTIVE SESSION

The Board went into executive session at 4:32 p.m. upon motion by Lewes BPW, seconded by Newark 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 5:21p.m.
No action was taken.

NEXT MEETING DATES

The following meeting dates were set:

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

Tuesday, November 20, 2018 – 10:00 a.m.

Tuesday, December 4, 2018 – 9:00 a.m.

ADJOURNMENT

Upon motion by New Castle MSC, seconded by Dover, the Board Meeting adjourned at 5:22p.m.