

DELAWARE MUNICIPAL ELECTRIC CORPORATION
ANNUAL MEETING
DOVER DOWNS CONFERENCE CENTER
DOVER, DELAWARE
September 20, 2017

The Annual Meeting of the Board of Directors of the Delaware Municipal Electric Corporation was held Wednesday the 20th day of September, 2017 at Dover Downs Conference Center, Dover, Delaware.

The meeting was called to order at 4:04 P.M. with Dolores Slatcher, Chairwoman, presiding.

The following roll call was presented:

Present:

Dolores Slatcher, Chairwoman
Representing Seaford
Darrin Gordon, Director
Representing Lewes BPW
Austin Calaman, Alternate Director
Representing Lewes BPW
Eric Norenberg, Director
Representing Milford
Rick Carmean, Alternate Director
Representing Milford
Gary Stulir, Director
Representing Smyrna
Pamela Patone, Director
Representing MSC of New Castle
Roy Sippel, Alternate Director
Representing MSC of New Castle
Charles Anderson, Alternate Director
Representing Seaford
Donna Mitchell, Interim Director
Representing Dover
Lori Peddicord, Alternate Director
Representing Dover
Mary Ellen DeBenedictis, Director
Representing Clayton
David Del Grande, Alternate Director
Representing Newark
Morris Deputy, Director
Representing Middletown
Patrick E. McCullar, President
Representing DEMEC

DEMEC Staff Attending: Kimberly Schlichting, SVP-Operations & Power Supply; Louis Vitola, VP-Finance; Steve Siok, Director of Beasley Plant Operations & Compliance; Scott Lynch, VP-Asset Development; Shannon Maner, Energy Services Manager; Stephanie Dove, Manager of Accounting & Settlements; Heather Contant, Communications Specialist; Kendra Friel, Administrative Assistant.

Guests Attending: Max Walton, Connolly Gallagher, LLP; Lincoln Willis, The Willis Group, LLC.

MINUTES

The minutes of the following meetings were presented for approval:

1. Minutes of the Meeting of August 15, 2017

Upon motion by MSC of New Castle to approve the minutes of the regular meeting of August 15, 2017, seconded by Clayton, the motion passed unanimously.

TREASURER'S REPORT

The President presented the Treasurer's Reports for July and August, 2017. Upon motion by Milford, second by Newark, and unanimous approval without objection, the financial statements were accepted.

APPOINTMENTS / ELECTIONS

The Senior Vice President reported that the slate of corporate officers for the annual election of officers was previously distributed to the Board. With no nominations from the floor, the slate of officers was presented for election. Upon motion by MSC of New Castle, second by Middletown, and unanimous approval without objection, the Board elected the following officers:

Chairwoman	Dolores Slatcher, representing Seaford
Vice-Chair	Darrin Gordon, representing Lewes BPW
President	Patrick McCullar, representing DEMEC
Treasurer	Eric Norenberg, representing Milford
Secretary	Mary Ellen DeBenedictis, representing Clayton
Assistant Secretary	Eric Norenberg, representing Milford
Assistant Treasurer	Mary Ellen DeBenedictis, representing Clayton

Corporate Senior & Vice Presidents:

Kimberly Schlichting, SVP-Operations and Power Supply
Louis Vitola, VP-Finance

The Board reviewed the current membership of the Executive Committee and the Audit Committee. Upon motion by Milford, second by Dover, and unanimous approval without objection, the Board appointed the following committee members:

Executive Committee:

Darrin Gordon, Chair, representing Lewes BPW
Mary Ellen DeBenedictis, representing Clayton
Morris Deputy, representing Middletown
Eric Norenberg, representing Milford
Dolores Slatcher, representing Seaford

Audit Committee:

Pamela Patone, representing MSC of New Castle
Tyler Reynolds, representing Middletown
David Del Grande, representing Newark

PRESENTATIONS

None.

RESOLUTIONS

None.

COMMITTEE REPORTS

Executive Committee – None.

Audit Committee – None.

PRESIDENT'S REPORTS TO BOARD

Generation Project Report:

The President provided the Generation Projects Status Report. Mr. McCullar reported that all assets are available and operational. However, in contrast to last year's record-breaking output for the Beasley units, demand this year has been low and practically non-existent. While Fremont continues to run regularly, Beasley is infrequently called upon. Mr. McCullar added that black start testing of the Beasley units proved successful, and that DEMEC is anticipating the Smyrna Solar Facility to be completed early in 2018.

Construction Project Status Report:

SVP Kimberly Schlichting opened the Construction Projects Status Report by covering the Middletown project. The easement acquisition process remains underway; the transmission line component of the project will resume once the rights of way are acquired. Mr. Vitola commented on the progress of the substation construction component of the Seaford System Improvements projects before Chairwoman Slatcher advised the Board of the progress on the distribution construction component of the project.

Economic Development Projects Report:

Mr. McCullar advised that there was no new information to report since the August 15, 2017 meeting and requested any updates from the Board. Director Norenberg agreed that there was no update available for the Milford Bayhealth Hospital project.

Legislative Status Report:

General Counsel Max Walton was introduced to comment on HB189 related to pole attachments. Mr. Walton advised that telecommunication utilities are free to erect poles and attach equipment to existing poles in State of Delaware right of way. Municipalities retain jurisdiction within their boundaries, but it is recommended that municipal zoning code and ordinances addressing pole attachments be revised and updated with certain standard language. In addition, the challenge of defining state-owned right of way arose from the passage of the bill. Mr. Walton recommended that DEMEC members identify their right of way space and inventory their utility installations in State of Delaware right of way in an effort to measure the potential reach of the bill.

Mr. McCullar thanked Mr. Walton for his report before transitioning to the topic of a professional services agreement between DEMEC and The Willis Group, LLC. Mr. McCullar advised that DEMEC has undertaken a search for additional representation at the state level for legislative and regulatory matters and recommended The Willis Group due to its strong recommendations, niche municipal clientele, and absence of conflicts. Lincoln Willis, Principal of The Willis Group, introduced himself to the Board, sharing his background and credentials. Upon motion by Milford to authorize DEMEC Senior Management to execute the Professional Services Agreement with The Willis Group, seconded by Clayton, the motion passed unanimously.

Training / Education:

Ms. Schlichting discussed the storm preparation displays and raffle, informing members that storm radio raffle winner pictures are still being coordinated and noting that this year's storm preparation efforts are well-timed considering the devastating impact of the 2017 hurricane season. Ms. Schlichting commented that the Key Accounts Program Training Session held on September 5, 2017 was well attended and valuable to members; any members that missed the training are encouraged to reach out to DEMEC for information. The next training event is the Customer Service Workshop scheduled for November 2, 2017. Ms. Schlichting noted that DEMEC is making

every effort to meet the training needs of its members while being sensitive to the potential for training fatigue.

Ms. Heather Contant apprised the Board of the progress made to date for Public Power Week, which runs from October 1 through October 7, 2017. Vertical signage and several banner designs promoting Public Power Week are complete and will be distributed to members. Ms. Contant also noted that billboard designs were finalized and will be installed at targeted sites next week.

Green Energy Program Status Report:

Scott Lynch, Energy Services Manager, reported on Green Energy activities:

Energy Efficiency Advisory Council (EEAC) – Mr. Lynch reported that the independently produced Evaluation, Measurement and Verification (“EM&V”) report confirming our members’ energy and cost savings was accepted by the EEAC at its September 2017 meeting. The acceptance of the report affirmed DEMEC’s achievement as the first utility in Delaware to demonstrate proven and verified energy efficiency savings.

Energy Efficiency Program Proposal – Mr. Lynch reported that five of DEMEC’s nine members have adopted or approved the Energy Efficiency Program. Mr. McCullar advised that DEMEC would continue educational discussions with the remaining members.

DRAFT RPS Compliance Report for 2016-2017 Program Year – The RPS Compliance Report was distributed to the Board. Mr. Lynch commented on the highlights of the report, including the costs of RECs and SRECs for this program year, DEMEC’s renewable energy target for the year, and DEMEC’s demonstration of compliance with Delaware RPS requirements. Mr. Lynch reported that DEMEC saved members \$1.9 million this year and approximately \$8 million since the start of the RPS program as a result of savings driven by high demand customer exemptions.

Mr. McCullar commented that the cost to comply with RPS requirements was approximately 9% lower than expectations as a result of sound project investment selection and the decreasing technological cost curve for renewable energy generation.

Renewable Energy Tracking – no update.

Smyrna Solar Project – no update.

Customer Sited Generation Policies – no update.

Demand Response Update – no update.

BUSINESS FROM THE FLOOR

None.

EXECUTIVE SESSION

The Board went into executive session at 4:36 pm upon motion by MSC of New Castle, seconded by Middletown to discuss the following:

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

The Board ended the executive session and returned to regular session at 4:55 pm. No action was taken relating to the executive session.

NEXT MEETING DATES

The following meeting dates were set:

Tuesday, October 24, 2017 – 10:00 am (*conference call if necessary*)

Tuesday, November 21, 2017 – 10:00 am

Tuesday, December 5, 2017 – 9:00 am

ADJOURNMENT

Upon motion by Lewes BPW, seconded by MSC of New Castle, the Board Meeting adjourned at 5:00 pm.