

DELAWARE MUNICIPAL ELECTRIC CORPORATION
REGULAR MEETING
DEMEC ADMINISTRATIVE BUILDING
SMYRNA, DELAWARE
March 20th, 2018

A meeting of the Board of Directors of the Delaware Municipal Electric Corporation was held Tuesday the 20th day of March, 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
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, Director
Representing Dover
David Del Grande, Alternate Director
Representing Newark
Darrin Gordon, Director
Representing Lewes BPW
Mary Ellen DeBenedictis, Director
Representing Clayton
Tyler Reynolds, Alternate Director
Representing Middletown
Rick Carmean, Alternate Director
Representing Milford
Sue Muncey, Alternate Director
Representing Clayton
Patrick E. McCullar, President
Representing DEMEC

DEMEC Staff Attending: Kimberly Schlichting, SVP-Operations & Power Supply; Louis Vitola, VP-Finance; Scott Lynch, VP-Asset Development; Heather Contant, Communications Specialist;

Kendra Friel, Administrative Assistant; Jennifer Coulbourne, IT System Administrator; Stephanie Dove, Manager of Accounting & Settlements

Guests Attending: Tony DePrima, DESEU, Suzanne Sebastian, DESEU;

MINUTES

The minutes of the following meetings were presented for approval:

1. Minutes of the Meeting of January 16th, 2018

Upon motion made by the MSC of New Castle to approve the minutes meeting of January 16th, 2018, seconded by Clayton, the motion passed unanimously.

TREASURER'S REPORT

Mr. Patrick McCullar, President, presented the Treasurer's Reports for January, 2018 & February, 2018. No questions were submitted.

APPOINTMENTS / ELECTIONS

None.

PRESENTATIONS

Mr. Tony DePrima of the Delaware Sustainable Energy Utility (DESEU) spoke on efficiency programs offered by his organization. The mission of the DESEU is to promote energy efficiency and sustainability across Delaware. Per Mr. DePrima, the DESEU is currently working with DEMEC member customers and outlined other partnership opportunities for mutual promotion with DEMEC. The DESEU assists Delaware residents by offering various programs incentivizing implementation of energy saving appliances, weatherization and providing them with other energy saving tools. Low interest loans and grants for non-profits and businesses are also provided. All of this is possible because the DESEU receives a substantial amount of REGGI (Regional Greenhouse Gas Initiative) funds. REGGI is a cap and trade program which Delaware and a number of other states participate in. Each utility pays into the fund based on CO2 emissions. These funds are then presented to an organization such as the DESEU to promote energy efficiency. Mr. DePrima gave an overview of various ways that DEMEC can take advantage of the services offered, including possible customization of programs. Examples were provided of the programs in action. Mr. DePrima also made mention of a Salesforce database recently implemented to track and transfer energy savings, cost and billing.

Ms. Pamela Patone, Director representing the MSC of New Castle, questioned Mr. DePrima regarding marketing, to which Mr. DePrima replied that DESEU approved contractors were the major source of marketing by proactively reaching out to customers to participate in the offered programs. Ms. Schlichting inquired of reports, to which Mr. DePrima stated that the Salesforce database could generate such, but if we were to decide not to use this database, the DESEU would then generate said reports.

It was brought to Mr. DePrima's attention by Mr. Eric Norenberg, Director of Milford, that no DESEU approved contractors were available in the City of Milford. Mr. DePrima apologized and ensured Mr. Norenberg that the list of approved contractors would be growing, but also noted that reimbursements could be made available for auditing already completed.

DEMEC staff was asked to oversee the building of a relationship between Efficiency Smart and the DESEU. A meeting would be organized to discuss how to implement the relationship. Both Efficiency Smart and the DESEU would be present at the upcoming kickoff meeting to discuss program implementations.

Mr. DePrima concluded his presentation and Mr. McCullar thanked him for his time.

RESOLUTIONS

2018-4: To Adopt GASB Standard 62 – Regulatory Accounting

The Audit Committee is recommending that the Board of Directors adopt GASB – 62, which has been determined to be a better method of accounting for project financing on behalf of members. Accounting under GASB-62 would better match the member's revenue with DEMEC's depreciation and interest expenses incurred over the life of the asset. It will also eliminate the possibility of gain or loss when title reverts to member. For these reasons, the Audit Committee recommends acceptance of this new accounting procedure.

Upon motion by the MSC of New Castle, second by Milford, and unanimous approval without objection, resolution 2018-4 was accepted.

COMMITTEE REPORTS

Executive Committee – none

Audit Committee –

Ms. Patone stated that multiple meetings between the committee and auditors had taken place and that a financial statement draft had been provided to the committee. Any concerns found there in would be addressed at the next board meeting.

PRESIDENT'S REPORTS TO BOARD

Generation Project Report:

Fremont-

Mr. McCullar reported that the AMP Board of Directors as well as the AFEC Participants Committee approved the transaction granting DEMEC additional capacity at Fremont. He stated

that the final transaction agreement has been received and that finalization of the process should wrap up within the within next couple of weeks.

Laurel Hill Wind Farm – None

Smyrna Solar –

Per Mr. McCullar, the new Smyrna Solar project has started and is moving quickly with an anticipated operation date in 2nd quarter of 2018. He reminded the board that additional sites were being sought and stated that any site five acres or more was very desirable.

Construction Project Status Report:

Middletown Transmission & Substation –

Mr. McCullar reported that once finalization of easements had been procured, it was expected that the project will be completed within a matter months.

Seaford System Improvements –

It was reported by Mr. McCullar that the project is still ahead of schedule and has been partially energized.

Legislative Status Report:

Ms. Kimberly Schlichting, SVP of Operations and Power Supply, informed the board that the previously discussed RPS legislation had been presented in and rejected by the Maryland legislature. Given this outcome, it is likely that similar proposed legislation will not be adopted by Delaware.

Ms. Schlichting also touched on the net metering legislation which DEMEC has been attempting to have amended. Net metering is being revisited by the legislation to discuss safety amendments. DEMEC is working with Mr. Lincoln Willis to connect with Senator Simpson in the hope of also addressing our concerns at this time.

Mr. McCullar took a moment to clarify that the RPS legislation has still not been presented in Delaware and stated that he did not expect it to be so during this session. However, it is very likely to be presented during the next session.

Representation Agreement – Maxwell & Associates:

Mr. McCullar presented the annual renewal of representation agreement with Maxwell and Associates. Mr. McCullar recommended renewal stating that Mr. Bob Maxwell has been very good resource at legislative hall.

Upon motion made by the Lewes BPW to approve the renewal of the representation agreement, seconded by Milford, the motion passed unanimously

Training / Education:

Ms. Schlichting called the attention of the board to a number of upcoming trainings and meetings being hosted by DEMEC.

Joint Council Briefing – May 22nd, 2018

Ms. Schlichting asked for a list of topics of interest to be addressed at the Joint Council Briefing. Per Mr. McCullar, the meeting will mimic those in the past, with major focus being placed on significant issues, industry changes and local concerns.

DPL/DEMEC Administrative Meeting - April 12th, 2018

Ms. Schlichting noted that attendance from each municipality is required at this meeting. For the convenience of the board, the meeting will be hosted in the DEMEC training facility. Attendees are asked to come prepared for the meeting with any outage information and any other issues of concern.

DEMEC Day - April 25th, 2018

All members are invited and encouraged to attend. A meeting with Governor Carney is scheduled for 2 p.m. to share the important work we are doing.

Ms. Schlichting took a few moments to touch on the use of the Advanced Utility Resources and Supply, Inc. (AURSI) software currently available to the DEMEC membership. She inquired as to whether those present were using and seeing value in the software. This software was designed to procure equipment, track inventory and to allow users to join together on purchases to take advantage of economies of scale. Per Mr. Vitola, the software was also developed to assist with mutual aid. Various opinions were offered on the subject. It was ultimately decided that Ms. Kendra Friel, Administrative Assistant, would poll the membership for interest in continuing use of the software and the possibility of further training.

Ms. Schlichting also presented the board with the option of raising the current allowance for Directors and Alternate Directors to attend the Annual APPA National conference. She stated that it had recently been brought to her attention that in order to take full advantage of the offerings at the conference, and to account for increased expenses over the years, a raise to the allotment should be considered. Mr. McCullar agreed with Ms. Schlichting and noted that all who have attended have found the conference very beneficial. He encouraged attendance and suggested that the allotment be extended to cover other conferences as well.

Upon motion made by Newark to increase the allotment, seconded by The MSC of New Castle, the motion passed unanimously.

Communications Update

Ms. Heather Contant, Communications Specialist, asked the members to keep her informed of any news of possible legislator retirements. Currently, eight legislators have confirmed their retirement and more are expected to follow suit. It would be beneficial to our efforts if we are informed as it is made known to the membership.

Ms. Contant reiterated her call for pictures. She thanked the membership for the photos already provided and asked that they continue to provide content. Photos which show the linemen working helps DEMEC advocate the work being done in each community.

Two legislator awareness billboards for Dover have been chosen, and Ms. Contant plans to meet with other members in order to pick their Public Power Week billboard locations in the near future.

Ms. Contant is hosting a Public Relations & Communication Team Meeting on Tuesday, April 3rd here at the DEMEC Training Facility. She will at that time provide the attending representative from each municipality new Earth Day display table supplies. An online raffle is being done this year. The winner will receive a gift certificate from Ronny's instead of an actual tree or shrub.

Ms. Contant noted that she has a few individual communication meetings left to schedule. She will be reaching out to those members soon.

Ms. Donna Mitchell, Director representing Dover, informed Ms. Contant that her responsibilities included public announcements at each Dover council meeting. She asked that Ms. Contant keep her informed of any public information we wish to share so she can add them to her announcements. Ms. Contant thanked Ms. Mitchell and assured her she would do so.

Green Energy Program Status Report:

Renewable Energy Tracking – no update

Smyrna Solar Project –

Mr. Lynch happily shared the news that construction on the Smyrna Solar Project has begun. Survey work and general support structures are currently being put into place.

Customer Sited Generation Policies – no update

Energy Efficiency Advisory Council (EEAC) – no update

Energy Efficiency Program Proposal –

Mr. Lynch noted that DEMEC will be coordinating with the DESEU to bring the best value possible to our rate payers by utilizing both resources - Energy Smart and the DESEU. He noted that the Energy Smart Program is already off and running, stating that an introductory phone calls and kick off meetings with the confirmed members are slated for mid-April. He expressed to those still considering that they may come in at any point.

Mr. DeIGrande inquired about the development of a tool to help determine at a glance which program would be providing which service. Ms. Contant stated DEMEC had a brochure explaining current DESEU and DNREC energy efficiency programs. DEMEC will forward Efficiency Smart case studies for similar customers.

A discussion took place between Mr. McCullar and Mr. Darrin Gordon, Director representing Lewes BPW, concerning the fees incurred by the members who have opted not to participate. Mr. McCullar noted that this had previously been addressed and it was decided that the cost be added to the portfolio overall. Ms. Pam Patone offered that as with many programs coordinated by DEMEC, participation is voluntary, but each member supports the cost to the benefit of the whole membership.

Demand Response Update – no update

BUSINESS FROM THE FLOOR

None

EXECUTIVE SESSION

The Board went into executive session at 11:12 am upon motion by Newark, seconded by MSC of New Castle 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 11:20 a.m. No business was presented.

NEXT MEETING DATES

The following meeting dates were set:

Tuesday, April 17th, 2018 – 10:00 a.m.

Tuesday, May 15th, 2018 – 10:00 a.m.

~~Tuesday, June 19th, 2018 – 10:00 a.m. (Canceled)~~

ADJOURNMENT

Upon motion by Milford, seconded by Smyrna, the Board Meeting adjourned at 11:20 am.