

DELAWARE MUNICIPAL ELECTRIC CORPORATION
REGULAR MEETING
DEMEC ADMINISTRATIVE BUILDING
SMYRNA, DELAWARE
May 15th, 2018

A meeting of the Board of Directors of the Delaware Municipal Electric Corporation was held Tuesday the 15th day of May, 2018 at DEMEC's Administrative Building, Smyrna, Delaware.

The meeting was called to order at 10:10 A.M. with Morris Deputy, Chairman, presiding.

The following roll call was presented:

Present:

Morris Deputy, Chairman
Representing Middletown
Eric Norenberg, Director
Representing Milford
Gary Stulir, Director
Representing Smyrna
Roy Sippel, Alternate Director
Representing MSC of New Castle
Charles Anderson, Alternate Director
Representing Seaford
June Merritt, Alternate Director
Representing Seaford
Tom Coleman, Director
Representing Newark
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
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; Emily St. Clair, Energy Services Manager

Guests & Attendees: Denise Christiansen, Junior Achievement of Delaware; Patti McCune

MINUTES

The minutes of the following meetings were presented for approval:

1. Minutes of the Meeting of March 20, 2018
2. Minutes of the Meeting of April 17, 2018

Upon motion made by Lewes BPW to approve the minutes of the meeting of March 20 and April 17, 2018, seconded by Newark, the motion passed unanimously.

APPOINTMENTS / ELECTIONS

None.

TREASURER'S REPORT

Upon motion made by Milford to approve the March 2018 treasurer's report, seconded by Newark, the motion passed unanimously.

PRESENTATIONS

Mr. Patrick McCullar, President & CEO of DEMEC, introduced Ms. Denise Christiansen, Student Impact Manager with Junior Achievement Delaware.

Ms. Christiansen gave a brief overview of the Junior Achievement (JA) Program. Ms. Christiansen currently manages the program here in Delaware as well as Cecil County Maryland and Salem County New Jersey, however it is a worldwide initiative. The program has three pillars: work readiness, entrepreneurship and financial literacy and is available to students K-12. The presence of JA is felt most in New Castle County Delaware, but Ms. Christiansen is working to bring more opportunities to Kent and Sussex as well.

Ms. Christiansen went on to speak about the recent JA job shadow hosted by DEMEC. This job shadow, which falls under the pillar of work readiness, was well attended and received. The young men who participated from Dover High School were given a tour of the DEMEC Administrative Offices, the Beasley Power plant and spent time with linemen from the Town of Smyrna and DEMEC executives. Per Ms. Christiansen, they learned a lot about careers that are available in the utility industry, which are often overlooked opportunities.

Ms. Christiansen finished her presentation by communicating the desire to work with each member to bring this program to their city or town.

Mr. Eric Norenberg, Director representing Milford, inquired as to why only young men attended the job shadow to which Ms. Christiansen replied that for this particular group, only young men signed up. She did note that females have attended past job shadow opportunities in the utility industry and that JA is working to make all participants aware of the opportunities available to them.

Mr. Tom Coleman, Director representing Newark, asked if JA had any intention of working with police departments. Ms. Christiansen assured Mr. Coleman that this is another area which JA had taken interest and is working with the Delaware State Police.

Ms. Christiansen thanked the board for their time as she concluded her presentation.

RESOLUTIONS

2018-5 – Adopting Risk Management Policy Updates

Mr. McCullar presented the resolution to the board, which institutes minor changes to the current risk management policy. The policy is reviewed annually, and the review of last year did not yield any substantial changes. This year, updates to job titles and revision to some language and definitions were needed to more clearly communicate the intent of the policy. The policy update was also reviewed by ACES, DEMEC's energy management consultant, to ensure consistent and accurate application of DEMEC's risk management policy.

Upon motion made by Seaford to adopt resolution 2018-5, seconded by Lewes BPW, the motion passed unanimously.

COMMITTEE REPORTS

Executive Committee – None

Audit Committee – Mr. David DelGrande, Alternate Director representing Newark, spoke on behalf of Ms. Pam Patone, Director representing the MSC of New Castle and Chair of the Audit Committee, as she was unable to attend due to training. Per Mr. DelGrande, the committee recommends that an RFP be undertaken to seek a new auditing service. Mr. Lou Vitola, VP of Finance for DEMEC, noted that the committee was originally formed for this exact purpose. After multiple years with Baker Tilly, the time has come to once again pursue proposals from other auditors. Mr. McCullar stressed that staff was in full agreement, and that instituting a full RFP is necessary to make sure DEMEC is receiving the best service at the best price.

Upon motion made by Milford to proceed with the RFP process, seconded by Newark, the motion passed unanimously.

PRESIDENT'S REPORTS TO BOARD

Mr. McCullar reported on the following:

Generation Project Report:

Fremont – The additional MWs obtained became effective on May 1st, 2018. Efficient operation was shown in April. The price was extremely economic and Fremont remains a high performing asset in our portfolio.

Laurel Hill Wind Farm – Experienced very few issues and operated at nearly full capacity.

Milford Solar – Working as solar is expected.

Smyrna Solar – Getting close to completion. It is expected that they will energize and test the project within next 30 days.

Beasley - Spring outage work complete. As of now, Beasley is fully available for PJM dispatch.

Construction Project Status Report:

Middletown Transmission & Substation – None

Seaford System Improvements – The project is substantially complete and in service. Per Charles Anderson, Director representing Seaford, there are a few minor punch list items to be addressed but the project is effectively complete.

Economic Development Projects:

Middletown Technology Center – None

Milford Bayhealth Hospital – The project is moving along rapidly. Mr. Norenberg noted that the facility is scheduled to open in February of 2019.

Legislative Status Report:

Mr. McCullar made the board aware that he and Ms. Kimberly Schlichting, SVP of Operations and Power Supply, met with Senator Harris B. McDowell to discuss the anticipated introduction of an RPS bill, which has been discussed in previous board meetings. Senator McDowell stated that he does not believe the bill will move at all during this legislative session. He also noted that he is contemplating the creation of a task force to review the bill and make recommendations to the senate. Should this task force be created, DEMEC will be a member.

The subject of amendments to the net metering legislation was also discussed. Senator McDowell seemed receptive and asked that an updated memo be sent to him.

A meeting was also had with Mr. Doug Gramiak, Chief of Staff for Governor Carney. During this meeting, Mr. McCullar and Ms. Schlichting made DEMEC available for economic development concerns as well as general education.

Mr. McCullar and Ms. Schlichting also sat in on a Senate Energy Committee hearing concerning Miss Utility and underground digging in the State of Delaware. The Public Service Commission (PSC) feels mandated by the Federal Government to pursue this issue as an evaluation of Delaware found the state to be deficient. A number of utility representatives were on hand and expressed their displeasure with the bill, citing that time had not been properly allotted for discussion of the

issues therein. Therefore, they could not support the bill as written. The PSC agreed to a three-week hold on the progress of the bill, during which time meetings would be scheduled with those concerned. DEMEC has already been contacted. Mr. McCullar asked that the board provide representation to help hammer out the details with the PSC, to which a number of members responded with offers of attendee suggestions. Mr. McCullar asked that contact information be provided for each of the recommended municipal representatives planning to provide input.

Risk Management Policy Updates:

Resolution 2018-5 was discussed earlier in the meeting.

Updated Recommendation on Utility Best Practices Review:

Mr. McCullar reintroduced the opportunity to have an independent consulting engineer review each utility and offer recommendations to operate more efficiently and effectively. This recommendation was originally presented to the board in early 2017. At that time, the membership indicated that while interested, they could not participate at that time and asked that the opportunity be revisited in 2018. Mr. McCullar noted that if possible, now would be a good time to pursue. The Shpigler Group is being proposed to complete this review, and all fees would be covered by DEMEC. Each municipality will schedule their own review. The engineers assigned to this duty will visit each distribution system and meet with management. Upon completion of the review, recommendations will be made in areas of efficiency and operational effectiveness. Mr. Morris Deputy, Chair and Director representing Middletown, inquired of the time commitment, to which Mr. McCullar stated that while not set in stone, upon review of the checklist provided it is fair to assume the process will take a couple of days.

Upon motion made by Lewes to proceed with the recommended review, seconded by Milford, the motion passed unanimously.

Upgrade of DEMEC SCADA System:

Ms. Stephanie Dove, Manager of Accounting and Settlements for DEMEC, reported that the upgrade process is moving along with just one piece of equipment remaining to be obtained from Itron. She noted that she would be reaching out to schedule with each member within the next few weeks.

Training / Education-:

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

Cybersecurity Training – Wednesday, May 9, 2018

Per Ms. Schlichting, the Cybersecurity Training held on May 9th was well attended. The attendees from each municipality were able to meet with Ms. Jennifer Coulbourne, IT System Administrator for DEMEC, who will be reaching out to the IT staff in each community in the coming months to begin quarterly, round table meetings.

APPA Public Power Manager Certificate Program – May 14 – 18, 2018

Mr. Austin Calaman, Alternate Director representing Lewes BPW and Ms. Pam Patone, Director representing MSC of New Castle are currently attending this training in Denver Colorado.

DEMEC Annual Joint Council Briefing – Tuesday, May 22, 2018

Ms. Schlichting took a moment to encourage members to reach out to their councils and urge attendance to this event. She asked that all RSVPs be forwarded as soon as possible as the cut off for registration is quickly approaching.

Mr. McCullar interjected here to express his concern over the viability and effectiveness of this event. Per Mr. McCullar, the Joint Council Briefing was instituted per the request of the board to educate council members, but very few attend. He questioned the board as to why, to which they indicated that timing and interest are the major attendance factors. It was decided that after this briefing, the effectiveness of the event will be reviewed and a decision will be made of whether or not to proceed with future briefings. The possibility of compact, executive summaries being presented yearly to each council, prior to a council meeting, was raised. This alternate method of relaying the information will be considered should the yearly briefing be cancelled.

DEMEC Legislative Luncheon – Tuesday, June 5, 2018

This 1st Annual Luncheon is being undertaken to connect with legislators. DEMEC will be providing lunch and greeting legislators and their staff as they attend. Please attend if possible and encourage the attendance of your mayors.

Tool Truck & Safety Event – Thursday, June 7, 2018

This is DEMEC's 2nd year offering this event, which was very well attended last year. Please remind your involved staff and purchasing decision makers to attend.

APPA National Conference – June 18 – 20, 2018

Communications Update –

Ms. Heather Contant, Communications Specialist for DEMEC, offered the following:

A commissioning ceremony for the soon to be completed Smyrna Solar Facility is tentatively scheduled for Tuesday, July 10, 2018. Please reserve this date. More information will follow soon.

Ms. Contant noted that she recently completed a number of press releases for various members. She indicated that she is happy to write or review any needed press releases.

Earth day raffles have been selected and the certificate presentations will be wrapping up shortly.

Two billboards will be up on State Route 13 entering Dover from both the North and South starting May 28th and will remain through the last month of the legislative session.

Ms. Contant will be reaching out to the members to review the design of this year's Public Power Week billboards towards the end of August. Locations have been picked and reserved. She intends for the street banners to coordinate and has assured the membership that they will be larger than last year.

Also coming shortly from Ms. Contant, a brochure designed to help customers understand their utility bills. Each brochure will be customized using bill samples provided by the members.

Green Energy Program Status Report:

Energy Efficiency Program Update –

Mr. Scott Lynch, Vice President of Asset Development, informed the board that program kick off meetings were held in mid-April. Efficiency Smart staff spoke at these meetings and plan to return at the end of May to follow up and do walkthroughs. Education and training of the front office staff was also undertaken during this time in order to make sure these staff members were equipped to correctly refer customers to the program.

Meetings with a number of key account customers also took place. These large use customers were immensely interested in the program and look forward to all of the assistance it will provide.

Mr. Lynch also called the attention of the board to the case studies included in his report, provided to the board, and offered to answer questions of which none were posed.

Ms. Emily St. Clair, Energy Services Manager, took a moment to introduce herself. She made the board aware that she would shortly be sending a data request for any 2017 energy efficiency projects or work done to any member-owned buildings. She noted that the purpose of this questionnaire was to quantify all efficiency activities undertaken by the municipalities to be included toward statewide energy efficiency goals.

No questions were posed and Mr. Lynch and Ms. St. Clair ended their report.

Smyrna Solar Project – None

Renewable Energy Tracking – None

Customer Sited Generation Policies – None

Energy Efficiency Advisory Council (EEAC) – No Meeting

Demand Response Update –

Mr. Lynch reminded the board that Demand Response will begin on June 1, 2018 and ends on May 31, 2019. He noted that most registrations have been completed. He also noted that a few DEMEC approvals to deliver programs in the member communities had not been signed. These documents will be resent to obtain the final signatures.

BUSINESS FROM THE FLOOR

Mr. Tom Coleman, Director representing Newark, shared that he and Mr. Lynch had met with the University of Delaware Center for Energy and Environmental Policy, who has been awarded a grant from DNREC to assess the solar energy capacity of Newark. Mr. Coleman has received multiple requests for more information, which he does not feel equipped to field. For this reason, he has requested that Mr. Lynch take point and field these questions directly. Mr. McCullar and Ms. Schlichting found this to be acceptable, as long as the process is not too time intensive. It was decided that Mr. Lynch would take on this responsibility, but should it prove to be too burdensome, adjustments would be made as necessary.

EXECUTIVE SESSION

The Board went into executive session at 11:10 a.m. upon motion by Seaford, seconded by Newark 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 11:24 a.m.

No business was presented.

NEXT MEETING DATES

The following meeting dates were set:

Tuesday, July 17th, 2018 – 10:00 am

Tuesday, August 21st, 2018 – 10:00 a.m.

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

ADJOURNMENT

Upon motion by Lewes, seconded by Clayton, the Board Meeting adjourned at 11:25 a.m.