



DEMEC

Delaware Municipal Electric Corporation

Public Power:
The power of community.
Powered by you. For you.



DEMEC Board of Directors



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A Delaware Asset for More Than 35 Years



DEMEC is a Delaware electric utility company serving the collective interests and power supply needs of nine public power communities in Delaware serving a population of over 130,000 people.

Established in 1979, DEMEC was created by the communities it serves. Our primary purpose is to provide electric power supply and related services with **high reliability at the lowest possible cost**.

As a not-for-profit, community owned organization, our operating and capital costs are lower than other electric utilities, keeping our communities' rates low and stable. DEMEC is governed by a nine-member Board of Directors, with each community's electric utility represented.

In addition to power supply, DEMEC provides its community members with technological and administrative support, legal and legislative counsel at the state and federal levels, as well as regulatory representation with state and federal agencies.

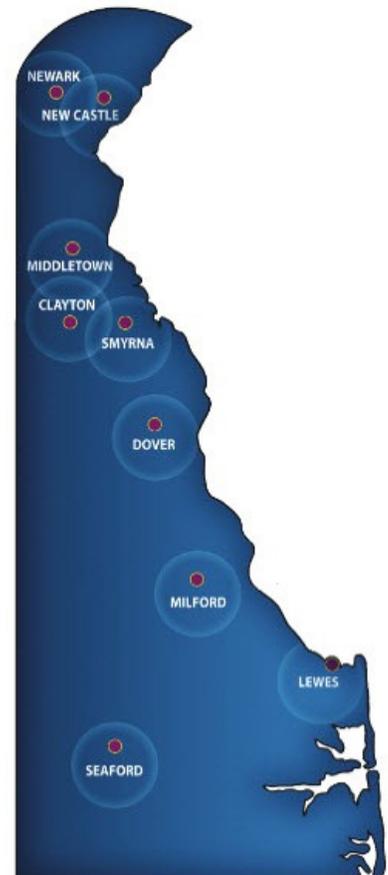
The revenues generated by our member utilities are **invested back into the community**, not to stockholder pockets. They help fund local police departments, libraries, parks and recreation, road repairs, and other local services.

Why Public Power and Joint Action Works

Public power is an American tradition that works. DEMEC service territories are centrally and locally concentrated to focus more closely on service reliability. As members of a joint action agency, these communities can take advantage of economies of scale pricing and nearby mutual aid.

We live and work in the communities we serve, enabling us to perform timely and consistent, preventative maintenance - from tree trimming, conductor, pole, and line upgrades, to regular inspections and tests of generation equipment, facilities and substations. So instead of reacting to outages, we're proactively minimizing them. The result? **Nationally recognized service reliability and continuing high levels of customer satisfaction.**

Our commitment to reliable electric service in our communities has never wavered, even in the face of some of the worst winds, winter snows, and ice storms. In fact, when Hurricane Sandy hit the region in 2012, many areas in Delaware were without power for days while DEMEC public power communities' outages lasted only hours. Three of our communities experienced ZERO outages.



Community-owned, not-for-profit utilities consistently deliver high electric reliability and customer-focused service at the lowest possible cost.

The Legacy of Public Power

Unique benefits to local communities

At its heart, public power is an expression of the American ideal; local people working together to meet local needs. Public power has a long history in the United States. Locally owned public power utilities first appeared more than 100 years ago when communities purchased Thomas Edison's electric light package and created their own electric utilities to provide light and power to their citizens. Today, there are more than 2,000 cities and towns that light up their homes, businesses, and streets with public power.

Public power provides electricity and services that come from a community owned and operated utility. Public power communities have local control so all the benefits from the utility stay in the community. They have a strong environmental protection record, solid credentials with bond rating agencies, and a reputation for reliable, customer-focused service.

Public power improves quality of life and maintains critical infrastructures for businesses and families in the community.

DEMEC members include the communities of:

New Castle, Newark, Middletown, Smyrna, Clayton, Dover, Milford, Lewes, and Seaford



Local



Reliable



Electric Service



Protecting Delaware Ratepayers

Delaware's location on a peninsula makes energy supply from out of state challenging. Supply lines for natural gas and electricity can come only from the north. DEMEC has built generation on the peninsula to address this problem and has supported building more self-generating assets and greater natural gas transmission capability on Delaware's lower peninsula to solve local energy supply problems and **generate lower energy costs for all Delawareans.**



DEMEC President & CEO, Patrick E. McCullar, at DEMEC's 100-megawatt Warren. F. Beasley Power Plant located in Smyrna, DE.

DEMEC continues to fight increases in transmission charges on the regional and federal level not only to help its members, but all Delawareans.

No matter who delivers your electricity, all Delaware ratepayers have the same transmission costs. DEMEC has been fighting increases in this charge for decades and will continue to do so. As a not-for-profit we look out for the customer, not to stockholders' pockets. We believe locally controlled public power is the business model that benefits and protects customers most, so we will continue to support and defend it. **Public power delivers highly reliable electric service at lower costs while providing added benefits to the communities it serves.**



Growing Greener

Utilities that minimize their carbon footprint have a positive impact on the environment

In 2013, DEMEC member communities joined Delaware's statewide initiative to increase the amount of renewable energy sources used to generate electricity for Delaware electric customers. The program has a twofold goal: the **inclusion of 25% renewables in the DEMEC power portfolio by 2025**, with 3.5% of that amount coming specifically from solar generation resources. We are on target to reach those objectives while continuing to lower our rates.

Some of the renewable initiatives within our communities include:

Newark: Through the McKees Solar Park, the City of Newark is able to offer a Community Solar Program to its customers looking to support renewable energy without the large upfront cost or permanent structure on their property.

Dover: Partnered with DEMEC and others to launch a 10 megawatt Sun Park that powers the equivalent of 1,300 homes.

Milford: The site of an 80-acre, 13 megawatt Solar Park that uses 62,000 panels to power the equivalent of 9,000 homes in Milford, while displacing around 12,000 tons of greenhouse gases annually.

Lewes: The University of Delaware installed the area's first and only utility-scale wind turbine on their Lewes campus. Researchers are using the 2 megawatt unit to explore the viability of offshore wind farms. DEMEC and the Lewes Board of Public Works purchase the excess energy and Renewable Energy Credits to support the research. DEMEC also funds UD Graduate Student Fellowships for wind energy research.



Aerial view of the 80 acre, 13 megawatt Milford Solar Park.

Investing in the Local Community

Our community-owned status generates more than reliable electricity; it also helps generate new jobs.



Businesses enjoy rates in our communities comparable to or better than those of other electric utilities in our region. New businesses are attracted to our communities not only by lower electric rates, but also their **"total package infrastructure"** advantages and incentives, which can provide them with a significant business edge. Our communities are a prime location for hospitals, grocery stores, schools, parks, and more. Businesses within our communities include the Walmart distribution center, Amazon.com, Johnson Controls, and Perdue.

Our community-owned business model allows us to make infrastructure projects a top priority.

When one or more of our communities has a local electrical infrastructure project, DEMEC can finance and build all or part of it, at a more attractive rate than they can get on their own. For very large scale projects, DEMEC can partner with other public power entities to issue tax-exempt debt through trusted investment bankers, bond buyers, and counsel. **Due to DEMEC's excellent credit ratings**, capital is raised at reduced costs and low interest rates, which enable communities to invest the money saved in other needed improvements and services. Often these investments include quality of life initiatives in our communities, an opportunity not available under other electric utility models.



Ensuring Stability Into the Future

If there's one certainty in the energy industry, it's change.

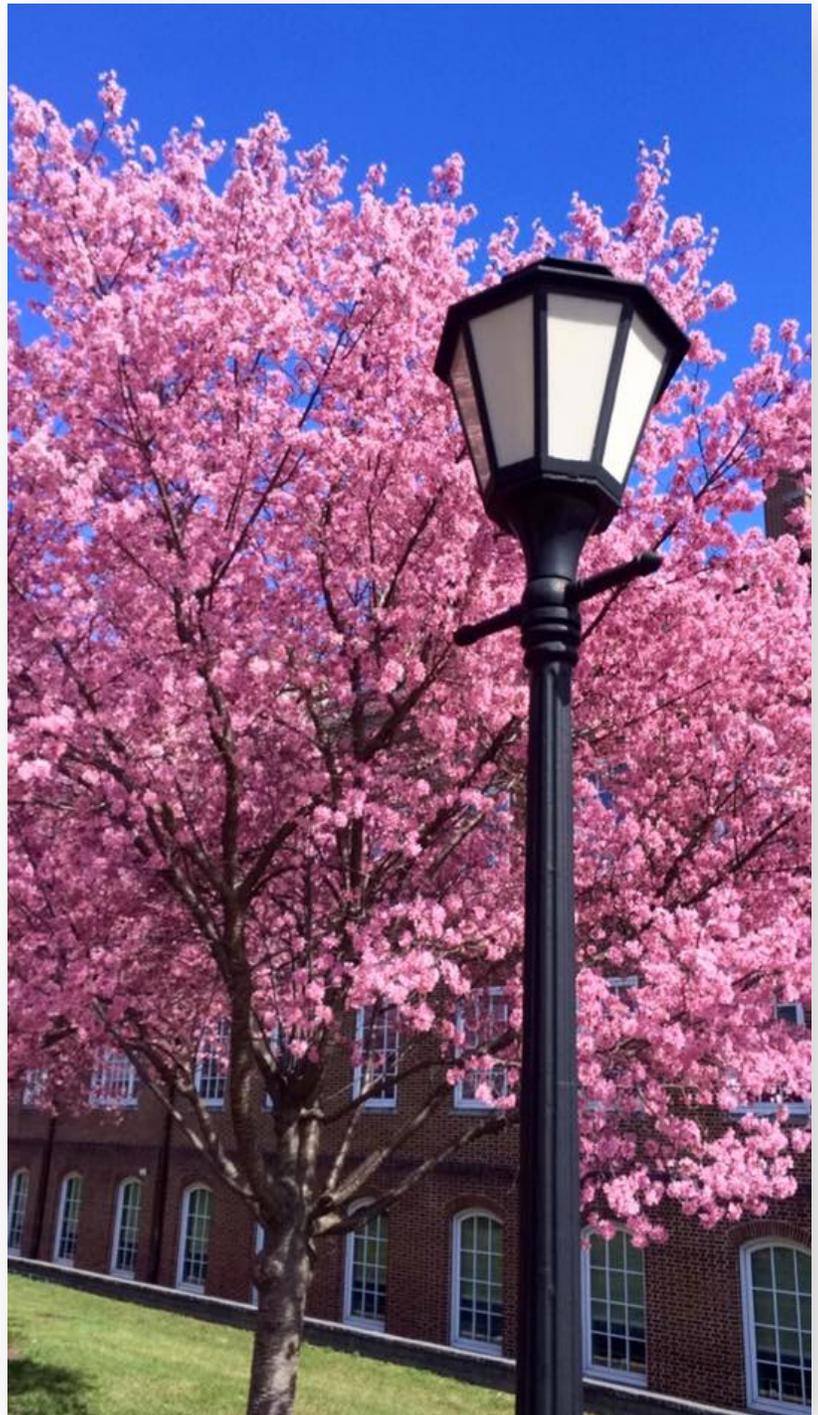
Changes in regulations on the state, regional, and federal level, on top of rapid technological advancements, require DEMEC and its members to work together to maintain stable and reliable electric service.

This is why DEMEC, in concert with our communities, is constantly fighting for fair treatment in regulations affecting both not-for-profit and investor-owned utilities of all sizes. **We ensure that communities have local control and local decision-making in order to deliver on public power's promise of reliable, low-cost electricity.**

DEMEC members have been upgrading infrastructure, adding new transmission lines, building new substations, and launching smart meter technology to **assist with the growing needs of their communities.** New infrastructure and technology allow our members to operate more efficiently and maintain the level of reliability and service their customers have come to know and trust.

Lastly, we are **working together for the social and economic stability of each community** through the revenues we return to them and local jobs we generate.

DEMEC will continue to bring our communities the many benefits of public power.



University of Delaware Campus, Newark

DEMEC Sustainable Generation

DEMEC is a leader in deploying and supporting renewable energy generation. We have large, utility-scale solar facilities in Dover and Milford with all of our members having solar facilities within their communities, benefiting all customers. Wind generation also provides a significant portion of DEMEC's renewable energy portfolio through the Laurel Hill wind farm and the University of Delaware's wind turbine in Lewes.

DEMEC's renewable energy generation powers 24,000 homes, equaling one-third of all the homes in our service territory. With over 90 megawatts of sustainable generation, DEMEC is able to reduce 153,000 metric tons of emissions every year. **That's the same as taking 32,200 cars off the road!**

Our continued investments in emission-free generation assets reduces the carbon footprint of DEMEC, protecting the environment.



Supporting the Community

Attracting quality jobs to the community:

Our members succeed in economic development by creating an attractive environment for businesses. The locally owned utility helps make the area desirable to live and work in the community by providing reliable services.

Serving critical facilities like hospitals, police departments and fire stations that depend on reliable electric service. Many DEMEC members have received national recognition for their safe and reliable electric utilities.



Innovating unique ways to provide energy to the community helps pay for and maintain public lighting such as parks, athletic fields, and street lights. Whether it is to preserve the aesthetics of a historic district, provide energy for city services, or offer customers to invest in renewable energy our communities continue to create unique, innovative opportunities to serve their customers.

For example, the City of Seaford built a 688 kilowatt (kW) solar facility to generate power for the local sewer pumping station, saving customers money and providing a steady source of power to the facility. The City of Newark offers a Community Solar Program using a 230 kW solar facility built on an unused brownfield. It provides customers a chance to invest in clean energy in their community and a way to save money on their electric costs. In addition, the Municipal Services

Commission of the City of New Castle built a 29 kW solar facility and a new substation to maintain reliable service and continue to provide electric service free of charge to power the city's streetlights, traffic signals, city buildings, and other publicly lit locations.

These services and more are what make our members unique and advantageous places to live and own a business.





Financial Highlights

Credit Ratings for DEMEC’s Electric Utility Bonds Series 2011

- Fitch Ratings upgraded DEMEC’s in 2016, reaffirmed DEMEC’s ‘A’ rating with a stable outlook Key rating drivers include the Beasley Power Station’s strong performance and its increasing value.
- Standard & Poor’s Rating Services, in 2014, reaffirmed DEMEC’s ‘A’ rating with a stable outlook. The rating reflects several factors S&P view as positive which include, strong coverage of project debt and a strong operating record of the Beasley Power Station acting as a hedge against peak power costs in the PJM market.
- Moody’s Investors Services reaffirmed DEMEC’s ‘A2’ rating in 2015 with a stable outlook. The rating reflects DEMEC’s strong historical financial performance, considers management’s successful experience with similar construction and operations and the credit quality of DEMEC’s seven project members.

Current Infrastructure Investments in Member Community Utility Systems:

• New Castle High Voltage Substation	\$ 7,174,726
• Middletown Transmission Line and Substation Improvements	12,000,000
• Seaford Electric Infrastructure Improvements	7,200,000
• Seaford AMI/Smart Grid Deployment	1,400,000
• Milford AMI/Smart Grid Deployment*	2,380,000
• Smyrna Solar Electric Generation	3,900,000
• LED Streelight Retrofit Project	651,000
• Total Community Utility System Investments:	\$34,705,726

* Project self-funded by City of Milford with development support from DEMEC

Giving Back to the Community

2017

\$139 million

Total revenue from member sales and generation operations.

\$16 million

Margin before distribution to our members.

1,332 GWh

Total giga-watt hours delivered to our members.

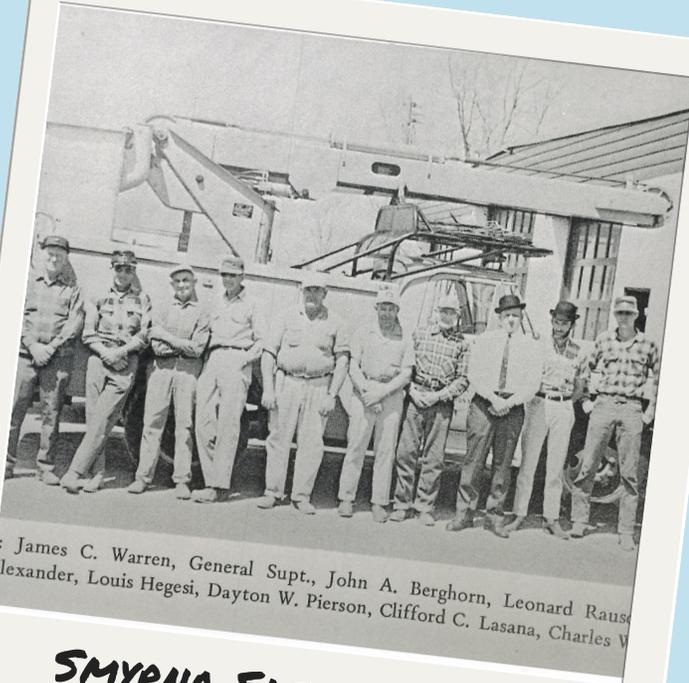
\$6.6 million

Distributed to our members.

22 percent

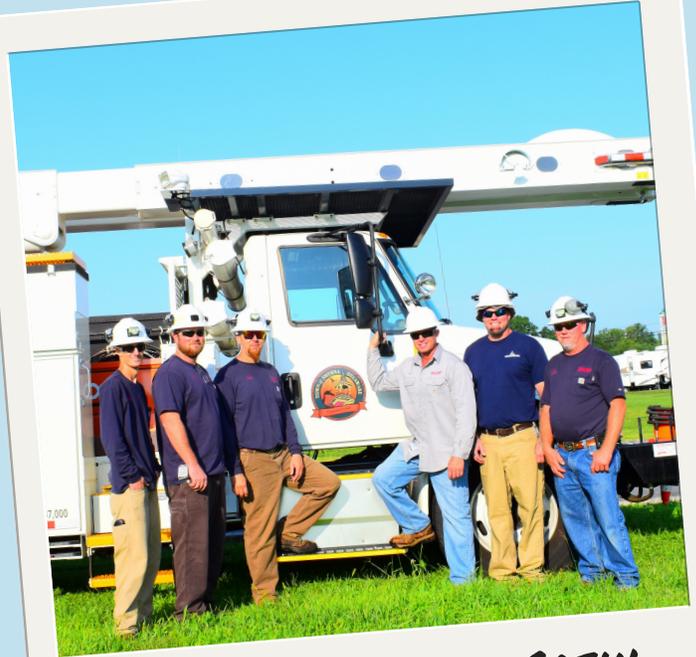
Cumulative 8-year rate reduction.

Serving Local Communities Then and Now

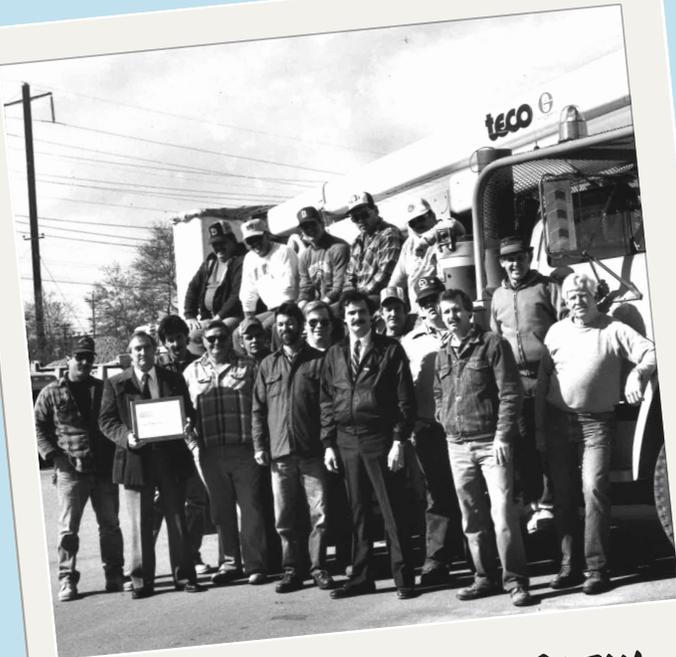


: James C. Warren, General Supt., John A. Berghorn, Leonard Raus
Alexander, Louis Hegesi, Dayton W. Pierson, Clifford C. Lasana, Charles W

**SMYRNA ELECTRIC CREW
1968**



**SMYRNA ELECTRIC CREW
2017**



**NEWARK ELECTRIC CREW
1980'S**



**NEWARK ELECTRIC CREW
2017**



DEMEC

- Date Established: 1979; serving a population of over 130,000
- One of more than 2,000 public power systems nationwide
- Beginning in 2001, members jointly invested in local power supply assets through DEMEC
- DEMEC owns the only black start capable power plant in the state of Delaware
- In 2011, DEMEC partnered with American Municipal Power to build larger, more efficient assets
- As of 2016, credit rating is A (by S&P and Fitch Ratings) and A2 (by Moody's)
- By 2025, 25% of DEMEC's power portfolio will consist of renewable energy
- As of 2017, assets financed on behalf of members total nearly \$36 million
- In 2018, DEMEC created the DEMEC Energy Efficiency Program



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www.demecinc.net

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For inquiries or more information about DEMEC and its member communities, please visit our website or call 302-653-2733.

