

DELAWARE MUNICIPAL ELECTRIC CORPORATION
REGULAR MEETING
DEMEC ADMINISTRATIVE BUILDING
SMYRNA, DELAWARE
August 21, 2018

A meeting of the Board of Directors of the Delaware Municipal Electric Corporation was held Tuesday the 21st day of August, 2018 at DEMEC's Administrative Building, Smyrna, Delaware.

The meeting was called to order at 10:02 a.m. with Eric Norenberg, Treasurer, presiding.

The following roll call was presented:

Present:

Tyler Reynolds, Alternate Director
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
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; 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 St Clair, Energy Services Manager

Guests and Attendees: None

MINUTES

The minutes of the following meetings were presented for approval:

1. Minutes of the Meeting of July 17, 2018

Upon motion made by Clayton to approve the minutes of the meeting of May 15, 2018, seconded by Seaford, the motion passed unanimously.

APPOINTMENTS / ELECTIONS

None.

TREASURER'S REPORT

Mr. Patrick McCullar, President of DEMEC, reported on the June 2018 financials. Per Mr. McCullar, June was a solid month reflecting a positive net margin. He anticipates that July will be better still, citing that power supply costs are below budget contributing to the net margin increase.

Upon motion made by Seaford to accept and approve the June 2018 Financial Report, seconded by MSC of New Castle, the motion passed unanimously.

PRESENTATIONS

None.

RESOLUTIONS

2018-6: Departure of Dolores J. Slatcher

Mr. McCullar presented resolution 2018-6 in recognition of the departure of Mrs. Dolores J. Slatcher, former DEMEC Board Chair.

Upon Motion made by Dover to approve the resolution, seconded by MSC of New Castle, the motion passed unanimously.

COMMITTEE REPORTS

Executive Committee –

Per Mr. McCullar, the committee did not meet due to member unavailability. The next meeting is anticipated to take place immediately before the September board meeting.

Audit Committee –

Ms. Pam Patone, Audit Committee Chair, reported that the audit committee met immediately before the board meeting and, with Baker Tilly’s contract coming to an end, the committee discussed new auditors. The search is set to begin early in 2019. Ms. Patone raised the subject of additional members being added to the committee and requested any board members or alternate directors to contact Ms. Kimberly Schlichting, SVP of Operations and Power Supply if interested in serving on the committee.

PRESIDENT’S REPORTS TO BOARD

Mr. McCullar began his presentation by reminding the board that elections will take place during the annual dinner being held on Wednesday, September 19th. He asked that any parties interested in serving let him know.

Generation Project Report:

Per Mr. McCullar, all assets were available the entire month, and the generation report would be presented in further detail during Executive Session.

Construction Project Status Report:

Middletown Transmission & Substation –

The substation work is substantially complete per Mr. McCullar, while the transmission line project is currently going through the easement acquisition process.

Seaford System Improvements -

The project is virtually complete and went very well. Mr. McCullar cited the planning process and involvement of Seaford, stating that this contributed greatly to the completion of the project. It was decided that this line item would be removed from future agendas.

Economic Development Projects:

Middletown Technology Center – None

Milford Bayhealth Hospital –

Mr. McCullar reported that Bayhealth is currently moving into the structure and, upon seeking agreement from Mr. Norenberg, Mr. McCullar instructed that this too be removed from future agendas.

Newark STAR Campus -

It was reported that the project is moving much more quickly than anticipated and would result in significant future load growth. Mr. McCullar extended his congratulations to Mr. David Del Grande, Alternate Director representing Newark.

Ms. Donna Mitchell, Director representing Dover, inquired as to what sort of development was being constructed, to which Mr. DelGrande answered that approximately half of the property will be operated by the University of Delaware and the remainder will be leased to independent businesses. Mr. McCullar also noted that a Nemours facility is being constructed on the site.

Legislative Status Report: None

Community Support/Charitable Contributions Policy:

Mr. McCullar noted that this subject will be discussed in a future meeting.

Utility Best Practices Update:

Ms. Stephanie Dove, Manager of Accounting and Settlements noted that all phone interviews have been completed and thanked the members for their participation. She stated that a good list was presented to the board last week. She indicated that questions about staffing and customer satisfaction proved to be of the highest importance to the membership. She noted that Mr. Dave Shpigler of the Shpigler Group sent a formal data request to each community and that any questions could be presented to Mr. Shpigler or herself. Ms. Patone inquired of a deadline to which Ms. Dove stated that no official deadline had been settled upon, but the sooner the data was provided, the better.

Mr. Tyler Reynolds, Alternate Director representing Middletown stated that during the kickoff meeting the subject of benchmarking against competitors had been discussed. He inquired if this was still the intent. Ms. Dove assured Mr. Reynolds that Mr. Shpigler has been instructed that this data needs to be included in the report. Mr. McCullar noted that a number of national databases are available to Mr. Shpigler to assist in this data comparison.

SCADA Upgrades:

Ms. Dove reported that all upgrades have been completed with the exception of Beasley, which will take place within the next two weeks. Itron is currently monitoring the equipment and everything appears to be working as anticipated. The project is essentially done, but a memo will be sent to the Board when it is official. Mr. McCullar noted that the multiple data points provide real time data, back-end status of the substations and major customers as well as meter settings and other valuable information.

AMI Updates:

Mr. Louis Vitola, VP Finance reported that both projects are moving quickly and are well within budget.

Seaford –

More than half of the Seaford electric meters are complete and a handful of test water meters are scheduled to be deployed mid-September. Billing is underway.

Milford –

Milford currently boasts partial billing. Bi-weekly meetings are being undertaken to ensure good communication. The vast majority of electric meters have been switched out and approximately one-tenth of water meters.

Ms. Patone asked Mr. Norenberg when he would feel comfortable welcoming staff from other members to learn more about the Milford project. Mr. Norenberg stated that he'd be better equipped to provide a time frame later this year. The main challenge faced, as seen by Mr. Norenberg, is the integration of data into billing. The Milford staff is finding it very time consuming, but the process is getting easier. He offered to revisit her request once the bugs had been worked through.

Ms. Patone asked if additional staff had been added, or if overtime had been necessary. Mr. Norenberg stated that while no extra staff had been added, a few instances of overtime had been necessary.

Mr. McCullar took a moment to inform the members that with the number of projects being undertaken, a significantly large group of people now have experience to share. He stated that AMP has plans to form an AMI users group to encourage continuous improvement in the AMI deployment and integration process through shared experiences among participants with completed projects and emerging projects.

Mr. Charles Anderson, Director representing Seaford, offered to put Ms. Patone in contact with the Borough of Ephrata, PA, which has been very helpful throughout the process, having completed the very first AMP AMI project implementation. Mr. McCullar asked the members let him know as they are ready to begin, noting that DEMEC will be able to connect each community with the AMP team. He also stated that he would be more than happy to offer a presentation to council if necessary.

Mr. Vitola noted that visuals and samples of processes undertaken by Milford and Seaford will be available at the next board meeting to assist with starting the process. There is no need to start from scratch when methods and material have already proven successful.

Other AMI Prospects –

Training / Education:

Ms. Schlichting briefly went over the following training opportunities:

Finance & Acct Webinar: Roles in a Bond Issue – Wednesday, August 1

Using Body Language to Increase Your Influence – Thursday, September 6

Per Ms. Schlichting, Mr. Erick Rheam, who will be the instructor for this workshop, is very dynamic and has been well received by attendees at his past sessions.

PJM 101: The Basics – Tuesday, September 11

Ms. Schlichting highly recommends attendance at this workshop to learn how PJM fits into our industry.

DEMEC Annual Dinner – Wednesday, September 19

Ms. Schlichting requested that invitations be passed on to councils/boards, utility committees and other involved staff.

Ms. Schlichting took a moment to inform the members of the newly established DEMEC Resource Library housed in the Auxiliary Room. She noted that the members are welcome to borrow any of the materials. Ms. Kendra Friel, Administrative Assistant, will maintain the library and assist with checkout.

Ms. Heather Contant, Communications Specialist, informed the members that an email invitation had been sent, but that a hard copy of the invitation will shortly be mailed to the city clerks for distribution to council/boards. Also, Ms. Contant requested that each member make her aware of any awards received, such as reliability, safety or customer service awards. DEMEC is hoping to recognize all of these good works at the Annual Dinner Meeting.

Public Power Week – October 7 – 13

Ms. Contant asked that all proposed photos for the billboard artwork be provided by week end. She also revisited the radio commercial idea proposed during the last board meeting. She encouraged all interested parties to contact her for scheduling, noting that various options for recording are available (i.e. local spokesperson, lineman, radio host or Ms. Contant herself). She stated that this decision will need to be made as soon as possible. Ms. Contant offered to draft, with the help of each member, a spot for each community. The recording locations are New Castle, Dover and Salisbury, so a relatively convenient location is available for each member. Ms. Contant plans to attend each recording and all must be done by the end of September to ensure they are ready for Public Power Week.

Ms. Contant noted that with the funding provided in the budget, each community would receive 70 spots, split out amongst iHeartRadio's broadcast and streaming stations. There is also a planned online interview about Public Power Week, in which either Mr. McCullar, Ms. Schlichting or Ms. Contant will take part. Ms. Schlichting noted that this was very well received during the LED Christmas campaign last year.

Ms. Contant concluded by ensuring the members that she would be reaching out to each individually to gauge interest. Mr. Norenberg asked where the spots would be aired and if they were all on the same network. Ms. Contant confirmed that they were all the same network and

that the spots would be broadcast on 94.7 WDSB, 92.9 TOM FM and the iHeartRadio streaming network, which would encompass a wide audience given the difference in genres. She also offered to look into WDEL if the membership so desires.

Communications Update

Ms. Contant informed the members that emergency kits for the most recent raffle were located in the lobby and asked that each member take one. DEMEC will coordinate the presentation, but if a member would prefer to do so themselves, having the kit present will be more efficient.

Ms. Schlichting reminded the membership that if they choose to undertake the presentation on their own, a good picture was needed. She noted that this picture brings attention the good things each community does, such as these raffles. Ms. Contant also encouraged the members to get their Committee Chairs, Mayors, Councils, Boards and other decision-makers involved, stating that the photo opportunity is great PR and promotes interest in your utility.

A Community Roundtable will be held on Tuesday, August 28th in the DEMEC Training Facility. The members were asked to submit registrations in order to facilitate planning. This roundtable will focus on making your utility relatable to your customers and making your staff ambassadors.

Ms. Mary Ellen DeBenedictis, Director representing Clayton, asked Ms. Contant if DEMEC would be willing to participate in the upcoming Clayton Fire Company Open House and Railroad Days. Ms. Contant was very happy to accept and made plans to contact Ms. Sue Muncey, Alternate Director representing Clayton, to organize.

Mr. Del Grande suggested participation the Middletown's Peach Festival. Ms. Contant noted that this is also a desirable opportunity and that she would pursue when the festival made its way around again.

Parades and other community events were then suggested. Mr. McCullar noted that DEMEC would be very happy to participate in each community's parades and festivals. To that end, he asked each member to provide a list of opportunities they would like to see DEMEC participate in, and that he would in turn include funding for these opportunities in the budget for next year.

Finally, Ms. Patone thanked DEMEC and Ms. Schlichting for all of the training opportunities presented this year. She did, however, ask that they be further spaced out, citing the difficulty in attending the three major events planned for September. Mr. McCullar thanked her for her feedback and assured her this would be taken into consideration when planning upcoming events.

Green Energy Program Status Report:

Renewable Energy Tracking –

Mr. Scott Lynch, VP of Asset Management asked that the membership continue providing data about renewable energy systems being installed in their communities. This data helps DEMEC

track how each community is progressing toward net metering goals. He also noted that he expected to have the RPS compliance report ready to present at the next board meeting. Some data is still outstanding, so Ms. Emily St. Clair, Energy Services Manager, will be reaching out to accumulate said data. Mr. Lynch stressed that the provision of this data is crucial to keeping RPS costs down for the membership.

Customer Sited Generation Policies –

Mr. Lynch stated that if any questions arose about systems being planned or installed in their communities, he and Ms. St. Clair were happy to serve as resources.

Energy Efficiency Advisory Council (EEAC) –

The council has now adopted a bimonthly meeting schedule. The next meeting is scheduled for September. Mr. Lynch and Ms. St. Clair plan to present DEMEC's Efficiency Smart Program progress at this meeting.

Energy Efficiency Program Update –

Ms. St. Clair informed the members that customer agreements have been sent out for signature in New Castle and Milford. She then called their attention to the report provided in BoardPaq. No questions were submitted.

Demand Response Update –

Mr. Lynch reported that July was a warm month as usual, resulting in multiple Demand Response Days. He did, however, note that another warm-up towards the end of August and the beginning of September is not unusual. More days may yet be called. He also encouraged outreach to key customers in each community to solicit additional enrollment. Significant savings have been achieved by customers who currently participate.

Ms. Schlichting asked Mr. Lynch about the status of the Battery Interconnection Application. Mr. Lynch noted that adjustments are still being made but should be ready soon. Mr. McCullar noted that interest is building and that feedback from Delmarva and others is being sought to help identify the trends in each community as battery installation requests are received. Mr. Lynch noted that DEMEC is currently using Delmarva's template, but he is working to tailor it to the needs of DEMEC's members.

BUSINESS FROM THE FLOOR

Mr. Anderson took a few moments to educate the membership on an initiative gaining traction currently known as "Sussex Goes Purple". The endeavor is being undertaken by numerous organizations in Seaford and focuses on battling the wide spread and growing opioid epidemic. Growing interest in the initiative means that this grass roots organization of community partners

is now encompassing virtually the entire state and may soon be changed to “Delaware Goes Purple”, partly due to a rise in interest amongst legislators.

Seaford’s Director of Economic Development and Community Relations sits on the “Sussex Goes Purple” Board and has indicated that the fundraising campaign is active. Talks have been had of reaching out to Delmarva and the Delaware Electric Cooperative (DEC) for contributions, but given that a number of the participating communities are DEMEC members, we were approached first.

Mr. McCullar stated that he sees great merit in the initiative. Lt. Governor Bethany Hall-Long has signaled support for the statewide expansion. Mr. McCullar proposed that a donation from DEMEC be made on behalf of the membership, after which Mr. McCullar will extend the invitation to Delmarva Power and DEC to participate via letter. DEMEC participates in certain initiatives that advance the mission of the Corporation, and support for this cause is equally, if not more important to embrace in Mr. McCullar’s opinion.

Ms. Patone noted that while she sees value in the cause, this is a challenging subject. New Castle has just taken steps to discontinue free service opportunities for non-profits since rates are affected by any cash outlay. If donations are made to this cause, where do they stop? How do we determine which causes are worthy of our attention? She also questioned if there were requirements in our bonds prohibiting such activity. Many of those present expressed similar concerns.

Mr. McCullar noted that while there is prohibition in place for offering free service, community or state support is allowed. He confirmed that no covenants prohibiting such contributions exist within the bonds. He also noted that he and Mr. Darrin Gordon, Director representing Lewes BPW, were in the process of drafting a policy for charitable contributions.

Other low and no cost support options were discussed. Mr. Norenberg asked Mr. Anderson about time constraints, most specifically if a decision could be postponed until an agreed upon procedure was in place. Mr. Anderson stated that while some urgency was expressed in the submitted request, he felt enough time remained to consider further.

It was decided by all that the issue would be revisited once a policy had been established.

Ms. Patone, referring to a previous training on cybersecurity held at DEMEC, asked if plans were being made to revisit the subject and possibly hold a meeting for those who are actively combating cyber threats. Ms. Schlichting assured her that DEMEC staff is diligently working to organize round table working groups for IT and related functions to discuss, share and assist one another. It was decided that a meeting focusing on the subject of cybersecurity and IT would be organized before the end of the year.

Ms. Mitchell informed the Board that Dover would be issuing a Request for Proposals (RFP) this Friday for future power supply needs. She invited DEMEC to submit a proposal. Mr. McCullar noted that DEMEC is required to provide full requirements service to members who have signed a full requirements contract. Therefore, DEMEC is unable to respond to the RFP, but will submit an offer to extend full requirements services to Dover so that DEMEC membership may be considered as an alternative among power supply respondents.

EXECUTIVE SESSION

The Board went into executive session at 11:13 am upon motion by MSC of New Castle, seconded by Dover 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 11:21 a.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 18, 2018 – 10:00 a.m.

ADJOURNMENT

Upon motion by New Castle MSC, seconded by Dover, the Board Meeting adjourned at 11:22 a.m.