

DELAWARE MUNICIPAL ELECTRIC CORPORATION
REGULAR MEETING
DEMEC ADMINISTRATIVE BUILDING
SMYRNA, DELAWARE
January 15, 2019

A meeting of the Board of Directors of the Delaware Municipal Electric Corporation was held Tuesday the 15th day of January, 2019 at DEMEC's Administrative Building, Smyrna, Delaware.

The meeting was called to order at 10:04 a.m. with Morris Deputy, Chair, presiding.

The following roll call was presented:

Present:

Morris Deputy, Chairman
Representing Middletown
Eric Norenberg, Director
Representing Milford
Gary Stulir, Director
Representing Smyrna
Charles Anderson, 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
James Robinson, Alternate Director
Representing Dover
Tom Coleman, Director
Representing Newark
David Del Grande, Alternate Director
Representing Newark
Mary Ellen DeBenedictis, Director
Representing Clayton
Patrick E. McCullar, President
Representing DEMEC
Max Walton, General Counsel
Representing DEMEC

DEMEC Staff Attending: Kimberly Schlichting, SVP-Operations & Power Supply; Heather Contant, Communications Specialist; Kendra Friel, Administrative Assistant; Stephanie Dove, Manager of Accounting & Settlements; Steve Siok, Director of Beasley Plant Operations & Compliance; Lou Vitola, VP-Finance; Scott Lynch, VP of Asset Development; Emily Greene, Energy Services Manager; Jen Coulbourne, IT System Administrator

Guests and Attendees: Jenn Anderson, Milford; Lincoln Willis, The Willis Group; June Merritt, Seaford

MINUTES

The minutes of the following meetings were presented for approval:

1. Minutes of the Meeting of November 20, 2018

Upon motion made by MSC of New Castle to approve the minutes of the meeting of November 20, 2018, seconded by Newark, the motion passed unanimously.

TREASURER'S REPORT

The President presented the November, 2018 financial reports. Mr. McCullar stated that revenues continue to come in ahead of budget and that expenses are relatively in line.

Upon motion made by Clayton to accept and approve the October 2018 Financial Reports, seconded by Newark, the motion passed unanimously.

Lou Vitola reported on the status of investments. He presented the first look at a quarterly investment report. President McCullar asked the board to provide feedback on the report to let staff know if it was satisfactory or needed more or less information.

APPOINTMENTS / ELECTIONS

None.

PRESENTATIONS

None.

RESOLUTIONS

None.

COMMITTEE REPORTS

Executive Committee –

The Chairman reporting, in the absence of Mr. Darrin Gordon, Executive Committee Chair, informed those present that the executive committee had recently met and discussed the following in 2019:

- Common Engineering Consultant Services to assist members

- Lineman Training Development

The Chair informed the Board of another item of business to be discussed in full board executive session.

Audit Committee –

Ms. Pam Patone, Director representing the MSC of New Castle, informed those present that the audit committee had approved the RFP for audit services, which is going out now.

PRESIDENT'S REPORTS TO BOARD

Generation Project Report:

Mr. McCullar informed the board that all assets are available and operating. He noted that natural gas fuel for Beasley had become more available starting in November with the PESCO service contract, which Ms. Schlichting will report on in more detail later. Historically, DEMEC would be informed by ESNG that gas transportation was not available during the high demand winter months, so Beasley was offered into the PJM market on Oil, around \$170 versus \$45 for Natural Gas. Fremont concluded its fall outage two weeks ahead of schedule and is also operating.

Construction Project Status Report:

Middletown Transmission & Substation –

Mr. McCullar informed the board that staff was discussing with Delmarva Transmission the schedule and timing of the transmission line project. We expect definitive answers from DPL at the end of the month.

Economic Development Projects:

Middletown Technology Center –

Per Mr. McCullar, the Middletown Technology Center is moving along much as it has been with no new information to report.

Newark STAR Campus –

Mr. Coleman informed the board that the University of Delaware has announced two more new buildings to be located at the STAR Campus. A new Financial Technology building and another Delaware Technology Park building will be constructed. The rapid buildout of the STAR Campus will require additional electric service capacity sooner rather than later. Mr. Coleman reported Newark Electric has started planning and securing easements for a new substation to serve the growth at STAR Campus.

Legislative Status Report:

Ms. Schlichting recounted a recent meeting with DPL regarding net metering. Mr. Lincoln Willis, Principal of The Willis Group, attended with her. More information will be provided in executive session.

Ms. Patone asked about a review of each members ordinances/tariff regarding net metering. Ms. Schlichting stated more on this subject would be reported in executive session.

Utility Best Practices Update:

Ms. Stephanie Dove, Manager of Accounting and Settlements reported the Phase I report is being shared with the members for review and to solicit corrections. She shared the presentation on preliminary findings on survey results and cost analysis. All the members did very well on the customer satisfaction surveys. She encouraged those present to provide feedback by next Tuesday. ask questions of either Mr. Shpigler or herself as both will be copied on all correspondence. She said we can have a conference call or schedule an in-person meeting. The next step is Phase II in which Shpigler Group will make recommendations.

AMI Updates:

Mr. Vitola made a presentation on Milford and Seaford AMI projects. He noted that installs are almost complete for electric and water meters in both communities. Other than that, the deployments are moving along. We facilitated a meeting between Newark and Milford to share lessons learned.

Energy Efficiency Program Funding Recommendation

Due to issues experienced by the membership, Mr. McCullar undertook the drafting of a memo proposing a refund to all members of the funds collected by DEMEC in 2018 to fund the Energy Efficiency Program. Should it be accepted, the current recommendation is to pay for the program out of non-member revenues, resulting in a relief of the burden of the cost to the membership but will still allow participation of all. The budget already allows for this program. With DEMEC funding the program entirely, no effect will be included in the wholesale billing rates of the membership. Once the initial three-year contract term has passed, an evaluation will be undertaken to decide if the program is cost effective and should continue. Mr. McCullar reminded the members that this decision does not mandate participation.

Upon motion made by Newark to approve the Energy Efficiency Program Funding Recommendation, seconded by Seaford, the motion passed unanimously.

Light Up Navajo:

Ms. Schlichting reported on DEMEC preparations for the Light Up Navajo initiative currently being undertaken by APPA and the Navajo Tribal Utility Authority (NTUA). We a team of four, with two backups. Eric Norenberg reported that financial support was received from the IBEW.

Training / Education:

Ms. Schlichting reported on the following training and education offerings:

A number of webinars are being made available to board and staff immediately after the Board meetings. Please use them as you can.

Customer Service Program, Session 4 of 4: Technology –

The final session of the Customer Service Certificate program will be held on Tuesday, January 29th.

Rate Design Class Repeat

This is being repeated at request of membership. March 12 will be a full-day class given by Dawn Lund of UFS. Open to all elected officials and member staffs.

DEMEC Day at Legislative Hall April 10, 2019

Ms. Schlichting requested all Board Members who could attend this high recognition day.

APPA Cybersecurity Scorecard

APPA has DOE funding for cybersecurity training programs to members at no cost. APPA asks for member to complete the cybersecurity scorecard testing. Dover has completed with a good score. Ms. Schlichting encourages all members to take scorecard test to determine where they stand.

Senator Carper visit to tour DEMEC offices and Smyrna Solar Facility

The Senator is visiting this Friday for tour and discussion. Any available Board Members are invited to attend.

Communications Update

Ms. Heather Contant, Communications Specialist reported that the new DEMEC website is live. Please look and comment. Please suggest any content you think would be good to put up on the DEMEC website.

We did a “welcome back to session” letter for all state legislators that we distributed on the opening day to get our name in front of them first thing. Ms. Contant reported we have 14 or so new legislators to get acquainted with and educate on what DEMEC is and our value to the state. We have our Legislative Session Luncheon scheduled for June.

Delaware State News asked us to do an op-ed on energy savings, which should be published soon.

President McCullar asked the Board Members as they get to know their new legislators, please be sure to mention DEMEC to them so we can form links that are helpful when DEMEC goes down to represent the municipal electric utilities.

Green Energy Program Status Report:

Renewable Energy Tracking –

Mr. Lynch thanked the members for completing the survey of installations in each community citing that this data will better allow DEMEC to monitor as each community as they approach their net metering cap.

Demand Response Update –

Mr. Lynch noted that a new DR year is beginning. Seaford has been participating in DR for years. Any members who are interested in enrolling their facilities into DR to generate income should talk with him.

Customer Sited Generation Policies – none.

Energy Efficiency Advisory Council (EEAC) – EM&V Subcommittee is meeting immediately after this board meeting.

Energy Efficiency Program Update –

Ms. Greene reported that we now have 5 C&I projects enrolling in DEMEC EE Program managed by Efficiency Smart. Mr. Tom Coyle, Account Manager with Efficiency Smart, continues to visit multiple locations in the four participating communities. She reported on the Monthly Dashboard Report. Ms. Greene also noted that she is working with Efficiency Smart to update the Energy Efficiency dashboard to make it more user friendly.

Ms. Schlichting extended the invitation to the other communities who are currently not participating in the program to join, stating that she would be very happy to speak with them at their convenience. The President stated DEMEC is funding the EE program participation 100% now so all member communities should join to extend the benefits to their businesses and residents as a positive benefit and a way of improving relations with customers.

BUSINESS FROM THE FLOOR

Ms. Schlichting reminded everyone that Board photographs are being done in the room next door. She also asked all board members to meet with IT System Administrator Jen Coulbourne to select the type of cover they want for the new Board iPads that are now in and ready to be distributed. Once Jen has all the orders, she will configure the new equipment and personally visit each board member to assure they have what they need and answer any questions about the new equipment.

Eric Norenberg mentioned that Rick Carmean, the Milford Electric System Manager was retiring, and that Milford is advertising for his replacement. There is a link on the DEMEC website to the position information. Please let him know if they have anyone to recommend.

EXECUTIVE SESSION

The Board went into executive session at 11:45 a.m. 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 12:20 p.m.

Chair Deputy call for a motion to approve the Employment Agreement with Kimberly Schlichting, Senior Vice President & Chief Operating Officer, as unanimously recommended by the Executive Committee. Upon motion made by Seaford, seconded by MSC of New Castle, the Employment Agreement was approved unanimously, with Dover abstaining.

NEXT MEETING DATES

The following meeting dates were set:

- Tuesday, February 19, 2019 – 10:00 a.m.
- Tuesday, March 19, 2019 – 10:00 a.m.
- Tuesday, April 16, 2019 – 10:00 a.m.

ADJOURNMENT

Upon motion by Dover, seconded by Newark, the Board Meeting adjourned at 12:25 p.m.