

DELAWARE MUNICIPAL ELECTRIC CORPORATION
REGULAR MEETING
DEMEC ADMINISTRATIVE BUILDING
SMYRNA, DELAWARE
March 19th, 2019

A meeting of the Board of Directors of the Delaware Municipal Electric Corporation was held Tuesday the 19th day of March, 2019 at DEMEC's Administrative Building, Smyrna, Delaware.

The meeting was called to order at 10:00 a.m. with Morris Deputy, Chair, presiding.

The following roll call was presented:

Present:

Morris Deputy, Chairman
Representing Middletown
Tyler Reynolds, Alternate
Representing Middletown
Eric Norenberg, Director
Representing Milford
Mark Whitfield, Alternate
Representing Milford
June Merritt, Alternate
Representing Seaford
Pam Patone, Director
Representing the MSC of New Castle
Dr. Roy Sippel, Alternate Director
Representing the MSC of New Castle
James Robinson, Alternate Director
Representing Dover
Tom Coleman, Director
Representing Newark
Austin Calaman, Alternate
Representing Lewes BPW
Sue Muncey, Alternate
Representing Clayton
Gary Stulir, Director
Representing, Smyrna
Chalea Johnson, Alternate
Representing Smyrna
Patrick E. McCullar, President
Representing DEMEC

DEMEC Staff Attending: Kimberly Schlichting, COO-SVP Operations & Power Supply; Louis Vitola, VP-Finance; Heather Contant, Communications Specialist; Kendra Friel, Administrative Assistant/Training & Events Coordinator; Jennifer Coulbourne, IT System Administrator; Stephanie Dove, Manager of Accounting & Settlements; Scott Lynch, VP of Asset Development; Emily Greene, Energy Services Manager

Guests and Attendees: David Shpigler, The Spigler Group

MINUTES

The minutes of the following meetings were presented for approval:

1. Minutes of the Meeting of December 4, 2018 (*Revised*)
2. Minutes of the Meeting of January 15, 2019
3. Minutes of the Meeting of February 19, 2019

Director Patone pointed out two corrections needed to the minutes. December 4 page 11 last paragraph should state total budget package rather than personnel budget. February 19 page 7 reference to Senator Warren should be Senator Poore.

Upon motion made by New Castle MSC to approve the minutes, as amended and in block, seconded by Newark, the motion passed unanimously.

APPOINTMENTS / ELECTIONS

None.

TREASURER'S REPORT

Mr. Patrick McCullar, President and CEO reported that December had proven to be a good month.

Upon motion made by New Castle MSC to accept and approve the December 2018 Financial Report, seconded by Lewes BPW, the motion passed unanimously.

Mr. McCullar presented for acceptance the audited Annual Financial Report for 2018 and asked the Board to accept and approve the report. The President asked the audit firm to finish early this year to enable staff to release the 2018 Annual Financial Report to external parties to facilitate the 2019 Revenue Bond issue that is pending. The President presented executive summary financial results for 2018 to the board. DEMEC had strong financial results and 2018 represented the fifth consecutive year of strong financial performance and the fifth consecutive year of wholesale rate reductions.

Director Patone reported the audit firm did a very good job with the report and meeting our requested early deadline. The Audit Committee reviewed the report in detail and their recommendation is to accept and approve the report. Director Patone thanked the staff and the Baker Tilly folks for their work.

Upon motion made by Newark to accept and approve the Annual Financial Report for 2018, seconded by Middletown, the motion passed unanimously.

PRESENTATIONS

None

RESOLUTIONS

Resolution 2019-3 – Reauthorizing Combined Financing for Member Projects

Lou Vitola, VP-Finance, presented the resolution to update the previous resolution approved in 2016. This update includes the latest details of the planned bond issues and provides comfort to the external parties.

Upon motion made by Smyrna to adopt Resolution 2019-3, seconded by Milford, the motion passed unanimously.

COMMITTEE REPORTS

Executive Committee –

None.

Audit Committee –

None

PRESIDENT’S REPORTS TO BOARD

Generation Project Report:

Mr. McCullar noted that all assets have been available and operating. In February, Beasley operated very little but with a positive margin. Beasley is running today in support of the islanding of Town of Smyrna. Beasley picked up the load of the town at 8am this morning and will continue to provide electric power to the town while DPL does some work on the transmission ring bus station that normally services the Town. Without Beasley, the town would be without electric service most of the day.

Fremont operated above 80% capacity factor, resulting in a significant margin.

Construction Project Status Report:

Middletown Transmission & Substation –

The project is currently awaiting final design specs for the transmission line from Delmarva Power (DPL). Mr. McCullar spoke with them yesterday. DPL has presented the project to PJM SRTEP. They owe us an update on the status of the project.

Economic Development Projects:

Middletown Technology Center –

The project is still an active, but is currently experiencing timing issues.

Newark STAR Campus –

Mr. McCullar stated that the project is far ahead of schedule and asked Mr. Coleman if any new information was available. Mr. Coleman responded Nemours building will energize in the fall. The City set aside monies for a new substation project to serve the STAR campus and has started engineering design work.

Director Norenberg presented comments on the redevelopment of the old BayHealth Campus over the next two years.

Legislative Status Report:

Ms. Schlichting reported on the status of the expected RPS bill. Delaware already has the 14th highest RPS and the 5th highest solar carveout. We are trying to understand the drivers of increasing the RPS goals. DEMEC hopes to stand as a voice of reason and ensure that the monetary impact to our customers is fair. She also addressed some points regarding diminishing returns as solar installs increase. Ms. Schlichting and Ms. Emily Greene, Energy Services Manager are currently working on talking points intended to provide clear and straightforward, high level data per the instruction of Mr. Willis.

Travel Expense Guidelines

Mr. Vitola presented the draft Travel Expense Guidelines the Audit Committee had been working on. Director Norenberg questioned why the guideline did not cover Board Members. The President stated he did not presume to suggest rules for the Board. The Board normally sets their own travel budgets and rules and could decide to amend this policy to apply to Board and Staff. The Board discussed the details and how the policy should apply. The Board amended the policy delete “extended beyond one day” and to apply the policy to all Board members and staff.

Upon motion made by Milford to adopt the Travel Expense Guideline as amended, seconded by New Castle MSC, the motion passed unanimously.

Utility Best Practices Update:

Ms. Stephanie Dove, Manager of Accounting and Settlements informed the board that the final report drafts have been issued and Mr. David Shpigler of the Shpigler Group was attending the board meeting and will be hosting a lunch and learn meeting with everyone in the Training Facility after the Board meeting.

IT Working Group Update:

SVP Schlichting gave a report on planned IT roundtable for all member IT managers. DEMEC is also putting up a Listserv for all IT-related conversations. It will be restricted to upper management only. Jen Coulbourne presented more details on the new Listserv. SVP Schlichting stated that we should think of this as IT Mutual Aid, just like we think about physical Mutual Aid.

AMI Updates:

Mr. Louis Vitola, VP of Finance gave an update on the AMI projects earlier in the meeting.

Light Up Navajo:

SVP Schlichting reviewed the current status of DEMEC involvement in the initiative, noting that 4 linemen will be participating and are on the calendar for the week of April 13 – April 20. We are shipping the linemen equipment out there ahead of travel. Mr. McCullar stated that communication was an issue, so we will supply satellite phones to our people. We are talking with Verizon who may choose to donate several dozen Sat-Phones to support the entire effort over the six-week pilot.

Training / Education:

Joint Linemen Training Yard

SVP Schlichting, with the assistance of Ms. Greene, has been pursuing the costs of constructing a Joint Linemen Training Yard, which she noted was a topic that has been under consideration for a number of years. Since the last meeting, a possible site, cost and logistics have been identified. She reported that we have retained Northwest Lineman College, a well-respected training company, to come to the DEMEC training facility on April 9, 2019, to present an introduction and conversation about joint training. As a joint effort, it seems to be a promising undertaking. SVP Schlichting also shared that she and Ms. Greene have been working with AMP, who currently has a training yard which they have outgrown, to identify and address potential hurdles.

SVP Schlichting reminded the members of the following upcoming events:

- Communications & Public Relations Roundtable – Thursday, March 28, 2019
- DEMEC Day – Wednesday, April 10, 2019 - SVP Schlichting reminded members that this is also the date of the DPL Wholesale Meeting.
- CSP Session 1 of 4: Strategies for Successful Customer Service – Tuesday, April 30, 2019
- Joint Council Briefing – Wednesday, May 22, 2019
- Public Utility Accounting – TBD

Communications Update –

Ms. Heather Contant, Communications Specialist, reported on charitable contributions for the month.

She is writing press releases about reliability awards for members. Congratulations to New Castle MSC and Lewes on receiving APPA reliability awards. Central Delaware CC meeting was attended by her and SVP Schlichting. APPA Legislative Rally was attended by the President, SVP, and her. They visited with Senator Carper and staffers for our other Delaware congressional representatives.

President McCullar asked the members if there are any topics or areas of training needed that DEMEC is not already covering. None were identified at this time.

Green Energy Program Status Report:

Energy Efficiency Advisory Council (EEAC) –

VP Lynch attended the meeting this month. Optimal Energy, the State contractor, is performing a study, which he expects will reflect positively DEMEC's efforts in this area. DPL will be issuing an RFP for low income EE support. The State is looking at several programs to encourage environmental improvements. Stay tuned.

Energy Efficiency Program Update –

Ms. Greene called the attention of the board to the provided dashboard for January and February, 2019. She briefly reviewed the number of completed projects and other successes of the program during December. She noted that the participating businesses are very happy to continue to participate. Actual savings is growing quickly as we penetrate into the participating communities.

Ms. Greene reported that during February, 2019 technical meetings within various communities were undertaken. Marketing and outreach endeavors have continued to be undertaken as well.

Efficiency Smart has posted two job opening they are seeking to fill as efforts expand in Delaware. Ms. Green was happy to announce that Newark has decided to participate in the DEMEC Energy Efficiency Program. She intends to start working with them very soon.

President McCullar reported both Newark and Middletown are joining the DEMEC Energy Efficiency Program, bringing the number of participants to six. He expressed his hope that the remaining members would join soon. President McCullar expressed pleasure that the contractor's staff was getting around to so many of the businesses, stating that is what is needed to truly understand what our customers need. Our retail customers now know we have a program to support them.

Demand Response Update –

New program year begins June 1. He asked members to let him know of any retail customers or members themselves who want to enroll in the new Demand Response program year.

Mr. Lynch noted that Newark has started the prep work to enroll in the program. He suggested stepping in with water pumping. He offered to bring CPower, DEMEC's DR Contractor, in to introduce idea of using pumping stations to bring in additional funds to the Newark staff.

BUSINESS FROM THE FLOOR

Eric Norenberg introduced Mark Whitfield, Milford Public Works Director, as the new alternate director for Milford following the retirement of Rick Carmean in January. The Board welcomed Mr. Whitfield.

President McCullar announced that Andrea Kreiner was leaving the State as DNREC Director of Climate, Coastal, and Energy to join her husband in Oregon. DNREC is seeking to fill the position.

EXECUTIVE SESSION

The Board went into executive session at 11:11 a.m. upon motion by Milford, seconded by Lewes 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 11:25 a.m.

No action was taken.

NEXT MEETING DATES

The following meeting dates were set:

Tuesday, April 16, 2019 – 10:00 a.m.

Tuesday, May 21, 2019 – 10:00 a.m.

Tuesday, June 25, 2019 – 10:00 a.m. (*Subject to change*)

ADJOURNMENT

Upon motion by Newark, seconded by New Castle MSC, the Board Meeting adjourned at 11:26 a.m.