

DELAWARE MUNICIPAL ELECTRIC CORPORATION
REGULAR MEETING
DEMEC ADMINISTRATIVE BUILDING
SMYRNA, DELAWARE
April 16th, 2019

A meeting of the Board of Directors of the Delaware Municipal Electric Corporation was held Tuesday the 16th day of April, 2019 at DEMEC's Administrative Building, Smyrna, Delaware.

The meeting was called to order at 10:02 a.m. with Morris Deputy, Chair, presiding.

The following roll call was presented:

Present:

Morris Deputy, Chairman
Representing Middletown
Eric Norenberg, Director
Representing Milford
Charles Anderson, Director
Representing Seaford
June Merritt, Alternate
Representing Seaford
Pam Patone, Director
Representing the MSC of New Castle
James Robinson, Alternate Director
Representing Dover
Tom Coleman, Director
Representing Newark
David DelGrande, Alternate
Representing Newark
Austin Calaman, Alternate
Representing Lewes BPW
Mary Ellen DeBenedictis, Director
Representing Clayton
Gary Stulir, Director
Representing, Smyrna
Patrick E. McCullar, President
Representing DEMEC

DEMEC Staff Attending: Louis Vitola, VP-Finance; Heather Contant, Director of Media Relations & Communications; 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: Russ Hissom, Baker Tilly

MINUTES

The minutes of the following meetings were presented for approval:

1. Minutes of the Meeting of February 19, 2019 (*Revised*)
2. Minutes of the Meeting of March 19, 2019

Upon motion made by Dover to approve the minutes en bloc, as amended, seconded by Milford, the motion passed unanimously.

TREASURER'S REPORT

Mr. Patrick McCullar, President and CEO, reported that the February 2019 report showed nothing remarkable. He stated that DEMEC will stand on report, but offered to answer any questions. None were presented.

Upon motion made by Clayton to accept and approve the February 2019 Financial Report, seconded by Dover, the motion passed unanimously.

Mr. Louis Vitola, VP of Finance, offered a brief report of investments for the first quarter of 2019. He took a moment to review the provided table, noting that while the reflected earnings and gains were for the quarter, the yield reflected the earnings since inception. He noted the strong performance and stated that normalization is to be expected in the future, but the first six months have shown excellent results. Mr. McCullar reminded the board that this is a pilot program. He went on to say that with the success seen, a deeper step in will most likely be taken in the future. With no vote being necessary to proceed, the attention of the board was directed to the next topic.

APPOINTMENTS / ELECTIONS

None.

PRESENTATIONS

2018 Audit Presentation & Discussion

Mr. McCullar introduced Mr. Russ Hissom of Baker Tilly.

Mr. Hissom proceeded to report on the recently completed financial audit of DEMEC undertaken by Baker Tilly staff. He reviewed the areas of focus and the procedures undertaken by the auditors to determine the accuracy of all DEMEC financial data. He noted that once again he is happy to report that due to the stringent controls in place within DEMEC, no areas of concern or weakness were identified. He went on to praise the DEMEC finance team of Ms. Stephanie Dove, Manager of Accounting and Settlements and Mr. Vitola. He cited their talent and implementation of tight controls on all procedures as the reason for such a smooth audit process, resulting in a recommendation of full confidence in the financial reporting provided. He did however remind the board that while he rates DEMEC practices and controls among the best, this does not relieve the membership of their responsibility to review all financial reporting.

Mr. Hissom also presented a number of upcoming accounting standards which he stated could possible apply to the practices of DEMEC and/or the municipalities. Mr. Hissom specifically reviewed GASB 87, which changes the definition of “lease” as used in contracts. If DEMEC were in the private sector, this standard could include purchase power agreements (PPAs) in the new definition. He noted that due to efforts by utilities such as DEMEC, APPA and companies such as Baker Tilly, the Governmental Accounting Standards Board (GASB) granted an exception for PPAs in the new lease standard. He did warn, however, that evaluations of every future contract will be necessary to determine if this standard applies. Mr. McCullar took a moment to praise Mr. Hissom and Baker Tilly for their efforts to convince GASB to be clearer on the regulations imposed by GASB 87.

Mr. Hissom concluded his presentation and offered a final farewell as he is entering retirement. He expressed his gratitude for having been allowed to serve as DEMEC’s auditor for six years, and assured those present that should the relationship with Baker Tilly be retained, Ms. Bethany Ryers, who will be taking his place, will ensure a seamless transition as she has already been involved in the DEMEC audit process.

Ms. Pam Patone, Director representing the MCS of New Castle, expressed her sorrow to see Mr. Hissom retire, noting that he has been a great partner to DEMEC. She offered her well wishes and desire to work again with Mr. Hissom in his new role as a trainer. She also thanked Ms. Dove and Mr. Vitola, recognizing the hard work and diligence exhibited by both with regards to the streamlining of the audit process. Ms. Mary Ellen DeBenedictis, Director representing Clayton, expressed her amazement with the efficiency and ease of the audit process, noting that even small municipalities, such as Clayton, only rarely undergo an audit without adjustments being necessary. Mr. McCullar explained that the partnership with Baker Tilly, and implementation of their recommendations, was key to achieving this feat. He also noted that he looks forward to working with Mr. Hissom in his new capacity.

RESOLUTIONS

None.

COMMITTEE REPORTS

Executive Committee –

None.

Audit Committee –

None

PRESIDENT'S REPORTS TO BOARD

Generation Project Report:

Mr. McCullar noted that there are no significant reportable developments this month, adding that March is one of the lowest generation months, referred to as a "Shoulder Month". Demand is not strong, so as a peaking unit, Beasley has not been dispatched much. However, Fremont is still operating at a high capacity factor. He noted his intention to offer more information in executive session.

Construction Project Status Report:

Middletown Transmission & Substation –

To be discussed in executive session per Mr. McCullar.

Economic Development Projects:

Middletown Technology Center –

To be discussed in executive session per Mr. McCullar.

Newark STAR Campus –

Mr. McCullar stated that the project is still moving along at a very rapid pace.

Legislative Status Report:

Mr. McCullar noted that with the legislature in session a few concerns are being monitored. Firstly, he informed the board of a bill which would permanently put Delaware on daylight savings time. He noted that with the exception of a change to our billing program, DEMEC would not be overly inconvenienced. He did state that PJM would be a very different story as their territory encompasses 13 states. He also noted that a provision in the bill requires that the entire Mid-Atlantic region adopt the bill in order for it to be implemented.

Mr. McCullar thanked those who attended DEMEC Day on April 10, 2019. He noted that a positive conversation had taken place with Governor Carney, resulting in his recognition of our engagement as well as involvement in issues with which he is concerned, such as economic development. Another brief conversation regarding the RPS legislation was held after the ceremonial meeting. This conversation proved positive, and ensured that DEMEC has been invited to the table and will be able to review and comment on the next draft of the bill.

DEMEC members attended a meeting with the Delaware Department of Transportation (DelDOT) on Monday, April 15, 2019 during which a draft senate bill defining timelines for utilities in regards to relocation of facilities. Per Mr. Tom Coleman, Director representing Newark, DelDOT was initially confused as to why the municipalities were in attendance. After explaining the concern held over certain language in the bill, DelDOT agreed to amend the language. Director Coleman

attributes this readiness to amend to the fact that municipalities do not appear to be the entities which the bill was created to regulate. Mr. McCullar thanked the attendees and assured them that follow-up would be undertaken to ensure the language change is made.

Ms. Heather Contant, Director of Media Relations & Communication, took a moment to inform the members of a task force currently being created to work through issues with the utilities and contractors affected by this bill. She noted that one of the lobbyists for DEMEC, Mr. Lincoln Willis, is working to ensure that DEMEC and the Delaware League of Local Governments (DLLG) have representation on this task force.

Mr. Eric Norenberg, Director representing Milford, informed the membership that Mr. Willis is a lobbyist for the DLLG in addition to DEMEC. This position allows him to bring bills which are of concern to both before the League Legislative Advocacy Committee, on which Director Norenberg serves on along with the mayors of other DEMEC communities. He noted that having the DLLG backing DEMEC is always of benefit.

Director Patone inquired if this bill could possibly make utilities more responsive to the municipalities as well, noting that both Verizon and Comcast are very unresponsive. Director Coleman expressed concern that the opposite may be true, with the added accountability to DelDOT, they may become less responsive to those whom they have not been assigned such accountability. Mr. McCullar agreed with his assessment noting that this is a possible ramification. Ms. Contant asked if this had been brought up by Mr. Charles Anderson, Director representing Seaford, when discussing the bill, citing his concern that DEMEC projects may be interrupted in order to address DelDOT needs. Director Coleman stated that Director Anderson's concern revolved around contractors, therefore it is unrelated to this issue.

Mr. McCullar assured the members that DEMEC would continue to watch these issues and report any new information.

DEMEC Hosted SCADA

At the request of Mr. Morris Deputy, Director representing Middletown and Chair of the DEMEC Board of Directors, Ms. Dove has been exploring the option of a DEMEC-hosted Supervisory Control and Data Acquisition system (SCADA) and/or possible improvements to currently existing systems. She noted that where the recently completed benchmarking study was as strategic assessment, this is part of an operational assessment to explore what must be done at home to achieve the savings. As a first step in this mutual aid effort, Ms. Dove has explored the possible implementation of conservation voltage. Conservation voltage is simply the dropping of line voltage during peak hours. This lower voltage does not cause outages but is a flattening of the voltage resulting in significant savings to the utility. She reviewed a number of slides provided by David Shpigler of the Shpigler Group which reflected the successes seen by a number of his other clients. She stressed that the implementation of such a process would not be a huge capital lift, noting that many members may already have the necessary equipment. For those who do not, DEMEC may be able to provide it. She noted that the provided analytics have been presented strictly to open the conversation.

Mr. McCullar offered support noting that either equipment could be provided to the membership to implement a conservation voltage program, or that DEMEC could oversee the program as many other Joint Action Agencies do for their membership. The cost to implement is not excessive, and if DEMEC takes up the task, the cost would be even less. There is great value in this endeavor as even a small percentage of shaving during peak hours results in a very large amount of savings. He stated that he feels the idea is worth exploring, and asked the board to consider it. If interest is expressed, more research in to the particulars would be undertaken and the discussion can be resumed.

Director Patone asked how the proposed benefits were calculated and if our contracts and generation would affect these projections. Mr. McCullar explained that our capacity obligation and transmission cost are directly calculated based on a number of coincident peaks throughout the year. As with Demand Response, conservation voltage during these hours would result in further savings. When we reduce voltage during those peaks, our cost obligation is lower. As for generation, we have already invested in generation to cover the majority of our load. It will not lose value. Our hedge policy guarantees this for now. As we move forward we will have to include this in annual monitoring since we will not need to purchase as much energy.

Director Patone asked if each community would be expected to reduce voltage at these times to which Mr. McCullar stated that this could be handled in two ways. One, if each community commits to participate on an individual basis, their distribution systems will benefit; or two, if we approach the endeavor as a joint group, all members would receive a pro rata share of the benefits.

Mr. Charles Anderson, Director representing Seaford, suggested that analyses of each system be undertaken to determine where investments should first be made. He asked whether the implementation of the program would affect Demand Response. Mr. McCullar stated that no effect would be seen and both programs would work simultaneously. Director Anderson expressed concern about turning control over to DEMEC as several customers in Seaford, most specifically hospitals, must be served with reliability in mind. He went on to say that the recent installation of AMI meters does allay that fear as monitoring will be a lot easier, but he stressed that communication between the membership and DEMEC will be crucial. Mr. McCullar agreed and stated that a detailed engineering study would be necessary to ensure all such concerns were addressed. He stated that he still feels the benefit is worthy of evaluation. Per Mr. McCullar, many costs cannot be controlled and it is our responsibility to do so whenever possible. Director Anderson supported the sentiment stating that this project would essentially be the first step into the collective smart grid, which is where the industry is heading. He noted that the establishment of infrastructure now will result in a less costly transition in the future.

Mr. McCullar reminded the board that each member at this time has only a high voltage level look at their own systems. With basic SCADA, you can then drill down to the equipment levels and full SCADA would allow you to know what every section of your system is doing. For this reason, he expressed his hope that all members would chose to step into AMI in the future, noting that not only would the knowledge of customer usage be increased, but a greater insight and control of the systems would be gained.

Director Coleman expressed interest in more information and asked if someone could be approached to complete an analysis. He asked if this would be a DEMEC funded endeavor because it would benefit all members or if each member would need to look to fund their own analysis. He

further noted that he would prefer that DEMEC handle the cost for the sake of consistency across all member communities. Mr. McCullar stated that it would be most cost effective to undertake collectively with DEMEC overseeing and making adjustments. He recommend that studies be completed and an estimate of capital costs be obtained. He proposed that DEMEC handle the capital costs and deployment, with the creation of a control center at DEMEC to manage and launch the program. If the benefits are as large and the studies reflect, wonderful; if not, ways to improve could be explored or control could be sent back to the communities.

Director Coleman asked whether a Performance Contract for this endeavor was advisable, to which Mr. McCullar responded in the negative. It is the opinion of Mr. McCullar that too much premium will be paid because we would essentially be paying another party to take on the risk. Also, if the endeavor goes well, the contractor takes the credit. Mr. McCullar feels that DEMEC should take the risk and therefore reap the benefits.

Director Anderson raised the possibility of a pilot community, noting that if it is found to be successful, the option of scaling up could be explored. Per Mr. McCullar, it would be better to examine all at once and develop a proposal. He noted that stopping points to review the progress and make decisions would be scheduled.

Chairman Deputy asked if the communities should expect to need additional personnel for the endeavor. Mr. McCullar stated that DEMEC would take on this responsibility as we know who to reach out to. If done correctly, no extra personnel will be necessary on the municipal level; however, DEMEC will need to employ an engineer to manage the program.

Director Patone suggested that each community's distribution manager be approached for input. Mr. McCullar suggested that they actually be involved in the study as they know the systems better than anyone.

Director Coleman expressed support for the addition of an engineer to the DEMEC staff. Mr. McCullar seconded his view, noting that the individual hired would be a welcome resource to each community. Chairman Deputy stated that he feels we should move forward with the endeavor. Mr. McCullar stated that an experienced engineer would be sought to offer a proposal and present to the Board. He stated that the decision to move forward can be decided upon then. A joint meeting with the distribution managers will be arranged to gain their input before moving forward with the study.

Director Anderson inquired if such automation would be desirable for NERC compliance. Mr. McCullar noted that NERC compliance is a major factor in all decisions, such as this, and would be examined in the initial step. He noted that this is another value added by the introduction of an engineer. NERC is complex and an additional person reviewing compliance would be a great benefit.

Upon motion made by Seaford to approve consultation with an engineer to complete a feasibility study, seconded by Newark, the motion passed unanimously.

Business Model Assessment Update:

Mr. McCullar noted that most everyone has responded and that consultants will be reaching out to the members individually to gather data for the report. He noted that he and Ms. Schlichting will also be interviewed and the report is expected to be available on June 25th, which is the newly proposed board meeting date for the month of June. He asked that all members check their calendars to make sure they are available. Director Norenberg advised the board of his difficulty with the scheduling software used by the consultants as it schedules appointments in Central Time. He asked them to be aware of this when scheduling their appointments.

RP3 Program Update

Ms. Dove reported on the application process for APPA's Reliable Public Power Provider (RP₃) award. She noted that Newark is working to be recognized this year. Ms. Dove has been reaching out to APPA in order to establish connections which will help make the process less burdensome. Also, APPA has implemented new practices which have improved the application process. Ms. Dove offered to help with applications. She noted that the applications will be available on May 1, 2019 and must be completed by September 30, 2019. She reminded the members that reliability, safety, workforce development and system improvement are all factors considered by APPA for this award. She briefly reviewed the term of the award and advised on when re-application should be initiated.

Ms. Dove concluded by noting how important this recognition is. It is her understanding that the majority of the membership is already doing the things necessary to receive RP₃ recognition, the application just needs to be completed. The positive recognition generated by the achievement of the award will show customers how reliable the utility is, which has a tendency to be forgotten. The City of Dover, the City of Seaford and Lewes BPW all currently hold this designation and may be willing to help with the process as well.

Director Coleman requested clarification regarding the different levels of designation – Gold, Platinum, and Diamond. Ms. Dove stated that each are based on percentage, much like a test score. Alternate Director DelGrande shared that, in his opinion, this undertaking should be mandatory, if for no other reason than establishing benchmarks. Mr. McCullar agreed and stated that for this reason, DEMEC is bringing the award to the attention of the membership. Recognition shows commitment to your customers and shuts down naysayers who argue that the municipalities are not qualified to run their own utilities. He stated that the membership should be very proud of their reliability, reminding them that their outages are measured in hours where other utilities measure in days.

Director Coleman stated that going through the application process is helpful in itself as a planning tool as it shows you where you may be lacking. Director Norenberg, Director Patone and Director DeBenedictis all expressed interest in going through the process. Director Patone does not anticipate applying this year, but she is very interested to see where her community stands, so she intends to complete the process simply for this information. Chairman Deputy noted that he had appointed someone in his community to investigate the application process and that he would follow up.

Ms. Contant took a moment to inform all present that the governor now provides a tribute to each community that receives this honor. In doing so, he learns about and acknowledges all of the good work being done by the DEMEC membership. This is excellent information for legislators to have. She finished her statement by informing the members that she plans to offer a communications roundtable on the subject of effectively communicating to your customers the receipt of the RP3 award and what it means for them.

AMI Updates:

Per Director Anderson, the Seaford AMI project is almost complete. He noted that the water meters were more complicated than expected, but the project was now nearing its end with only a few left to install. Director Norenberg reported that the Milford project too was nearing completion citing a few existing communication issues that are currently being remedied.

Director Anderson shared that the efficiency of the meter implementation has already been seen. Mr. McCullar was happy to hear this and noted that timely billing and cash flow will be a welcome result as well as the need for fewer bill adjustments. Director Patone shared her intention to visit both Seaford and Milford to view their projects, in the hope of encouraging her staff to look more favorably upon bringing AMI to New Castle. Director Anderson stated that one of the issues Seaford faced when getting buy in was the limited choice in meter types. Other types have since been added to the approved list, some which are similar to those currently being used. He shared this hoping it would alleviate some of the hesitancy of other members. Ms. June Merritt, Alternate Director representing Seaford, shared a few difficulties experienced by Seaford regarding the water meter implementation with Mr. Vitola adding that the high water table in Seaford contributed to communication issues from meters installed in pits.

Director Patone inquired if Seaford and Milford had sought the evaluation of another system outside of the AMP offering. Director Anderson stated that Seaford had done so approximately two years before considering AMP. He expressed his gratefulness that Seaford had decided to not update at that time, noting that the AMP project was a much better system. Mr. McCullar noted that AMP underwent a thorough, intensive RFP process with each vendor to ensure the correct partners were identified.

Alternate Director Merritt took a moment to praise the billing software vendor of Seaford noting that the company was instrumental in the integration of the project. She stated that best practices can be identified by looking at how this portion of the project was tackled. Mr. McCullar agreed that integration is the most difficult part of the process. He noted that AMP added value here because of their depth of IT resources, which would not be available if the undertaking had been tackled by the member alone. He then went on to commend the members for being among the first to implement the water meters, noting that the identification of their areas of difficulty will allow others to avoid these pitfalls and further improve the implementation process. Alternate Director Merritt likened the experience to a full computer conversion. Director Anderson noted that while some are still frustrated by the bugs being worked out, the system is infinitely better than what was previously in place.

Director Patone shared that various projects have recently been undertaken and completed by the MSC of New Castle. It is her opinion that implementation of AMI will be their next course of action. Mr. McCullar asked if the intention of New Castle was to issue an RFP to all vendors.

Ms. Patone stated that she would need to follow up with her management team, but she did anticipate this to be the suggested course of action. Mr. McCullar took a moment to reiterate that AMP had undertaken this process already. Director Patone thanked Mr. McCullar and noted that she herself saw the value of proceeding with AMP, but the difficulty with the water implementation has been a sticking point with her team. Director Anderson offered to put Director Patone in contact with the Director of Public Works of Seaford, stating that his insight could be very useful when discussing with her management team. Director Coleman also shared his view that one of the major benefits to working with AMP was the provision of a designated project manager. Director Patone thanked all for their suggestions but expressed her need to complete her due diligence.

Director DeBenedictis asked for the average cost of implementation. Mr. McCullar offered to have AMP come in to inspect the Clayton system and put forward a proposal. Mr. Vitola stated that the pricing would vary based on factors such as meter choice. It was decided that a meeting would be arranged to view Clayton's system.

Light Up Navajo:

Ms. Contant shared that today is the second day the DEMEC crew is in the field. Ms. Kimberly Schlichting, COO/SVP of Power Supply, is on site taking pictures and posting to Facebook. All posts have been getting good reach and have garnered excellent support. Ms. Contant shared that she is working on arranging a press conference for when the crew returns.

Director Patone stated she is not following the DEMEC posts because she only uses Facebook for personal reasons. She asked if there is a way to receive such updates on LinkedIn. Ms. Contant informed her that this option is not available presently, but LinkedIn is being looked into for future communication. She assured Ms. Patone that should she decided to like the DEMEC Facebook page, DEMEC will not be given access to view her personal page. Mr. McCullar informed Ms. Patone that APPA is posting to LinkedIn, but any personal DEMEC posts are only available on Facebook.

Ms. Contant concluded her report by assuring the members that a more in-depth presentation will take place in the future. Mr. McCullar informed the board that Ms. Contant is attempting to obtain a more formal presentation from the governor as well. Ms. Contant noted that her ultimate goal is to reach out and coordinate a gathering of local legislators, the governor, mayors and leadership of the participants for a photo opportunity recognizing the selfless endeavor.

Joint Lineman Training Yard

Ms. Emily Greene, Energy Services Manager, updated the members on the status of this project. She shared that Mr. Don Harbuck of Northwest Lineman's College had joined DEMEC, as well as a number of the member distribution managers and linemen, on April 9, 2019 to discuss training needs. Ms. Greene's takeaway was that the linemen and distribution managers want more frequent training as well as a joint, local training facility for their use. Ms. Greene collected all of the attendee information. She is currently working to put together a cost assessment with varying options. Once complete, she will present to the Board.

Ms. Greene is also working on a cost assessment for the Joint Lineman Training Yard facility. She is meeting with Mr. Bhadrash Patel, the Electric Director for the City of Newark, to compile a list

of all items needed to create a successful yard. She will also be meeting with Newark's purchaser to begin gathering costs for the items needed. Per Ms. Greene, some members have been saving items to donate to the facility once it is established. She will be reaching out for this information in order to remove the available items from her list, allowing for a more accurate cost assessment.

Mr. McCullar shared that during the meeting of linemen and distribution managers, he was very pleased to see the excitement generated by the concept. He feels that not only will the line yard be a savings, it will also foster pride and dedication among workers.

Training / Education:

In the absence of Ms. Schlichting, Mr. McCullar offered a brief report.

DEMEC/Northwest Lineman College Training Discussion – Tuesday, April 9, 2019

The meeting went very well. DEMEC has not settled on working with Northwest, but discussions will continue.

DEMEC Day- Wednesday, April 10, 2019

Even though Legislative Hall was very busy, a number of legislators were spoken to and many good conversations were had. Mr. McCullar thanked all who attended as representatives of DEMEC.

Joint Council Briefing – Wednesday, May 22, 2019

Mr. McCullar asked the members to encourage the attendance of their mayors, councils, boards and commissioners. This event is intended to give a brief overview of the industry and how it affects your business.

APPA National Conference – June 7-12, 2019

Mr. McCullar reminded the members that this conference is occurring sooner than in years past. He encouraged attendance, citing the tremendous learning and networking experience the conference offers.

Communications Update –

Ms. Contant reminded the Board that the Key Accounts "Customer Action Plan" deadline has been extended to June 7, 2019. This is the final requirement to achieve certification.

Ms. Contant presented the monthly Charitable Donations and Sponsorships Report. She also briefly reviewed an advertisement created with the help of Director Norenberg.

Ms. Contact changed focus to her recent economic development marketing endeavors. She shared a number of publications in which DEMEC has placed ads on behalf of the membership. She noted that many other marketing opportunities have come her way as a result of these ads. One standout, offered by Multi View, focuses on online marketing and would allow Ms. Contant to tailor online

ads for each community. These ads will appear when a potential customer is researching areas for the establishment of a new site. For example, if someone is researching potential sites for a particular development concept, ads about our members equipped to accommodate such a concept can be pushed to them. Ms. Contant asked for direction from the board, noting that on DEMEC Day, Governor Carney stated he would like to see DEMEC support economic development. She noted that DEMEC can do these things for the membership, but questioned if it is our place to take on that role.

Mr. McCullar stated that DEMEC can continue to fund such marketing, but print is dying. He stressed to the board that going forward, platforms like Multi View should be pursued. People looking for sites take advantage of the internet when researching, finding it more efficient and less time consuming. Here he asked for comments from the board.

Alternate Director DelGrande agreed with Mr. McCullar but showed concern for the undertaking as Newark does not have very competitive rates. Mr. McCullar assured Mr. DelGrande that while rates are important to potential customers, they are not the only item considered. Community, permitting and various other incentives are also looked at when making these decisions.

Director Norenberg stressed the need to coordinate with other entities in the state, such as Kent Economic Partnership and the Delaware Prosperity Partnership (DPP) in order to avoid redundancy with regards to economic development marketing. These entities are approaching the municipalities with marketing opportunities on an individual basis as well reaching out to DEMEC.

Ms. Contant shared that the majority of the publications in question do in fact partner with DPP. Per Ms. Contant, within all the publications, only generic ads can be placed. Online marketing allows each community's economic drivers to be showcased. Multi View provides access to a team which will report monthly and offer support. Also, with the addition of an economic development page to the DEMEC website, further reach to potential customers is possible. With this program, should someone visit the economic development page of a member, we will be able to gather information on what type of business they are seeking a site for, view who is searching and be able to reach out. If they continue their search on another site, ads for DEMEC communities will be pinged to them.

Director Patone brought the attention of the board back to the subject of whether it is appropriate for DEMEC to undertake economic development marketing as a task. She recounted Mr. McCullar's statement that electric rates are a small piece of the reason businesses come to Delaware, but other incentives, which are offered on a municipal level, are a much larger portion. Ms. Contant offered to provide the data to each municipality to pursue on their own.

Discussion was had amongst various members about the extent of DEMECs involvement in economic development marketing. It was decided that DEMEC would be tasked with identifying resources and communicating technological guidance and best practices. Ms. Contant offered to send all of her findings to each community and assist in their efforts by effectively communicating the extra steps being taken, such as Efficiency Smart, RP₃ and AMI projects.

Mr. McCullar briefly recapped the conversation and assured the membership that DEMEC would take no direct action unless otherwise instructed.

Green Energy Program Status Report:

Renewable Energy Tracking -

Mr. Scott Lynch, VP of Asset Development, asked that the membership continue to send in data as it is made available to them to ensure accurate tracking. He also offered to review and assist with any ideas which may be brought up concerning development.

Customer Sited Generation Policies –

Mr. Lynch noted that work is ongoing legislatively.

MRPS Next Planning Cycle. -

Mr. Lynch revisited this subject reminding the membership that May 31, 2019 is the end of 2018-2019 RPS compliance year. He reminded the members that direction is being sought for the upcoming compliance year. DEMEC will spend June and July preparing a report for internal review in August. The finalized report will be presented for approval at the September 2019 board meeting and will be submitted to the appropriate bodies by October 1, 2019.

Energy Efficiency Advisory Council (EEAC) –

Ms. Emily Greene, Energy Services Manager, reported that the next EEAC meeting is due to take place on May 7 and May 8, 2019. She will report back at the next board meeting.

Energy Efficiency Program Update –

Mr. Tom Coyle with Efficiency Smart, will be meeting with Newark on Thursday, April 18, 2019. Mr. Tim Stearns, also with Efficiency Smart, will be out the week of May 6, 2019. Ms. Greene presented the updated dashboard. She reviewed various savings reflected. Per Ms. Greene, the LED bulbs savings will be available at the next board meeting. She stated that we are about three quarters of the way to the three-year target. Mr. Coyle will be preparing individualized reports to show each participating community where they stand. She also noted that Mr. Coyle is not concerned that we will overcommit before three years. Finally, she shared that as of February 6, 2019, there are now six LED bulb options available to customers.

Ms. Greene informed the members that DEMEC presented, along with Energize Delaware's Home Energy Counseling & Check-up Program, at a pilot co-ed event at the Boys and Girls Club in Milford. During the event, vulnerable population kits were distributed. Energize Delaware gave pointers on energy efficiency and suggested products to buy to be more efficient. Ms. Greene was then able to pick up the conversation by sharing the various places customers could go to purchase items at a discounted price.

Milford also began distribution of LED bulbs as part of rental inspections in two housing complexes. Various businesses were visited while in Milford. The installation at the senior center was looked in on and a technical walk through took place at the Delaware Veterans Home, where

a significant addition will soon be under construction. Ms. Greene noted that this undertaking is a very good cause and possibly worthy of an award.

Two visits were made in New Castle – Greggo & Ferrara and Standard Distribution –both of which went well. In Seaford, Nanticoke Hospital, Open Cupboard, and a gentleman who owns multiple businesses were visited successfully. Seaford Public Schools were also visited and have committed to enrolling most of their schools in Demand Response in the future.

Other items of interest include the Efficiency Smart launch on April 18, 2019 in Newark, as well as two job openings with Efficiency Smart which have now closed, with offers soon to be made. The candidates should be fully trained by the end of May. Also, DEMEC will be giving an educational presentation to the Milford Senior Center members on May 7, 2019.

Director Coleman asked if the program had been targeted to apartment complex owners, citing that Newark sees units such as these incurring the highest bills. He noted that a very large number of monthly disconnects occur in two such complexes in Newark. Director Anderson shared that the “Seaford Strong” initiative was found to be an excellent tool to fill this gap for Seaford. Ms. Greene asked for a list of the owners in Newark and assured Mr. Coleman that she would reach out to them.

Ms. Greene reported that Middletown’s Mayor and Council will meet on May 6, 2019; an affirmative vote would make Middletown the sixth member to join the energy efficiency program.

Ms. Greene ended her presentation here and no questions were posed by the Board. Mr. McCullar took a moment to express how impressed he is with the savings already enjoyed by customers and shared his optimism that the program will continue to be a success going forward. He also stated that the customer contact and goodwill being generated is invaluable.

BUSINESS FROM THE FLOOR

Director Coleman inquired whether Hometown Connections will be interviewing all DEMEC staff for the business analysis. Mr. McCullar told him at this time plans were to interview only himself and Ms. Schlichting. Mr. Coleman shared that an interview of all staff had been undertaken in Newark and it was found to be very enlightening. He recommended that DEMEC seek to do the same at a future time.

Director Coleman also made the membership aware that Newark has attended meetings with both AT&T and Verizon. He shared that an aggressive rollout of small cells is anticipated by both entities. Newark will meet with Verizon again within the next week or two, and it is expected that they will provide location plans at this meeting. These requests are beginning to come very quickly, per Mr. Coleman. He suggested that any member community who does not have their attachment agreements lined up and fee schedules developed, address both as soon as possible. He noted that the FCC has a very strict approval timeframe and if the time is exceeded, automatic approval is issued.

Director Anderson interjected with a suggestion that the utility industry seek to move away from pole attachment agreements and move toward an agreement more akin to the Comcast franchise models. He noted that pole attachment agreements are angled against utilities and, with projections showing this demand growing, it would be beneficial to push for change. These entities need the infrastructure which the municipalities have in place, so partnerships should be sought, not flat fees. Mr. McCullar stated that he thought this was a good observation and suggested that APPA be approached on the matter. He stated that the topic would be presented Ms. Schlichting for sharing at a future APPA board meeting. Mr. Coleman noted that currently these installations are untaxed. He suggests that at the very least the possibility taxation be pursued.

EXECUTIVE SESSION

The Board went into executive session at 12:10 p.m. upon motion by New Castle MSC seconded by Newark 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 12:22 p.m.

No action was taken.

NEXT MEETING DATES

The following meeting dates were set:

Tuesday, May 21, 2019 – 10:00 a.m.

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

Tuesday, July 16, 2019 – 10:00 a.m.

ADJOURNMENT

Upon motion by Newark, seconded by Dover the Board Meeting adjourned at 12:30 p.m.