

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

A meeting of the Board of Directors of the Delaware Municipal Electric Corporation was held Tuesday the 16th day of June 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
Eric Norenberg, Director
Representing Milford
Charles Anderson, Director
Representing Seaford
Pam Patone, Director
Representing the MSC of New Castle
Dr. Roy Sippel, Alternate
Representing the MSC of New Castle
Donna Mitchell, Director
Representing Dover
Tom Coleman, Director
Representing Newark
David DelGrande, Alternate
Representing Newark
Mary Ellen DeBenedictis, Director
Representing Clayton
Gary Stulir, Director
Representing, Smyrna
Darrin Gordon, Director
Representing Lewes BPW
Austin Calaman, Alternate
Representing Lewes BPW
Patrick E. McCullar, President
Representing DEMEC

DEMEC Staff Attending: Heather Contant, Director of Media Relations & Communications; Stephanie Dove, Manager of Accounting & Settlements; Scott Lynch, VP of Asset Development; Stephan Siok, Director of Beasley Plant Operations & Compliance; Kendra Friel, Administrative Assistant/Training & Events Coordinator; Jennifer Coulbourne, IT System Administrator; Emily Greene, Energy Services Manager

Guests and Attendees: Christine Hoh, ICMA Local Government Management Fellow, City of Milford & Lewes BPW; Jeff Martindale, Assistant City Manager, City of Newark; Max Walton, Legal Counsel, Connolly Gallagher

MINUTES

The minutes of the following meetings were presented for approval:

1. Minutes of the Meeting of June 25, 2019

Upon motion made by Clayton to approve the minutes of the meeting of June 25, 2019, seconded by Newark, the motion passed unanimously.

TREASURER'S REPORT

Mr. Patrick McCullar, President, reported that the May report shows DEMEC to be on course for the year. He opened the floor to questions, none were posed.

Upon motion made by New Castle to accept and approve the May 2019 Financial Report, seconded by Newark, the motion passed unanimously.

Mr. McCullar shared that PNC is selling their investments affiliate to Federated Investors, a non-bank investment brokerage firm. This sale is due to close in December of 2019. He noted that DEMEC will be reviewing the associated risks and options before recommending current investments remain with Federated Investors. Should the decision be made to seek another firm, an RFP will be issued. DEMEC currently has two accounts with the PNC affiliate, an Ultra-short Bond Fund and a Government Money Market Account. Mr. McCullar offered this report for informational purposes. No action from the board is required at this time.

APPOINTMENTS / ELECTIONS

None.

PRESENTATIONS

None.

RESOLUTIONS

None.

COMMITTEE REPORTS

Executive Committee –

Mr. Darrin Gordon, Director representing Lewes BPW and Chair of the Executive Committee, shared that the Executive Committee was tasked with preparing a document providing direction to Mr. McCullar. Another document has also been prepared in reference to a current personnel issue.

Before sharing this information with the staff, Mr. Gordon proposed a discussion amongst the board members only. For this reason, he approached Mr. Max Walton, DEMEC Legal Counsel, who advised that a time frame of 7 business days from agenda posting to the meeting date must be adhered to in order to be FOIA complaint. Mr. Gordon has proposed that the documents be provided to the board for review at the end of the meeting and that the date of Thursday, August 1, 2019 be set for this special meeting. Mr. Charles Anderson, Director representing Seaford, noted that he will not be available but is apprised of the documents and does not feel the meeting should be deferred for his return. A meeting on Thursday, August 1, 2019 at 9:00 a.m. at the DEMEC administrative offices was scheduled.

Audit Committee –

Ms. Pam Patone, Director representing the MSC of New Castle and Chair of the Audit Committee, noted that the committee has not met since the last report. They will be meeting again soon to discuss second quarter financial statements and will report back.

PRESIDENT’S REPORTS TO BOARD

Generation Project Report:

Mr. McCullar indicated that this will be covered in Executive Session.

Construction Project Status Report:

Middletown Transmission & Substation – None.

Economic Development Projects:

Middletown Technology Center – None.

Newark STAR Campus – None.

Mr. McCullar informed the board that an RFP for solar on behalf of Middletown has been issued. Mr. Morris Deputy, Director representing Middletown and Chair, indicated that two sites are being considered for this project. Mr. Tom Coleman, Director representing Newark, shared that the University of Delaware is also interested in pricing on renewables.

Ms. Donna Mitchell, Director representing Dover, noted that she has matters to discuss pertaining to this subject, but she intends to bring them up in Executive Session.

Legislative Status Report:

Mr. McCullar reported that Senator Harris B. McDowell sought to once again present the RPS bill. DEMEC successfully dissuaded him. Senator McDowell has announced his retirement at end of his term in 2020. It is very likely that he will raise the issue of this increase once again. In

discussions with the Senator, Mr. McCullar shared that either revisions to net metering or complete exemption from RPS requirements would be necessary for DEMEC to be satisfied with the bill.

Mr. Gordon inquired if the fact that the promised task force had not come to fruition had been communicated to other legislators. Mr. McCullar stated that this had been done, and the news did not resonate well with the legislature. Many members of the board agreed that RPS may not be necessary as the changes specified are happening organically.

Mr. McCullar addressed the letter received from Jennifer Cohen, the DelDOT Secretary, requesting a working group appointee. Since DEMEC has very little interaction with DelDOT, it was suggested by Mr. McCullar that someone closer to the action be appointed. Ms. Mitchell offered to assign this task to Mr. Jim Robinson, Alternate Director representing Dover, noting that the working group will most likely meet in Dover. She assured those present that Mr. Robinson will be sure to cover all bases, as water and sewage will also need to be considered in these discussions. The board thanked Ms. Mitchell. Mr. McCullar asked that a formal email be provided indicating that Mr. Robinson will be representing DEMEC. He will then forward this information to Ms. Cohen.

RP3 Application Update:

None.

Business Model Assessment Update:

Mr. McCullar requested direction with regards to this line item. Since the final copy has been received, he inquired if the item should be removed from the agenda. Given that some members have not had time to thoroughly review the report, the option of only confirming receipt of said report was discussed.

Upon motion made by Dover to acknowledge receipt of the final copy of the Business Model Assessment, seconded by Milford, the motion passed unanimously

AMI Updates

Seaford -

Mr. McCullar noted that these updates are substantially complete.

Milford -

Mr. Eric Norenberg, Director representing Milford, stated that these updates are almost complete. He noted some water meter reading issues. Milford is currently on the stage of installing modules.

Other AMI Projects -

Mr. McCullar reminded the board to reach out to DEMEC with any future AMI requests.

Joint Lineman Training Yard

With Ms. Kimberly Schlichting, COO-SVP Power Supply, being unavailable for this meeting, Ms. Emily Greene, Energy Services Manager, informed the board that visits to another line-yard have taken place for ideas of how to proceed. She noted that more information will be forthcoming.

Recommendation – Energy Services RFP

It was decided that this item will be reviewed in Executive Session since vendor's responses were marked as confidential.

TRAINING AND EDUCATION:

Ms. Kendra Friel, Administrative Assistant/Training and Events Coordinator reported on recent and upcoming events. She noted that the Joint Council Briefing and the 2nd Annual DEMEC Legislative Luncheon both had excellent attendance and interaction with elected officials on the municipal and state levels.

APPA National Conference -

Per Ms. Friel, the conference was well attended with representation from Smyrna, Newark, Lewes BPW & Milford. A Light up Navajo reception was also held in honor of those who offered support in this pilot initiative.

Hurt-man Rescue Training - Tuesday, June 25, 2019

This training was very well attended (27) with representation from Seaford, New Castle MSC, Smyrna, Newark and Dover. In addition to outside hands-on training there was inside classroom training. Positive feedback was received and requests for additional like training.

Community Outreach Webinar – Tuesday, July 16, 2019 (Immediately following this meeting)

This webinar, which will be made available after the meeting, is the final of seven in the “APPA Raising Public Power Awareness” webinar series. A wealth of knowledge is to be found in this webinar; it is hoped that you will attend if your schedule permits. If not, all 7 webinars are available for viewing at your convenience here in the DEMEC Administrative Offices.

Efficiency Smart 101 – Date TBD

Ms. Friel reported that she is working with Ms. Greene to develop this in-house training. Program benefits and how your staff can best communicate the programs benefits to your customers will be included in this training.

DEMEC Annual Members Dinner – Wednesday, September 18, 2019

A “Save the Date” for this event has been sent to all board members. A formal invitation will be forthcoming. As in years past, the DEMEC September Board Meeting will be held immediately before the event.

Public Utility Accounting – Tuesday, October 8, 2019

This APPA full day training session will be presented by Mr. Dan LaHaye from Baker Tilly. Mr. LaHaye will present on utility accounting, introduction to utility balance sheets and income statement accounts, and best practices.

Future Trainings

Ms. Friel reported that the following trainings are currently being pursued:

Renewables and Net Metering –

Mr. Scott Lynch, VP of Asset Development, is preparing this in-house training. Date and time to be determined.

Electric Vehicles (EVs) –

APPA has developed an educational class on EVs. It will be added to the schedule soon.

Bucket Truck and Pole Top Rescue –

With the success of the Hurt-man Rescue Training, DEMEC is pursuing similar trainings as requested by many distribution managers.

Osha 10 & 30 –

These trainings are also being pursued at the request of those at the distribution level. Ms. Friel is working with DEMA to coordinate.

Safety Trainings –

Trainings such as active shooter and natural disaster response have been requested. Ms. Friel is working with DEMA to coordinate.

New Developments

Feedback survey -

This newly implemented tool will provide us informative feedback from participants. Our first survey garnered all 5-star results (scale of 1 – 5) and produced much positive feedback from the attendees.

New Registration Site –

A new electronic registration method has been adopted for ease of registering. As with previous trainings, a link will be provided to register, but the registrant will be directed to a new landing page. This new software will effectively limit the manual processing of registrations, alleviating the possibility of many mistakes and furthering the uniformity of the registration process. Several additional perks, such as calendar invitations upon registration, a map function and the viewing of multiple events in a calendar format will be available.

Ms. Friel concluded and offered to answer questions. Mr. Coleman requested clarification on the date of the Utility Accounting training. Ms. Friel acknowledged the conflicting information provided in the board packet and promised to follow up. Mr. Coleman then asked about the possibility of offering continuing education credits with these trainings. Ms. Friel asked Mr. Coleman to send an email requesting such, noting that any requests of the board will be pursued by Ms. Friel and Ms. Schlichting.

AMP Traveling Board Meeting – October 15 – 17

Mr. McCullar reminded the board that this meeting will be hosted at Dover Downs this year. He noted that a schedule has not yet been made available but ensured the members that it will be forwarded to them upon receipt.

Mr. Coleman took a moment here to share that he heard very good feedback about the Hurt-man Rescue Training. He felt this was important to note as those who attended are not usually predisposed to sharing such.

Communications Update –

Ms. Heather Contact, Director of Media Relations and Communications, referred to an email sent to the board about the DEMEC “Power Savers” radio interviews. She indicated that the interviews were on 92.9 & 94.7. Both stations will host power savers alerts. This is very beneficial as it keeps our customers advised of upcoming hot weather events.

Ms. Contant has been informed that previously purchased billboard space is still being used in some communities since the space has not been assigned to another entity. For this reason, the billboard in North Dover has been up for an additional 3 or 4 weeks free of charge.

She reminded the board that DEMEC recently celebrated its 40th anniversary, which was shared on social media.

Ms. Contant reported that in the middle of June DEMEC joined Governor Carney in recognizing the DEMEC crew members who participated in the Light Up Navajo initiative. She stressed the importance of such meetings, stating that the pursuit of these interactions is making DEMEC more recognizable to the Governor, legislators and their staffs. This is becoming more apparent with each interaction. She shared the positive feedback received from legislators and their staff regarding the DEMEC tumblers provided at the Legislative Luncheon. This name recognition is very valuable.

DEMEC recently hosted 12 staff members from the Public Service Commission (PSC). During this visit, PSC staff toured the Beasley Power Station and peeked at the Smyrna Solar Facility. Ms. Contant expressed her gratitude to Mr. Steve Siok, Director of Beasley Plant Operations and Compliance, and Mr. Bob Durham for sharing their knowledge on the tour. The PSC representatives were very happy with the tour and, although they do not regulate DEMEC, they were very excited to learn more about us and the benefits we bring to the state.

Ms. Contant reminded the members that Public Power Week Billboard designs will be completed in August. She noted that she will be reaching out for pictures and such to complete them in time for submission in September to ensure they are ready for October.

The DEMEC Informational Booklet, developed two years ago, is also due for an update. She asked that pictures of community events, line workers and such be forwarded to her attention for possible inclusion in the booklet.

Ms. Patone shared that in the New Castle MSC is now offering tours as part of their commitment to their Key Accounts Program. They have invited Key Accounts, Council Members and Trustees to tour their facilities and have found it quite valuable. She also noted that several employees from New Castle MSC have applied for and will shortly be receiving their certification in the APPA Key Accounts Certificate Program. Ms. Contant asked her to extend an invitation to the 25th Annual DEMEC Members Dinner to all who have received certification.

Mr. McCullar took a moment to thank Ms. Contant and Ms. Schlichting for their efforts at Legislative Hall. He stated that their involvement made reaching out to legislators extremely effective. With their assistance, virtually half of the legislators at Legislative Hall were reached when working to stop the RPS legislation.

GREEN ENERGY PROGRAM STATUS REPORT:

Demand Response Update –

Mr. Scott Lynch, VP of Asset Development, advised the board to expect Demand Response calls to be issued this week due to an anticipated heat wave. He noted that this is normal for mid-July and assured them that he will keep all informed.

Mr. Lynch also stated that PJM will be making changes this year which will affect Demand Response. He noted that Mr. Bill Oosterom of C-Power will have more information on these changes, and their effects, when he provides his report later this year.

MRPS Next Planning Cycle Review & Recommendations-

Mr. Lynch reminded the members that this item still stands for their consideration. Mr. McCullar noted that information is currently being pulled together for board review. Currently, MRPS is scheduled to be addressed at the August meeting.

In response to questions offered by Mr. Coleman, Mr. Lynch noted that at this time there have been six Demand Response (DR) calls, with the call volume having reached twenty in years past. He stated that in order to prepare for and reduce same day notifications, he and Ms. Contant have been working to inform customers in advance. PJM DR calls, per Mr. Lynch, can take place at any time but gains in efficiency and renewables have mitigated these calls, resulting in no calls being issued in the last 4 or 5 years. Only test events have been issued.

ENERGY EFFICIENCY PROGRAM STATUS REPORT

Energy Efficiency Advisory Council (EEAC) –

Ms. Greene reported that no meeting was held in June. There is a meeting scheduled for August.

Energy Efficiency Program Update –

Mr. Tim Coyle of Efficiency Smart will be out this week for meetings; Mr. Tim Sterns will be out next week.

Ms. Greene reviewed the provided dashboard. Currently, we are very near the 3-year target. This includes planned and achieved statistics. Ms. Greene plans to meet soon with communities approaching their goal to discuss possible over performance.

She reported on the success of several Corporate and Industrial (C&I) and Residential projects. She noted that the 99-cent lighting initiative is successfully moving along, with a new spot in Middletown soon to be identified. Ms. Greene also reported that several C&I projects are highly likely to begin soon, and multiple leads are being followed up on.

Two new Efficiency Smart Staff members have been hired to assist DEMEC with the program. Mr. Ron Abremski will be replacing Mr. Coyle as our Account Manager and Mr. Sasha Miafodzyeu will take the place of Mr. Stern who is currently our technical resource. Ms. Greene has worked with both gentlemen in different capacities and feels they will be welcome additions.

During the week of July 8th, Efficiency Smart ads will be run in local newspapers in Clayton, New Castle and Seaford. In early August, an ad will be run in Milford. All will be one day ads. There will also be a launch ad run in Middletown.

Ms. Greene is also working on an additional small business/residential initiative in New Castle.

Here Ms. Greene ended her report. Mr. Coleman informed her of the tentative council meeting schedule for August 5th in Newark. He expects final direction for involvement in the program to be provided. Mr. Coleman will provide this information to Ms. Greene post haste to expedite the implementation of the Efficiency Smart.

Renewable Energy Taskforce Meeting Update –

The taskforce met in June and focused primarily on net metering. The topic of discussion was should entities that build large scale community solar projects be considered third party suppliers. Much back and forth took place between the PSC and Public Advocate. No decision was made. This topic will be discussed again at a future meeting.

BUSINESS FROM THE FLOOR

Mr. Coleman informed the members that Newark will shortly be undergoing union contract negotiations for all blue-collar positions. These negotiations will affect field and office personnel but exclude police. He stated that he will be reaching out to the membership for input on this process.

Mr. Coleman also informed those present that Newark will shortly, at the direction of council, be seeking to integrate electric vehicles into their fleet. He inquired if DEMEC uses electric vehicles. Mr. McCullar responded that his vehicle isn't and that only his vehicle is owned by DEMEC. He did inform Mr. Coleman that the vehicle is due to be replaced shortly, and a hybrid or electric vehicle will then be considered.

Here Mr. Coleman introduced Mr. Jeff Martindale. Mr. Martindale is the new Assistant City Manager for Newark and has been tasked with this conversion. With Mr. Martindale focusing on this project, Newark hopes to purchase 3 to 5 vehicles this year. He noted that stage one of the process is installing charging stations which has quickly become a more complicated process than expected. Mr. McCullar recommended the use of the APPA listserves, noting that many public power communities are going through the process or have already done so. Mr. McCullar said this could be a good resource.

Ms. Mitchell shared that Dover previously implemented hybrids into their fleet which was proven to be a challenge. The vehicles were not well suited to weather and soon began to show wear from the ice, snow and salt. Ms. Mitchell noted that Dover is also considering electric vehicles.

Ms. Contant added that discussions have previously taken place about developing vinyl decals for each member community to display on utility vehicles. These decals would have uniform hashtags (#DEMEC, #Public Power). She asked if the members were still interested. It was decided that the members would like to pursue this further. Ms. Contant stated that she will provide potential designs and research pricing.

Ms. Mary Ellen DeBenedictis, Director representing Clayton, shared that the mayor of Clayton has resigned. An interim mayor will be appointed until the next election takes place.

Mr. Norenberg introduced Ms. Christine Hoh. Ms. Hoh is a Local Government Management Fellow working with both Milford and Lewes. Mr. Norenberg plans to include her in future meetings.

EXECUTIVE SESSION

The Board went into executive session at 10:47 a.m. upon motion by Seaford, 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 11:26 a.m.

RETURN TO REGULAR SESSION

Mr. Deputy asked for a motion to approve the ACES contract for Energy Services from 2020 until 2024.

Upon motion made by Lewes to approve the ACES contract, seconded by New Castle, the motion passed unanimously.

NEXT MEETING DATES

The following meeting dates were set:

Tuesday, August 20, 2019 – 10:00 a.m.

Wednesday, September 18, 2019 – 4:00 p.m. (*Annual Dinner at Dover Downs*)

Tuesday, October 15, 2019 – 10:00 a.m.

ADJOURNMENT

Upon motion by Newark, seconded by New Castle the Board Meeting adjourned at 11:18 a.m.