

DELAWARE MUNICIPAL ELECTRIC CORPORATION
REGULAR MEETING
DEMEC ADMINISTRATIVE BUILDING
SMYRNA, DELAWARE
January 21, 2020

A meeting of the Board of Directors of the Delaware Municipal Electric Corporation was held Tuesday, the 21st day of January 2020 at DEMEC's Administrative Building, Smyrna, Delaware.

The meeting was called to order at 10:02 a.m. with Darrin Gordon, Vice-Chair, presiding.

The following roll call was presented:

Present:

Tyler Reynolds, Alternate
Representing Middletown
Will Gallagher, Alternate
Representing Milford
Charles Anderson, Director
Representing Seaford
June Merritt, Alternate
Representing Seaford
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
Pamela Patone, Director
Representing MSC of New Castle
Dr. Roy Sippel, Alternate
Representing MSC of New Castle
Patrick E. McCullar, President
Representing DEMEC

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

Guests and Attendees: Max Walton, General Counsel, Connolly Gallagher; Lincoln Willis, Principal, The Willis Group

MINUTES

1. Minutes of November 19, 2019

Ms. Pamela Patone, Director representing New Castle pointed out an error in the minutes of November 19, 2019. The minutes reflect the appointment of Mr. Tom Coleman, Director representing Newark to the positions of Treasurer and Assistant Secretary upon the departure of Mr. Eric Norenberg, Director representing Milford. Mr. Coleman had been appointed to the Executive Committee and the other positions remain vacant.

2. Minutes of December 3, 2019

Upon motion made by Newark to accept the minutes of November 19th, 2019 as amended and the minutes of December 3rd, 2019 as presented, seconded by Clayton, the motion passed unanimously.

TREASURER'S REPORT

Mr. McCullar offered to answer any questions on the November 2019 Financial Report.

Mr. Coleman asked that an executive summary of the document be included in future reports. Mr. McCullar assured him staff would begin to do so.

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

APPOINTMENTS / ELECTIONS

None.

PRESENTATIONS

None.

RESOLUTIONS

None.

COMMITTEE REPORTS

Executive Committee –

Mr. Darrin Gordon, Director representing Lewes, stated that no report is pending.

Audit Committee –

Ms. Patone noted that a draft of the minutes from the November 19th Audit Committee meeting has been provided and that the next meeting will take place in February of 2020.

She stated that a limited RFP has been issued, with only two firms invited to respond. More information will be made available as it is collected. The committee has also asked that staff prepare a financial calendar for their use so the committee can carry out their responsibilities unobtrusively.

The Finance Committee scope and responsibilities will be reviewed at the February meeting as well.

Ms. Patone stated that succession is also a topic of concern citing that her tenure as Chair will be coming to an end. She invited members who would like to join the committee reach out, stating that the committee can be expanded.

In closing she noted that she will not be at the February board meeting and stated that she will reach out to Ms. Stephanie Dove, Director of Accounting and Settlements to reschedule the Audit Committee meeting planned for that day.

PRESIDENT’S REPORTS TO BOARD

Generation Project Report:

Fremont-

Mr. McCullar reported that Fremont has come out of their maintenance outage but that unit one tripped the unit offline shortly thereafter. Ms. Kimberly Schlichting, COO/SVP Power Supply, noted that more information will be provided in executive session.

Per Mr. McCullar, Unit 2 and the steam turbine are up and generating.

Beasley –

Mr. McCullar reported that Beasley is seeing lower than usual dispatch rates this winter. Staff will keep an eye on this trend to determine if it is short term, relating to the warmer weather, or long term due to excess PJM generation by more economic sources. The costs of Beasley are still being covered at this time.

Mr. Coleman inquired about the outstanding debt service of Beasley. Mr. McCullar noted that it is due to mature in 2041. He did remind the members that, should the market cooperate, the possibility of refinancing at a lower rate is being sought for the first quarter of 2020. He assured members that currently the ancillary and capacity service dollars are covering the debt service. He reiterated that at this time no action is necessary and that the down trend will continue to be monitored by staff.

Construction Project Status Report:

Middletown Transmission & Substation –

Will be discussed in executive session per Mr. McCullar.

Economic Development Projects:

Middletown Technology Center –

Awaiting official commitment from customer.

Newark STAR Campus –

Still moving along briskly.

Legislative Status Report –

An in-depth report to be provided by Mr. Lincoln Willis, Principal, The Willis Group, in executive session.

Ms. Schlichting reminded members that she, Mr. McCullar, & Ms. Heather Contant, Director of Media Relations and Communications, will be attending the APPA Legislative Rally in Washington, DC at the end of February. She invited members who would like to attend to let us know. Mr. Gordon asked if the attendance of board members would be beneficial, to which Ms. Schlichting replied yes. She noted that having those who directly represent the communities is always desirable. She shared that legislation effecting public power on the national level will be spoken on as well as state level concerns. At this time only Representative Lisa Blunt Rochester is available, but a meeting is also being sought with Senator Carper and Senator Coons. Ms. Contant stressed that flexibility is key as things change quickly on Capitol Hill.

AMI Updates

New Castle –

Ms. Patone shared that AMP has reached out to coordinate a visit to the New Castle site. She noted that New Castle is very grateful for the input of those in the group who have previously implemented AMI as it is already saving them time.

Milford –

Mr. Will Gallagher, Alternate representing Milford, noted that the project is nearing completion. The electric portion is working well, and a large delivery of water meters is expected shortly. He stated that troubleshooting continues on some issues associated with the water meters, but AMP is working very closely with Milford to remedy the issues in question. Ms. Schlichting stated that she was under the impression that there were very few issues left. She encouraged Mr. Gallagher to contact her should this not be the case.

Other AMI Projects –

Middletown is starting the process and, per Mary Ellen DeBenedictis, Director representing Clayton, Clayton has been discussing implementation.

RP3 Update:

Ms. Stephanie Dove, Director of Accounting and Settlement, reviewed the status of the DEMEC members RP3 applications. First, she shared that RP3 is a program through APPA that focuses on best practices relating to reliability, safety, workforce development, and system improvements.

Recently, DEMEC and the award-winning communities were notified of their designations. Ms. Dove congratulated the designees.

She noted that even those who did not receive designation learned a lot during the process. On many occasions it was found that the required action was being taken, but that written policies were not in place stating such. Once these policies are put into writing, these members will be one step closer to receiving designation. She noted that the working groups organized last year were very helpful during the process and will be organized again this year, with a kick-off meeting scheduled sometime around June 2020.

Ms. Dove also reiterated the request made by APPA in their email notifying designees of their award. It has been requested that communities not share this information until after the APPA E&O Conference scheduled for April 20th, at which time the awards will be officially presented. When this time comes to pass, Ms. Contant will be happy to help with press releases and such.

Ms. Patone noted that while the MSC did not apply this year, they do plan to do so in 2020. She asked for a list of the policies to be written. Ms. Dove stated that it varies from community to community. She offered to forward the application to Ms. Patone stating that upon review, it will be easy to identify the policies that her community will need to focus on to make the process go more smoothly.

Ms. Schlichting shared that the expansion of participation in the program has been a goal for quite some time. She thanked Ms. Dove for her efforts. With this first application process complete, the years going forward should be easier. She noted that while the recognition from APPA is wonderful, DEMEC will also recognize each community at the Annual Dinner to make sure our communities and elected officials understand the importance of such an award.

Members discussed their satisfaction with the process implemented, citing things like the benefits of working in a group and the checklists which were developed during the process as beneficial factors.

Strategic Plan:

Ms. Schlichting reported that Hometown Connections has been secured for DEMEC strategic planning. The following dates will be circulated to the board:

Phone Interviews – March 9th, 2020
March 10th, 2020
March 13th, 2020

Meeting Dates – April 1st, 2020
(3 full days) April 29th, 2020

May 28th, 2020

Ms. Schlichting asked that each member check their calendar and respond to her as soon as possible to lock in the dates.

Ms. Schlichting also told the board that the Strategic Planning Proposal has been posted to Board Paq for their review. She encouraged them to review the document in preparation for the meetings.

Ms. Patone asked if input of the municipal boards and councils will be sought by Hometown Connections. Mr. McCullar advised that since the vendor will be providing a list of questions prior to the phone interview, the board members will be tasked with reaching out to their decision makers, and alternate board members, for input to be brought to the planning sessions. Also, since many communities are expecting a change to their councils/boards, it was decided that the questions will be addressed to their current board/council members to ensure the most knowledgeable people provide input.

Mutual Aid:

Ms. Schlichting informed the board that a thank you has been received from Florida for the communities who responded to provide mutual aid during hurricane Dorian last September. Ms. Kendra Friel, Training and Events Coordinator, also has stickers which were provided for distribution to participating linemen. Ms. Patone asked for an electronic copy of the thank you. Ms. Schlichting assured her it will be sent along.

TRAINING AND EDUCATION:

Ms. Kendra Friel, Training and Events Coordinator, updated the board on various trainings coming down the pipeline. Some, such as the “Customer Service Working Group” meeting, the “Introduction to Net Metering and Renewables”, and “FOIA: Your Responsibility as a Municipal Utility” trainings are close to being scheduled. Other trainings and meetings being explored were also listed.

Ms. Friel reminded the members to mark their calendars for various other events including “DEMEC Day”, the “Legislative Luncheon”, and the “Joint Council Briefing” which are all quickly approaching.

Mr. David DelGrande asked why “DEMEC Day” has been scheduled earlier than in years past. Ms. Schlichting stated that the reservation of the presentation space is competitive and is booked on a first come first served basis. Mr. Gary Stulir, Director representing Smyrna, asked if the members should expect to meet with Governor Carney immediately after as in years past. Ms. Schlichting noted that this meeting has not yet been confirmed. She assured the members they will be notified as soon as the meeting is set in stone. Mr. DelGrande inquired about the annual APPA National Conference. Ms. Schlichting stated more information will be provided to the directors as it is made available to staff.

Communications Update:

Ms. Contant started her report by informing members that a meeting with Governor Carney has been requested on “DEMEC Day”, but since he only schedules six weeks out, we will not know if our meeting request has been accepted until late February or early March. She assured the members that they will be kept informed.

Ms. Contant offered an overview of the Charitable Distributions and Sponsorship Request (CDSR) report.

Ms. Contant called the attention of the board to the DEMEC Snapshot brochures with which they were provided. She noted that these brochures were created to educate customers on the municipality’s relationship with DEMEC and the benefits of such. She asked that they be placed where they are accessible to customers. She also noted that in a further attempt to educate the public on DEMEC, the idea of the creation of vinyl stickers to be placed on utility vehicles will be revisited. The use of these stickers on the vehicles of multiple members will help customers see the relationship between each municipality, and DEMEC. She suggested that the design of a RP3 sticker also be pursued to highlight this great achievement.

Next, Ms. Contant shared that she and Ms. Friel traveled to Legislative Hall for the first day of session to distribute welcome back packages for each legislator.

Work on the Annual Report is underway, as well as the DEMEC booklet which is now due for an update. Ms. Contant asked that the members provide pictures of their electric utilities in action, community events, etc., noting that personalized photos are much preferable to using stock photos for these publications.

Regarding the educational display, Ms. Contant recommended that we forego raffles to allow time for better outreach opportunities.

Mr. DelGrande asked if the DEMEC brochures are available in PDF version as Newark is looking to update their website and would like to have them available online. He also noted that this new website will include more information about DEMEC and the relationship between DEMEC and Newark. He stated that Newark would like to work with DEMEC to ensure that the same messaging is being promoted. Ms. Contant stated that she’ll be glad to help with this.

Due to time constraints and important matters to be discussed in executive session, Mr. McCullar advised that staff stand on all remaining reports, unless there are specific questions from the board. Hearing none, Mr. Gordon asked for a motion to enter executive session.

GREEN ENERGY PROGRAM STATUS REPORT

Demand Response Update –
None.

ENERGY EFFICIENCY PROGRAM STATUS REPORT

Energy Efficiency Advisory Council (EEAC) –
None.

Energy Efficiency Program Update –

None.

INFORMATION TECHNOLOGY

IT Update –

None.

BUSINESS FROM THE FLOOR

None.

EXECUTIVE SESSION

The Board went into executive session at 10:58 A.M. upon motion by New Castle, 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 12:31 P.M.

RETURN TO REGULAR SESSION

No action taken.

NEXT MEETING DATES

The following meeting dates were set:

Tuesday, February 18, 2020 – 10:00 a.m.

Tuesday, March 17, 2020 – 10:00 a.m.

Tuesday, April 21, 2020 – 10:00 a.m.

ADJOURNMENT

Upon motion by Seaford, seconded by Clayton, the Board Meeting adjourned at 12:31 P.M.