

**DELAWARE MUNICIPAL ELECTRIC CORPORATION**  
**REGULAR MEETING**  
DEMEC ADMINISTRATIVE BUILDING  
SMYRNA, DELAWARE  
**November 16, 2021**

A meeting of the Board of Directors of the Delaware Municipal Electric Corporation was held Tuesday, the 16<sup>th</sup> day of November 2021 at DEMEC's Administrative Building, Smyrna Delaware.

The meeting was called to order at 10:08 a.m. with Morris Deputy, Chair, presiding.

The following roll call was presented:

Present:

Morris Deputy, Board Chairman  
Representing Middletown  
Tyler Reynolds, Alternate  
Representing Middletown  
Charles Anderson, Director  
Representing Seaford  
June Merritt, Alternate  
Representing Seaford  
Mary E. DeBenedictis, Director  
Representing Clayton  
Tom Coleman, Director  
Representing Newark  
David Del Grande, Alternate  
Representing Newark  
Cassandra Young, Alternate  
Representing Smyrna  
Scott Blomquist, Director  
Representing the MSC of New Castle  
Mark Whitfield, Director  
Representing Milford  
Lou Vitola, Alternate  
Representing Milford  
Austin Calaman, Director  
Representing Lewes BPW  
Kim Bellere, Alternate  
Representing Lewes BPW  
Kimberly Schlichting, President  
Representing DEMEC

DEMEC Staff Attending: Stephanie Dove, Chief Financial Officer; Heather Contant, Director of Government & Community Relations; Jennifer Coulbourne, IT System Administrator; Kendra

Friel, Training & Events Coordinator; Scott Lynch, VP Asset Development; Charles Santo, Accounting Analyst; Stephan Siok, Director of Beasley Plant Operations & Compliance

Guests and Attendees: Max Walton, Attorney, Connolly Gallagher; Brian Lee Director of Portfolio Strategy, ACES (via phone)

### **APPROVAL OF MINUTES**

The minutes of the following meeting were presented for approval:

1. Minutes of October 19, 2021

Upon motion made by New Castle, to approve the minutes of the meeting of October 19, 2021, seconded by Newark, the motion passed unanimously.

### **TREASURER'S REPORT**

#### **Monthly Financial Report – September 2021 –**

Ms. Stephanie Dove, Chief Financial Officer, presented the September 2021 Financial Report. Summer demand is higher than last year and is expected to stay that way through the rest of the year. One contributing factor to increased demand in September 2021 over September 2020 is the reopening of schools. She reviewed cash balances and noted that income was greater than last year due to an increase in the market revenues. Conversely, net income is lower due to higher power supply costs. She explained that PJM RTO charges are a large portion of the power supply costs.

#### **Investment Report Q3 –**

Ms. Dove reviewed the Third Quarter Investment Report. She noted that per the Federal Reserve announcement, they do not intend to increase interest rates in the near future. We believe they will remain low at least through the next year.

She reviewed the shoulder month forecast and gave a banking update. She shared news on the most recent bond payment and ended her presentation by reminding members to reach out with any upcoming potential member financed projects.

Upon motion made by Seaford, to approve the Monthly Financial Report for September 2021 and the Third Quarter Investment Report, seconded by Newark, the motion passed unanimously.

### **APPOINTMENTS/ELECTIONS**

None.

### **PRESENTATIONS**

Energy Market Update – ACES -

Brian Lee, Director of Portfolio Strategy with ACES, offered an Energy Market Update focusing on the drivers of increasing natural gas prices and resulting energy cost increases. He presented a graph of pricing increases. One major driver of increases is winter weather fear. Fear based trading currently being seen is like that seen after the 2014 polar vortex.

He presented another graph on gas production in the southern US noting that hurricanes are a major factor in lower production. Production has yet to rebound after hurricane season.

On top of lower production, near record exports to foreign markets by larger private companies is occurring. These companies are focused on debt reduction and shareholder returns, not production. Environmental focus and pipeline cancellations have also resulted in lower production. When these companies start investing in new drilling, prices will begin to go down. Europe and Asia focus largely on intermittent resources like renewables and must be supplemented by natural gas. Russia is their main supplier of natural gas, and has cut back, leading to shortages. He explained how inflated pricing in Europe and Asia is pushing up prices in the US. Price uncertainty is keeping producers conservative, and the lower storage levels are creating higher prices. Storage saw some relief in October with warmer weather.

2020 saw historically low natural gas prices. He reviewed pricing over several years noting fluctuations. 2020's low will not be duplicated, but market correction will result in a return to the average of the last decade.

Mr. Lee reviewed the effects elevated pricing has had on the DEMEC power supply portfolio. DEMEC is well hedged and positioned for 2022. Pricing will be higher than 2020 and 2021, but as a direct reflection of market price increases. DEMEC is on course to beat market pricing due to hedging policies and purchases we have in place.

In closing Mr. Lee summarized his presentation, noting that pricing is anticipated to remain elevated due to the fear of extreme weather events, lower production, and higher exports. Long term pricing is expected to lower but will remain higher than record lows for the foreseeable future and will average out due to market correction. Producers have maxed out on exports and storage is recovering. Fear on the trading side is going down.

Mr. Tom Coleman, director representing Newark asked if exporting of natural gas is new. Mr. Lee said it is relatively new. It began when the US discovered an abundance of natural gas. Before that the US was a net importer, now we are a major exporter.

## **RESOLUTIONS**

None.

## **COMMITTEE REPORTS**

### **Executive Committee –**

Mr. Deputy reported the committee spoke about succession planning and budget highlights. More on the budget and an update from Mr. Max Walton, Attorney with Connolly Gallagher, will take place in executive session.

Finance Committee –

Mr. Charles Anderson, Director representing Seaford, and Finance Committee Chair reported the committee has met several times to discuss the budget and updating Beasley policies. Options were requested and will be presented to the board in executive session. The policies for Beasley will be presented at a future meeting.

**PRESIDENT’S REPORTS TO BOARD**

Legislative Update –

Ms. Kimberly Schlichting, President and CEO, stated that Mr. Lincoln Willis, Principal with the Willis Group, will be available to report next month. She shared highlights from Senator Stephanie Hansen’s recent visit to the Beasley Power Station and DEMEC offices.

Records Retention Policy –

The policy is currently on hold. Mr. Walton is being asked for feedback before proceeding next month.

Budget 2022 –

To be discussed in executive session.

Rate Study –

The study continues to move forward. A meeting took place last week. Staff is planning to hold a working group for the board and consultant to review options in January 2022.

Joint Training Yard –

Mr. Walton and Ms. Schlichting will be attending the Town of Smyrna Board of Adjustments meeting to discuss certain site requirements.

**COMMUNICATIONS & OUTREACH**

Ms. Heather Contant, Director of Government & Community Relations reviewed social media reach and engagement for the month of August. She reminded members that holiday energy savings graphics were sent yesterday. There are enough to share two weekly for the next six weeks. The graphics can be customized with each community’s logo and will correspond with scheduled radio spots on various stations. The Holiday Energy Saving graphics and DEMEC posts were designed similar to the Power Savers Pro Tip graphics shared over the summer. Beyond DEMEC’s sponsorship of the lighting contest, iHeart Media also asked DEMEC to share Holiday Energy Savings Tips. These tips will be used throughout the season, and DEMEC will be given credit for each.

DEMEC will also be providing Holiday Energy Savings Tips in an interview on Delmarva Life as part of DEMEC’s sponsorship of the WBOC Holiday Gift Guide. Ms. Contant will be in Seaford this month to record the interview.

Mr. Coleman asked for clarification on the social media numbers presented. Ms. Contant noted the confusion and offered clarification. She will revise how they are presented to provide more clarity going forward.

Ms. Contant reviewed Public Power Week outreach. She shared information on radio, newspaper, tv, & online campaigns. YouTube videos were created for each community; they can be accessed via the photos in the presentation. She also shared links to radio commercials for each community. An annual Public Power Week email, featuring the community billboards, was sent to state and federal legislators, as well as the Governor's office. The Public Power Week video is one of DEMEC's first big pushes to YouTube and the view count received is a good starting point. DEMEC will look to create more educational videos. Since the video focuses on public power and does not mention Public Power Week, it can be used all year. Ms. Contant also shared photos of Public Power Week outreach in Clayton.

Examples of full-page ads featured during October in the Delaware State News and other monthly publications were shown. Delaware Business Times requested to include Ms. Schlichting in their "People on the Move" section in October, following up on the media outreach in June about the pending leadership transition.

Ms. Contant will be participating in the Dover Air Force Base Honorary Commander Program. This public relations initiative will not only allow DEMEC to educate those on base about public power, but will also promote relationships with distinguished members of the local community.

Ms. Contant spoke at APPA's Customer Connections Conference in October. She presented on ways to make the most of marketing programs and featured the DEMEC Power Savers Program. She has been appointed Chair of the APPA Public Communications Committee and will help plan the conference next year.

In closing Ms. Contant shared pictures of social media posts in October.

## **TRAINING & EDUCATION ACTIVITIES**

### **Training & Events Report –**

Ms. Kendra Friel, Training & Events Coordinator, reported on the "Cost of Service" webinar series, noting overall feedback of 4.8 out of 5. To ensure collection of adequate feedback, DEMEC will begin requiring participants to complete the feedback survey before receiving their certificate of attendance. As with many other organizations, such as APPA, DEMEC will also begin requiring attendees to stay for 90% of webinars and participate in polls, breakouts, and other interactive activities. Ms. Friel concluded her report by reminding members of the Annual Holiday Luncheon that will take place next month.

## **GREEN ENERGY & DEMAND RESPONSE PROGRAMS STATUS REPORT**

### **MRPS Report –**

Mr. Scott Lynch, VP of Asset Development, is working on scenarios pertaining to the RPS changes in February 2021. These scenarios will be provided to the membership for review and discussion.

## **ENERGY EFFICIENCY PROGRAM STATUS REPORT**

### **Energy Efficiency Program Update –**

Mr. Lynch stood on his report. He reminded members that Efficiency Smart was in Delaware last week. They visited Lewes BPW, Middletown, and Newark. He thanked the members for hosting them and said they would be following up.

Mr. Lynch shared that Mr. Steve Dupee has been appointed the Assistant VP of Energy Efficiency Programs at AMP. He was part of the Efficiency Smart Steering Committee and will be a valuable asset. He also reminded members that Ms. Carolyn Dehorty is available to speak to their customers as needed.

### **IT UPDATE**

None.

### **BUSINESS FROM THE FLOOR**

None.

### **EXECUTIVE SESSION**

The Board went into executive session at 11:12 a.m. upon motion by Milford, seconded by Newark, to discuss the following:

1. To discuss personnel actions, strategic business and commercial generation operations, dispatch, negotiations, and planning.
2. Succession Planning
3. Budget 2022

The Board ended executive session and returned to regular session at 12:26 p.m.

### **ACTION TAKEN AFTER EXECUTIVE SESSION**

Upon motion made by Newark, to approve the updated CEO contract with effective date of October 15, 2021, seconded by Clayton, the motion passed unanimously.

### **SET NEXT MEETING DATES**

The following meeting dates were set:

1. Thursday, December 7, 2021 – 9:00 a.m. *Please take note of the 9:00 a.m. start time. Meetings will revert to 10:00 a.m. at the January 2022 meeting.*
2. Tuesday, January 18, 2022 – 10:00 a.m.
3. Tuesday, February 16, 2022 – 10:00 a.m.

### **ADJOURNMENT**

Upon motion by Newark, seconded by Milford, the Board Meeting adjourned at 12:27 p.m.