

DELAWARE MUNICIPAL ELECTRIC CORPORATION  
**REGULAR MEETING**  
DEMEC ADMINISTRATIVE BUILDING  
SMYRNA, DELAWARE  
**June 8, 2023**

A meeting of the Board of Directors of the Delaware Municipal Electric Corporation was held on Thursday, 8<sup>th</sup> day of June 2023 at DEMEC's Administrative Building, Smyrna, Delaware.

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

The following roll call was presented:

Present:

Morris Deputy, Chair  
Representing Middletown  
Tom Coleman, Vice Chair  
Representing Newark  
Dave Del Grande, Alternate  
Representing Newark  
Charles Anderson, Treasurer  
Representing Seaford  
June Merritt, Alternate  
Representing Seaford  
Mary DeBenedictis, Secretary  
Representing Clayton  
Robert Cote, Alternate  
Representing Clayton  
Scott Blomquist, Director  
Representing the MSC of New Castle  
Ken Natale, Alternate  
Representing the MSC of New Castle  
Austin Calaman, Director  
Representing Lewes BPW  
Kim Bellere, Alternate  
Representing Lewes BPW  
Mark Whitfield, Director  
Representing Milford  
Travis Stewart, Alternate  
Representing Smyrna  
Kimberly Schlichting, President  
Representing DEMEC

Absent:

Tyler Reynolds, Alternate  
Representing Middletown

Sheldon Hudson, Director  
Representing Smyrna  
Lou Vitola, Alternate  
Representing Milford

DEMEC Staff Attending: Stephanie Dove, Vice President & Chief Financial Officer; Kendra Friel, Training & Events Coordinator; Jennifer Coulbourne, IT System Administrator; Mark Pryor, Plant Operator; Tara LaGrassa, Accounting Analyst; Bruce Kitchens, Special Projects Manager; Scott Lynch, VP of Asset Development; Stephan Siok, Director of Beasley Plant Operations & Compliance; Chris Manganelli, IT Network Technician; Willie Marshall, Director of Finance; Temika Moore, Contracts/HR Administrator; Heather Contant, Director of Government & Community Relations; Christine Siok, Executive Assistant.

Guests and Attendees: Tony Chipola, Electric Director, City of Milford; Max Walton, Attorney, Connolly Gallagher; Lincoln Willis, Principal, The Willis Group; Alex Hofmann, Chief Strategy and Operations Officer, Beneficial Electrification League.

### **APPROVAL OF MINUTES**

The minutes of the following meeting(s) were presented for approval:

1. Minutes of May 11, 2023

Upon motion made by New Castle, to approve the minutes of the meetings of May 11, 2023, seconded by Clayton, the motion passed unanimously.

### **TREASURER'S REPORT**

#### **Monthly Financial Report – Q1 2023 –**

Ms. Stephanie Dove, Vice President & CFO, reviewed Q1 2023 Financial Reports. Demand January through March is 4.5% lower over the same period in 2022 and 4.9% below budget due to the warm weather.

For Total Cash on Hand, Ms. Dove explained that total cash decreased 51% over the prior year mostly due to decreases in Rate Stabilization Reserve and collateral deposits.

Ms. Dove noted that for the Rate Stabilization Reserve (RSR), there was an increase in charges from January through March compared to the prior year. The RSR balance was 47% lower than March 2022 largely due to borrowing for Indian River and paybacks will continue through the end of 2023. The actual costs have exceeded actual revenues mostly due to decreased demand due to warmer weather and generation revenues.

Ms. Dove also noted that income is 22% less than the same period last year due to lower natural gas prices and decreased generation opportunity. Power purchases were 9.7% lower through March 2023 than the prior March and PJM RTO load charges were 11% lower than the previous year.

For the Q1 2023 Investment Summary, Ms. Dove noted that there was a slight increase in income over the prior quarter. The Federal Open Market Committee (FOMC) raised interest rates two (2) times in 2023. The investment portfolio has been moved over to the new portfolio advisor.

Under Summer Months' Demand, Ms. Dove noted that April demand is slightly higher as compared to April 2022. The summer short term projections are expected to transition to summer faster and there is a moderate risk of severe weather. Hurricane season began on June 1<sup>st</sup>.

In the finance update, Ms. Dove stated that bond continuing disclosures are due at the end of June. The Series 2022 was timely filed. The Cash Reserve Study kickoff meeting occurred in April with a follow up meeting on June 1<sup>st</sup>.

Ms. Dove stated that for asset management, the portfolio has been transitioned to PFMAM and finance staff continues to work on the transition.

Ms. Dove ended with the review of the monthly billing schedule.

Upon motion made by Newark, to approve the Monthly Financial Report for Q1 2023, seconded by Seaford, the motion passed unanimously.

### **APPOINTMENTS/ELECTIONS**

None.

### **EXECUTIVE SESSION**

The Board went into executive session at 10:15 a.m. upon motion by Newark, seconded by Clayton, to discuss the following:

1. Legislative/Regulatory Update

### **RETURN TO REGULAR SESSION**

The Board ended executive session and returned to regular session at 10:32 a.m. upon motion by Clayton, seconded by Newark, the motion passed unanimously.

### **RESOLUTIONS**

Resolution 2023-1 – Resolution of the DEMEC Board of Directors regarding ownership and application for publicly owned generation facilities –

Ms. Kimberly Schlichting, President & CEO, explained the purpose of Resolution 2023-1 regarding ownership and application for publicly owned facilities.

Upon motion made by Newark, to approve Resolution 2023-1 Resolution of the DEMEC Board of Directors regarding ownership and application for publicly owned generation facilities, seconded by Milford, the motion passed unanimously.

## **PRESENTATIONS**

### Beneficial Electrification League Membership Presentation -

Mr. Alex Hofmann, Chief Strategy and Operations Officer, presented on the Beneficial Electrification League.

Mr. Hofmann explained the value and benefits of the Beneficial Electrification League's (BEL) programs.

## **COMMITTEE REPORTS**

Executive Committee – Mr. Morris Deputy, Director representing Middletown and Board Chair, stated that the Executive Committee met on Tuesday and details will be discussed during executive session.

Finance Committee – Mr. Charles Anderson, Director representing Seaford and Treasurer, noted that the Finance Committee has been meeting and is in the audit phase. Mr. Anderson thanked the DEMEC Finance team for their efforts with the audit.

## **PRESIDENT'S REPORTS TO BOARD**

### Legislative/Regulatory Update

Discussions were held later in the meeting under executive session.

### Joint Training Yard & Lineworker Program –

Ms. Schlichting noted the surveyor is currently working with the engineer to break ground shortly.

### Light Up Navajo

Ms. Schlichting stated that she and a crew of four (4) lineworkers from Newark and Smyrna went to the Navajo Nation in April. It was a rewarding experience and electricity was brought to three (3) homes. Planning for next spring will begin in September. Ms. Schlichting thanked the utilities who sent crews to the Navajo Nation.

### Indian River –

Ms. Schlichting shared that settlement hearings continue to be scheduled as the intervening parties and NRG continue to work together in good faith towards a settlement. The next settlement hearing is scheduled for July 6<sup>th</sup>.

### Mutual Aid –

Ms. Schlichting stated that two DEMEC staff attended APPA's national mutual aid workshop last month in Washington, D.C. DEMEC continues to work on advancing a more comprehensive mutual aid program for our members. As such, DEMEC will be taking advantage of APPA federal grant funding which will provide for agency and/or industry speakers to present to DEMEC membership to benefit our program. DEMEC will be the third public power utility taking advantage of this federal grant opportunity through APPA. DEMEC will be distributing a survey on potential workshop dates shortly.

Mr. Austin Calaman, Director representing Lewes BPW, noted that the BPW will be hosting a weather-related tabletop exercise in the fall of 2023. DEMEC will attend Lewes's exercise.

Distribution System Review Committee –

Ms. Schlichting explained that DEMEC has been working to form a distribution system review committee. The committee will focus on joint issues and opportunities that include joint transmission purchases and grid modernization. A survey regarding emergency spare transformers has been distributed to the communities. The results of the survey and any opportunities will be discussed at an upcoming meeting.

2022 Significant Events –

Ms. Schlichting provided a high overview of the 2022 Significant Events highlighting a few initiatives in the Power Supply and Organization strategic priorities.

DEMEC/PJM Demand Response Event and Dispatch Discussion –

Ms. Schlichting noted that the event was held on March 29<sup>th</sup>, and it provided information on DEMEC's role and the Board's role and response if there is a PJM demand response event and the lessons learned with Winter Storm Elliott. She suggested that another discussion be scheduled with the board members to do a deeper dive into the roles and responsibilities of DEMEC and the Board.

DEMEC Board Retreat –

Ms. Schlichting noted the DEMEC Board Retreat is scheduled for Wednesday, August 2<sup>nd</sup> and details will be discussed during executive session.

**COMMUNICATIONS & OUTREACH**

Ms. Schlichting stated that staff is standing on the following reports.

- Communications & Outreach
- Training & Education Activities

**SUSTAINABILITY & DEVELOPMENT**

Mr. Scott Lynch, VP of Asset Development, provided an update on low income solar. DEMEC will assist by promoting the State of Delaware's low-income solar program in DEMEC communities.

Mr. Lynch clarified the naming convention of Solar Phase III Project presented at the March 9<sup>th</sup> Board meeting and corrected the name to AMP Solar PPA. The project and parameters have not changed.

DEMEC continues to explore battery development opportunities. A brief discussion ensued.

**BUSINESS FROM THE FLOOR**

None.

### **EXECUTIVE SESSION**

The Board went into executive session at 11:38 a.m. upon motion by Clayton, seconded by Newark, to discuss the following:

1. To discuss personnel actions, strategic business and commercial generation operations, dispatch, negotiations, and planning.
2. Enabling Agreements
3. Job Descriptions
4. Indian River
5. DEMEC Board Retreat
6. Beneficial Electrification League Membership Presentation

### **RETURN TO REGULAR SESSION**

The Board ended executive session and returned to regular session at 12:36 p.m. upon motion by New Castle, seconded by Lewes, the motion passed unanimously.

### **ACTION AFTER EXECUTIVE SESSION**

Upon motion made by Newark, to approve the two (2) job descriptions and organization chart as discussed in executive session, seconded by Clayton, the motion passed unanimously.

### **RETURN TO REGULAR SESSION**

Ms. Schlichting noted that the September DEMEC Board meeting will be held on Thursday, September 14<sup>th</sup> and the Annual Dinner will be held on Wednesday, September 20<sup>th</sup>. This will be the first year they will be held on separate dates.

### **SET NEXT MEETING DATES**

The following meeting dates were set:

1. Thursday, July 13, 2023 - 10:00 a.m.
2. Thursday, August 10, 2023 - 10:00 a.m.
3. Thursday, September 14, 2023 - 10:00 a.m.

### **ADJOURNMENT**

Upon motion by Newark, seconded by Clayton, the Board Meeting adjourned at 12:38 p.m.