

DELAWARE MUNICIPAL ELECTRIC CORPORATION
Regular Finance Committee Meeting
November 14, 2023
Smyrna, Delaware

A meeting of the Finance Committee of the Board of Directors of the Delaware Municipal Electric Corporation was held on Tuesday, November 14, 2023, via WebEx.

The meeting was called to order at 9:01 a.m.

The following roll call was presented:

Committee Present:

Charles Anderson
City of Seaford, City Manager
Tyler Reynolds
Town of Middletown, Finance Director
David DelGrande
City of Newark, Finance Director

DEMEC Staff Present:

Kimberly Schlichting, President & CEO
Stephanie Dove, Chief Financial Officer
Willie Marshall, Director of Finance
Tara LaGrassa, Accounting Analyst

Absent: None

APPROVAL OF MINUTES – August 24, 2023

Upon motion by David DelGrande and second by Tyler Reynolds, August 24, 2023, Regular Finance Committee Meeting minutes were approved by the Committee.

FOLLOW UP ON ACTION ITEMS

DEMEC Rate Study

Ms. Schlichting stated the Rate Study was discussed at the Board Retreat and at this time we will not be going through with the study, and it will be removed from the Finance Committee agenda moving forward.

PJM Collateral - Letter of Credit

Ms. Dove stated that PJM ran a six-month simulation on the impacts of the change from the 97% confidence interval to the 99% confidence interval and they calculated a 33% increase in collateral needs with the change. That estimate might be on the high end of the change in collateral needs, but she thinks it's a reasonable estimate that you could use for budgeting purposes. New requirements begin for the December 2023 Auction. We currently have enough posted to participate, which is \$17M allocated to FTR and includes the Letter of credit for \$12.5M. DEMEC staff continues to monitor this.

TREASURER'S REPORT

The Finance Committee is an advisory-only committee of the DEMEC Board of Directors and has no power to finally approve or order any action. The power to act rests exclusively with the DEMEC Board of Directors.

Mr. Anderson had no formal report

ACCOUNTING POLICIES & PROCEDURES

Capital Asset Maintenance O&M Reserve Policy

Discussed in Executive Session

Beasley Operating Reserve Policy

Discussed in Executive Session

Rate Stabilization Policy

Discussed in Executive Session

MRPS Reserve Policy

Discussed in Executive Session

Cash Flow Policy

Discussed in Executive Session

Accounting Policies & Procedures

Discussed in Executive Session

Purchasing Policy

Discussed in Executive Session

Disbursements Policy

Discussed in Executive Session

REVIEW OF FINANCIAL/INVESTMENT REPORTS

3Q 2023

Ms. Dove provided an overview of the third quarter financial statements for the Committee noting that demand and revenues are down, but net income is 1.1% higher than last year because the power supply costs are down.

2024 BUDGET – Discussed in Executive Session

BUSINESS FROM THE FLOOR

Ms. Dove stated that the Audit Prelim is this week, and that the Committee should be hearing from the Auditors.

EXECUTIVE SESSION

Motion was made by Mr. Reynolds and seconded by Mr. Del Grande to go into Executive Session at 9:15 a.m. to discuss the following:

1. Capital Asset Maintenance O&M Reserve Policy
2. Beasley Operating Reserve Policy
3. Rate Stabilization Policy
4. MRPS Reserve Policy
5. Cash Flow Policy
6. Accounting Policies & Procedures
7. Purchasing Policy
8. Disbursements Policy
9. 2024 Budget

The Finance Committee ended the executive session at 10:57 a.m.

NEXT MEETING DATES

(Third Tuesday of the second month following the quarter end; subject to change)

- a. Tuesday, February 20, 2024, at 9:00 a.m.
- b. Tuesday, May 21, 2024, at 9:00 a.m.
- c. Tuesday, August 20, 2024, at 9:00 a.m.

ADJOURNMENT

The Finance Committee adjourned at 11:01 a.m.