

**DELAWARE ELECTRIC COOPERATIVE  
MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS**

**July 17, 2019**

**CALL TO ORDER**

The regular meeting of the Board of Directors of Delaware Electric Cooperative, Inc. was held at the office of the Cooperative at Greenwood, Delaware, on Wednesday, July 17, 2019 at 10:00 a.m. Chairman William J. Wells called the meeting to order. The following directors were present: Dean C. Belt, Michael K. Brown, Blaine M. Daisey, Sr., Patricia S. Dorey, William P. Haughey, Jr., Bruce A. Henry, William W. Noel, Laura T. Phillips, Charles L. Towles, Jr., and Bruce R. Walton

Also present at the meeting were J. William Andrew, Rob Book, Bruce Campbell, Gary Cripps, Mark Nielson, Dawn Smart, Jesse Spampinato, Dwayne Street, Troy Dickerson, Steve Gilliam from Adams, Jenkins and Cheatham of Midlothian, Virginia and Mary Egerson, who recorded the minutes of the meeting.

**APPROVAL OF THE MINUTES**

The minutes of the regular meeting of June 26, 2019, were approved as mailed.

**ANNUAL AUDIT REPORT**

Steve Gilliam, from Adams, Jenkins and Cheatham of Midlothian, Virginia reviewed with the Board the Audit Report as of March 31, 2019 and 2018 and the related statements of operations. In the auditors' opinion, he stated that the financial statements presented fairly, the financial position of the Cooperative.

The auditor informed the Board that the financial statements had been audited with the Generally Accepted Accounting Principles (GAAP), including GAAP for regulated operations

Upon motion made, seconded, and unanimously carried, the March 31, 2019 and 2018 Audit Report, was accepted as presented.

### **HUMAN RESOURCE REPORT**

Dawn Smart, Vice President of Human Resources, asked the Board to read the Safety Report that is in the drop box. Vice President Smart told the Board that there were no injuries or accidents during the month.

Vice President Smart reported that there were twenty (20) work area inspections conducted during the month. All work area inspections received a “Satisfactory” rating.

### **FINANCIAL REPORT**

Bruce Campbell, Vice President of Finance and Accounting reviewed the June 2019 Financial Report with the Board. Special thanks were extended to Alison Miller, Manager of Accounting and Ivanessa Cay for a job well done on the Audit.

Vice President Campbell advised the Board that the next S & P meeting in New York is scheduled for October 2, 2019.

### **ENGINEERING, PLANNING & INNOVATION**

Vice President of Engineering, Strategy and Innovation, David Shapley reported that growth continues to outpace last year, not only in new services but Miss Utility as well. Miss Utility tickets continue on an upward trend. Growth was down by 7% for the current month, but 2% above for the year.

Vice President Shapley reported that the number of RF (radio frequency) meters installed is 32,569, which accounts for 33% of the total meters. Any new meter or replacements set within the RF area will be the new RF meter. Read rates continue to improve.

Vice President Shapley reported that DEC’s Electrical Vehicle Charging pilot program continues to show economic success, not only in demand reduction, but in avoiding usage during peak times.

Vice President Shapley reported that testing was completed of 50 metering sites. Of those tested there were three issues identified ranging from failed components (Weiss Market), oversized equipment (WBOC CT's), and equipment (Cape Henlopen PT's) that were starting to show signs of failure.

### **ENGINEERING REPORT**

Troy Dickerson, Assistant Vice President of Engineering, reported that year-to-date new services of 1,614 was up by 0.74% from 1,602 last-year-to-date. Year-to-date 2,347 jobs were engineered versus 2,445 last year- to-date, a decrease of -4.18%. There were 2,332 new work order request for jobs engineered and sent to construction versus 2,277 last year, an increase of 2.42%

### **OPERATIONS & MAINTENANCE**

Jesse Spampinato, Vice President of Operations, presented the Operations report to the Board. Vice President Spampinato reported that during the month of June, DEC slightly recovered from the previous month. The SAIDI for June 2019 minutes were 6.606, where the average June month is 11.68 minutes. This puts the SAIDI year-to-date at 32.194 minutes, when compared to last year-to-date at 41.267. This is a 28.18% improvement from last June. The SAIFI for June interruptions were 0.104, where the average June month is 0.159 interruptions. This puts the SAIFI year-to-date at 0.469 interruptions, when compared to last year-to-date at 0.664 a 41.578% improvement.

Vice President Spampinato reported that system control hit the peak for June 2019. Year-to-date, DEC went into load control with Beat the Peak and hit six (6) of the seven (7) Coincident Peak days for the year, missing only February due to a drastic unforeseen change to the weather.

Vice President Spampinato reported that DEC has entered the 5CP months, which start in June and runs through the end of September. Three of the five CPs hit during the month of June. DEC went into load control, including Beat the Peak, one of the three

times.

## **REGULATORY REPORT**

Vice President Mark Nielson provided the Board with an update on the Bruce Henry Solar Farm. During the month of June the solar farm produced 777,643 kWh and had a 1,545 kW impact on our coincident peak. For the month the kWh production was 19.39% greater than forecasted.

Vice President Nielson noted that there are no new updates on the Bruce Henry Solar Farm expansion with Constellation. Construction is to start sometime in August and should be completed by the end of 2019.

Vice President Nielson provided the results of DEC's Strategic Planning Retreat. The Strategic Priorities and Scenarios have been assigned to Staff to implement and move forward.

DEC had entered into a Power Purchase Agreement (PPA) with Atlas Energy in 2014 to accept energy, capacity and renewable energy credits from poultry waste to energy in a project to be constructed within our service area. No progress has been made on the facility and thus DEC has terminated the PPA

DEC is continuing discussions with ODEC and EDF Renewables for the development of one or more distributed solar projects within our service area.

Vice President Nielson introduced two proposed additions to the tariff. The first is the formal adoption of the electric vehicle rider moving from a pilot program to a permanent program. The second, a Solar Rider offering that would permit members to purchase solar energy at a premium to their current rate. After some discussion the Board voted unanimously to approve both additions.

## **ODEC REPORT**

Director Henry discussed in detail the Confidential ODEC report summarizing facts released from the May, 2019 ODEC Board Meeting

## **MEMBER SERVICES REPORT**

Vice President Rob Book reported to the Board that DEC's Annual Meeting is scheduled for Tuesday, August 13, 2019 at the Delaware State Fairgrounds. Entertainment would be provided by The Jones Boys and Junior Wilson. Junior Wilson would entertain in the skating rink and The Jones Boys in the Dover Building. Etta's Catering would have someone on the outside with water as well as inside of the Dover Building at 5:00 p.m. during the Jones Boys entertainment.

V.P. Book reported that there were 5,936 calls to the Call Center during the month of June, with 88% answered within 30 seconds.

Delaware Electric Cooperative's annual report and magazine, Delaware Living, will be mailed out the last week of July. The magazine has been completely redesigned and features a cleaner, more modern look. The cover this year celebrates 2018 as the Co-op's most reliable year ever. Included in the publication are stories about all sorts of people and places the Co-op is proud to power. One of the most interesting stories in this edition is a feature on Paul Cullen. The former MTV star and bass player for Bad Company is now a gourmet chef in Sussex County.

Vice President Book reported that the marketing department was excited to launch the reimagined [www.delaware.coop](http://www.delaware.coop) and Beat the Peak app in late June.

## **LEGISLATIVE COMMITTEE REPORT**

Director Charles Towles, presented the Legislative Report to the Board. Director Towles reported that Delaware legislators recessed the first session of the 150<sup>th</sup> General Assembly on July 1<sup>st</sup> without acting on or considering any significant new energy policy initiatives. Renewable portfolio standard was introduced and sought to be moved in the Senate on

June 27th, the second to last day of the session, but there were not enough votes to move a bill to the Senate, floor.

Director Towles reported that Senator McDowell, the longest Senator and Chair of the Senate Energy Committee, has announced that he will retire after the end of the next session.

Director Towles reported that from an overall revenue perspective, the State ended the Fiscal Year 2019 in a strong position. Legislators carried over approximately \$125 million in reserve funds for Fiscal Year 2021, beyond the 5% constitutionally-mandated “rainy day fund.” In addition, legislators enacted the largest capital bond bill in Delaware history, approximately \$863 million, which includes a \$500,000 allocation to the Department of Agriculture to fund a diesel irrigation system conversion program in partnership with DEC.

## **TECHNOLOGY REPORT**

Dwayne Street, Vice President of Technology, reported that the Critical Infrastructure Availability for the month of June was at 100% in three areas. The phone system was at 98.3% due to a power loss on June 27 for 12 hours. Windstream transfer station in Harrington lost power as their generator failed. The Wide Area Network (Fiber) Server was at 99.9% only being down for 15 minutes for testing of the failover.

Vice President Street reported that IT completed transition from PCI Rapid Comply to the new service provider, Clover Security. DEC successfully passed PCI Vulnerability Scan on June 25, 2019. PCI Compliant until October 11, 2019.

Vice President Street reported that IT increased web security for OMS and Futura by using a trusted SSL certificate instead of a self-signed one. IT helped internal response to Dominion National’s -Dental breach.

## **KRTA COMPARISON**

### **KRTA -2018**

Bruce Campbell, Vice President of Finance and Accounting, presented a power point presentation to the Board on the Key Ratio Trend Analysis 2018 Operating Year. He explained that the KRTA is a tool to help managers and Board members comprehend a complete picture of their system's performance. The key ratio trend analysis is (1) a comprehensive data set that measures financial and operational performance used by electric distribution cooperatives, over a five year period and (2) a tool to compare cooperatives performance with the results of 815 other electric cooperatives

CFC developed the KRTA in 1975 to analyze distribution system operations, highlight strengths and weaknesses, help gauge past and present performance, and to support predictions of future performance. It should be interpreted by reference to financial statements, year-end operating reports, CPA audits and other relevant operating information. The Executive Summary discloses the following:

Base Group Ratios, Financial Ratios, Revenue & Margin Ratios, Controllable Expense Ratios, Fixed Expense Ratios, Total Expense Ratios, Employee Ratios, Growth Ratios-(Capitalization), and Plant Ratios.

## **PRESIDENT'S REPORT**

President and CEO Bill Andrew summarized the components of the President's Report as outlined on the Board Agenda.

## **ADJOURNMENT**

A number of issues of interest to the Board were electronically mailed. Chairman Wells asked the Board if they had any questions concerning these items.

Having no other business to come before the Board. The meeting was adjourned at 2:55 p.m.

**EXECUTIVE SESSION**

Chairman Wells called for an Executive Session. Having no other business the meeting was adjourned at 4:08 p.m.

---

Secretary

---

Chairman