

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

December 18, 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 in Greenwood, Delaware on Wednesday, December 18, 2019, at 8:53 a.m., immediately after the Employee Christmas Breakfast. 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, Jr., (via teleconference), Laura T. Phillips, Charles L. Towles, Jr., and Bruce R. Walton.

Also present at the meeting were: J. William Andrew, Rob Book, Bruce Campbell, Mark Nielson, David Shapley, Dawn Smart, Jesse Spampinato, Dwayne Street, Troy Dickerson, and Mary Egerson, who recorded the minutes of the meeting.

APPROVAL OF MINUTES

The Minutes of the regular meeting of November 20, 2019 were approved.

HUMAN RESOURCES REPORT

Dawn Smart, Vice President of Human Resources, reported that there were no reported vehicle accidents or injuries during the month.

Vice President Smart also reported that the following new employees will begin work at Delaware Electric Cooperative: Tom Beamon, CFO, will start February 3, 2020; Ryan Shockley, Planning Engineer, December 30, 2019; Lauren Irby, Manager of Public Relations and Community Affairs, December 30, 2019.

FINANCIAL REPORT

Bruce Campbell, Vice President of Finance & Accounting, reviewed the

November 2019 Financial Report with the Board.

ANNUAL WRITE-OFF

Bruce Campbell, Vice President of Finance and Accounting, presented the delinquent accounts write-off. He requested the Board authorize the write-offs and approval of uncollectible electric accounts totaling \$202,880.67. Miscellaneous bill write-offs were also presented, which totaled \$61,423.53. He explained that DEC collects a portion of these write-offs over time through member re-connects and collection efforts. Further, Capital Credits assigned to these bad debt accounts totaling \$148,254 will be forfeited, resulting in a much lower net loss. A motion was made, seconded and unanimously carried to approve the 2019 bad debt write-offs of miscellaneous bills and electric accounts.

FINANCE COMMITTEE REPORT

Vice President of Finance and Accounting, Bruce Campbell, reviewed the 2020 Operating and Capital Budgets. Vice President Campbell reported that the 2020 Operating and Capital Budget represents management's estimate of the operating activities and capital expense and recommendations that will affect the financial performance of DEC in 2020. The Operating Budget includes estimated expenditures for resources needed by management to carry out the goals, commitments, contractual obligations and strategic initiatives of the Cooperative. The Capital Budget incorporates the 2020 Annual Work Plan and related capital investments supporting DEC's technology.

Vice President Campbell informed the Board that management's overall objective in formulating an Operating Budget is to ensure DEC is able to deliver a margin that will produce a minimum Tier of 1.25.

In conclusion, Vice President Campbell made a recommendation to adopt the 2020 Operating and Capital Budget without reservation.

Director Patricia Dorey, Board Budget Committee Chairperson, made a recommendation to the Board that they adopt the proposed Board Budget, as presented. A

motion was made, seconded and unanimously approved to adopt the 2020 Board Budget.

Director Haughey advised the Board that the Finance Committee had met on Thursday, December 12, 2019 and reviewed the proposed 2020 Operating and Capital Budget. The Annual Work Plan (AWP) was approved by the Operations Committee in November and affirmed by the Board at the November meeting. The Finance Committee approved the 2020 Operating & Capital Budgets and has recommended that the 2020 Cooperative Budget be approved, as presented. Motion was made to approve the 2020 Operations & Capital Budget, seconded, and unanimously carried.

Special recognition was given to Alison Miller, Manager of Accounting, Ivanessa Cay, and Bruce Campbell for their exemplary contributions in compiling the budgets.

ENGINEERING, PLANNING & INNOVATION

Vice President of Engineering, Strategy and Innovation, David Shapley, reported that growth continues to outpace 2018, not only in new services but Miss Utility locates as well. Miss Utility locates growth were 7% above for the current month and 4% above for the year, when compared to 2018.

Vice President Shapley reported that the total number of RF (radio frequency) meters currently installed is 35,394, which accounts for 36% of the total AMI meters that can be converted. Any new meter or replacement set within the RF area will be the new RF meter.

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

ENGINEERING

Troy Dickerson, Assistant Vice President of Engineering, reported that year-to-date new services were 2,974. Growth of new services was up by 4.53% from 2,845 last year-to-date. However, the 2019 total jobs engineered were 4,394, as compared to 4,271 last

year-to-date, an increase of 2.88%. There were 4,323 work order requests for jobs engineered and sent to construction versus 4,238 last year, an increase of 2.01%.

Assistant Vice President Dickerson reported that nine (9) group bids for material went out to bid for the upcoming year.

OPERATIONS & MAINTENANCE

Vice President of Operations, Jesse Spampinato, presented the Operations Report to the Board. Vice President Spampinato reported that during the month of November, DEC had a slightly unfavorable reliability month. The SAIDI index for November 2019 was 9.15 minutes, while the average is 6.01 minutes. This puts the SAIDI year-to-date at 81.16 when compared to last-year-to-date at 80.36, a slightly unfavorable 1% for the SAIDI index rating. The SAIFI for November interruptions were 0.114, where the average November month is 0.098 interruptions. This puts the SAIFI year-to-date at 1.246 interruptions per meter when compared to 2018 at 1.310 interruptions, a favorable 4.89% for the SAIFI index rating.

Vice President Spampinato reported that system control hit the peak for November 2019. Year-to-date, DEC went into load control with Beat the Peak and hit ten (10) of the eleven (11) coincident peak days for the year, missing only February due to drastic unforeseen changes in the weather.

REGULATORY REPORT

Vice President Mark Nielson provided the Board with an update on the Bruce A. Henry Solar Farm. During the month of November, the solar farm produced 442,254 kWh and had a positive impact of 432 kW on our coincident peak. For the month, the kWh production was 8.38% greater than forecasted.

Vice President Nielson noted that Phase II of the Bruce A. Henry Solar Farm is scheduled to be energized today, December 18, with commissioning and generation to begin sometime on Friday, December 20.

Vice President Nielson provided the annual report on pole attachment revenue for the Board.

Vice President Nielson updated the Board on the progress of EDF/ODEC on the distributed solar projects. One parcel of ground is now under site control and a second site is expected to be under site control by the end of the year. Following site control EDF/ODEC will begin the interconnection application process with DEC.

Vice President Nielson advised the Board of the results of the recent depreciation study, which resulted in a net decrease to depreciation expense that will be booked beginning January 1, 2020.

Vice President Nielson introduced a proposed addition to the tariff that would provide for a program to incentivize fleet electric vehicles to participate in our demand side management programs in exchange for a grant. After some discussion the Board voted unanimously to approve the tariff addition.

Vice President Nielson reviewed proposed changes to Policy 400.2. Following discussion, the board voted unanimously to approve the changes.

ODEC REPORT

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

MEMBER SERVICE REPORT

Vice President of Member Services, Rob Book, presented the Member Services Report to the Board. Vice President Book reported the date for Delaware Electric Cooperative's Annual Meeting is scheduled for Tuesday, August 11, 2020 at the Delaware State Fairgrounds.

Vice President Book reported that the marketing department launched Delaware Electric Cooperative's annual capital credit campaign on Monday, December 2nd. A new TV commercial featuring Bill Andrew dressed as Santa debuted on every major TV station

on Delmarva. The commercial featured CEO Andrew delivering capital credits to DEC members in a Co-op bucket truck.

LEGISLATIVE REPORT

Director Towles reported that a new independent analysis of Delaware's permitting process found that other states in the region, including Maryland and Pennsylvania, were able to achieve substantially faster permit approvals for businesses wishing to locate or expand in their state. As a result, Delaware is missing significant economic development opportunities in the competition for jobs, talent, and investment.

The analysis was commissioned by the Delaware Business Roundtable. The Roundtable and its partners have launched a Ready in 6 initiative, designed to cut the permitting timeline from 24 months to six months in order to make Delaware more competitive with other states.

Vice President Rob Book reminded the Board Legislative Committee that the legislative luncheon is scheduled for January 28, 2020.

TECHNOLOGY

Dwayne Street, Vice President of Technology, reported that the Critical Infrastructure Availability for the month of November was at 100% in several areas. The SCADA servers were at 99.84%, for the month of November, due to a one-hour planned outage of the Wide Area Network (Fiber) for maintenance at the Frazier and Fairmount substations.

Vice President Street reported that IT donated desktop monitors to Greenwood Mennonite School and the Delaware State Police Museum. IT sponsored a lottery for old desktop computers and old cell phones for all DEC employees.

NRECA REPORT

Director Michael K. Brown reported he had spent last week in Arlington, VA for the winter board meetings. Mike will be seated at the end of the NRECA Annual Meeting in March 2020, in New Orleans.

Director Brown reported there are five major committees at NRECA and he will be seated on one of those committees.

Director Brown presented the Board with a voluntary log book to use to track their hours accurately in NRECA and also DEC.

PRESIDENT'S REPORT

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

APPT. OF NRECA, CFC, & FEDERATED VOTING DELEGATES & ALTERNATES

Upon motion made, seconded, and unanimously carried, a decision was made to appoint the following as Voting Delegates and Alternates for the various organizations for 2020:

NRECA	Michael K. Brown	Voting Delegate
	J. William Andrew	Alternate
CFC	Laura T. Phillips	Voting Delegate
	Charles L. Towles , Jr.	Alternate
FEDERATED	William P. Haughey, Jr.	Voting Delegate
	J. William Andrew	Alternate
NRTC	Mark Nielson	Voting Delegate
	Rob Book	Alternate

ADJOURNMENT

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

Having no other business to come before the Board in regular session, the meeting was adjourned at 11:56 a.m.

EXECUTIVE SESSION

Chairman Wells called for an Executive Session. The Executive Session meeting was adjourned at 12:28 p.m.

Secretary

Chairman

