

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

December 19, 2018

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 19, 2018 at 8:45 a.m., immediately after our 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., Laura T. Phillips, Charles L. Towles, Jr., and Bruce R. Walton.

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

APPROVAL OF MINUTES

The Minutes of the regular meeting of November 19, 2018, were approved.

HUMAN RESOURCES REPORT

Dawn Smart, Vice President of Human Resources, asked the board to read the Safety Report that is in the drop box.

FINANCIAL REPORT

Bruce Campbell, Vice President of Finance & Accounting, reviewed the November 2018 Financial Report with the Board.

FINANCE COMMITTEE REPORT

Director William Haughey, Finance Committee Chairman, called upon

COO Gary Cripps to review the 2019 Operating and Capital Budgets. COO Cripps reported that the 2019 Operating and Capital Budget represent management's estimate of the operating activities and capital expense, and recommendations that will affect the financial performance of DEC in 2019. The Operating Budget includes estimated expenditures for the resources needed by management to carry out the goals, commitments, contractual obligations, and strategic initiatives of the Cooperative. The Capital Budget incorporates the 2019 Annual Work Plan and related capital investments supporting DEC's technology.

COO Cripps 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 of 1.97 Tier.

In conclusion, COO Cripps made a recommendation to adopt the 2019 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 changes as presented. A motion was made, seconded and unanimously approved to adopt the 2019 Board Budget.

Director Haughey advised the Board that the Finance Committee had met on Wednesday, December 12, 2018 and approved the revised 2019 Board Budget and reviewed the proposed 2019 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 has reviewed and approved the 2019 Operating & Capital Budgets and has recommended that the 2019 Cooperative Budget be approved, as presented. Motion was made to approve the 2019 Operations & Capital Budget, as presented, seconded, and unanimously carried.

Special recognition was given to Alison Miller, Manager of Accounting, and Vanessa Cay, 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 last year, not only in new services, but Miss Utility as well. Miss Utility tickets have continued an upward trend. When compared to last year, growth was 3% above for the current month and 11% above the current year-to-date.

Vice President Shapley reported that the total number of RF meters installed is 23,314, which accounts for ~24% of 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 Electric Vehicle Charging pilot program continues to show economic success, not only in demand reduction, but in avoiding high usage during peak times. DEC has eight (8) EV chargers on members' home accounts.

ENGINEERING

Troy Dickerson, Assistant Vice President of Engineering, reported that year-to-date new services (2,845) had a slight increase of 5.06% from last year, (2,708).

Year-to-date, 4,271 jobs were engineered versus 4,058 last year, an increase of 5.25%. There were 4,238 work order requests versus 4,290 requests last year, a slight decrease of 1.21% that were engineered and sent to construction for installation.

Assistant Vice President Dickerson reported that, year-to-date, the net new meters (2,827) had a slight change (3.14%) during the month due to Jelly Stone Camp Grounds removal of 127 meters.

Assistant Vice President Dickerson reported that twelve (12) group bids were sent out in November for wood/fiberglass arms, clevis guy eye plates, ground rods, armor rods, tie wraps and PVC.

OPERATIONS & MAINTENANCE

Vice President of Operations, Jesse Spampinato, presented the Operations Report to the Board. Vice President Spampinato reported year-to-date (SAIDI) ratings

were 80.36 minutes per member in 2018 versus 84.48 minutes per member in 2017, a decrease of 4.88%, year-to-date. The (SAIFI) ratings were 1.310 interruptions per member in 2018 versus 1.255 interruptions per member in 2017, an increase of 4.38%, year-to-date.

REGULATORY REPORT

Vice President Mark Nielson provided the Board with an update on the Bruce Henry Solar Farm. During the month of November, the solar farm produced 237,531 kWh and had no impact on our coincident peak. Several inverters had experienced faults and were repaired in early December. For the month, the kWh production was 42.08% less than forecasted due to the problems with the inverters. For the year, the solar farm has generated 6,044,721 kWhs.

Vice President Nielson provided an update on the Clean Bay Renewables energy project in Georgetown.

Vice President Nielson also provided an update on the Cooperative's retail choice restart. He reported DEC will continue to test systems and processes with the hope to roll out retail choice effective March 1 or April 1.

Vice President Nielson presented the results of the annual pole attachment billings.

ODEC REPORT

Director Bruce Henry discussed, in detail, the Confidential ODEC report summarizing facts released from the October, 2018 ODEC Board Meeting.

MEMBER SERVICE REPORT

Vice President of Member Services, Rob Book, presented the Member Services Report to the Board. He reported the date for Delaware Electric Cooperative's Annual meeting is scheduled for Tuesday, August 13, 2019 at the Delaware State Fairgrounds.

Vice President Book reported that the capital credit marketing campaign, in late November, was very successful. The capital credits Christmas TV commercial was seen

by over 500,000 viewers on all Delmarva TV stations. The spot featured CEO Bill explaining the Co-op advantage to “Santa”, who happens to be a DEC member. The Co-op also offered a donation to WBOC’s Bless our Children Campaign. On Facebook, the capital credits announcement reached more than 50,000 people. The commercial was seen by tens of thousands of people on social media.

Vice President Book also reported that, as of November 30, 2018, there were 351 members with NEST thermostats signed up and controllable.

TECHNOLOGY

Vice President of Technology, Dwayne Street, reported that the Critical Infrastructure Availability for the month of November was at 100% in several areas, and iVUE (Member Care and Billing) was down for two hours, on November 28, for system updates.

Vice President Street reported that a Mobile Web Filtering, with MAC addressing, has been placed on all trucks to increase security with vehicle communications. He reported that only Co-op issued devices can connect. Vehicle communications are an extension of the DEC Network.

Vice President Street reported that 20 laptops were donated to Freeware4Kids. The laptops will be converted to Chromebooks and distributed to local students who cannot afford a device.

Vice President Street also reported that Email Impersonation protection has been added to our system.

LEGISLATIVE COMMITTEE REPORT

Director Charles Towles reported that the Legislative Luncheon is scheduled for January 22, 2019. Director Towles invited DEC’s Legislative Committee to attend.

Jamie Nutter, Esquire, gave a brief update on legislative activities in Delaware. He advised that a press release would be sent out on the EV Cap and Trade. He also spoke on net metering and annexation.

NRECA REPORT

Director Woody Noel thanked the Board for their support. Director Noel presented documents to the Board that included reports of the NRECA Board. Director Noel asked the Board if they would read over the reports in an effort to share concerns of the different committees and reports.

Director Noel reported that he is interested in being re-elected as the representative for DEC, once again, this year at NRECA. A motion was made to re-elect Director Noel, seconded and unanimously approved.

PRESIDENT'S REPORT

President 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 2019:

NRECA	J. William Andrew	Voting Delegate
	Gary D. Cripps	Alternate
CFC	Laura Phillips	Voting Delegate
	Gary Cripps	Alternate
FEDERATED	Gary D. Cripps	Voting Delegate
	J. William Andrew	Alternate
NRTC	J. William Andrew	Voting Delegate
	Gary D. Cripps	Alternate

ADJOURNMENT

A number of issues of interest for 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, the meeting was adjourned at 2:14 p.m.

EXECUTIVE SESSION

Chairman Wells called for an Executive Session. Having no other business, the meeting was adjourned at 3:05 p.m.

Secretary

Chairman