

Municipal Services Commission
Monthly Meeting
February 27, 2018 -- 4 p.m.
216 Chestnut Street
New Castle, Delaware

The meeting was called to order at 4 p.m. with Dr. Roy Sippel, Commissioner, presiding.

Present: Dr. Roy J. Sippel, Commissioner, President
Daniel F. Knox, Commissioner
Dr. Allen Hansen, Commissioner
Pamela A. Patone, Secretary

Staff in Attendance: Accounting/Customer Service Manager Tara French; Scott Blomquist, Supervisor, Electric Department; Ryan Jaeger, Asst. Supervisor, Water Department

Secretary Patone added the Special Meeting minutes for 1/29/18 to the agenda. Dates on the agenda should read "2018" rather than "2017."

Minutes -- One correction was noted. **A motion was made and seconded to approve the minutes of the 1/18/18 monthly meeting as amended. The motion was seconded and approved.**

A motion was made and seconded to approve the executive session minutes for the 1/18/18 meeting. The motion was seconded and approved.

A motion was made and seconded to approve the minutes of the Special Meeting on 1/29/18 as distributed. The motion was seconded and approved.

Treasurer's Report -- Secretary Patone reporting in Treasurer Stubbs' absence

Secretary Patone reported a total operating cash balance of \$2,060, 674.64. PNC escrow and meter deposit total in the amount of \$867,864.64. Total cash balance is \$2,928,539.28. Total investments are \$1,101,282.36. Customer Service/Accounting Manager Tara French reviewed the bank statements for the month. Treasurer Stubbs addressed Ms. French's questions satisfactorily. The checkbook register is attached to Treasurer Stubbs' report.

Secretary Patone pointed out two disbursements. One disbursement is for Terri Lynn Green Guyer (Jay Guyer's wife). Terri is a graphic design person who assists with our biannual newsletter. The second disbursement is a \$2,000 check paid to Pamela Patone that represents tuition reimbursement. The maximum tuition reimbursement is \$2,000 per fiscal year; receipts were submitted. Tuition reimbursement is offered to all non-union exempt management employees (7 employees). Mr. Knox thinks we should revisit the policy and amount of reimbursement offered; he encourages educational advancements.

A motion was made and seconded to approve the disbursements as presented. The motion was approved.

Accounting and Customer Service Report -- Accounting/Customer Service Manager Tara French reporting

(See attached report.)

- A posting for a Customer Service Representative I has been issued; applications will be taken starting this Friday, 3/2/18. One of our CSR's is leaving for another opportunity.
- Ms. Patone informed that beginning with the April financial reports presented in May the reports will be part of the Accounting and Customer Service Report.

Municipal Services Commission Meeting Minutes
February 27, 2018

Electric Department Report – Mr. Blomquist reporting
(See attached report.)

Water Report – Mr. Jaeger reporting
(See attached report.)

Town of Blades – Mr. Jaeger said the MSC has an interconnection with Artesian Water and Blades has no interconnection. They needed to bring in bottled water for residents. They have a temporary carbon system up and running now.

NPR Interview – Secretary Patone said NPR had not covered the PFAS stories when MSC was in the midst of it in 2014. Reporter Katie Peikes wanted to get an understanding why New Castle didn't need to have our customers use bottled waters. She said the recording contains Mr. Guyer's explanation about the Artesian/MSC interconnection agreement and how we are able to sell and/or purchase water from Artesian.

FOIA Request -- This morning Secretary Patone received a FOIA request from Napoli Law for documentation related to the PFC's. FOIA mandates a certain timeframe to respond. She has forwarded the request to our counsel. Secretary Patone will work with Messrs. Guyer and Jaeger over the next week or so to gather information.

Secretary Patone said the MSC investigation continues into the source of contamination in 2014. She will discuss further in executive session because of the recent interest shown and to ensure commissioners understand what legal action MSC can take as victims of the contamination and what steps to take to get reimbursed.

(Mr. Jaeger and Ms. French were thanked and excused from the meeting.)

A motion was made and seconded to enter executive session at 4:31 p.m.

(Mr. Blomquist was thanked and excused from the executive session after discussing the consideration to purchase real estate.)

Commissioners returned to general session at 5:33 p.m.

Financial Report Executive Summary – Secretary Patone reporting
(For the period ending 1/31/18)

Secretary Patone reviewed the financial reports. Total assets are \$16,519,600. Compared to last year cash is down \$431,000. Ms. French and her accounting assistant are working on getting all capital improvement projects that have been completed and placed in service so they can be depreciated.

Revenues and expenses – Secretary Patone reported we are about \$118,000 surplus of net assets at the end of 10 months. User charges are about on target with budget; she expects total expenses to be within budget.

Secretary's Report – Secretary Patone reporting

DEMEC – Secretary Patone and President Sippel attended the 2/20/18 Board meeting. Pauline Morris, First State Community Action Agency, gave a program on how they assist residential customers. They

Municipal Services Commission Meeting Minutes
February 27, 2018

educate customers on how to lower their electric bills. Part of the incentive is they provide funding to individuals with a financial need and will not allow them to apply for additional funding unless they prove they have reduced their usage. The program is very successful. The City of Newark requires this counseling to customers who have been put on their "cut" list. Secretary Patone and Ms. French will be reviewing this program to see if our customers and MSC can benefit as well.

Three resolutions were passed at the meeting. Two were discussed previously.

- AMP Fremont – Some members who were over supplied wanted to sell some of their capacity off to other members. The DEMEC Board voted last month to authorize the purchase. We were able to acquire 1% and 3% of Fremont capacity.
- Energy Efficiency Program – We have reviewed the program previously. It was approved with one dissenting vote, the Town of Lewes.

Old Business

MSC Office Security – We do not have the quotes for the glass in the front of the office. Cameras have been installed in the back of the building (formerly no coverage) and we now have better coverage in the front. In addition, a card swipe was installed on the back door. Quotes for the glass will be available for commissioners' review next month.

Electric and Water Rate Design – Mike Johnson of Utility Financial Solutions (UFS) was receptive to Secretary Patone's request to round off water rates. He made adjustments but still felt the 12% increase for water was necessary for future years. MSC suggested 9%, 9%, and 9%. UFS pushed back with 9%, 12%, and 12%. UFS is standing by their recommendation.

Secretary Patone said a residential customer with low water usage and high electric usage is still seeing a negative impact on their bill. With high water and high electric usage there is a zero percent change. Customers with a higher than average water usage and a low or average electric usage see a slight increase. Part of the reason is because flat fees are involved.

Residential heat customers – Secretary Patone said there are some grandfathered systems with electric heat that have a rate that is inverse in winter months. In the winter, if they use over 750 kWh the rate goes down. Dr. Hansen asked if they would benefit by moving to a regular residential rate structure. Secretary Patone said she would look at it.

Small, general service with no demand (similar to residential rate) – Customers with high water and electric usage show a slight increase in their estimated bills.

Secretary Patone said a lot of our concern focuses on our large commercial accounts. Zenith will see a 3% reduction in their bill while Amazon will see a 4% reduction. Nixon will not experience a major change. We were concerned because of Nixon's high water usage. Burris will also come down. Customers who are water-only customers will see a 9% increase.

Secretary Patone is seeking approval for the rate design Utility Financial Solutions developed to take effect the beginning of our next fiscal year on 4/1/18. She is tying into gross projected revenues they projected to include in her budget.

Municipal Services Commission Meeting Minutes
February 27, 2018

Secretary Patone noted residential electric usage had dropped significantly in the last two years. Last year it dropped 3% and 1% the year before. It has been 5-6 years since there was a consecutive year reduction.

Estimate of cost to do Cost of Service again next year -- UFS can do a financial projection and then a rate design based on that projection. Cost: \$5,000-\$10,000 (\$5,000-water; \$9,000-\$10,000-electric). Or, they could do a rate design only.

Secretary Patone noted that she provides most of the data that UFS uses. Having commissioners decide what the rate increase should be and have UFS design just the rate so they are picking the classification change is much less costly (\$500-water; \$1,500-electric). We can determine if the year went as we expected. Secretary Patone stated we can revisit this next year when we work on budgets.

Dr. Hansen thinks their methodology and results are correct, but in his opinion UFS is sloppy. He does not want to discourage them from providing more information. He wants MSC to be an active partner with them. He suggested staying with this firm until we are ready to do a full rate design.

Communication and press releases -- Secretary Patone reminded we had a negative PPA the past year and the comparison does not reflect the negative PPA since it is not in our rate structure. She would like to work on language for review at the March meeting.

A motion was made and seconded to approve the water rate increase and electric rate decrease for year one. The motion was approved by unanimous vote.

Next Meeting

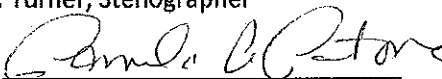
Commissioners set the next monthly Board meeting to be 3/22/18, 4 p.m. at the office of the Commission, 216 Chestnut Street, New Castle, Delaware.

Adjournment

A motion was made and seconded to adjourn the meeting. The motion received unanimous approval. The meeting was adjourned at 6:06 p.m.



Deborah P. Turner, Stenographer

Approved: 
(Minutes transcribed from recording.)