

Municipal Services Commission
Special Meeting
March 14, 2019 – 4:00 P.M.
216 Chestnut Street
New Castle, Delaware

The meeting was called to order at 4:00 P.M. with Secretary Patone presiding.

Present: Daniel F. Knox, Commissioner
Dr. Allen Hansen, Commissioner
Pamela A. Patone, Secretary

Absent: Dr. Roy Sippel, President

Secretary Patone stated the purpose of this meeting was to review the electric and water rate design, and in executive session review collective bargaining.

Secretary Patone sent the rate design to the Commissioners in advance of the meeting. She had the staff recalculate a sample of bills for some of the customers with different classifications. Secretary Patone does the reclassification to see the effect of the rate changes. The recommendation is a 12% increase in water, and a 2% reduction in electric. Any customer that has both services of electric and water often times can have small changes in the bills, or reap the benefits of the decrease in the overall bill. The customers that require the most attention are water customers without the electric rates. The largest water customer is Nixon Uniform.

The commissioners were given a presentation that showed the overall effect of the rate changes for numerous customers. The last four accounts on the report were the largest water customers without electric rates. Although these customers would see a 12% increase in water rates with no offset, the rate design moves the MSC toward the rates being at the cost to serve.

One of the items that Secretary Patone had been working on was comparing the rates to the investor owned utility. Utility Financial Solutions and other rate consultants do not recommend comparing your utility rates to other utility competitors. They advise the MSC has its own costs, and the rates need to be set accordingly. Secretary Patone indicated she believes the MSC should still be aware of the competitor's rates. In reviewing Artesian Water Company's Tariff, Secretary Patone noted a Tariff change was made as of March 1, 2019, and the change reflected a reduction of water rates. She prepared an analysis to understand the variances between MSC and Artesian's residential customers. Overall, the MSC is still lower by 14% with a residential customer using 4,000 gallons. However, on the commercial accounts per gallon rate is lower than the MSC's per gallon rate. Although the customer charges individually are significantly higher a water user that uses a lot of gallons will potentially have a lower bill with Artesian Water's rate design. Secretary Patone advise the commercial water accounts are subsidizing the

residential water customers similar to the electric rate design. Secretary Patone plans on meeting with the key accounts on the rate changes.

Commissioner Hansen was concerned that our water rates next year will be higher than Artesian. He did state that we are still lower than Delmarva's electric rates, but not by a significant amount. Secretary Patone agreed that the water customers are close to Artesian's rates, but from the most recent DEMEC report she received our electric rates are still the lowest in the state. The suggestion UFS made is the revenue requirements should remain as recommended and possibly have a Cost of Service prepared next year instead of just a financial projection.

A motion was made, seconded and approved to approve the rate design recommended by Utility Financial Solutions.


A motion was made, seconded and approved to move into executive session at 4:20pm.

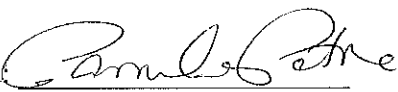
Commissioners returned to general session at 4:42pm.

Secretary Patone was approached by Pat McCullar by DEMEC to join the executive committee. Before she made any commitments she wanted to ask the Commissioners approval.

Adjournment

A motion was made and seconded to adjourn the meeting. The motion was approved. The meeting was adjourned at 4:44pm.


Kaitlin F. Swarter, Stenographer

Approved: 
(Minutes transcribed from recording)