



**Municipal Services Commission  
of the City of New Castle**

# **DEMEC Training Ribbon Cutting**

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**AMI Metering Project >**  
**Electric Operations >**  
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# Secretary's Message

I hope this newsletter finds you warm and doing well.

It has been another busy and productive year at MSC.

MSC Staff, American Municipal Power, Inc. and Pro Meters, Inc. worked hard to get the AMI metering program up and implemented. There are a few meters left to change out and getting these scheduled is proving to be a challenge. Our customers will soon benefit from having access to their electric and water interval data. Customer service currently has access and is using this information to assist customers with high consumption issues. Additionally, we look forward to using the information provided by this system to help with electrical outage and water leak detection.

The Water Department started their water main replacement project that includes Hewlett, Janvier, and Megginson Avenues. The project is progressing with plans to have it completed by December 20th. This project was funded with a DWSRF loan with full principal forgiveness. Thank you to MSC's Commissioners and City Council for approving the loan for this project.

The Water Department is in the planning phase for an upgrade to the Carbon Filtration System at the water treatment facility to help reduce water operational costs.

The Electric Department is wrapping up excavation and conduit installation in Van Dyke Village for this year and will start transferring customers over to the new infrastructure. MSC expects to complete this project in 2024. When completed the customers in Van Dyke will be less prone to electrical outages and will enjoy street lighting. Many compliments have been received from our customers on how happy they are with this project.

Over the next few years, the Electric Department will be focusing on several projects at our substations that will increase reliability while providing operations with updated equipment that will provide better data to plan for future needs of the electric system.

I want to take a moment to thank the Commissioners and Staff for their hard work and dedication which makes MSC such a great organization!!

**Thank you and Happy Holidays!**

*Scott Blomquist*

**General Manager/Secretary**



# Calendar Of Events

December 22nd - Christmas Eve Observed - MSC Closed

December 25th - Christmas Day - MSC Closed

January 1st- New Years Day - MSC Closed



**David Atherton**  
**Commission President**

Appointed by City Council

Term: September 2023 to March 31, 2026



**John Wik**  
**Commissioner**

Appointed by City Council

Term: November 2023 to March 31, 2027



**Valarie Leary**  
**Mayor**

Commissioner / Mayor

Appointed by MSC Charter

Term: August 2023 to March 31, 2027



# Resources At Your Fingertips

**City Administration Office** 322-9801

**Mayor's Office** 322-9802

**Public Works Department** 322-9813

**MSC Main Office** 323-2330

**MSC Utility Building** 323-2333

**Scott Blomquist** 221-4513  
**General Manager / Secretary**

**Ken Natale** 221-4517  
**Comptroller/Treasurer**

**Art Granger** 221-4520  
**Electric Utility Manager**

**Jay Guyer** 221-4515  
**Water Utility Manager**

**After Hours Electric or Water Emergency**  
**323-2330 or 323-2333**

**Planning a project at home which**  
**involves digging on your property?**

**Call MISS UTILITY**

**1-800-282-8555**



# Advanced Metering Infrastructure Project Update

After more than 5 years of planning, Municipal Services Commission (MSC) in partnership with our wholesale power provider Delaware Municipal Electric Corporation (DEMEC), and American Municipal Power, Inc (AMP), began installing new Advanced Metering Infrastructure (AMI) Smart Meters on all MSC electric and water service connections. The \$2.8 MM project was funded by DEMEC for the electric portion and by State of Delaware Drinking Water State Revolving Loan Fund for the water portion. The Water portion of the loan received approximately 66% principal forgiveness.

On August 1, 2023, MSC's contractor Pro Meters, Inc. started installing the new smart electric meters then transitioned to installing the new smart water meters completing their portion of the installation work on November 17<sup>th</sup>. Although several meters remain to be changed to the new technology, system performance testing and validation is being scheduled.



There are many advantages to the new AMI meter reading system that will improve the way MSC does business as well as streamline operations reducing costs. New Smart Meters will provide Customer Service Representatives with additional information to assist with helping customers understand their electric and water consumption. Through a customer portal, these meters will provide near real-time consumption information to help customers take control over their energy and water use to assist them in managing their bills, all at no additional cost.



MSC looks forward to realizing all of the benefits our AMI Meter reading system provides. This project represents MSC's long term commitment to system evaluation and improvement as well as providing additional services to benefit our customers.





## VAN DYKE ELECTRIC PROJECT

Over the last 6 months the Electric Department has been actively working in Van Dyke on the aerial to underground electric conversion. MSC completed installation of conduits and electric structures for this phase of the project and began pulling wires in early December. The new wires will be tested for reliability and 3 new transformers set and energized. Once the new transformers are energized, crews will work through the winter pulling in wires for the next 30 homes to be converted to the new underground system then begin working on street light installation. Spring of 2024 will begin the final phase of the project with approximately 30 homes remaining to be converted to the new underground system. MSC anticipates completing this 5-year capital improvement project by the end of 2024.



## ELECTRIC SYSTEM MAINTENANCE

In addition to the Van Dyke Electric Conversion Project, MSC crews have been busy performing routine maintenance throughout the electric distribution system to ensure reliable service is provided. Recent maintenance includes tree trimming around aerial wires to avoid conflicts and utility pole replacements. Replacing an aging or broken utility pole is a labor-intensive project requiring many resources to safely complete. MSC's continuous maintenance demonstrates our commitment to providing safe and reliable service to our customers.





# DEMEC Utility Line Work Training Facility



The Delaware Municipal Electric Corporation (DEMEC) is a Joint Action Agency owned by 8 Municipal Electric Utilities in Delaware. The organization was incorporated in 1979 to provide the benefits of economies scale to its members. In October the agency joined with its members to celebrate the opening of their Joint Lineworker Training Facility in Smyrna, Delaware. The local 5-acre training facility is the only one of its kind in the State of Delaware. It is designed to support workforce development and safety training for Journeymen Lineworkers and newly hired Lineworkers as they progress through their apprenticeship to Journeymen at an estimated cost savings of 66% to member utilities. Phases of training are planned to include pole climbing, transformers, substations, bucket and line trucks, metering, and other trainings. There are many benefits this facility provides to its member utilities including continuity of training and skill sets taught as well as ensuring everyone makes it home safe at days end.

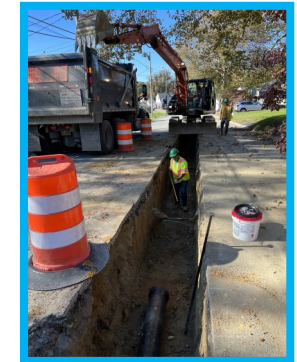
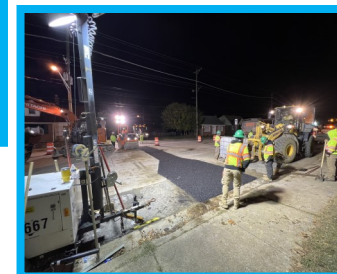
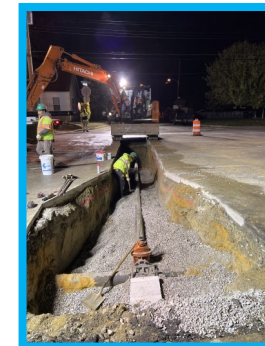
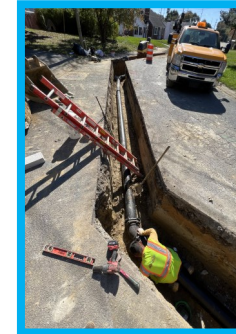
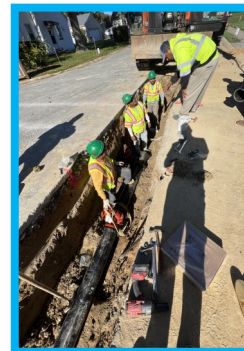
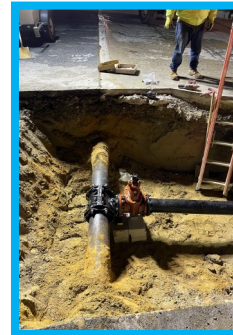
## Hewlett, Janvier, and Megginson Avenues Water Main Replacement Project

MSC awarded the Hewlett, Janvier, and Megginson Water Main Replacement Project to R.E. Pierson Construction Company, Inc. in September. The Contractor mobilized on October 16<sup>th</sup> to begin the water main replacement project. The project replaced approximately 1,800 linear feet of 1950's vintage unlined cast iron water main on Hewlett, Janvier, and Megginson Avenues, installation of 4 new fire hydrants, and 32 water services from the main to the curb stop valves.

The Contractor worked 4 – 10 Hour days per week Monday through Thursday 7:00am to 5:00pm. DelDOT required 3 portions of the project to be performed during overnight hours for safety reasons. All water main and service work was completed the week of November 20<sup>th</sup> and roadway restoration was started on December 11<sup>th</sup> with plans to be demobilized from the site by December 20<sup>th</sup>. The

Contractor will return in Spring 2024 to complete items identified during a final walkthrough including yard grading and overseeding grass areas.

MSC thanks our customers for their cooperation during this water main replacement project and regrets any inconvenience it may have caused. Every effort possible was taken to minimize disruption to our customers, however during a project of this size and complexity there will always be temporary inconveniences that are unavoidable. The \$1.5 MM water main replacement project was funded by the State of Delaware Drinking Water State Revolving Loan Program with full principal forgiveness. Renewal projects like this demonstrates MSC's Commitment to providing the safest, most reliable water service possible.





# State of Delaware Division of Public Health

## Office of Drinking Water

### Cross Connection Control Program Regulations

On February 1, 2021, the State of Delaware, Department of Health and Social Services adopted revised regulations that govern Public Drinking Water Systems requiring every water utility in the State develop and implement a comprehensive Cross Connection Control (CCC) Program by February 1, 2024 for the containment, elimination, prevention, and control of cross connections. Delaware Regulations Administrative Code Title 16 – Health Systems Protection 4462 Public Drinking Water Systems Section 21.0 Cross-Connection Control states Public Water Systems shall develop and implement a plan for a comprehensive Cross Connection Control program. This regulation places all responsibility on MSC to maintain compliance with the regulation including penalty clauses for violations and non-compliance.

The MSC Water Department is responsible for ensuring the water provided to our customers meets all Federal and State Drinking Water Standards and water quality is not compromised within our distribution system. To provide the highest level of protection against contamination, a comprehensive Cross Connection Control (CCC) Program was developed and implemented by MSC in 2006 and revised in 2021. The Commission's approval and adoption of our CCC Manual outlines the requirements for existing and new connections to the water distribution system.

Recognizing additional resources were required, MSC partnered with Hydro Corp, LLC to administer our CCC program. MSC and Hydro Corp have been contacting our water customers with devices requiring testing / certification to remind them of the requirements to maintain compliance with MSC's Cross Connection Control Program allowing MSC to maintain compliance with the States Regulations. To learn more about MSC's CCC Program, visit our web site at:

<https://newcastlemsc.delaware.gov/>





# SEASONAL MAINTENANCE – GETTING READY FOR WINTER

Winter's freezing temperatures can be harsh on your home's plumbing. If your water service stops working, the first thing you should do is call MSC at 302-323-2330. MSC Customers are responsible for their water service lines from the curb stop in to their home and all pipes inside their property line. If any of these pipes freeze, the homeowner is responsible for thawing or repairing them or calling a licensed plumber.

If the meter is frozen, MSC will replace it and bill the customer for the cost. Do not attempt to repair a frozen meter. Only MSC employees are authorized to work on our water meters. As a reminder, please keep your meter setting clear of obstacles. This ensures our crews can access the meter for maintenance and your emergency shutoff valve is easily accessible should you need it.

## **Before the cold weather hits:**

**Winterize (blow out) your lawn sprinkler system,** This reduces the chance of water freezing and breaking the pipes. Sprinkler installers, landscapers and private contractors offer this service or you can do it yourself.

**Disconnect and drain** garden hoses and connections, close any hose bib shutoff valves and consider covering hose bibs.

**Prevent cold air from seeping inside,** Close outside vents, crawl spaces and doors. Fix broken windows, seal cracks in the walls and foundations. Also, keep your garage door closed to prevent cold air from reaching pipes and water heaters.

**To help protect pipes along outside walls,** open the cabinet doors under sinks to allow warm air to circulate.

**Insulate pipes** by wrapping them in commercial insulation. For extra protection, wrap pipes subject to cold or freezing in heat tape before insulating.

**If you're going away,** keep a minimum amount of heat on in the house. You may also want to keep a thin stream of water running from a faucet.

**If you plan to turn the heat off,** drain all the water from the pipes, toilets and water heater, and turn off the power source to the water heater.

**Place a tag** on the main water shutoff valve to your home and make sure everyone in the house knows its location and how to operate it in an emergency.

**Thawing Frozen Pipes - Act Quickly and Turn Off the Water!** If your pipes freeze, turn off the water supply at the main shutoff valve for your home. MSC recommends customers contact a licensed plumber for assistance. Do not turn the water back on until you are sure there are no leaks.

# Financial Report



December 2023

To the Ratepayers of Municipal Services Commission:

We are pleased to present the Municipal Services Commission's (MSC) annual financial report in accordance with the charter of the MSC, as well as part of our effort to focus on providing excellent customer service and transparency to our customers. This report is an unaudited summary of MSC's financial activities and condition for the fiscal year ended March 31, 2023.

The information contained in this report was derived from MSC's audited Annual Comprehensive Financial Report (ACFR), but presented in a less technical, easier to read format. The ACFR was prepared in conformance with generally accepted accounting principles (GAAP) and includes financial statements audited by the accounting firm CliftonLarsonAllen. This report, by its summary nature, is not intended to conform to Generally Accepted Accounting Principles (GAAP) and associated reporting stand-

ards set by applicable governing bodies. The complete audited financial statements are available online at:

[www.newcastlemsc.delaware.gov/financial-statements/](http://www.newcastlemsc.delaware.gov/financial-statements/).

We hope this report will give you a better understanding of MSC and its financial condition. We welcome your comments and suggestions.

Respectfully submitted,

Kendrick S. Natale II, CPFO  
Comptroller/Treasurer

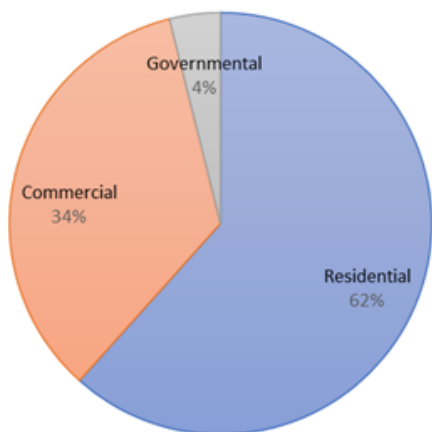




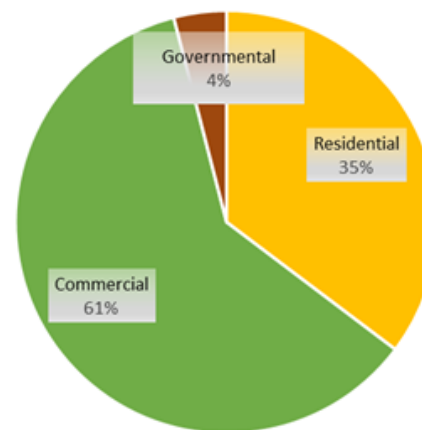
# Statistical Snapshot



Fiscal Year End 2023  
Water Revenue By User Classification



Fiscal Year End 2023  
Electric Revenue by User Classification



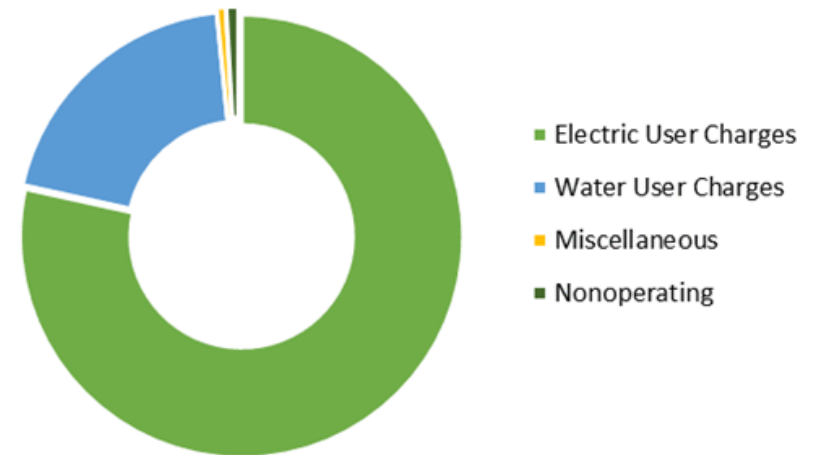
**FACT:**

One customer accounts for approximately 9% of the Commission's net operating revenues.



## Total Revenues - \$11,603,000

Total revenues increased in fiscal year 2023 by \$133,000 or 1.1% from the fiscal year 2022 revenue amount of \$11.5 million. There was a water rate increase of 5% which was necessary to help make the water utility self-sufficient. Electric revenues increased compared to fiscal year 2022 due to the Commission enacting a “power purchase adjustment” to recover increased costs in the wholesale electric rate of \$0.0082 per kWh.

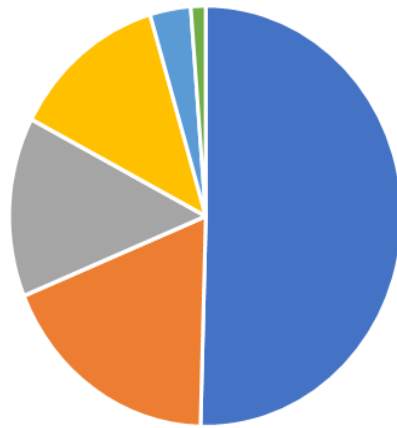


Miscellaneous revenues consist of items such as penalties, and applications fees. These revenues decreased \$14,000 or 18% from fiscal year 2022. Nonoperating revenues consist of interest income and investment gains, gains from sale of capital assets, and grants. These items decreased by \$54,000, or 50% from 2020 due to the Commission receiving a grant from the State of Delaware in fiscal year 2022.





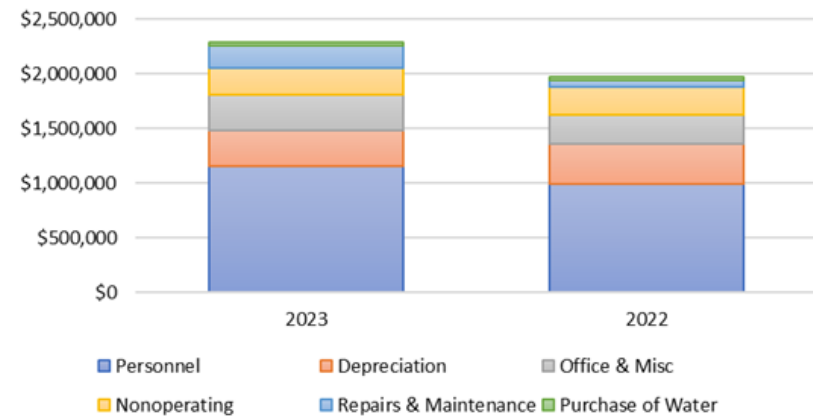
# Water Expenses - \$2,287,000



■ Personnel      ■ Depreciation      ■ Office & Misc  
■ Nonoperating      ■ Repairs & Maintenance      ■ Purchase of Water



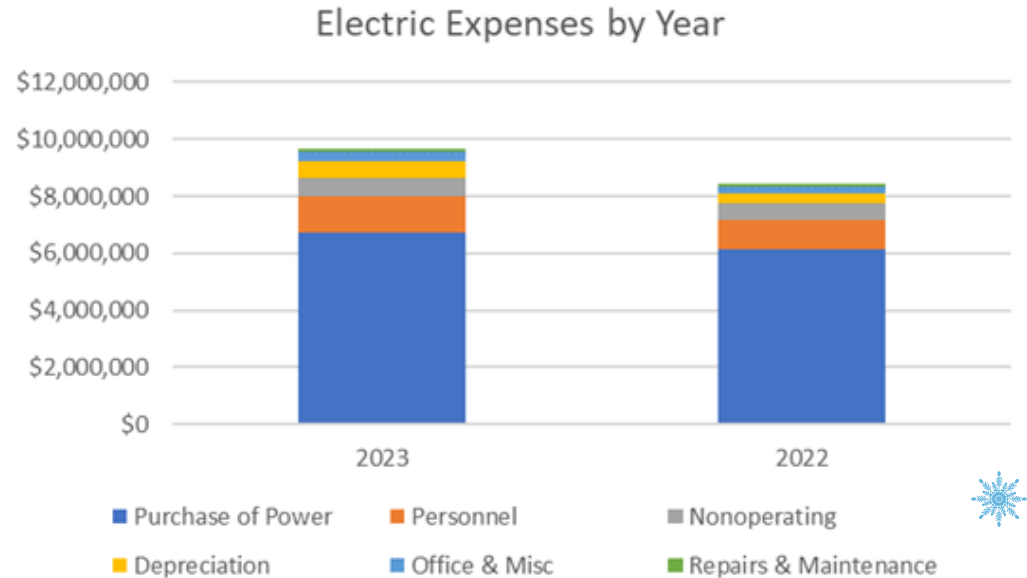
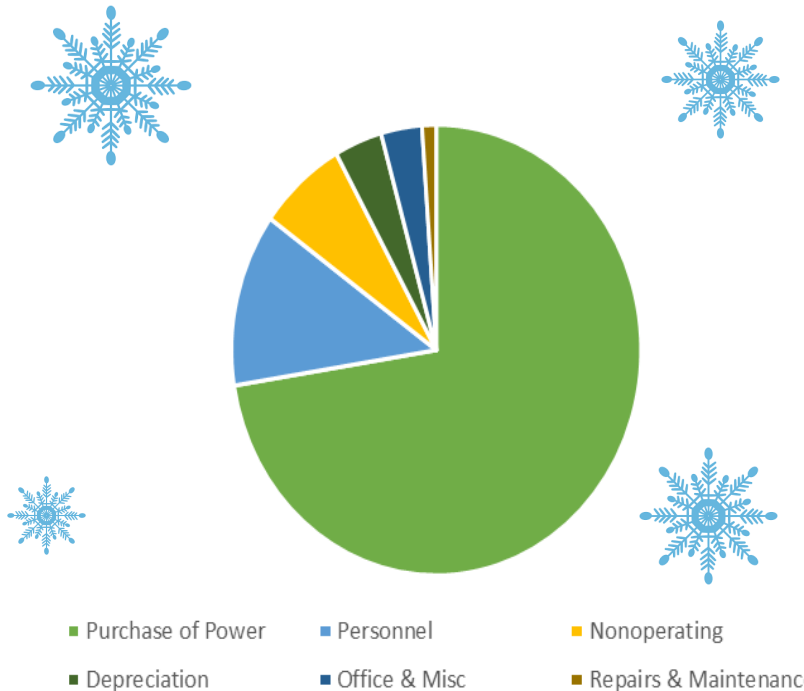
Water Expenses By Year



Total water expenses increased in fiscal year 2023 by \$317,000 or 16% from the fiscal year 2022 total expense amount of \$1,970,000. This is mostly the result capitalized labor charges related to water operators assisting on the Van Dyke Village electrical undergrounding project from fiscal year 2022 not occurring in fiscal year 2023. Personnel and depreciation expense continue to be the largest components of the water utility's expenses, accounting for 68.8% of total expenses.

Nonoperating expenses consists of appropriations to the City of New Castle for free services and payments in lieu of taxes (\$41,000 and \$133,000 respectively).

# Electric Expenses - \$9,690,000



Total electrical expenses increased in fiscal year 2023 by \$1.2 million or 14.8% from the fiscal year 2022 total expenses of \$8,441,000. The largest increases were in purchase of power (\$600,000) and depreciation expense (\$255,000). Personnel costs also increased in fiscal year 2023 (\$253,000) as a result of less salary expense being capitalized for the Van Dyke Village undergrounding project. Purchase of power and personnel expense continue to be the largest components of the electric utility's expenses, accounting for 82% of total expenses.

Non-operating expenses consist of appropriations to the City of New Castle for payments in lieu of taxes (\$534,000) and labor provided to the City for special projects at no cost to the City (\$51,534).



# Financial Status



The Municipal Services Commission's 2023 financial condition continued to be strong. Total net position decreased by \$280,000 in 2023 as compared to the 2022 increase of \$950,000. The decrease in net position for fiscal year 2023 is related to increased depreciation expenses. The conservative management strategy used by the MSC continues to provide a stable financial position.

**Current Assets** consists of items such as cash, investments, inventory and receivables.

**Restricted Assets** are amounts held in escrow for customer deposits.

**Capital Assets, net** is the carrying value of MSC's plant, property, and equipment net of accumulated depreciation.

**Deferred Outflows/Inflows of Resources** are the recognition of revenues and expenses that are delayed and will take place in a future fiscal year, such as for pensions.

**Current Liabilities** are debts and obligations MSC owes outside parties that are due within one year.

**Noncurrent Liabilities** are debts and obligations MSC owes outside parties that are due more than one year after the close of the year, such as compensated absences, and customer deposits.

	2023	2022
<b>Assets</b>		
Current and other assets	5,391,367	6,069,644
Capital assets, net	16,914,095	12,173,053
Total assets	22,305,462	18,242,697
<b>Deferred outflows of resources</b>	574,627	3,755,730
<b>Liabilities</b>		
Current liabilities	1,394,309	1,305,648
Long-term liabilities	2,421,578	1,125,720
Total liabilities	3,815,887	2,431,368
<b>Deferred inflows</b>	250,334	472,843
<b>Net position</b>		
Net investment in capital assets	16,160,879	12,173,053
Unrestricted	2,652,989	6,921,163
Total net position	18,813,868	19,094,216





**Municipal Services Commission**  
**of the City of New Castle**

216 Chestnut St.  
New Castle, De 19720  
302-323-2330

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