UTILITY COMMITTEE
AGENDA

OCTOBER 13, 2014 - 5:15 P.M.
CITY HALL COUNCIL CHAMBERS
15 LOOCKERMAN PLAZA
DOVER, DELAWARE

Public comments are welcomed on any item and will be permitted at appropriate times. When possible, please notify the City Clerk (736-7008 or e-mail at CityClerk@dover.de.us) should you wish to be recognized.

AGENDA ADDITIONS/DELETIONS

1. **DEDICATION OF RIGHTS-OF-WAY AND PUBLIC INFRASTRUCTURE - VILLAGE OF CANNON MILL (PHASES I, II, III, AND IV)**
   *(Staff recommends acceptance of the dedication of rights-of-way and public infrastructure of the Village of Cannon Mill Subdivision. Dedication is to include all of the referenced public improvements.)**(Due to time constraints, this item has been placed on the council agenda for the meeting being held later in the evening)***

2. **TUDOR PUMP STATION - ACCEPTANCE AND DEDICATION OF INFRASTRUCTURE**
   (Staff recommends acceptance of the dedication of the Tudor Pump Station to allow the City of Dover Department of Public Works to take on all operation and maintenance responsibilities (excluding the gravity wastewater system internal to the site, as that infrastructure will remain the responsibility of the property owner) in an effort to protect and maintain the safety, health, and welfare of the public in this area)

3. **TEA/NAES REPORT *(JULY AND AUGUST)***
   (Staff recommends acceptance of the reports)

4. **ADJOURNMENT BY 5:55 P.M.**

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THE AGENDA ITEMS AS LISTED MAY NOT BE CONSIDERED IN SEQUENCE. THIS AGENDA IS SUBJECT TO CHANGE TO INCLUDE THE ADDITION OR THE DELETION OF ITEMS, INCLUDING EXECUTIVE SESSIONS.

ACTION FORM

PROCEEDING: Utility Committee	**AGENDA ITEM**:
DEPARTMENT OF ORIGIN: Public Works	**DATE SUBMITTED**: 9/26/14
PREPARED BY: Sharon J. Duca, P.E., Public Works Director / City Engineer	
SUBJECT: Dedication of Rights-of-Way and Public Infrastructure – Village Of Cannon Mill (Phases I, II, III, and IV)	
REFERENCE: N/A	
RELATED PROJECT: N/A	
APPROVALS: City Manager	
EXHIBITS: Attachment A – List of Public Improvements to be accepted by the City of Dover Attachment B – Map	
EXPENDITURE REQUIRED: $ N/A	**AMOUNT BUDGETED**: $ N/A
FUNDING SOURCE (Dept./Page in CIP & Budget): N/A	
TIMETABLE: All infrastructure improvements will become the responsibility of the City of Dover upon action by City Council.	
RECOMMENDED ACTION: Acceptance of dedication of rights-of-way and public infrastructure of the Village of Cannon Mill Subdivision. Dedication is to include all of the referenced public improvements.	

BACKGROUND AND ANALYSIS

The City of Dover Department of Public Works requests that all public infrastructure improvements related to the Village of Cannon Mill be dedicated to the City of Dover for permanent ownership and maintenance. Attachment A outlines all of the public improvements associated with each phase of the development, four (4) phases in total. The total construction value of the public improvements is $2,602,919. Attachment B shows the general location and configuration of the subject rights-of-way, broken into phases. The original developer filed for bankruptcy which resulted in work stoppage within the subdivision. The final wearing course and punch list items remain to be completed to meet the City of Dover Standards and Specifications for Public Works Construction and have been outstanding for many years. The Department is prepared to complete the work required pending rights-of-way and public infrastructure dedication as well as paving improvements bid acceptance by City Council.

DEDICATION OF RIGHTS-OF-WAY AND PUBLIC INFRASTRUCTURE
VILLAGE OF CANNON MILL

ATTACHMENT A – PHASE I

The following is a list of all public improvements which are to be accepted by the City of Dover:

Sewer Utility Infrastructure (Construction Value = $219,040):

10” SDR-35 PVC Sanitary Sewer Main	-	690 l.f.
8” SDR-35 PVC Sanitary Sewer Main	-	2710 l.f.
6” PVC Sanitary Sewer Laterals	-	4120 l.f. (72 laterals)
4' Diameter Sanitary Sewer Manholes	-	21 ea. (286 v.f.)

Water Utility Infrastructure (Construction Value = $116,640):

12” Ductile Iron (Class 52 Cement Lined) Water Main	-	1295 l.f.
8” Ductile Iron (Class 52 Cement Lined) Water Main	-	2270 l.f.
6” Ductile Iron (Class 52 Cement Lined) Water Main	-	155 l.f.
1” K Copper Water Service Lines	-	3460 l.f. (72 services)
12” Gate Valve	-	1 ea.
8” Gate Valve	-	11 ea.
6” Hydrant Valve	-	6 ea.
Fire Hydrants	-	6 ea.

Storm Water Infrastructure (Construction Value = $169,700):

Catch Basins	-	28 ea.
4’ Diameter Storm Sewer Manholes	-	2 ea. (7 v.f.)
Outfall Structure	-	2 ea.
15” Type III Reinforced Concrete Pipe	-	940 l.f.
18” Type III Reinforced Concrete Pipe	-	1045 l.f.
24” Type III Reinforced Concrete Pipe	-	830 l.f.
30” Type III Reinforced Concrete Pipe	-	50 l.f.

Street Infrastructure (0.6913 miles) (Construction Value = $510,771):

Cannon Mill Dr.	Station 00+00 to Station 06+50	650 l.f.
East Sheldrake Cir.	Station 26+00 to Station 37+50	1150 l.f.
West Sheldrake Cir.	Station 00+00 to Station 05+50	550 l.f.
Quillen St.	Station 00+00 to Station 07+00	700 l.f.
Lester Court	Station 00+00 to Station 06+00	600 l.f.

DEDICATION OF RIGHTS-OF-WAY AND PUBLIC INFRASTRUCTURE
VILLAGE OF CANNON MILL

ATTACHMENT A – PHASE II

The following is a list of all public improvements which are to be accepted by the City of Dover:

Sewer Utility Infrastructure (Construction Value = $46,060):

10” SDR-35 PVC Sanitary Sewer Main	-	440 l.f.
6” PVC Sanitary Sewer Laterals	-	275 l.f. (5 laterals)
4' Diameter Sanitary Sewer Manholes	-	2 ea. (34 v.f.)

Water Utility Infrastructure (Construction Value = $45,360):

12” Ductile Iron (Class 52 Cement Lined) Water Main	-	445 l.f.
8” Ductile Iron (Class 52 Cement Lined) Water Main	-	650 l.f.
1” K Copper Water Service Lines	-	335 l.f. (5 services)
8” Gate Valve	-	2ea.

Street Infrastructure (0.0852 miles) (Construction Value = $63,129):

West Sheldrake Cir.	Station 05+50 to Station 10+00	450 l.f.

DEDICATION OF RIGHTS-OF-WAY AND PUBLIC INFRASTRUCTURE
VILLAGE OF CANNON MILL

ATTACHMENT A – PHASE III

The following is a list of all public improvements which are to be accepted by the City of Dover:

Sewer Utility Infrastructure (Construction Value = $147,322):

8” SDR-35 PVC Sanitary Sewer Main	-	2675 l.f.
6” PVC Sanitary Sewer Laterals	-	4780 l.f. (110 laterals)
4' Diameter Sanitary Sewer Manholes	-	15 ea. (135 v.f.)

Water Utility Infrastructure (Construction Value = $109,747):

12” Ductile Iron (Class 52 Cement Lined) Water Main	-	990 l.f.
8” Ductile Iron (Class 52 Cement Lined) Water Main	-	1770 l.f.
6” Ductile Iron (Class 52 Cement Lined) Water Main	-	95 l.f.
1” K Copper Water Service Lines	-	5095 l.f. (110 services)
12” Gate Valve	-	3 ea.
8” Gate Valve	-	3 ea.
6” Hydrant Valve	-	3 ea.
Fire Hydrants	-	3 ea.

Storm Water Infrastructure (Construction Value = $114,922):

Catch Basins	-	21 ea.
4’ Diameter Storm Sewer Manholes	-	4 ea. (14 v.f.)
Outfall Structure	-	1 ea.
15” Type III Reinforced Concrete Pipe	-	1525 l.f.
18” Type III Reinforced Concrete Pipe	-	240 l.f.
24” Type III Reinforced Concrete Pipe	-	215 l.f.
30” Type III Reinforced Concrete Pipe	-	170 l.f.

Street Infrastructure (0.6629 miles) (Construction Value = $351,284):

East Sheldrake Cir.	Station 18+75 to Station 26+00	725 l.f.
West Sheldrake Cir.	Station 18+25 to Station 18+75	50 l.f.
Paradee Dr.	Station 00+00 to Station 11+25	1,125 l.f.
Alley 2(Paradee Alley)	Station 00+00 to Station 08+00	800 l.f.
Tribbitt St.	Station 00+00 to Station 08+00	800 l.f.

DEDICATION OF RIGHTS-OF-WAY AND PUBLIC INFRASTRUCTURE
VILLAGE OF CANNON MILL

ATTACHMENT A – PHASE IV

The following is a list of all public improvements which are to be accepted by the City of Dover:

Sewer Utility Infrastructure (Construction Value = $120,536):

10” SDR-35 PVC Sanitary Sewer Main	-	380 l.f.
8” SDR-35 PVC Sanitary Sewer Main	-	1755 l.f.
6” PVC Sanitary Sewer Laterals	-	2031 l.f. (37 laterals)
4' Diameter Sanitary Sewer Manholes	-	10 ea. (129 v.f.)

Water Utility Infrastructure (Construction Value = $114,227):

12” Ductile Iron (Class 52 Cement Lined) Water Main	-	1095 l.f.
8” Ductile Iron (Class 52 Cement Lined) Water Main	-	1170l.f.
6” Ductile Iron (Class 52 Cement Lined) Water Main	-	125 l.f.
1” K Copper Water Service Lines	-	1750 l.f. (37 services)
12” Gate Valve	-	4 ea.
8” Gate Valve	-	1 ea.
6” Hydrant Valve	-	4 ea.
Fire Hydrants	-	4 ea.

Storm Water Infrastructure (Construction Value = $86,696):

Catch Basins	-	18 ea.
4’ Diameter Storm Sewer Manholes	-	1 ea. (4 v.f.)
Outfall Structure	-	4 ea.
15” Type III Reinforced Concrete Pipe	-	855l.f.
18” Type III Reinforced Concrete Pipe	-	300 l.f.
24” Type III Reinforced Concrete Pipe	-	95 l.f.
30” Type III Reinforced Concrete Pipe	-	200 l.f.

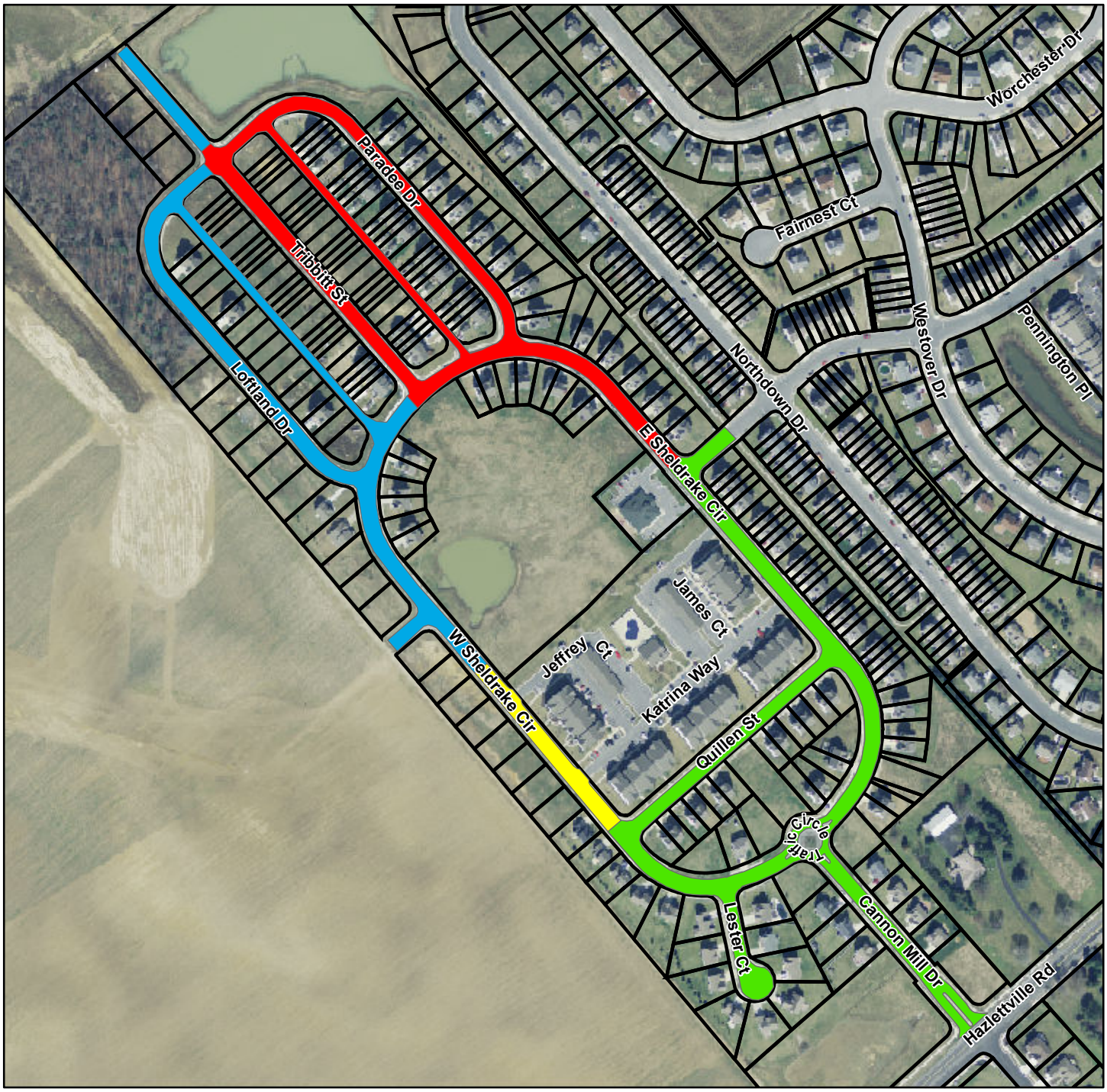
Street Infrastructure (0.5350 miles) (Construction Value = $387,415):

West Sheldrake Cir.	Station 10+00 to Station 18+25	825 l.f.
Wagner St.	Station 00+00 to Station 01+50	150 l.f.
Loftland Dr.	Station 00+00 to Station 10+50	1050 l.f.
Alley 1 (Tribbitt St Alley)	Station 00+00 to Station 08+00	800 l.f.
Tribbitt St.	Station 08+00 to Station 11+25	325l.f.

Attachment B

Village of Cannon Mill

Right of Ways to be Dedicated to the City of Dover



0 175 350 700 Feet

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Legend

- Dover Parcels

Right of Way to be Dedicated

- Phase 1
- Phase 2
- Phase 3
- Phase 4

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\street_dedication_map_cannon_mill
Department: Public Works GIS
City of Dover, Delaware

ACTION FORM

PROCEEDING: Utility Committee	**AGENDA ITEM NO.:**
DEPARTMENT OF ORIGIN: Public Works	**DATE SUBMITTED**: 10/1/14
PREPARED BY: Sharon J. Duca, P.E., Public Works Director	
SUBJECT: Tudor Pump Station Acceptance and Dedication	
REFERENCE: N/A	
RELATED PROJECT: N/A	
APPROVALS: N/A	
EXHIBITS: Map	
EXPENDITURE REQUIRED: As Needed	**AMOUNT BUDGETED**: N/A
FUNDING SOURCE (Dept/Page in CIP & Budget): The City of Dover will accept this existing pump station without any financial compensation to the previous owner.	
TIMETABLE: The existing pump station will become the responsibility of the City of Dover upon acceptance by City Council.	
RECOMMENDED ACTION: Staff recommends that City Council accept the dedication of the Tudor Pump Station to allow the City of Dover Department of Public Works to take on all operation and maintenance responsibilities in an effort to protect and maintain the safety, health and welfare of the public in this area.	

BACKGROUND AND ANALYSIS

The Tudor Industrial Park was constructed in the 1990s. Since that time, all applicable City Managers including James O'Connor, Anthony DePrima and Scott Koenig, were willing to present the associated private wastewater pump station to City Council for dedication as long as minimum upgrades were made by the owner to meet current City of Dover requirements. The owner has completed the upgrade requirements to the subject station which provides wastewater service for multiple buildings within and immediately adjacent to the Tudor Industrial Park. The current station is not compatible with the City of Dover's Wastewater System Supervisory Control and Data Acquisition (SCADA) system which notifies the City's 24/7 Systems Operations Center when problems with a station arise. Instead, this pump station has a beacon light which flashes when there is a problem with the station. If the light is on, anyone from the neighboring communities can contact the Systems Operations Center and report the situation. This same protocol exists at another pump station located on Maureen Place in the Wild Meadows development. The estimated value of the pump station is $43,000.

The City of Dover is not accepting responsibility of the gravity wastewater system internal to the site as that infrastructure will remain the responsibility of the property owner.

CAF Map

Tudor Pump Station



0 40 80 160 Feet

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\jason_lyon_maps\caf_maps
\caf_tudor_pump_station
Department: Public Works GIS
City of Dover, Delaware

Legend

PS Pump Station

Dover Parcels

The Energy Authority, Inc.

Monthly Management Committee Update – July 2014

August 28, 2014

Prepared by:

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The Strategic Partner for Public Power

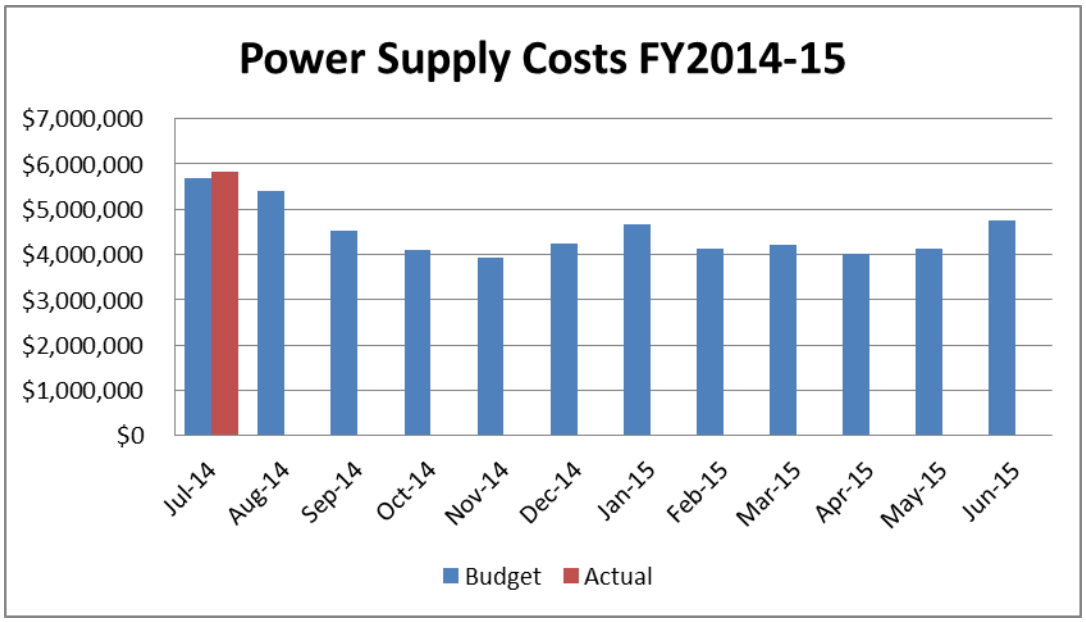
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I. Executive Summary

A. Power Supply Summary:



Overall Power Supply costs were $121,322 over budget due to higher than budgeted market prices.

Dover's budgeted cost for all power supply (capacity AND energy) was $78.49/MWh. The actual cost of all power supply (capacity AND energy) was $74.50/MWh.

The cost of energy alone was $59.44/MWh, versus a budgeted energy cost of $53.86.

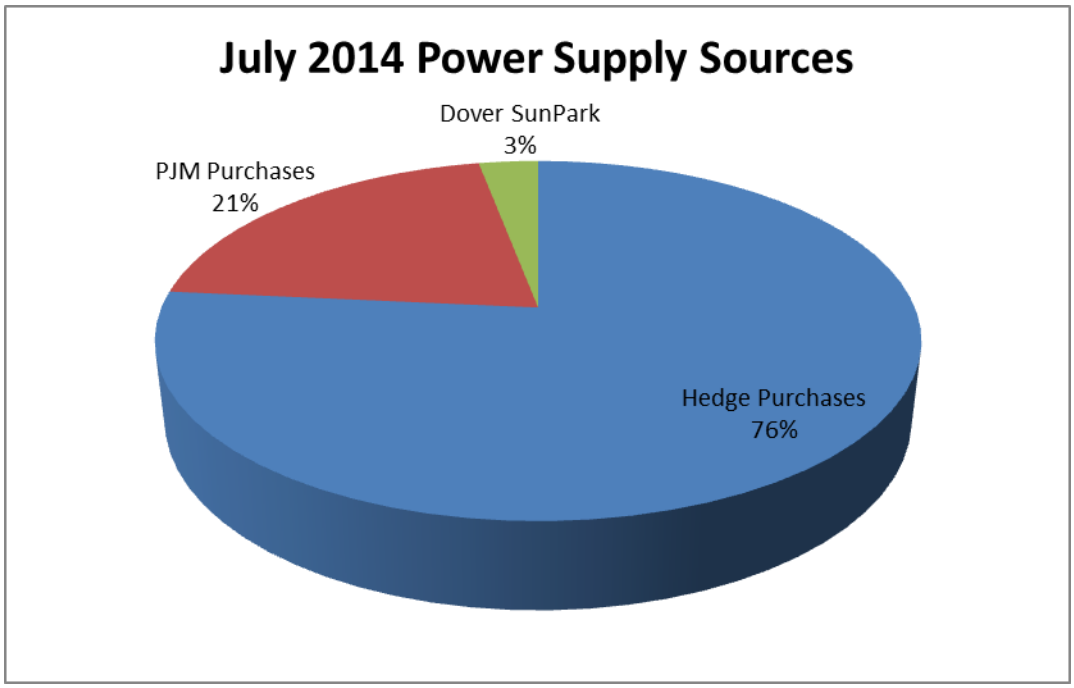
Dover's hedge purchases totaled 56,720 MWh, which was 76% of the actual load. The budgeted hedge purchase totaled 46,776, which was 61% of the budgeted load.

Dover's power purchases from hedge transactions totaled $2,795,192. Purchases from PJM (energy and fees) totaled $1,857,432. This number includes DA spot market energy of $814,807 and Network Integration Transmission Service charge of $420,278.

Dover's total load was 74,157 MWh versus a forecasted load of 76,504 MWh.

Dover's planned energy purchase from the SunPark solar installation was 2,035 MWh. Dover's actual energy purchase from the SunPark installation was 2,218 MWh.

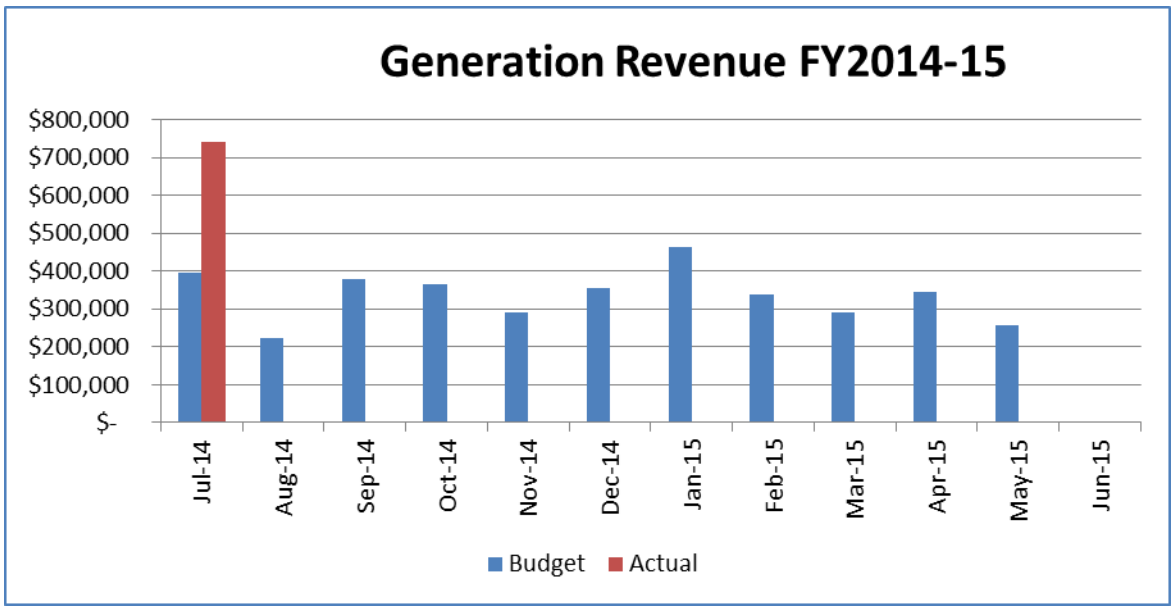
Supply Source Summary:



Supply Variance:

	Budget	Actual	Variance
Gross Load	76,504	74,157	2,347
Wholesale Load	74,469	71,939	2,530
Hedged Volume (MWh)	46,776	56,720	(9,944)
Unhedged Volume (MWh)	27,693	15,219	12,474
Dover SunPark Volume (MWh)	2,035	2,218	(183)
Renewable Energy Credits Volume	305	342	(37)
Hedged Cost ($/MWh)	$ 50.31	$ 49.28	$ 1.03
Unhedged Energy Cost ($/MWh)	$ 56.19	$ 58.63	$ (2.44)
Solar Energy Cost ($/MWh)	$ 103.92	$ 102.42	$ 1.50
Energy Costs ($/MWh)	**$53.86**	**$59.44**	**($5.57)**
All-in Costs - Energy, Capacity and RECs ($/MWh)	**$74.50**	**$78.49**	**($3.99)**

B. Generation Summary:



Dover generated 12,592 MWh in the month. Net generation revenue was $739,894 vs. a budget of $397,359.

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Generation Breakdown:

City of Dover

Monthly Wholesale Generation

July, 2014

Net Generation
12592.87

All In Generation

PJM - Generation			
	Economic and Reliability Dispatch	$	1,180,000.13
	Generation Capacity Credit	$	725,758.98
	Black Start and Transmission Losses	$	60,683.89
Natural Gas & Oil Consumption			
	Purchases for Generation	$	(513,323.69)
	Natural Gas Transport	$	(90,514.40)
	Eastern Shore Cashout	$	4.84
	Oil Consumption	$	-

Production Margin

PJM - Generation			
	Economic and Reliability Dispatch	$	1,180,000.13
Natural Gas & Oil Consumption			
	Purchases for Generation	$	(513,323.69)
	Natural Gas Transport	$	(90,514.40)
	Eastern Shore Cashout	$	4.84
	Oil Consumption	$	-
Gross Production Margin		$	576,166.88
$/MWh Generation Production Gross Margin		$	45.75

C. Emissions Summary:

Emissions Allowance Summary through July 31, 2014

McKee Run3 and VanSant Unit 11 (Dover's two units covered by the Clean Air Interstate Rule or CAIR) operated during the month of July, so there were additional emissions during this period.

CAIR EMISSION ALLOWANCE SUMMARY				
Date	**Action**	**SO_2 Allowances**	**NO_x Allowances[1]**	
			Seasonal	**Annual**
1/1/09	2008 Carryover	3,240	0	0
1/1/09	2009 Allocation	2,723	53	80
2/1/10	2010 Allocation	2,039	50	78
1/1/11	2011 Allocation	1,988	49	78
4/1/11	2011 Reallocation		2	4
1/11/12	2012 Allocation	1,988	51	80
10/4/2012	2013 Allocation	1,988	49	76
	2014 Allocation	1,988	49	76
9/29/09	SO_2 Sales	(1,500)		
11/12/09	NO_x Ann. Sales			(45)
11/13/09	SO_2 Sales	(1,410)		
11/20/09	NO_x Seas. Sales		(25)	
12/31/09	2009 Emissions[2]	(1)	(6)	(13)
12/31/10	2010 Emissions	0	(54)	(54)
10/31/10	EPA Linearity Testing Req.		(68)	(68)
2011	2010 Deficit NO_x Purchases		53	22
Aug 2011	Revised 2010 ECMPS data		30	30
Nov 2011	NO_x Seas. Sales (DEMEC)		(1)	
12/31/11	2011 Emissions[2]	(1)	(32)	(36)
12/31/12	2012 Emissions[2]	(1)	(37)	(37)
Nov 2012	NO_x Seas. Sales (DEMEC)		(2)	
2/13/2013	NO_x Annual. Sales (DEMEC)			(3)
11/15/13	NO_x Annual Sales (DEMEC)		(5)	
12/31/13	2013 Emissions	(0)	(20)	(20)
6/30/14	**2014 CYTD Emissions**	**(1)**	**(23)**	**(34)**
REMAINING ALLOWANCES		**13,040**	**73**	**216**

On August 21, 2012, a three-judge panel of the U.S. District Court of Appeals (DCA) in Washington vacated EPA's Cross State Air Pollution Rule (CSAPR) which would have

[1] Per CAIR, starting in 2009, NOx emissions are governed by a seasonal and annual program.
[2] Under CAIR, pre-CAIR SO2 allowances are retired at a rate of 2 allowances for each ton emitted. It is assumed that pre-CAIR allowances will be retired before CAIR allowances.

become effective on January 1, 2012. The DCA instructed EPA to continue administering the Clean Air Interstate Rule (CAIR). EPA appealed the DCA ruling to the U.S. Supreme Court, which heard arguments on December 10th, 2013.

On April 29th, 2014, the U.S. Supreme Court overturned the DCA opinion; however it did not immediately reinstate CSAPR. It sent the rule back to the DCA for further action consistent with the Supreme Court's opinion. On June 26th, 2014, EPA requested the DCA to reinstate CSAPR, with Phase 1 compliance deadlines being changed by 3 years to 2015 and 2016, and Phase 2 compliance deadlines being changed to 2017. To date, the DCA has not acted on EPA's motion to lift the DCA's stay from 2011.

While Delaware is included in the CAIR footprint, it is not included in the CSAPR footprint. CAIR allowances cannot be used for CSAPR compliance, so Dover's CAIR allowances will become valueless when CSAPR is reinstated. The separate Clean Air Act acid rain deposition control program will remain in effect, however the CAIR provisions for SO_2 will also disappear for Delaware.

Market liquidity for CAIR allowances continues to be low, with few transactions occurring. The following table shows estimated values for Dover's banked allowances, based on settlement prices on the Intercontinental Exchange (ICE).

Mark-to-Market for CAIR Allowances			
Commodity	**$/Ton ICE Settlement as of August 22th, 2014**	**Tons**	**Extended Value**
SO_2 Allowances (2009 & earlier)	$ 1.35	5,089	$ 6,870
SO_2 Allowances (2010-14)	$ 0.85	7,951	6,758
NO_x Allowances - Seasonal	$25.00	73	1,825
NO_x Allowances - Annual	$65.00	216	14,040
TOTAL			**$29,493**

Regional Greenhouse Gas Initiative, Pending Federal Regulations

The State of Delaware is a participant in the Regional Greenhouse Gas Initiative (RGGI). The City of Dover must comply with RGGI by surrendering carbon dioxide (CO_2) allowances pursuant to the State of Delaware's laws (Title 7, Chapter 60, Sub-Title II-A). Delaware adopted a combined emissions allowance allocation/auction mechanism for

RGGI, in which 40% of CO_2 allowances were allocated to sources for 2009, declining by 8% per year so that by 2014, all CO_2 allowances are auctioned.

Dover had more than a sufficient number of RGGI allowances allocated to it to cover its requirements through the first compliance period (calendar years 2009-2011). Any unused allowances are carried over ("banked") for subsequent years. The table below shows RGGI allowance allocations, deductions and the cumulative balance by year (column 8).

CO2 Allowance Summary (7/31/2014)							
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**
CO_2 Allowance Vintage	**CO_2 Allowances Sold YTD**	**CO_2 Allowances (Per Facility, Prior to Sale)**		**Allocated CO_2 Allowances**	**CO_2 Tons Emitted**	**Annual CO_2 Allowance Balance**	**Cumulative Balance**
		McKee Run	***VanSant***				
2009	0	60,128	2,056	62,184	(5,796)	56,388	56,388
2010	0	48,102	1,645	49,747	(32,971)	16,776	73,164
2011	0	36,077	1,234	37,311	(17,763)	19,548	92,712
2012	0	27,058	925	27,983	(15,265)	12,718	105,430
2013	0	22,879	1,939	24,818[3]	(10,231)	14,587	120,017
2014	0	-0-	-0-	-0-	(18,928)	(18,928)	**101,089**

Dover no longer receives allocations of RGGI allowances. The Cumulative Balance (column 8) – aka "Banked Allowances") can be utilized for generation in 2014 and future years. Once the banked allowances have been fully utilized, Dover will be required to purchase RGGI allowances through the auctions or through over-the-counter markets. Assuming that Dover does not sell any banked allowances and produces 20,000 tons per year, it should be able to maintain a positive balance through around 2019.

Dover could elect to sell all or a portion of its banked allowances now and re-acquire allowances at a later date; however TEA is currently of the opinion that Dover will be better off retaining its banked allowances for use during future compliance years.

The most recent RGGI spot auction occurred on June 4th, 2014; the auction cleared at $5.02/ton. The next auction will occur on September 3rd, 2014. RGGI futures settlement prices posted on Intercontinental Exchange (ICE) on August 22, 2014 ranged from $4.90 to $5.28/ton, depending settlement month and vintage. **Based on the August 22, 2014 ICE price for the December 2014 strip ($4.95/ton), the estimated market value of Dover's existing 101,089 ton RGGI allowance bank is $500,391.**

[3] Includes Q3 2013 allocations of 7,846.757 for McKee Run and 1,424.677 for VanSant.

Renewable Energy Certificates

Dover owns two photovoltaic systems totaling 15 kW, consisting of (one 5 kW unit at the Utilities Administration Building and two 5 kW units at the McKee Run generating station. Dover also receives solar energy produced by the 10 MW Dover Sun Park which is owned by White Oak Solar Energy, LLC. In addition to the all of the physical energy produced by the Sun Park, Dover receives 15% of Sun Park's SRECS. Through the end of June 2014, Dover has accumulated a total of 8,159 SRECS from these renewable energy resources.

While Delaware does periodically hold auctions for SRECs, these auctions are for size tiers N1 – N3, E1 and E2. The Dover Sun Park is in the N4 tier for very large facilities. State-wide carve outs for Tier 4 has been fully subscribed, so there is not a market for tier 4 SRECs in Delaware.

The nearest viable market for Dover's SRECs is Pennsylvania. Daily settlement prices from FlettExchange Environmental services (www.flettexchange.com) were used for 2011/12 through 2014/15 vintage allowances. The August 22, 2014 daily settlement prices for Pennsylvania SRECS are used in the table below.

SREC Vintage (June 1 – May 31)	Auction Clearing Price	SREC Quantity	Market Value
2010/2011	$ 0 (N/A)	13	$ 0
2011/2012	25.00 (FlettExchange 8/22/2014)	2,375	59,375
2012/2013	25.00 (FlettExchange 8/22/2014)	2,725	68,125
2013/2014	25.00 (FlettExchange 8/22/2014)	2,701	67,525
2014/2015	30.00 (FlettExchange 8/22/2014)	345	10,350
TOTAL		**8,159**	**$205,375**

TEA continues to recommend to Dover to retain these allowances for compliance with its Renewable Portfolio Standard (RPS) which DEMEC is working on.

On August 6, 2014, DEMEC provided TEA with its calculations of Dover's SREC and non-solar REC compliance requirements for June 1, 2013 to May 31, 2014. TEA has reviewed DEMEC's calculations for these compliance requirements and concurs.
Dover's SREC requirements for June 2013 – May 2014 were 2,941 SRECs. **Dover can either instruct TEA to retire this quantity of SRECs or to transfer them to DEMEC to retire them. TEA recommends the first option because it only requires a single step.**

Note that Dover's annual SREC acquisition for the last three years is slightly below the 2013/14 compliance requirements. Additionally, these compliance requirements will

increase in future years. Dover will need to determine how it plans to comply with these increasing SREC requirements in the future before its existing bank of allowances is depleted.

DEMEC has invoiced Dover for its non-solar RECs for the last compliance period. Dover is in the process of reviewing a preliminary invoice from DEMEC for its non-solar REC requirements. Procedures for tracking and retiring Dover's RECs under the DEMEC RPS should be developed.

D. Operations Management Summary:

During the month of July, there were no restricted work days or lost time accidents. The facility has now gone 3 years, 9 months and 17 days (1,386 days) through July 2014 without an OSHA Recordable Accident or a Lost Time reportable accident. There were zero Environmental Notices of Violations issued. DNREC is in the process of re-issuance of the 5 year McKee Run NPDES permit. DNREC made modifications to the permit by reducing the sampling parameters for each outfall. Even though DNREC reduced the sample parameters for each outfall, the Delaware River Basin Commission (DBRC) developed new criteria for PCB monitoring of industrial sites and has recommended to DNREC that McKee Run continue to sample for PCB congeners from Outfall 001. In addition, the facility is to develop and submit a Pollution Minimization Plan (PMP) for this site.

Monthly Budget Variance – The estimated expenses attributable to O&M of the two sites for the month of July were $622,716 against a budgeted amount of $782,781 for a favorable variance of $160,065 or 20.45%. The principal reason for the favorable variance was the accrual of expenses which overlapped Fiscal Year Budgets.

E. Risk Management Summary:

Forward power prices in PJM are higher than last month.

The current projected cost of service is below:

PY	Hedge Ratio	Blended Cost ($/MWh)	Monthly Change ($/MWh)
2014-15	78%	$46.43	$1.24
2015-16	61%	$43.43	$1.08
2016-17	24%	$42.36	$0.98
2017-18	29%	$43.84	$1.38
2018-19	15%	$44.50	$1.09

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II. Budget Report

	Budget Jul-14	Actual Jul-14	Variance
Gross Load	**76,504**	**74,157**	**2,347**
Power Supply			
Hedged Energy	$2,353,195	$2,795,192	($441,997)
PJM - Energy, Congestion & Losses	$1,555,981	1,385,223	$170,758
PJM - ARR, Transmission and Fees	$622,208	472,210	$149,998
Dover SUN Park Energy	$211,475	$227,139	($15,664)
Dover SUN Park RECs	$49,925	$48,899	$1,026
Management Fees	$83,000	$83,000	$0
PJM - Capacity UCAP Obligated Purchased	$823,465	$808,908	$14,557
Subtotal - Power Supply	**$5,699,249**	**$5,820,571**	**($121,322)**
Power Generation O&M			
Plant O&M	$ 782,781	$ 622,716	$160,065
Subtotal Generation O&M	**782,781.00**	**622,716.00**	**$160,065**
Power Generation Production Margin			
PJM - Economic and reliability dispatch	($1,339,680)	(1,180,000)	($159,680)
Fixed Fuel and Transport Charges	$966,800	603,833	$362,967
Subtotal Generation Production Margin	**($372,880)**	**$(576,166.88)**	**$203,287**
Power Generation Non-Production Revenue			
PJM - Generation Capacity Credit	($740,515)	(725,759)	($14,756)
Capacity Replacement Charge	$11,160	$ -	$11,160
PJM - Black Start & Transmission Losses	($77,905)	$ (60,684)	($17,221)
Subtotal - Non-Production Revenue	**($807,260)**	**($786,443)**	**($20,817)**
SubTotal - All Generation	**(397,359.00)**	**($739,894)**	**$342,535**
Total - Utilities Cost	**$5,301,890**	**$5,080,677**	**$221,213**
Unit Costs			
Total - Power Supply	$74.50	$78.49	($3.99)
Total - Power Generation	($5.19)	($9.98)	$4.78
Final Cost of Service to City of Dover Ratepayers	$69.30	$68.51	$0.79

Variance Analysis:

Power Supply

- Dover consumed 2,347 MWh less than forecast for the month.
- PJM energy costs were higher than expected due to higher market prices. Congestion was elevated due to a nuclear plant outage..
- This resulted in a net power supply cost of $78.49/MWh, $3.99/MWh above budget.
- For the month, the city realized an unfavorable variance of $121,322 for power supply vs. the monthly budget.
- Dover Sun Park generated 183 MWh more than forecast.

Generation

- Power generation had a favorable budget variance of $342,535.
- Plant O&M expenses had an unfavorable budget variance of $160,065 for the month.

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Operations Management

NAES Corporation
Dover, Delaware
July 2014
Monthly Report



Phil Marvel, Maintenance Supervisor, proudly accepts 15 Year Service Award from Plant Manager, Vincent Scire.

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7.0 Summary of NAES Performance

1.0 Environmental, Health and Safety:

During the month of July, there were no restricted work days or lost time accidents. The facility has now gone 3 years, 9 months and 17 days (1,386 days) through July 2014 without an OSHA Recordable Accident or a Lost Time reportable accident. McKee Run conducted a plant-wide Evacuation/Fire Drill to verify readiness and employee mustering locations. Some modifications will be made to the current procedure to improve the process.

There was one Near Miss reported in July at McKee Run. A shelf holding a wooden mailbox fell, nearly striking an Administrative staff employee. The corrective action measure was to move the wooden mailbox to a countertop in the Administrative Assistant's office. In the future, a greater number of Near Miss Incident are expected to be reported so as to heighten awareness on safety with the hope in reducing accidents in the future.

The plant received no Notice of Violations (NOVs) during the month. The July DMR was submitted for the McKee Run site with no NPDES exceedences. There was one opacity deviation from Unit 1 in July. It occurred while a restart of the boiler was underway after the unit had tripped on low vacuum. A letter was sent to DNREC that notified them of the deviation.

The Semi-Annual Title V Report was submitted for McKee Run and VanSant for the period between January 1 and June 30, 2014. The VanSant Quarterly Report of Excess Emissions was submitted to DNREC.

McKee Run had a lab pack performed on various obsolete laboratory chemicals from the plant Laboratory and other wastes removed from the site. One hazardous waste container and eight non-hazardous containers were transported off-site with the lab pack under a proper manifest to an approved disposal facility. Additional training was required as part of the lab pack and a Site-Specific Hazardous Waste Awareness training module was created and completed for Operations and Maintenance staff.

During the month of July, there were twenty-four IWW discharges to the Kent County Sewer. Sampling occurred on July 15, 2014 and laboratory analytical data indicated no exceedences. The July SIU Report was submitted to Kent County.

DNREC is in the process of re-issuance of the 5 year McKee Run NPDES permit. DNREC made modifications to the permit by reducing the sampling parameters for each outfall. Even though DNREC reduced the sample parameters for each outfall, the Delaware River Basin Commission (DBRC) developed new criteria for PCB monitoring of industrial sites and has recommended to DNREC that McKee Run continue to sample for PCB congeners from Outfall 001. In addition, the facility is to develop and submit a Pollution Minimization Plan (PMP) for this site. NAES

Corporation as a whole has developed PMP's for other customers and is evaluating the costs associated with developing a site specific plan for McKee Run. The NPDES permit went for public comment on July 30, 2014 and the comment period will end on August 29, 2014. If there are no comments, EPA has 30 days after August 29, 2014 to review the permit and after that, the permit will be considered final and a reissuance date is expected around October 1, 2014.

Environmental, Health, and Safety Statistics		
	Month (July)	Fiscal Year to Date (7/1/14-6/30/15)
NOVs	0	0
Opacity Deviations	1	1
Environmental Deviations	0	0
OSHA Recordable	0	0
OSHA LTA's	0	0
First Aid cases	0	0
Restricted Workday Accident	0	0
Near Miss	1	1
Man Hours Worked	4,834.5	57,789.75
Date last OSHA Recordable		10/14/10
Date last Lost Time Accident		10/14/10
Days since last OSHA recordable		1,386
Days since last Lost Time Accident		1,386

Emissions (NO_x, CO_2 & SO_2) All data thru 7/31/14

NOx Summary – Ozone Season (May-Sep) Tons					
Year	*Unit #1*	*Unit #2*	*Unit #3*	*Unit #11*	*TOTAL*
2012	1.2	1.0	35.8	1.0	33.1
2013	1.1	1.7	19.3	1.3	23.4
2014	0.5	0.7	25.1	0.6	26.9
NOx Summary - Year (Jan-Dec) Tons					
Year	*Unit #1*	*Unit #2*	*Unit #3*	*Unit #11*	*TOTAL*
2012	1.2	1.1	35.8	1.0	36.9
2013	1.1	1.7	19.4	1.3	23.5
2014	1.0	1.2	29.9	3.5	35.6
SO_2 Summary - Year (Jan-Dec) Tons					
Year	*Unit #1*	*Unit #2*	*Unit #3*	*Unit #11*	*TOTAL*
2012	0.0	0.0	0.0	0.1	0.1
2013	0.0	0.0	0.0	0.2	0.2
2014	0.0	0.0	0.4	0.6	1.0

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CAIR NOx Allowances Summary*

CAIR NOx Allowance Vintage	CAIR NOx Allowances Sold YTD	NOx Allowances Available (Per Facility, Prior to Sale)		Total NOx Tons Emitted (Yr/ Season) McKee Run - VanSant	CAIR NOx Allowances Purchased YTD	NOx Allowance Balance	
		McKee Run (Yr/Season)	*VanSant (Yr/Season)*			*McKee Run* (Yr/Season)*	*VanSant* (Yr/Season)*
2013 and earlier	10**	229/142	15/9	88/86 – 5/3	0/0 - 0/0	166/44	8/6
2014	0	71/46	5/3	30/25 - 4/1	0/0 – 0/0	41/21	1/2
				Total NOx Allowance Balance		**207/65**	**9/8**

***Note – Emissions allowances are deducted according to oldest vintage first or unless otherwise directed.**
****Note – The facility transferred Ozone Season allowances to a third party.**

SO_2 Allowances Summary

SO_2 Allowance Vintage	SO_2 Allowances Sold - YTD	SO_2 Allowances Available (Per Unit, Prior to Sale & Reconciliation)		Total SO_2 Tons Emitted– U3 and U11 YTD	SO_2 Allowances Balance*
		Unit #3	*Unit #11*		
2013 and earlier	0	10,365	690	2	11,053
2014	0	1850	138	1	1,987
			Total SO2 Allowance Balance		**13,040**

***Note – Emissions allowances are deducted according to oldest vintage first, unless otherwise directed.**

CO2 Allowances Summary

CO2 Allowance Vintage	CO2 Allowances Sold YTD	CO2 Allowances Available (Per Facility, Prior to Sale)		Total CO2 Tons Emitted	CO2 Allowance Balance
		McKee Run	*VanSant*		
2013 and earlier	0	194,244	7,799	82,026	120,017
2014	0	0	0	18,928	(18,928)
				Total CO2 Allowance Balance	**101,089**

***Note: CO2 allowance values are provided by the RGGI CO2 Allowance Tracking System.**
Note: All emissions (NOx, SO2 and CO2) totals for 2013 are unofficial.
#Note: Additional CO2 Emission Values were added to 2013 balances by RGGI COATS- 7,846.757 for McKee Run and 1,424.677 for VanSant

2.0 Financial

Financial – Current Month

Month – July			
	Actual	Budget	Variance
Personnel	185,536	247,700	62,164
Materials & Supplies	19,122	33,300	14,178
Administrative Expenses	418,058	501,781	83,723
Total	**$622,716**	**$782,781**	**$160,065**

Financial – Fiscal Year to Date

Number of Months – 1			
	Actual	Budget	Variance
Personnel	185,536	247,700	62,164
Materials & Supplies	19,122	33,300	14,178
Administrative Expenses	418,058	501,781	83,723
Total	**$622,716**	**$782,781**	**$160,065**

2.1 Variance analysis:

The actual expenses for the month of July are $622,716 against a budgeted amount of $782,781 for a favorable variance of $160,065 or 20.45%. The variance was due to the following:

PERSONNEL EXPENSES – A favorable monthly variance of $62,164 was due to having a week of payroll accrued into the previous month. As a result, this impacted three (3) labor accounts – straight time, overtime, and labor burdens.

MATERIALS AND SUPPLIES EXPENSES- A favorable monthly variance of $14,178 was due to accrual of July water costs. A portion of the positive variance was offset by expenses to repair facility roofs and the purchase of water treatment chemicals.

ADMINISTRATIVE EXPENSES – A favorable monthly variance of $83,723 due to accrual of July electricity costs and the timing of the invoice for ABB maintenance contract which was budgeted for in July but hasn't been received.

The forecasted expenses for this fiscal year are $6,048,035 expensed versus an approved budget of $6,096,100 thereby realizing a 99.21% expenditure rate.

3.0 Operations

Unit Operations / Outages / Trips: Unit 3 was dispatched fifteen times, Unit 1 and Unit 2 were dispatched twice and Unit 11 was dispatched three times by PJM in the month of July. On July 23, a capacity test was completed on Unit 1 for the summer run and completed capacity testing for all units for the summer period.

 # Note: Does not include HWB or Pilot Gas. Fuel usage numbers are taken from fuel flow instruments.

Month July 2014							
		McKee Unit 1	McKee Unit 2	McKee Unit 3	MRS Facility	VanSant Unit 11	Total All Units
Capacity	MW	17	17	102	136	39	175
On Line Hours	Hrs	30.966	35.134	235.750	301.850	13.717	315.567
Starts	#	3	5	15	23	4	27
Gross Generation	MWh	261.694	252.941	12,810.643	13,325.278	462.997	13,788.275
Net Generation	MWh	247.853	233.930	11,697.928	12,179.711	452.705	12,632.416
Total Auxiliaries	MWh	48.755	53.925	1,473.575	1,576.255	1.603	1,577.858
Auxiliaries purchased	MWh	34.914	34.914	360.860	430.688	1.311	431.999
Fuel Gas Used	MMBTU	3,780.381	3,255.417	134,162.517	141,198.315	6,020.014	147,218.329
Fuel Oil Used	MMBTU	0.0	0.0	0.0	0.0	0.0	0.0
Fuel Oil Used	Gallons	0.0	0.0	0.0	0.0	0.0	0.0
Total Fuel	MMBTU	3,780.381	3,255.417	134,162.517	141,198.315	6,020.014	147,218.329
Net Heat Rate	BTU/KWh	15.253	13.916	11.469	13.546	13.298	13.422
Unit Trips	#	1	3	0.0	4	1	5
Capacity Factor	%	1.96	1.85	15.41	12.04	1.56	9.70
Availability Factor	%	100.00	100.00	100.00	100.00	100.00	100.00
Commercial Unavailability (CU)	%	0.0	0.0	0.0	0.0	0.0	0.0
Planned Outage Hours	Hours	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance Outage Hours	Hours	0.0	0.0	0.0	0.0	0.0	0.0
Forced Outage Hours	Hours	0.0	0.0	0.0	0.0	0.0	0.0
Reserve Shutdown Hours	Hours	713.034	708.866	508.250	1,930.150	730.283	2,660.433
HW Boiler Gas Usage	MMBTU				0.0		0.0
Pilot Gas Usage	MMBTU	527.631	527.631		1,055.263		1,055.263

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2014-2015 Fiscal Year-to-Date – 1 Month							
		McKee Unit 1	McKee Unit 2	McKee Unit 3	MRS Facility	VanSant Unit 11	Total All Units
Capacity	MW	17	17	102	136	39	175
On Line Hours	Hrs	30.966	35.134	235.750	301.850	13.717	315.567
Starts	#	3	5	15	23	4	27
Gross Generation	MWh	261.694	252.941	12,810.643	13,325.278	462.997	13,788.275
Net Generation	MWh	247.853	233.930	11,697.928	12,179.711	452.705	12,632.416
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Fuel Oil Used	MMBTU	0.0	0.0	0.0	0.0	0.0	0.0
Fuel Oil Used	Gallons	0.0	0.0	0.0	0.0	0.0	0.0
Total Fuel	MMBTU	3,780.381	3,255.417	134,162.517	141,198.315	6,020.014	147,218.329
Net Heat Rate	BTU/KWh	15.253	13.916	11.469	13.546	13.298	13.422
Unit Trips	#	1	3	0.0	4	1	5
Capacity Factor	%	1.96	1.85	15.41	12.04	1.56	9.70
Availability Factor	%	100.00	100.00	100.00	100.00	100.00	100.00
Commercial Unavailability (CU)	%	0.0	0.0	0.0	0.0	0.0	0.0
Planned Outage Hours	Hours	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance Outage Hours	Hours	0.0	0.0	0.0	0.0	0.0	0.0
Forced Outage Hours	Hours	0.0	0.0	0.0	0.0	0.0	0.0
Reserve Shutdown Hours	Hours	713.034	708.866	508.250	1,930.150	730.283	2,660.433
HW Boiler Gas Usage	MMBTU				0.0		0.0
Pilot Gas Usage	MMBTU	527.631	527.631		1,055.263		1,055.263

Fuel Oil Inventory							
	Monthly Inventory (Start)	Monthly Inventory (End)	Fuel Purchases (Month)	Monthly Inventory (Change)	FY 14-15 Inventory (Start)	Fuel Purchases (FYTD)	FY 14-15 Inventory (Change)
McKee Run (#2 Fuel Oil)	452,963	452,963	0	0	452,963	0	0
VanSant (#2 Fuel Oil)	73,572	73,488	0	(84)	73,572	0	(84)

Note: As measured by tank level instruments. Tank levels may change due to oil temperature.

VanSant Lifetime through July 2014			
	Actual Starts	Factored Starts	Fired Hours
VanSant	1369	2,346.75	4,330.7
Since HGP - Dec 2004	260	679.05	946.92

Capacity Testing – FY 2014-2015					
Summer 2014 (June 1- Aug 31)			**Winter 2014-2015 (Dec 1- Feb 28)**		
Unit	Rated Net Capability (MW)	Reported Net Capability (MW)	Unit	Rated Net Capability (MW)	Reported Net Capability (MW)
1	17	17.4	1	17	17*
2	17	17.5	2	17	17*
3	102	103.99	3	102	102*
11	39	39.8#	11	39	39*
Total	175	175	Total	175	175

Note: * Denotes Unit is qualified for the PJM Winter Demonstration Period Exemption Program.
Note: # Depicts Net Corrected Capacity for Ambient Air Conditions – VanSant Unit only

Team Report:

Operations successfully completed capacity test on Unit 1 for the PJM Summer Capacity Test Demonstration Period. All City of Dover units have now completed this test for the summer period.

The operators also use the GPi Learning courses to improve their knowledge and skills. The GPI online training which supports our safety, OSHA, and environmental training are being used by the teams to complete their training for the year. Along with the GPI OSHA training the operators review the plant's safety procedures. The operators have to complete quizzes for the SMP training and review.

4.0 Maintenance

During the month of July, the Plant Maintenance staff continued addressing the backlog of work orders. There were fifty work orders issued with eighty-seven work orders being completed during the month. No safety work orders were entered into the plant's Computerized Maintenance Management System (MP2) during the month. The table below summarizes the monthly work order activities.

Work Order Report

July - 2014

Priority #	Outstanding From Previous Month	Issued This Month	Completed This Month	Outstanding at the end of the month
1	30	16	19	27
2	72	3	24	51
3	51	9	10	50
4	5	0	0	5
5	12	1	0	13
SW1	0	0	0	0
SW2	0	0	0	0
SW3	0	0	0	0
SW4	0	0	0	0
SW5	0	0	0	0
PM	80	21	34	67
EM	0	0	0	0
Totals	250	50	87	213

Note: PM Work Orders are included in the priority totals

Notable activities during the month include:

During the operation of the combustion turbine, it was noted that the diesel motor speed was not ramping up to rated operating RPMs. NAES Maintenance Staff started to troubleshoot the problem and with assistance from Carey's Diesel, it was determined an injector was malfunctioning. The faulty injector was replaced after which the engine was retested. While the performance did increase, additional work is needed including a tune up of the engine and replacement of the other injector. This work is expected to be performed during the fall outage.

The NAES IC&E staff continued investigating the flame scanners and why they were losing signal during unit operations. It was determined that the flame scanners were cutting out on high temperature, partly due to heat coming from the plenum area of the stack. TO correct this problem temporarily, staff installed Vortex chillers on the flame scanners to keep the electronic cool. Subsequent to this installation, the unit was called to operate and during the unit operation, the flame scanners did not cut out. Repairs will be needed to correct the heat problem emanating from plenum area of the stack. This work is in the planning stages.

The NAES IC&E staff and the NAES Operation staff troubleshot "A" bank train in the DI at McKee Run. "A" bank train was unable to regenerate. It was discovered that two valves on "A"

bank train were bad. New valves were ordered, installed and a regeneration of "A" bank was successfully completed.

5.0 Capital Improvement Projects (CIP)

Project Number	Description	Update
EG1212	Unit 3 Turbine Repairs	Progress: All work planned is now complete. Follow-up activities include contacting suppliers for the replacement of the damaged rotor expansion instrumentation. This equipment is obsolete and will be replaced with current technology. Replacement of other turbine supervisory instrumentation will also be investigated. High vibration experienced during hot starts will require an additional balancing during the upcoming fall outage. Plant staff is collecting data that will help determine where and how much balance weight will need to be installed in the next outage. Schedule: Continuing to pursue the replacement rotor expansion instrumentation and evaluate balancing of turbine-generator for Fall 2014 Outage.
EG1402	Unit #3 Cooling Tower Repairs	Progress: Bids have been received and evaluated. Recommendations of award will be sent to COD Utility Committee and City Council in August period for their approval. Cash flow requirements were adjusted to reflect new cash flow projections Schedule: Upon approval COD Council, contract will be awarded for work to start in Fall 2014 Outage.
EG1406	McKee Run HEP Pipe Repairs	Progress: The recently completed hanger adjustments will need to be checked with the unit in the hot (running) position. Expected August operations should provide an opportunity to do so. Schedule: Developed work scope for Fall 2014 work and sent out for bids which are due in late August. Bids to be evaluated and vendor to be recommended and contract ultimately awarded. One section of pipe is scheduled for replacement is included as part of the scope for the fall of 2014.
EG1407	Metering System Upgrades	Progress: Work scope is still being developed for an RFP. Schedule: Work activities are moving forward. Working with COD staff to finalize RFP documents for release in September period.
EG1408	McKee Run/VanSant Safety Compliance Items	Progress: Work scopes developed and sent out for bids which are due in August. Schedule: Bids will be reviewed, evaluated and contracts awarded. Work activities are planned for completion in Fall 2014 outage.

EG1416	VanSant Capacity Increase	Progress: Draft permit was advertised in newspaper for public comment and for comments from EPA. Schedule: DNREC will provide Construction once all paperwork has been completed which could be in late August or early September. Award of system supplier was approved in May. Planning in progress with vendor for construction drawings and scheduling.
EG1503	Unit #3 Auxiliary System Component Replacement	Progress: Work scopes being developed for Fall 2014 and Spring 2015 Outages. Schedule: Fall 2014 work scopes to be developed and sent out in August for September start.
EG1504	Unit#3 Boiler System Repairs	Progress: Work scopes being developed for Fall 2014 and Spring 2015 Outages. Schedule: Fall 2014 work scopes to be developed and sent out in August for September start.
EG1505	VanSant Station Component Replacement	Progress: Work scopes being developed for Fall 2014 and Spring 2015 Outages. Schedule: Fall 2014 work scopes to be developed and sent out in August for September start.
EG1506	McKee Run/VanSant Safety Improvements	Progress: Work scopes developed and sent out for bids which are due in August. Schedule: Bids will be reviewed, evaluated and contracts awarded. Work activities planned for completion in Fall 2014 outage.
EG1507	McKee Run Units #1-#2 Component Replacement	Progress: Project on Hold Schedule: Project on Hold
EG1508	McKee Run/VanSant Structural Preservation	Progress: Plant staff completed development of paint specifications and bid requests were to be received in mid-August. Schedule: Bids will be evaluated and determination made thereafter as to how to proceed. Some work may need to be completed in warmer temperatures.

6.0 General Plant Information

On July 19, 2014, Phil Marvel, Maintenance Supervisor, completed 15 years of service at the McKee Run Generating Station. Supervisors and Staff acknowledged his commitment with a celebratory lunch on July 17 in his honor. Vince Scire, Plant Manager, presented Phil with a NAES letter, plant pin and gift card.

Training:

Plant employees continue with General Physics safety training and environmental courses to enhance their overall knowledge of permit and safety requirements.

Topics discussed during the monthly safety committee meeting were reviewed by the entire staff. The monthly safety topic was on "Crane Stability and Tipping".

Calendar of Events	Date
NPDES Permit Expires (DNREC has Extended)	March 4, 2014 (TBD)
Annual VanSant Black Start Test	TBD
NOx Ozone Season Starts	May 1, 2014
PJM Summer Capacity Test Period	June 1, 2014 – August 31, 2014
FY 2014-201454 Budget Year Begins	July 1, 2014
Toxic Release Inventory (TRI) Annual Report	July 1, 2014
Semi-Annual Title V Certification Due	July 31, 2014
EIA-860 Report	August 4, 2014
EIA-923 Report	August 11, 204
Units 1, 2, 3 and 11 Fall Outage Starts	September 29, 2014
NOx Ozone Season Ends	September 30, 2014
Four Year Accident Free	October 14, 2014
Winter Capacity Period	December 1, 2014 to February 28, 2015
NOx Emissions Reconciliation Due	March 1, 2015
SO2 Emissions Reconciliation Due	March 1, 2015
SARA III / Tier II Report Due	March 1, 2015
Units 1, 2, and 3 Spring Outage	TBD – Spring 2015
Unit 11 Spring Outage	TBD – Spring 2015
Air Emission Inventory	April 30, 2015

7.0 Summary of NAES Performance to Date

Plant Performance FY 2014-2015						
Measure	**Month**		**Year to Date**		**YTD Incentive**	**FY Maximum Incentive**
Commercial Unavailability (CU)	0.00%		0.00%		$96,875	$96,875
Safety	0		0		$18,163	$18,163
Environmental	0		0		$18,163	$18,163
Capacity Tests Completed	Summer	Winter	Summer	Winter		
Unit 1	Yes	No	Yes	No	$3,634	$3,634
Unit 2	No	No	Yes	No	$3,634	$3,634
Unit 3	No	No	Yes	No	$21,797	$21,797
Unit 11	No	No	Yes	No	$7,266	$7,266
Total YTD Incentive %	100%		***Total YTD Incentive***		$169,532	$169,532

Note*: All units have successfully completed the Summer (FY 2014-2015) Testing for PJM and are now entered in the PJM Winter Capacity Test Exemption Program.

III. Appendix 1 – PJM Invoice Breakdown

		Gen	Load	Grand Total
⊟480-8102-592-95-49	Capacity Resource Deficiency		($5,410.64)	($5,410.64)
	Capacity Transfer Rights		$60.76	$60.76
	Locational Reliability		$814,257.78	$814,257.78
480-8102-592-95-49 Total			**$808,907.90**	**$808,907.90**
⊟480-8102-592-95-50	RPM Auction	($725,758.98)		($725,758.98)
480-8102-592-95-50 Total		**($725,758.98)**		**($725,758.98)**
⊟480-8102-592-95-90	Auction Revenue Rights		($54,971.37)	($54,971.37)
	Balancing Operating Reserve		$6,709.19	$6,709.19
	Balancing Operating Reserve for Load Response		$0.21	$0.21
	Black Start Service		$1,941.67	$1,941.67
	CT Lost Opportunity Cost Allocation		($48.36)	($48.36)
	Day-Ahead Load Response Charge Allocation		$182.02	$182.02
	Day-ahead Operating Reserve		$6,768.31	$6,768.31
	Day-ahead Operating Reserve for Load Response		$2.21	$2.21
	Day-ahead Scheduling Reserve		$9.39	$9.39
	Expansion Cost Recovery		$408.27	$408.27
	FERC Annual Recovery		$5,176.82	$5,176.82
	Generation Deactivation Refund		($1,442.46)	($1,442.46)
	Load Reconciliation for Transmission Losses		($104.79)	($104.79)
	Market Monitoring Unit (MMU) Funding		$344.24	$344.24
	Michigan - Ontario Interface Phase Angle Regulators		$194.68	$194.68
	Network Integration Transmission Service		$420,278.16	$420,278.16
	Non-Firm Point-to-Point Transmission Service		($430.16)	($430.16)
	Non-Synchronized Reserve		$684.59	$684.59
	North American Electric Reliability Corporation (NERC)		$789.06	$789.06
	Organization of PJM States, Inc. (OPSI) Funding		$51.62	$51.62
	PJM Scheduling, System Control and Dispatch Service - Advanced Second Control Center		$1,555.42	$1,555.42
	PJM Scheduling, System Control and Dispatch Service - Capacity Resource/Obligation Mgmt.		$952.63	$952.63
	PJM Scheduling, System Control and Dispatch Service - Control Area Administration		$12,477.48	$12,477.48
	PJM Scheduling, System Control and Dispatch Service - Market Support		$3,306.85	$3,306.85
	PJM Scheduling, System Control and Dispatch Service - Market Support Offset		($379.90)	($379.90)
	PJM Scheduling, System Control and Dispatch Service - Regulation Market Administration		$92.24	$92.24
	PJM Scheduling, System Control and Dispatch Service Refund - Capacity Resource/Obligation Mgmt.		($41.85)	($41.85)
	PJM Scheduling, System Control and Dispatch Service Refund - Control Area Administration		($612.08)	($612.08)
	PJM Scheduling, System Control and Dispatch Service Refund - Market Support		($166.83)	($166.83)
	PJM Scheduling, System Control and Dispatch Service Refund - Regulation Market Administration		($5.61)	($5.61)
	PJM Settlement, Inc.		$379.90	$379.90
	Reactive Services		$5,210.30	$5,210.30
	Reactive Supply and Voltage Control from Generation and Other Sources Service		$36,139.02	$36,139.02
	Real-Time Load Response Charge Allocation		$436.23	$436.23
	Regulation and Frequency Response Service		$15,170.58	$15,170.58
	Reliability First Corporation (RFC)		$1,120.91	$1,120.91
	Synchronized Reserve		$2,782.36	$2,782.36
	Synchronous Condensing		$3.78	$3.78
	Transmission Enhancement		$1,765.82	$1,765.82
	Transmission Owner Scheduling, System Control and Dispatch Service		$5,479.18	$5,479.18
480-8102-592-95-90 Total			**$472,209.73**	**$472,209.73**
⊟480-8102-592-95-91	Balancing Spot Market Energy		($162,540.40)	($162,540.40)
	Balancing Transmission Congestion		($3,558.81)	($3,558.81)
	Balancing Transmission Losses		($7,366.29)	($7,366.29)
	Day-ahead Spot Market Energy		$814,807.19	$814,807.19
	Day-ahead Transmission Congestion		$605,007.04	$605,007.04
	Day-ahead Transmission Losses		$129,683.23	$129,683.23
	Inadvertent Interchange		$666.63	$666.63
	Load Reconciliation for Balancing Operating Reserve		$25.62	$25.62
	Load Reconciliation for Day-ahead Scheduling Reserve		$0.04	$0.04
	Load Reconciliation for FERC Annual Recovery		$23.53	$23.53
	Load Reconciliation for Inadvertent Interchange		$1.40	$1.40
	Load Reconciliation for Market Monitoring Unit (MMU) Funding		$1.32	$1.32
	Load Reconciliation for Non-Synchronized Reserve		$3.23	$3.23
	Load Reconciliation for North American Electric Reliability Corporation (NERC)		$3.59	$3.59
	Load Reconciliation for Organization of PJM States, Inc. (OPSI) Funding		$0.23	$0.23
	Load Reconciliation for PJM Scheduling, System Control and Dispatch Service		$69.22	$69.22
	Load Reconciliation for PJM Scheduling, System Control and Dispatch Service Refund		($2.48)	($2.48)
	Load Reconciliation for Reactive Services		$614.46	$614.46
	Load Reconciliation for Regulation and Frequency Response Service		$93.41	$93.41
	Load Reconciliation for Reliability First Corporation (RFC)		$5.10	$5.10
	Load Reconciliation for Schedule 9-6 - Advanced Second Control Center		$8.53	$8.53
	Load Reconciliation for Spot Market Energy		$14,678.80	$14,678.80
	Load Reconciliation for Synchronized Reserve		$36.62	$36.62
	Load Reconciliation for Synchronous Condensing		$0.21	$0.21
	Load Reconciliation for Transmission Congestion		($2,257.94)	($2,257.94)
	Load Reconciliation for Transmission Losses		$81.62	$81.62
	Load Reconciliation for Transmission Owner Scheduling, System Control and Dispatch Service		$24.91	$24.91
	Meter Error Correction		($4,887.47)	($4,887.47)
480-8102-592-95-91 Total			**$1,385,222.54**	**$1,385,222.54**
⊟480-8102-592-95-92	Balancing Operating Reserve	($81,869.28)		($81,869.28)
	Balancing Spot Market Energy	$268,356.92		$268,356.92
	Balancing Transmission Congestion	$107,285.46		$107,285.46
	Balancing Transmission Losses	$19,985.55		$19,985.55
	Day-ahead Spot Market Energy	($976,440.40)		($976,440.40)
	Day-ahead Transmission Congestion	($490,460.40)		($490,460.40)
	Day-ahead Transmission Losses	($26,857.98)		($26,857.98)
480-8102-592-95-92 Total		**($1,180,000.13)**		**($1,180,000.13)**
⊟480-8102-592-95-93	Day-ahead Scheduling Reserve	($5.70)		($5.70)
	Reactive Supply and Voltage Control from Generation and Other Sources Service	($29,467.58)		($29,467.58)
	Synchronized Reserve	($266.79)		($266.79)
	Transmission Losses	($30,943.82)		($30,943.82)
480-8102-592-95-93 Total		**($60,683.89)**		**($60,683.89)**
Grand Total		**$ (1,966,443.00)**	**$ 2,666,340.17**	**$699,897.17**

The Energy Authority, Inc.

Monthly Management Committee Update – August 2014

September 25, 2014

Prepared by:

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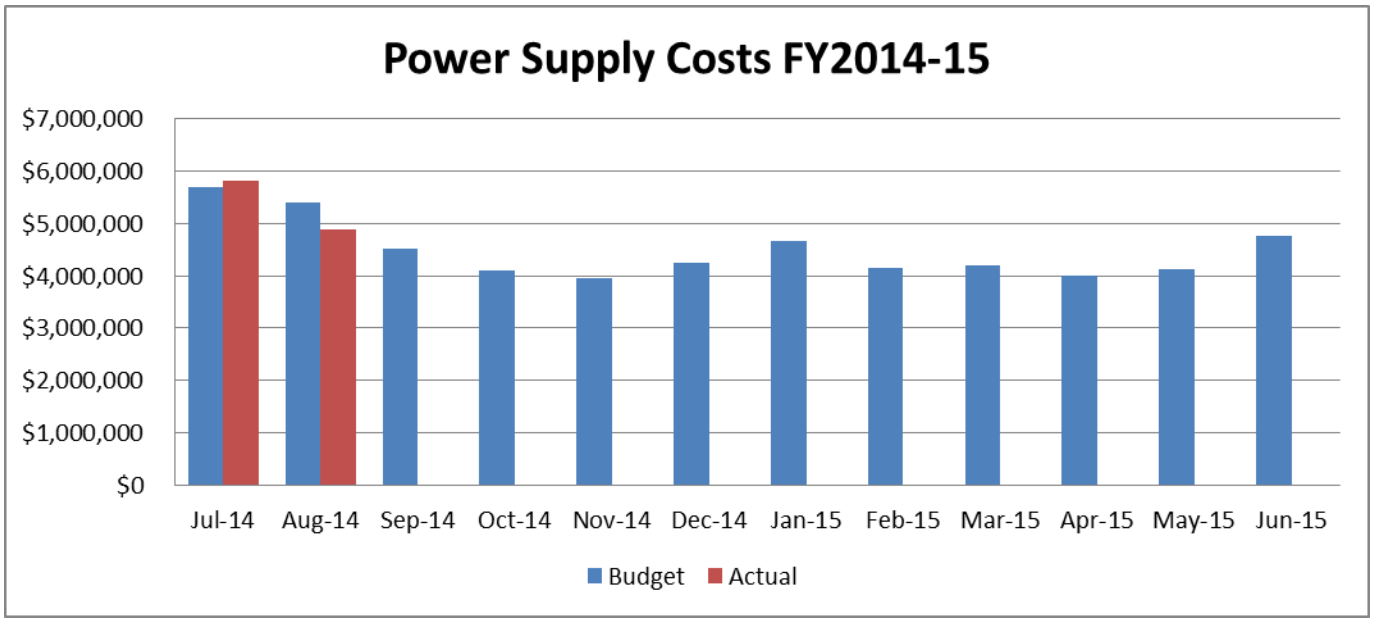
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I. Executive Summary

A. Power Supply Summary:



Overall Power Supply costs were $513,305 under budget driven by lower loads and lower PJM fees.

Dover's budgeted cost for all power supply (capacity AND energy) was $70.58/MWh. The actual cost of all power supply (capacity AND energy) was $69.85/MWh.

The cost of energy alone was $49.89/MWh, versus a budgeted energy cost of $47.98.

Dover's hedge purchases totaled 57,624 MWh, which was 82% of the actual load. The budgeted hedge purchase totaled 44,424, which was 58% of the budgeted load.

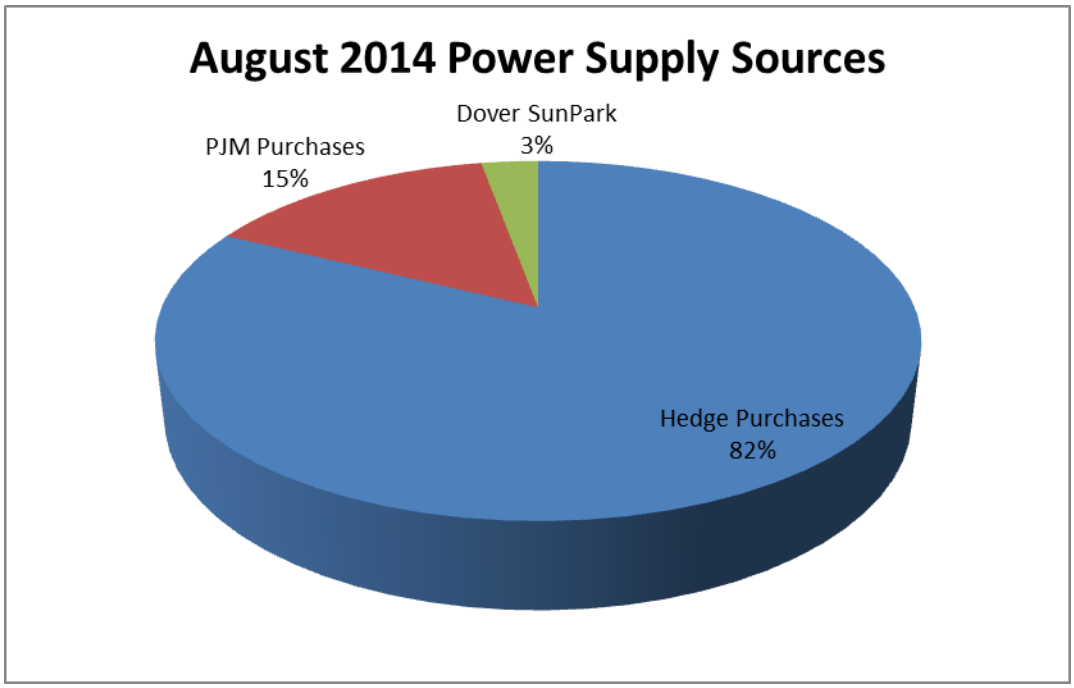
Dover's power purchases from hedge transactions totaled $2,786,692. Purchases from PJM (energy and fees) totaled $950,893. This number includes DA spot market energy charges of $546,252 and Reactive Service charges of $6,370

Dover's total load was 69,979 MWh versus a forecasted load of 76,531 MWh.

Dover's planned energy purchase from the SunPark solar installation was 1,857 MWh. Dover's actual energy purchase from the SunPark installation was 2,006 MWh.

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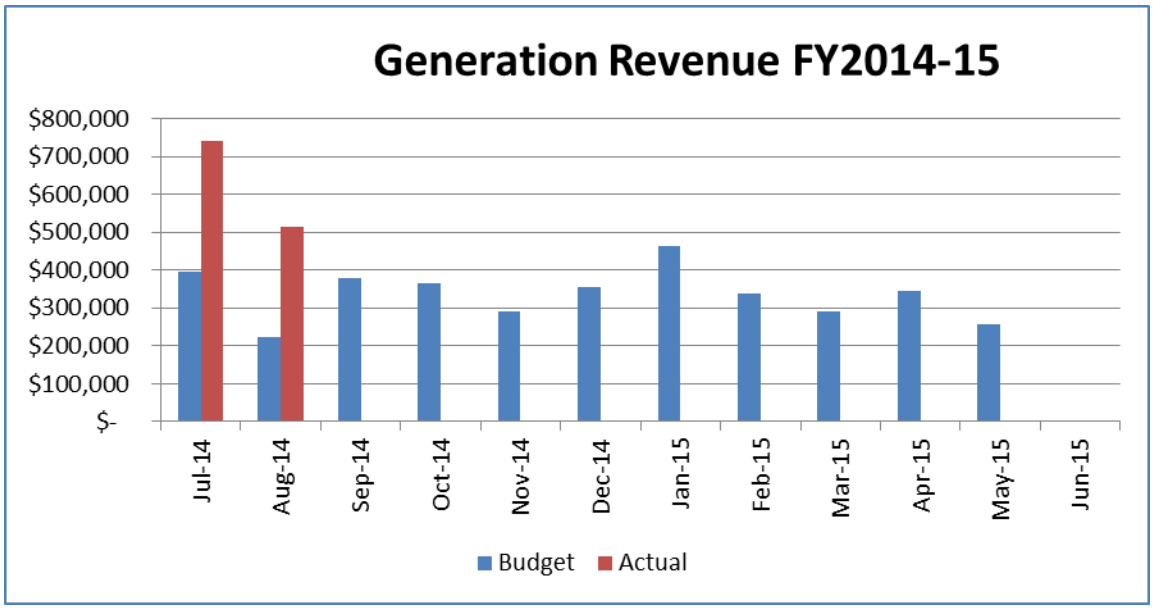
Supply Source Summary:



Supply Variance:

	Budget	Actual	Variance
Gross Load	76,531	69,979	6,552
Wholesale Load	74,674	67,972	6,702
Hedged Volume (MWh)	44,424	57,624	(13,200)
Unhedged Volume (MWh)	30,250	10,348	19,902
Dover SunPark Volume (MWh)	1,857	2,006	(149)
Renewable Energy Credits Volume	279	332	(53)
Hedged Cost ($/MWh)	$ 49.92	$ 48.36	$ 1.56
Unhedged Energy Cost ($/MWh)	$ 41	$ 47	$ (5.84)
Solar Energy Cost ($/MWh)	$ 115	$ 110	$ 5.48
Energy Costs ($/MWh)	**$47.98**	**$49.89**	**($1.91)**
All-in Costs - Energy, Capacity and RECs ($/MWh)	**$70.58**	**$69.85**	**$0.73**

B. Generation Summary:



Dover generated 4,540 MWh in the month. Net generation revenue was $513,679 vs. a budget of $222,994.

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Generation Breakdown:

City of Dover

Monthly Wholesale Generation

August, 2014

Net Generation
4540.39

All In Generation

PJM - Generation			
	Economic and Reliability Dispatch	$	386,997.37
	Generation Capacity Credit	$	716,816.48
	Black Start and Transmission Losses	$	53,163.23
Natural Gas & Oil Consumption			
	Purchases for Generation	$	(163,050.00)
	Natural Gas Transport	$	(34,877.84)
	Eastern Shore Cashout	$	1,219.75
	Oil Consumption	$	-

Production Margin

PJM - Generation			
	Economic and Reliability Dispatch	$	386,997.37
Natural Gas & Oil Consumption			
	Purchases for Generation	$	(163,050.00)
	Natural Gas Transport	$	(34,877.84)
	Eastern Shore Cashout	$	1,219.75
	Oil Consumption	$	-
Gross Production Margin		$	190,289.28
$/MWh Generation Production Gross Margin		$	41.91

C. Emissions Summary:

Emissions Allowance Summary through August 31, 2014

McKee Run3 and VanSant Unit 11 (Dover's two units covered by the Clean Air Interstate Rule or CAIR) operated during the month of August, so there were additional emissions during this period.

CAIR EMISSION ALLOWANCE SUMMARY				
Date	**Action**	**SO_2 Allowances**	**NO_x Allowances[1]**	
			Seasonal	**Annual**
1/1/09	2008 Carryover	3,240	0	0
1/1/09	2009 Allocation	2,723	53	80
2/1/10	2010 Allocation	2,039	50	78
1/1/11	2011 Allocation	1,988	49	78
4/1/11	2011 Reallocation		2	4
1/11/12	2012 Allocation	1,988	51	80
10/4/2012	2013 Allocation	1,988	49	76
	2014 Allocation	1,988	49	76
9/29/09	SO_2 Sales	(1,500)		
11/12/09	NO_x Ann. Sales			(45)
11/13/09	SO_2 Sales	(1,410)		
11/20/09	NO_x Seas. Sales		(25)	
12/31/09	2009 Emissions[2]	(1)	(6)	(13)
12/31/10	2010 Emissions	0	(54)	(54)
10/31/10	EPA Linearity Testing Req.		(68)	(68)
2011	2010 Deficit NO_x Purchases		53	22
Aug 2011	Revised 2010 ECMPS data		30	30
Nov 2011	NO_x Seas. Sales (DEMEC)		(1)	
12/31/11	2011 Emissions[2]	(1)	(32)	(36)
12/31/12	2012 Emissions[2]	(1)	(37)	(37)
Nov 2012	NO_x Seas. Sales (DEMEC)		(2)	
2/13/2013	NO_x Annual. Sales (DEMEC)			(3)
11/15/13	NO_x Annual Sales (DEMEC)		(5)	
12/31/13	2013 Emissions	(0)	(20)	(20)
8/31/14	**2014 CYTD Emissions**	**(1)**	**(31)**	**(38)**
REMAINING ALLOWANCES		**13,040**	**104**	**207**

On August 21, 2012, a three-judge panel of the U.S. District Court of Appeals (DCA) in Washington vacated EPA's Cross State Air Pollution Rule (CSAPR) which would have become effective on January 1, 2012. The DCA instructed EPA to continue

[1] Per CAIR, starting in 2009, NOx emissions are governed by a seasonal and annual program.
[2] Under CAIR, pre-CAIR SO2 allowances are retired at a rate of 2 allowances for each ton emitted. It is assumed that pre-CAIR allowances will be retired before CAIR allowances.

administering the Clean Air Interstate Rule (CAIR). EPA appealed the DCA ruling to the U.S. Supreme Court, which heard arguments on December 10th, 2013.

On April 29th, 2014, the U.S. Supreme Court overturned the DCA opinion; however it did not immediately reinstate CSAPR. It sent the rule back to the DCA for further action consistent with the Supreme Court's opinion. On June 26th, 2014, EPA requested the DCA to reinstate CSAPR, with Phase 1 compliance deadlines being changed by 3 years to 2015 and 2016, and Phase 2 compliance deadlines being changed to 2017. To date, the DCA has not acted on EPA's motion to lift the DCA's stay from 2012.

While Delaware is included in the CAIR footprint, it is not included in the CSAPR footprint. CAIR allowances cannot be used for CSAPR compliance, so Dover's CAIR allowances will become valueless when CSAPR is reinstated. The separate Clean Air Act acid rain deposition control program will remain in effect, however the CAIR provisions for SO_2 will also disappear for Delaware.

Market liquidity for CAIR allowances continues to be low, with few transactions occurring. The following table shows estimated values for Dover's banked allowances, based on settlement prices on the Intercontinental Exchange (ICE).

Mark Value for CAIR Allowances			
Commodity	**$/Ton ICE Settlement as of Sept. 19th, 2014**	**Tons**	**Market Value**
SO_2 Allowances (2009 & earlier)	$ 1.35	5,089	$ 6,870
SO_2 Allowances (2010-14)	$ 0.85	7,951	6,758
NO_x Allowances - Seasonal	$25.00	94	2,350
NO_x Allowances - Annual	$65.00	207	13,455
TOTAL			**$29,433**

Regional Greenhouse Gas Initiative

The State of Delaware is a participant in the Regional Greenhouse Gas Initiative (RGGI). The City of Dover must comply with RGGI by surrendering carbon dioxide (CO_2) allowances pursuant to the State of Delaware's laws (Title 7, Chapter 60, Sub-Title II-A). Delaware adopted a combined emissions allowance allocation/auction mechanism for RGGI, in which 40% of CO_2 allowances were allocated to sources for 2009, declining by 8% per year so that by 2014, all CO_2 allowances are auctioned.

Dover had more than a sufficient number of RGGI allowances allocated to it to cover its requirements through the first compliance period (calendar years 2009-2011). Any unused allowances are carried over ("banked") for subsequent years. The table below

shows RGGI allowance allocations, deductions and the cumulative balance by year (column 8).

CO2 Allowance Summary (8/31/2014)							
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**
CO_2 Allowance Vintage	**CO_2 Allowances Sold YTD**	**CO_2 Allowances (Per Facility, Prior to Sale)**		**Allocated CO_2 Allowances**	**CO_2 Tons Emitted**	**Annual CO_2 Allowance Balance**	**Cumulative Balance**
		McKee Run	***VanSant***				
2009	0	60,128	2,056	62,184	(5,796)	56,388	56,388
2010	0	48,102	1,645	49,747	(32,971)	16,776	73,164
2011	0	36,077	1,234	37,311	(17,763)	19,548	92,712
2012	0	27,058	925	27,983	(15,265)	12,718	105,430
2013	0	22,879	1,939	24,818[3]	(10,231)	14,587	120,017
2014	0	-0-	-0-	-0-	(25,187)	(25,187)	**94,830**

Dover no longer receives allocations of RGGI allowances (columns 3-5). The Cumulative Balance (column 8) – aka "Banked Allowances" can be utilized for generation in 2014 and future years. Note that the 2014 emissions through the end of August are larger than four out of the last five years.

Once the banked allowances have been fully utilized, Dover will be required to purchase RGGI allowances through the auctions or through over-the-counter markets. Assuming that Dover does not sell any banked allowances and produces 25,000 tons per year, it should be able to maintain a positive balance through around 2018. **Dover should be incorporating RGGI allowance purchases into its five year financial plan starting in 2018 or earlier.**

Dover could elect to sell all or a portion of its banked allowances now and re-acquire allowances at a later date; however TEA is currently of the opinion that Dover will be better off retaining its banked allowances for use during future compliance years.

The most recent RGGI spot auction occurred on September 3rd, 2014; the auction cleared at $4.88/ton. The next auction will occur on December 3rd, 2014. RGGI futures settlement prices posted on Intercontinental Exchange (ICE) on August 22, 2014 ranged from $4.93 to $5.32/ton, depending settlement month and vintage. **Based on the September 19, 2014 ICE price for the December 2014 strip ($4.97/ton), the estimated market value of Dover's existing 94,830 ton RGGI allowance bank is $471,305.**

[3] Includes Q3 2013 allocations of 7,846.757 for McKee Run and 1,424.677 for VanSant.

Renewable Energy Certificates

Dover owns two photovoltaic systems totaling 15 kW, consisting of (one 5 kW unit at the Utilities Administration Building and two 5 kW units at the McKee Run generating station. Dover also receives solar energy produced by the 10 MW Dover Sun Park which is owned by White Oak Solar Energy, LLC. In addition to the all of the physical energy produced by the Sun Park, Dover receives 15% of Sun Park's SRECS. Through the end of July 2014, Dover has accumulated a total of 8,494 SRECS from these renewable energy resources.

While Delaware does periodically hold auctions for SRECs, these auctions are for size tiers N1 – N3, E1 and E2. The Dover Sun Park is in the N4 tier for very large facilities. State-wide carve outs for Tier 4 has been fully subscribed, so there is not a market for tier 4 SRECs in Delaware.

The nearest viable market for Dover's SRECs is Pennsylvania. Daily settlement prices from FlettExchange Environmental services (www.flettexchange.com) were used for 2011/12 through 2014/15 vintage allowances. The September 19, 2014 daily settlement prices for Pennsylvania SRECS are used in the table below.

SREC Vintage (June 1 – May 31)	Auction Clearing Price	SREC Quantity	Market Value
2010/2011	$ 0 (N/A)	13	$ 0
2011/2012	$0 (FlettExchange 9/19/2014)	2,375	0
2012/2013	$25.00 (FlettExchange 9/19/2014)	2,725	68,125
2013/2014	$30.00 (FlettExchange 9/19/2014)	2,701	81,030
2014/2015	$27.50 (FlettExchange 9/19/2014)	680	18,700
TOTAL		**8,494**	**$167,855**

TEA continues to recommend to Dover to retain these allowances for compliance with its Renewable Portfolio Standard (RPS) which DEMEC is working on.

On August 6, 2014, DEMEC provided TEA with its calculations of Dover's SREC and non-solar REC compliance requirements for June 1, 2013 to May 31, 2014. TEA has reviewed DEMEC's calculations for these compliance requirements and concurs.

Dover's SREC requirements for June 2013 – May 2014 were 2,941 SRECs. During the August 28th Management Committee meeting, the committee authorized TEA to retire existing RECs in accordance with the DEMEC Renewable Portfolio Standard requirements. TEA plans to complete this process before the next MRC meeting. All of the June 2010 – July 2012 SRECs and 553 of the June 2012 – July 2013 SRECs will be

retired. This will reduce the market value by $13,825, resulting in a remaining market value of $154,030.

Dover's annual SREC acquisition for the last three years is slightly below the 2013/14 compliance requirements. Compliance requirements will increase in future years. Dover will need to determine how it plans to comply with these increasing SREC requirements in the future before its existing bank of allowances is depleted.

DEMEC has invoiced Dover for its non-solar RECs for the last compliance period. Dover is in the process of reviewing a preliminary invoice from DEMEC for its non-solar REC requirements. Procedures for tracking and retiring Dover's RECs under the DEMEC RPS should be developed.

D. Operations Management Summary:

During the month of August there were no reportable or lost time accidents or injuries. The facility has now gone 1,417 days without an OSHA recordable accident and 1,417 consecutive days without a lost time reportable accident. There were no Environmental Notices of Violations or exceedances issued. There were three near misses reported. McKee Run Unit 3 was dispatched 10 times by PJM. On August 27th Unit 3 missed the 1100 start time but was not put on due to a boiler leak. This resulted in a forced outage of 7.667 hours. The leak was repaired and the unit was made available the following day. Units 1, 2, and VanSant were not dispatched by PJM in August.

Monthly Budget Variance – The actual expenses attributable to O&M of the two sites for the month of August were $447,723 against a budgeted amount of $549581 for a favorable variance of $101,858 or 18.53%. The principal reasons for the favorable variance were due to having only two (2) payrolls booked in August rather than the three (3) that were budgeted. Offsetting this favorable variance was an unfavorable variable of $16,475 in electricity costs due to the additional run hours.

E. Risk Management Summary:

Forward power prices in PJM are slightly higher than last month.

The current projected cost of service is below:

PY	Hedge Ratio	Blended Cost ($/MWh)	Monthly Change ($/MWh)
2014-15	80%	$ 46.90	$ 0.47
2015-16	70%	$ 44.14	$ 0.71
2016-17	32%	$ 43.11	$ 0.75
2017-18	29%	$ 44.03	$ 0.19
2018-19	15%	$ 44.88	$ 0.38

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II. Budget Report

	Budget Aug-14	Actual Aug-14	Variance
Gross Load	**76,531**	**69,979**	**6,552**
Power Supply			
Hedged Energy	$2,217,658	$2,786,692	($569,034)
PJM - Energy, Congestion & Losses	$1,240,629	484,817	$755,812
PJM - ARR, Transmission and Fees	$780,434	466,076	$314,358
Dover SUN Park Energy	$213,770	$219,981	($6,211)
Dover SUN Park RECs	$42,250	$47,469	($5,219)
Management Fees	$83,000	$83,000	$0
PJM - Capacity UCAP Obligated Purchased	$823,464	$799,665	$23,799
Subtotal - Power Supply	**$5,401,205**	**$4,887,699.8**	**$513,505**
Power Generation O&M			
Plant O&M	$ 549,581	$447,723	$ 101,858
Subtotal Generation O&M	**$ 549,581**	**$ 447,723**	**$101,858**
Power Generation Production Margin			
PJM - Economic and reliability dispatch	$0	$ (386,997.37)	$386,997
Fixed Fuel and Transport Charges	$0	$ 195,575.03	($195,575)
Subtotal Generation Production Margin	**$0**	**$ (191,422.34)**	**$191,422**
Power Generation Non-Production Revenue			
PJM - Generation Capacity Credit	($740,515)	$ (716,816.48)	($23,699)
Capacity Replacement Charge	$11,160	$ -	$11,160
PJM - Black Start & Transmission Losses	($43,220)	$ (53,163.23)	$9,943
Subtotal - Non-Production Revenue	**($772,575)**	**($769,980)**	**($2,595)**
SubTotal - All Generation	**(222,994.00)**	**($513,679)**	**$290,685**
Total - Utilities Cost	**$5,178,211**	**$4,374,021**	**$804,190**
Unit Costs			
Total - Power Supply	$70.58	$69.85	$0.73
Total - Power Generation	($2.91)	($7.34)	$4.43
Final Cost of Service to City of Dover Ratepayers	$67.66	$62.50	$5.16

Variance Analysis:

Power Supply

- Dover consumed 6,552 MWh less than forecast for the month.
- PJM transmission and fees were lower than expected with minimal monthly reactive services charges.
- This resulted in a net power supply cost of $69.85/MWh, $0.73/MWh below budget.
- For the month, the city realized a favorable variance of $513,505 for power supply vs. the monthly budget.
- Dover Sun Park generated 149 MWh more than forecast.

Generation

- Power generation had a favorable budget variance of $290,685.
- Plant O&M expenses had a favorable budget variance of $101,858 for the month.

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	Budget YTD	Actual YTD	Variance
Gross Load	**153,035**	**144,135**	**8,900**
Power Supply			
Hedged Energy	$4,570,853	$5,581,884	($1,011,031)
PJM - Energy, Congestion & Losses	$2,796,610	$1,870,040	$926,570
PJM - ARR, Transmission and Fees	$1,402,642	$938,286	$464,356
Dover SUN Park Energy	$425,245	$447,120	($21,875)
Dover SUN Park RECs	$92,175	$96,369	($4,194)
Management Fees	$166,000	$166,000	$0
PJM - Capacity UCAP Obligated Purchased	$1,646,929	$1,608,573	$38,356
Subtotal - Power Supply	**$11,100,454**	**$10,708,270**	**$392,184**
Power Generation O&M			
Plant O&M	$1,332,362	$1,070,439	$261,923
Subtotal Generation O&M	**$1,332,362**	**$1,070,439**	**$261,923**
Power Generation Production Margin			
PJM - Economic and reliability dispatch	($1,339,680)	($1,566,998)	$227,318
Fixed Fuel and Transport Charges	$966,800	$799,408	$167,392
Subtotal Generation Production Margin	**($372,880)**	**($767,589)**	**$394,709**
Power Generation Non-Production Revenue			
PJM - Generation Capacity Credit	($1,481,030)	($1,442,575)	($38,455)
Capacity Replacement Charge	$22,320	$0	$22,320
PJM - Black Start & Transmission Losses	($121,125)	($113,847)	($7,278)
Subtotal - Non-Production Revenue	**($1,579,835)**	**($1,556,423)**	**($23,412)**
SubTotal - All Generation	**($620,353)**	**($1,253,573)**	**$633,220**
Total - Utilities Cost	**$10,480,101**	**$9,454,698**	**$1,025,403**
Unit Costs			
Total - Power Supply	$72.54	$74.29	($1.76)
Total - Power Generation	($4.05)	($8.70)	$4.64
Final Cost of Service to City of Dover Ratepayers	$68.48	$65.60	$2.89

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Operations Management

NAES Corporation
Dover, Delaware
August 2014
Monthly Report



Gabrielle Lavender (center) receives NAES Student Scholarship from Vince Sire (left), Plant Manager, while her father Ray Lavender (right), Operations Supervisor, proudly looks on.

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1.0 Environmental, Health and Safety:

During the month of August, there were no restricted work days or lost time accidents. The facility has now gone 3 years, 10 months and 17 days (1,417 days) through August, 2014 without an OSHA Recordable Accident or a Lost Time reportable accident.

There were three Near Misses reported in August at McKee Run. In the future, a greater number of Near Miss Incidents are expected to be reported to heighten awareness on reporting safety-related incidents with the hope in reducing accidents in the future.
The first Near Miss report occurred when an Operator was asked to open a boiler blowdown valve adjacent to the Neutralization Pit. The insulated boiler blowdown pipeline is located approximately six feet above grade and runs parallel to the ground surface. The boiler blowdown valve is located atop of the pipe and the Operator needed a ladder to gain access to the valve. The Operator selected a four foot ladder to help him gain access to the valve. The Operator stepped on the ladder and placed his right hand on the insulated pipe for stability before he donned his work gloves. Upon putting his bare hand on the metal-sheathed pipe run for stability, he felt the sharp metallic edge from a metal insulation banding strap clip on the back side of the pipe sheathing. The corrective action measure was to always wear proper PPE before starting a job.
The second Near Miss occurred while an IC & E Technician descended from the 4th floor west side exterior stairwell on Unit 3 Boiler. His right hand glove became wedged between the handrail and the IK-1A platform. Investigation determined that there is insufficient distance between the handrail and the platform for a person using the handrail while descending the stairwell. Although no injury was sustained, another person with larger hands could have had them become wedged in the space, enough to cause injury to their hand or someone not wearing gloves may have been injured in greater magnitude. Neither the stairwell nor the platform can be moved to make sufficient room for personnel grabbing the handrail while descending the stairwell. The corrective action measure was for the Maintenance Department to paint a section of the handrail 12" above and below the Near Miss location and the platform corner with fluorescent orange paint to highlight this potential injury location.

The third Near Miss occurred when the Compliance Coordinator entered the compressed gas cylinder storage area and noticed two carbon dioxide cylinders protruded from their respective mason block storage bin. The Compliance Coordinator grabbed the first cylinder to move it off the chain and immediately noticed that it was unstable. The cylinder teetered on the tapered edge at the interface of the storage bin floor and walkway. Once the security chain was unlatched, the cylinder slowly fell forward toward his direction. The corrective action measure was to manually move the two cylinders to another compatible storage bin.
The plant received no Notice of Violations (NOVs) during the month. The August DMR was submitted for the McKee Run site with no NPDES exceedences. There were no opacity deviations from Unit 3 in August. It occurred while a restart of the boiler was underway after the unit had tripped on low vacuum. A letter was sent to DNREC that notified them of the deviation. DNREC performed a Partial Compliance Audit for the McKee Run and VanSant Generation Stations as part of the Title V air permit. They conducted a thorough paperwork investigation of both locations and participated in a facility walk through. They also collected one No. 2 fuel oil sample from Unit #3 even though Unit #3 was operating on natural gas at the time of the inspection. In order to finalize the audit, DNREC would like to visually observe VanSant's

combustion turbine run and collect a No. 2 fuel oil sample, regardless if the facility is operating on fuel oil. We have received verbal confirmation of passing the audit and are waiting on the written final notice that no issues were identified at McKee Run or VanSant.

The 2nd quarter EDRs were submitted to EPA. A linearity test was completed on August 5, 2014 due to the number of hours the Unit #3 has run in the quarter.

McKee Run received all the return disposal facility manifest copies from the lab pack of various obsolete laboratory chemicals and other wastes from the site. Since all the wastes were received successfully at the approved disposal facilities, McKee Run sent a request to DNREC requesting that McKee Run and VanSant have their waste generation status changed from a Large Quantity Generator back to a Conditionally Exempt Small Quantity Generator.

During the month of August, there were nineteen IWW discharges to the Kent County Sewer. The monthly sampling occurred on August 11, 2014 and the annual sampling occurred on August 27, 2014. The annual samples were collected in August at the request of Kent County because annual samples must be collected while a unit is operating. Since McKee Run operates as a peaking power plant, operating days after Labor Day diminish rapidly. The laboratory analytical data indicated no exceedences. The August SIU Report was submitted to Kent County.

DNREC is in the process of re-issuance of the 5 year McKee Run NPDES permit. DNREC made modifications to the permit by reducing the sampling parameters for each outfall. Even though DNREC reduced the sample parameters for each outfall, the Delaware River Basin Commission (DBRC) developed new criteria for PCB monitoring of industrial sites and has recommended to DNREC that McKee Run continue to sample for PCB congeners from Outfall 001. In addition, the facility is to develop and submit a Pollution Minimization Plan (PMP) for this site. NAES Corporation as a whole has developed PMP's for other customers and is evaluating the costs associated with developing a site specific plan for McKee Run. The NPDES permit went through the public comment and US EPA comment period. DNREC anticipates the issuances of the new NPDES by October 2014.

Environmental, Health, and Safety Statistics		
	Month (August)	Fiscal Year to Date (7/1/14-6/30/15)
NOVs	0	0
Opacity Deviations	0	1
Environmental Deviations	0	0
OSHA Recordable	0	0
OSHA LTA's	0	0
First Aid cases	0	0
Restricted Workday Accident	0	0
Near Miss	3	4
Man Hours Worked	4,474.50	62,264.25
Date last OSHA Recordable		10/14/10
Date last Lost Time Accident		10/14/10
Days since last OSHA recordable		1,417
Days since last Lost Time Accident		1,417

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Emissions (NO_x, CO_2 & SO_2) All data thru 8/31/14

NOx Summary – Ozone Season (May-Sep) Tons					
Year	*Unit #1*	*Unit #2*	*Unit #3*	*Unit #11*	*TOTAL*
2012	1.2	1.0	35.8	1.0	33.1
2013	1.1	1.7	19.3	1.3	23.4
2014	0.4	0.5	29.6	0.7	30.7
NOx Summary - Year (Jan-Dec) Tons					
Year	*Unit #1*	*Unit #2*	*Unit #3*	*Unit #11*	*TOTAL*
2012	1.2	1.1	35.8	1.0	36.9
2013	1.1	1.7	19.4	1.3	23.5
2014	0.8	1.1	34.4	3.6	35.6
SO_2 Summary - Year (Jan-Dec) Tons					
Year	*Unit #1*	*Unit #2*	*Unit #3*	*Unit #11*	*TOTAL*
2012	0.0	0.0	0.0	0.1	0.1
2013	0.0	0.0	0.0	0.2	0.2
2014	0.0	0.0	0.4	0.6	1.0

CAIR NOx Allowances Summary*

CAIR NOx Allowance Vintage	CAIR NOx Allowances Sold YTD	NOx Allowances Available (Per Facility, Prior to Sale)		Total NOx Tons Emitted (Yr/ Season)	CAIR NOx Allowances Purchased YTD	NOx Allowance Balance	
		McKee Run (Yr/Season)	*VanSant (Yr/Season)*	McKee Run - VanSant		*McKee Run* (Yr/Season)*	*VanSant* (Yr/Season)*
2013 and earlier						160/78	9/8
2014	0	71/46	5/3	34/30 - 4/1	0/0 – 0/0	37/16	1/2
				Total NOx Allowance Balance		**197/94**	**10/10**

***Note – Emissions allowances are deducted according to oldest vintage first or unless otherwise directed.**
****Note – The facility transferred Ozone Season allowances to a third party.**

SO_2 Allowances Summary

SO_2 Allowance Vintage	SO_2 Allowances Sold - YTD	SO_2 Allowances Available (Per Unit, Prior to Sale & Reconciliation)		Total SO_2 Tons Emitted– U3 and U11 YTD	SO_2 Allowances Balance*
		Unit #3	*Unit #11*		
2013 and earlier	0	10,365	690	2	11,053
2014	0	1850	138	1	1,987
			Total SO2 Allowance Balance		**13,040**

***Note – Emissions allowances are deducted according to oldest vintage first, unless otherwise directed.**

CO2 Allowances Summary					
CO2 Allowance Vintage	**CO2 Allowances Sold YTD**	**CO2 Allowances Available (Per Facility, Prior to Sale)**		**Total CO2 Tons Emitted**	**CO2 Allowance Balance**
		McKee Run	***VanSant***		
2013 and earlier	0	194,244	7,799	82,026	120,017
2014	0	0	0	25,187	(25,187)
			Total CO2 Allowance Balance		**94,830**

***Note: CO2 allowance values are provided by the RGGI CO2 Allowance Tracking System.**
Note: All emissions (NOx, SO2 and CO2) totals for 2013 are unofficial.
#Note: Additional CO2 Emission Values were added to 2013 balances by RGGI COATS- 7,846.757 for McKee Run and 1,424.677 for VanSant

2.0 Financial

Financial – Current Month

Month – August			
	Actual	Budget	Variance
Personnel	250,577	369,400	118,823
Materials & Supplies	57,290	56,800	(490)
Administrative Expenses	139,856	123,381	(16,475)
Total	**$447,723**	**$549,581**	**$101,858**

Financial – Fiscal Year to Date

Number of Months – 2			
	Actual	Budget	Variance
Personnel	436,112	617,100	180,988
Materials & Supplies	76,413	90,100	13,687
Administrative Expenses	557,914	625,162	67,248
Total	**$1,070,439**	**$1,332,362**	**$261,923**

2.1 Variance analysis:

The actual expenses for the month of August are $447,723 against a budgeted amount of $549,581 for a favorable variance of $101,858 or 18.53%. The variance was due to the following:

PERSONNEL EXPENSES – A favorable monthly variance of $118,823 was due to only having two (2) payrolls booked in August versus the three (3) that were budgeted. As a result, this impacted three (3) labor accounts – Straight Time, Overtime, and Labor Burdens.

MATERIALS AND SUPPLIES EXPENSES- An unfavorable monthly variance of $490 was due to higher than budgeted water costs. A portion of the negative variance was offset by lower expenses for the purchase of water treatment chemicals.

ADMINISTRATIVE EXPENSES – An unfavorable monthly variance of $16,475 due to higher than anticipated electricity costs due to increased unit operating hours.

The forecasted expenses for this fiscal year are $6,029,377 expensed versus an approved budget of $6,141,100 thereby realizing a 98.28% expenditure rate.

3.0 Operations

Unit Operations / Outages / Trips: Unit 3 was dispatched ten times by PJM in the month of August. Units 1, 2, and 11were not dispatched for the month of August. On August 27, after putting main gas burner in for start up an outside tube leak was found on Unit 3 boiler. The Unit 3 was due on line by 1100 hours and the leak was found at approximately at 0800 hours. The leak was repaired later in the day after the unit was allowed to cool down. The unit was made available for dispatch for the following day. The total forced outage time was 7.667 hours.

Month August 2014							
		McKee Unit 1	McKee Unit 2	McKee Unit 3	MRS Facility	VanSant Unit 11	Total All Units
Capacity	MW	17	17	102	136	39	175
On Line Hours	Hrs	0.0	0.0	113.634	113.634	0.0	113.634
Starts	#	0	0	10	10	0	10
Gross Generation	MWh	0.0	0.0	5,052.557	5,052.557	0.0	5,052.557
Net Generation	MWh	0.0	0.0	4,567.037	4,567.037	0.0	4,567.037
Total Auxiliaries	MWh	0.0	0.0	797.131	797.131	0.0	797.131
Auxiliaries purchased	MWh	21.891	21.891	311.611	355.392	.732	356.124
Fuel Gas Used	MMBTU	0.0	0.0	54,998.270	54,998.270	0.0	54,998.270
Fuel Oil Used	MMBTU	0.0	0.0	0.0	0.0	0.0	0.0
Fuel Oil Used	Gallons	0.0	0.0	0.0	0.0	0.0	0.0
Total Fuel	MMBTU	0.0	0.0	54,998.270	54,998.270	0.0	54,998.270
Net Heat Rate	BTU/KWh	0.0	0.0	12.042	12.042	0.0	12.042
Unit Trips	#	0	0	0.0	0	0	0
Capacity Factor	%	0.0	0.0	6.02	4.51	0.0	3.51
Availability Factor	%	100.00	100.00	98.97	99.66	100.00	99.74
Commercial Unavailability (CU)	%	0.0	0.0	1.03	1.03	0.0	0.26
Planned Outage Hours	Hours	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance Outage Hours	Hours	0.0	0.0	0.0	0.0	0.0	0.0
Forced Outage Hours	Hours	0.0	0.0	7.667	7.667	0.0	7.667
Reserve Shutdown Hours	Hours	744.000	744.000	622.885	2,110.885	744.000	2,854.885
HW Boiler Gas Usage	MMBTU				0.0		0.0
Pilot Gas Usage	MMBTU	527.631	527.631		1,055.263		1,055.263

 # Note: Does not include HWB or Pilot Gas. Fuel usage numbers are taken from fuel flow instruments.

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2014-2015 Fiscal Year-to-Date – 2 Month							
		McKee Unit 1	McKee Unit 2	McKee Unit 3	MRS Facility	VanSant Unit 11	Total All Units
Capacity	MW	17	17	102	136	39	175
On Line Hours	Hrs	30.966	35.134	349.384	415.484	13.717	429.201
Starts	#	3	5	25	33	4	37
Gross Generation	MWh	261.694	252.941	17,863.200	18,377.835	462.997	18,840.832
Net Generation	MWh	247.853	233.930	16,264.965	16,746.748	452.705	17,199.453
Total Auxiliaries	MWh	70.646	75.816	2,270.706	2,417.168	2.335	2,419.503
Auxiliaries purchased	MWh	56.805	56.805	672.471	786.081	2.043	788.124
Fuel Gas Used	MMBTU	3,780.381	3,255.417	189,160.787	196,196.585	6,020.014	202,216.599
Fuel Oil Used	MMBTU	0.0	0.0	0.0	0.0	0.0	0.0
Fuel Oil Used	Gallons	0.0	0.0	0.0	0.0	0.0	0.0
Total Fuel	MMBTU	3,780.381	3,255.417	189,160.787	196,196.585	6,020.014	202,216.599
Net Heat Rate	BTU/KWh	15.253	13.916	12.042	13.737	13.298	13.513
Unit Trips	#	1	3	0.0	4	1	5
Capacity Factor	%	0.98	0.92	10.72	8.28	0.78	6.61
Availability Factor	%	100.00	100.00	98.97	99.66	100.00	99.74
Commercial Unavailability (CU)	%	0.0	0.0	0.52	0.0	0.0	0.13
Planned Outage Hours	Hours	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance Outage Hours	Hours	0.0	0.0	0.0	0.0	0.0	0.0
Forced Outage Hours	Hours	0.0	0.0	7.667	7.667	0.0	7.667
Reserve Shutdown Hours	Hours	1,457.034	1,452.866	1,130.949	4,040.849	1,474.283	5,515.132
HW Boiler Gas Usage	MMBTU				0.0		0.0
Pilot Gas Usage	MMBTU	527.631	527.631		1,055.263		1,055.263

Fuel Oil Inventory							
	Monthly Inventory (Start)	Monthly Inventory (End)	Fuel Purchases (Month)	Monthly Inventory (Change)	FY 14-15 Inventory (Start)	Fuel Purchases (FYTD)	FY 14-15 Inventory (Change)
McKee Run (#2 Fuel Oil)	452,963	445,913	0	(7,050)	452,963	0	0
VanSant (#2 Fuel Oil)	73,488	73,319	0	(169)	73,572	0	(84)

Note: As measured by tank level instruments. Tank levels may change due to oil temperature.

VanSant Lifetime through August 2014			
	Actual Starts	Factored Starts	Fired Hours
VanSant	1369	2,346.75	4,330.7
Since HGP - Dec 2004	260	679.05	946.92

Team Report:

Plant employees continue General Physics safety training and environmental courses to enhance their overall knowledge of permit and safety requirements. As the GPI courses are being completed the employee reviews the standard operating procedure (SMP) for the same topic they are training on to review NAES policy and score a minimum 80% on a quiz before they can complete the SMP.

Operations personnel continue to support maintenance by working on Preventative Maintenance (PM) work orders and other work orders that they have the skills to successfully complete the task. The Operations Department continues to utilize the Day Shift Workers in both the Operations and Maintenance areas to help in maintaining the plant.

Capacity Testing – FY 2014-2015

Summer 2014 (June 1- Aug 31)			**Winter 2014-2015 (Dec 1- Feb 28)**		
Unit	Rated Net Capability (MW)	Reported Net Capability (MW)	Unit	Rated Net Capability (MW)	Reported Net Capability (MW)
1	17	17.4	1	17	17*
2	17	17.5	2	17	17*
3	102	103.99	3	102	102*
11	39	39.8#	11	39	39*
Total	175	175	Total	175	175

Note: * Denotes Unit is qualified for the PJM Winter Demonstration Period Exemption Program.
Note: # Depicts Net Corrected Capacity for Ambient Air Conditions – VanSant Unit only

4.0 Maintenance

During the month of August, the Plant Maintenance staff continued addressing the backlog of work orders. There were fifty-two work orders issued with eighty-eight work orders being completed during the month. No safety work orders were entered into the plant's Computerized Maintenance Management System (MP2) during the month. The table below summarizes the monthly work order activities.

Work Order Report

August - 2014

Priority #	Outstanding From Previous Month	Issued This Month	Completed This Month	Outstanding at the end of the month
1	39	4	20	23
2	64	4	17	51
3	53	11	7	57
4	5	0	0	5
5	13	0	0	13
SW1	0	0	0	0
SW2	0	0	0	0
SW3	0	0	0	0
SW4	0	1	0	1
SW5	0	0	0	0
PM	79	32	44	67
EM	0	0	0	0
Totals	253	52	88	217

Note: PM Work Orders are included in the priority totals

Notable activities during the month include:

The NAES Operations Staff was completing their hourly rounds when they noticed that an air compressor was leaking oil. The Operation Staff called maintenance to troubleshoot the leak. The maintenance staff located the leak on the oil filter housing. The filter housing was requisition and a LOTO completed. The Maintenance Staff changed out the filter housing and the air compressor was put back into service with minimal down time.

The NAES IC&E staff investigated an issue with the main gas valve tripping on Unit 2 for no apparent reason before being able to establish main flame in the boiler. The IC&E staff found that the high pressure gas pressure switch was out of adjustment. They made the necessary adjustment to the pressure switch and tested the unit. Both pilot and main flames were able to be established and to be maintained without tripping.

The NAES Maintenance Staff completed an inspection of the fuel oil unloading systems at McKee Run and VanSant Station for the impending fuel oil deliveries. The staff found three hose stations that were questionable. They replaced the hose on each station and also replaced several

connector gaskets. This inspection ensured that during the deliveries that would be no oil spills due to equipment malfunction.

After Unit 3 generator had been dispatched by PJM the Operations staff noticed a small water leak coming out of the bottom of the boiler. The leak was investigated further once boiler temperatures dropped to allow access inside the boiler. A small pinhole leak was found in the waterwall tube in the lower portion of the boiler. A certified boiler repair contractor was called to make the necessary repairs to the boiler. Once the repairs were complete, the boiler was pressurized to ensure that there were no leaks at the repair site or any other leaks in the boiler. There were no leaks detected in the boiler during this test. However, later in the month, two waterwall tube leaks were found on the fifth floor elevation, one of which caused a Forced Outage on the unit. These two leaks were repaired and unit was made available. The three tubes will be replaced in the upcoming Fall outage.

5.0 Capital Improvement Projects (CIP)

Project Number	Description	Update
EG1212	Unit 3 Turbine Repairs	Progress: All work planned is now complete. Follow-up activities include contacting suppliers for the replacement of the damaged rotor expansion instrumentation. This equipment is obsolete and will be replaced with current technology. Replacement of other turbine supervisory instrumentation will also be investigated. High vibration experienced during hot starts will require an additional balancing. Plant staff is collecting data that will help determine where and how much balance weight will need to be installed in the next outage. Schedule: Continuing to pursue the replacement rotor expansion instrumentation and evaluate balancing of turbine-generator for Spring 2014 Outage.
EG1402	Unit #3 Cooling Tower Repairs	Progress: Award of contract approved by COD Utility Committee and City Council in August. Cash flow requirements were adjusted to reflect new cash flow projections Schedule: Pre-job meeting to be scheduled with contractor in preparation of September 29 start.
EG1406	McKee Run HEP Pipe Repairs	Progress: The recently completed hanger adjustments were checked with the unit in the hot (running) position. Minor adjustments are needed on several hangers and will attempt to complete in the coming months. Future operations should provide an opportunity to check the adjustments. Schedule: Developed work scope for Fall 2014 work and sent out for bids which are due in late August. Bids to be evaluated and vendor to be recommended and contract ultimately awarded. One section of pipe is scheduled for replacement is included as part of the scope for the fall of 2014.
EG1407	Metering System Upgrades	Progress: Work scope is still being developed for an RFP. COD staff is trying to remake communication link with Cartanza as part of project. Schedule: Work activities are moving forward. Working with COD staff to finalize RFP documents for release in October period.
EG1416	VanSant Capacity Increase	Progress: Draft permit was advertised in newspaper for public comment and for comments from EPA. Schedule: DNREC will provide Construction Permit once all paperwork has been completed which could be in early September. Award of system supplier was approved in May. Planning in progress with vendor for construction drawings and scheduling.
EG1503	Unit #3 Auxiliary System Component Replacement	Progress: Work scopes being developed for Fall 2014 and Spring 2015 Outages. Schedule: Fall 2014 work scopes to be developed and sent out in late August for October start.
EG1504	Unit#3 Boiler System Repairs	Progress: Work scopes being developed for Fall 2014 and Spring 2015 Outages. Schedule: Fall 2014 work scopes to be developed and sent out in late August for October start.
EG1505	VanSant Station	Progress: Work scopes being developed for Fall 2014 and Spring 2015

	Component Replacement	Outages. Schedule: Fall 2014 work scopes to be developed and sent out in late August for October start.
EG1506	McKee Run/VanSant Safety Improvements	Progress: Work scopes developed and sent out for bids and award in early September. Schedule: Bids will be reviewed, evaluated and contracts awarded. Work activities planned for completion in Fall 2014 outage.
EG1507	McKee Run Units #1-#2 Component Replacement	Progress: Project on Hold Schedule: Project on Hold
EG1508	McKee Run/VanSant Structural Preservation	Progress: Plant staff completed development of paint specifications and bid requests were to be received in mid-August. Schedule: Bids will be evaluated and determination made thereafter as to how to proceed. Work will need to be completed in warmer temperatures.

6.0 General Plant Information

NAES Scholarship award were presented to Gabrielle Lavender, daughter of Ray Lavender, Operations Supervisor.

Training:

Plant employees continue with General Physics safety training and environmental courses to enhance their overall knowledge of permit and safety requirements.

Calendar of Events	Date
NPDES Permit Expires (DNREC has Extended)	March 4, 2014 (TBD)
Annual VanSant Black Start Test	TBD
EIA-860 Report	August 4, 2014
EIA-923 Report	August 11, 204
Units 1, 2, 3 and 11 Fall Outage Starts	September 29, 2014
NOx Ozone Season Ends	September 30, 2014
Four Year Accident Free	October 14, 2014
Winter Capacity Period	December 1, 2014 to February 28, 2015
NOx Emissions Reconciliation Due	March 1, 2015
SO2 Emissions Reconciliation Due	March 1, 2015
SARA III / Tier II Report Due	March 1, 2015
Units 1, 2, and 3 Spring Outage	TBD – Spring 2015
Unit 11 Spring Outage	TBD – Spring 2015
Air Emission Inventory	April 30, 2015
NOx Ozone Season Starts	May 1, 2015
PJM Summer Capacity Test Period	June 1, 2015 – August 31, 2015
FY 2014-201454 Budget Year Begins	July 1, 2015
Toxic Release Inventory (TRI) Annual Report	July 1, 2015
Semi-Annual Title V Certification Due	July 31, 2015

Topics discussed during the monthly safety committee meeting were reviewed by the entire staff. The monthly safety topic was on "Electrical Cord Safety".

7.0 Summary of NAES Performance to Date

Plant Performance FY 2014-2015						
Measure	**Month**		**Year to Date**		**YTD Incentive**	**FY Maximum Incentive**
Commercial Unavailability (CU)	0.05%		0.05%		$94,679	$96,875
Safety	0		0		$18,163	$18,163
Environmental	0		0		$18,163	$18,163
Capacity Tests Completed	Summer	Winter	Summer	Winter		
Unit 1	No	No	Yes	No	$3,634	$3,634
Unit 2	No	No	Yes	No	$3,634	$3,634
Unit 3	No	No	Yes	No	$21,797	$21,797
Unit 11	No	No	Yes	No	$7,266	$7,266
Total YTD Incentive %	98.7%		***Total YTD Incentive***		$167,335	$169,532

Note*: All units have successfully completed the Summer (FY 2014-2015) Testing for PJM and are now entered in the PJM Winter Capacity Test Exemption Program.

III. Appendix 1 – PJM Invoice Breakdown

		Gen	Load	Grand Total
⊟ 480-8102-592-95-49	Capacity Resource Deficiency		($14,653.71)	($14,653.71)
	Capacity Transfer Rights		$60.76	$60.76
	Locational Reliability		$814,257.78	$814,257.78
480-8102-592-95-49 Total			$799,664.83	$799,664.83
⊟ 480-8102-592-95-50	Peak-Hour Period Availability	$8,942.50		$8,942.50
	RPM Auction	($725,758.98)		($725,758.98)
480-8102-592-95-50 Total		($716,816.48)		($716,816.48)
⊟ 480-8102-592-95-90	Auction Revenue Rights		($55,312.16)	($55,312.16)
	Balancing Operating Reserve		$6,934.19	$6,934.19
	Balancing Operating Reserve for Load Response		$4.70	$4.70
	Black Start Service		$2,126.19	$2,126.19
	CT Lost Opportunity Cost Allocation		($48.36)	($48.36)
	Day-Ahead Load Response Charge Allocation		$631.46	$631.46
	Day-ahead Operating Reserve		$5,743.27	$5,743.27
	Day-ahead Scheduling Reserve		$1.27	$1.27
	Expansion Cost Recovery		$408.27	$408.27
	FERC Annual Recovery		$4,889.03	$4,889.03
	Generation Deactivation Refund		($706.78)	($706.78)
	Load Reconciliation for Transmission Losses		$56.06	$56.06
	Market Monitoring Unit (MMU) Funding		$296.59	$296.59
	Michigan - Ontario Interface Phase Angle Regulators		$206.45	$206.45
	Network Integration Transmission Service		$420,278.16	$420,278.16
	Non-Firm Point-to-Point Transmission Service		($345.31)	($345.31)
	Non-Synchronized Reserve		$177.16	$177.16
	North American Electric Reliability Corporation (NERC)		$745.20	$745.20
	Organization of PJM States, Inc. (OPSI) Funding		$48.74	$48.74
	PJM Scheduling, System Control and Dispatch Service - Advanced Second Control Center		$1,676.41	$1,676.41
	PJM Scheduling, System Control and Dispatch Service - Capacity Resource/Obligation Mgmt.		$952.63	$952.63
	PJM Scheduling, System Control and Dispatch Service - Control Area Administration		$11,783.81	$11,783.81
	PJM Scheduling, System Control and Dispatch Service - Market Support		$2,853.56	$2,853.56
	PJM Scheduling, System Control and Dispatch Service - Market Support Offset		($326.42)	($326.42)
	PJM Scheduling, System Control and Dispatch Service - Regulation Market Administration		$90.15	$90.15
	PJM Scheduling, System Control and Dispatch Service Refund - Capacity Resource/Obligation Mgmt.		($41.85)	($41.85)
	PJM Scheduling, System Control and Dispatch Service Refund - Control Area Administration		($578.04)	($578.04)
	PJM Scheduling, System Control and Dispatch Service Refund - Market Support		($143.73)	($143.73)
	PJM Scheduling, System Control and Dispatch Service Refund - Regulation Market Administration		($5.49)	($5.49)
	PJM Settlement, Inc.		$326.42	$326.42
	Reactive Services		$6,369.51	$6,369.51
	Reactive Supply and Voltage Control from Generation and Other Sources Service		$36,437.31	$36,437.31
	Real-Time Load Response Charge Allocation		$350.03	$350.03
	Regulation and Frequency Response Service		$9,973.89	$9,973.89
	Reliability First Corporation (RFC)		$1,058.62	$1,058.62
	Synchronized Reserve		$2,224.58	$2,224.58
	Transmission Enhancement		$1,765.82	$1,765.82
	Transmission Owner Scheduling, System Control and Dispatch Service		$5,174.59	$5,174.59
480-8102-592-95-90 Total			$466,075.93	$466,075.93
⊟ 480-8102-592-95-91	Balancing Spot Market Energy		($141,228.70)	($141,228.70)
	Balancing Transmission Congestion		$19,838.64	$19,838.64
	Balancing Transmission Losses		($2,673.09)	($2,673.09)
	Day-ahead Spot Market Energy		$546,252.83	$546,252.83
	Day-ahead Transmission Congestion		($4,222.53)	($4,222.53)
	Day-ahead Transmission Losses		$79,443.65	$79,443.65
	Inadvertent Interchange		$460.18	$460.18
	Load Reconciliation for Balancing Operating Reserve		($4.82)	($4.82)
	Load Reconciliation for Day-ahead Scheduling Reserve		($0.71)	($0.71)
	Load Reconciliation for FERC Annual Recovery		($10.56)	($10.56)
	Load Reconciliation for Inadvertent Interchange		($1.95)	($1.95)
	Load Reconciliation for Market Monitoring Unit (MMU) Funding		($0.61)	($0.61)
	Load Reconciliation for Non-Synchronized Reserve		($0.27)	($0.27)
	Load Reconciliation for North American Electric Reliability Corporation (NERC)		($1.61)	($1.61)
	Load Reconciliation for Organization of PJM States, Inc. (OPSI) Funding		($0.11)	($0.11)
	Load Reconciliation for PJM Scheduling, System Control and Dispatch Service		($31.05)	($31.05)
	Load Reconciliation for PJM Scheduling, System Control and Dispatch Service Refund		$1.11	$1.11
	Load Reconciliation for Reactive Services		($35.78)	($35.78)
	Load Reconciliation for Regulation and Frequency Response Service		($30.33)	($30.33)
	Load Reconciliation for Reliability First Corporation (RFC)		($2.29)	($2.29)
	Load Reconciliation for Schedule 9-6 - Advanced Second Control Center		$0.05	$0.05
	Load Reconciliation for Spot Market Energy		($5,454.31)	($5,454.31)
	Load Reconciliation for Synchronized Reserve		($6.37)	($6.37)
	Load Reconciliation for Transmission Congestion		($1,858.15)	($1,858.15)
	Load Reconciliation for Transmission Losses		($354.95)	($354.95)
	Load Reconciliation for Transmission Owner Scheduling, System Control and Dispatch Service		($11.17)	($11.17)
	Meter Error Correction		($5,249.65)	($5,249.65)
480-8102-592-95-91 Total			$484,817.45	$484,817.45
⊟ 480-8102-592-95-92	Balancing Operating Reserve	($2,777.44)		($2,777.44)
	Balancing Spot Market Energy	$222,995.02		$222,995.02
	Balancing Transmission Congestion	($6,724.30)		($6,724.30)
	Balancing Transmission Losses	$8,403.08		$8,403.08
	Day-ahead Operating Reserve	($386.34)		($386.34)
	Day-ahead Spot Market Energy	($469,726.29)		($469,726.29)
	Day-ahead Transmission Congestion	($130,989.62)		($130,989.62)
	Day-ahead Transmission Losses	($7,791.48)		($7,791.48)
480-8102-592-95-92 Total		($386,997.37)		($386,997.37)
⊟ 480-8102-592-95-93	Day-ahead Scheduling Reserve	($0.90)		($0.90)
	Generation Resource Rating Test Failure	($1.71)		($1.71)
	Reactive Supply and Voltage Control from Generation and Other Sources Service	($29,467.58)		($29,467.58)
	Synchronized Reserve	($61.66)		($61.66)
	Transmission Losses	($23,631.38)		($23,631.38)
480-8102-592-95-93 Total		($53,163.23)		($53,163.23)
Grand Total		$ (1,156,977.08)	$ 1,750,558.21	$593,581.13