UTILITY COMMITTEE

The Utility Committee Meeting was held on April 8, 2013 at 5:30 p.m. with Chairman Bonar presiding. Members present were Mr. Perza, Mr. Blakeman, and Mr. Snaman. Mrs. Williams was absent. Members of Council present were Mr. Dixon, Mr. Lynn (arrived at 6:09 p.m. and departed at 6:37 p.m.), Mr. Hare, Mr. Hutchison, and Council President Leary. Mayor Carey was also present.

AGENDA ADDITIONS/DELETIONS
By unanimous consent, the agenda was approved as presented.

Presentation by GAI Consultants - City of Dover Electric System Valuation
Mr. Scott Koenig, City Manager, reminded members that there have been discussions regarding the value of the City of Dover Electric System for several months. Last fall, staff worked with Mr. Kirk Betts, the City's power supply attorney, to prepare an RFP for consulting services in conducting an electric system valuation in an effort to determine the value of the assets. He stated that GAI Consultants was selected to perform the electric system valuation services and introduced Mr. Gerald Hartman, Vice-President of GAI.

Mr. Bonar advised members that the City has owned an electric utility for 90 years and that, to everyone's knowledge, a thorough valuation of this type has never been performed.

Mr. Hartman reviewed a Presentation - Electric System Valuation Services Final Report Briefing ***(Attachment #1)***, noting that the study consists of two (2) parts: A) Valuation of Electric Utility System based on Original Cost, Replacement Cost, and Comparable Sales Analyses; and B) Community Impact Analysis. Referring to Part A, he explained that the income approach was not utilized since it was a not-for-profit utility and was not requested in the scope of services. Referring to Part B, he explained that there are two (2) parts: 1) a financial analysis for the City, which was reviewed considering the various revenue requirements for the City, impacts of a typical purchase and sale, and how those transactions occur; and 2) an evaluation of how it impacts the customers by conducting comparative rate evaluations (present and future).

With reference to page 13 of the presentation, Mr. James Long, 323 Columbia Avenue, Dover, stated that two (2) of the top five (5) providers of power through the retail market in Delaware are out-of-state providers authorized by the Public Service Commission. He noted that this is a very competitive market and we are living with an umbrella that may or may not be here in five (5) years.

Responding to Mr. Bonar, Mr. Hartman confirmed that the regulated, investor-owned, public utilities in the State of Delaware do not have independent condemnation powers and would be required to obtain legislative approval, whereas the City of Dover has independent condemnation powers.

Mr. Hartman noted that the net funds available for lawful purposes total $159,600,000 (page 21 of presentation). As an example, Mr. Hartman explained that if the City put the funds into Jumbo Bonds, which is done in these types of transactions, staggered from 6 to 30 years in maturity, the coupons, depending on the investments taken, would produce between 4½% and 5.1%; therefore, at year six (6), the City would have $30M in a working capital fund outside of the net proceeds. He

explained the importance of these funds, noting that since there would be no utility generating income, it would provide any necessary emergency funds. Depending on the credit worthiness selected (AA, Jumbo, or BBB+), the Bonds would provide an estimated $8.5M to $10M per year investment earnings for years six (6) through 30, in addition to the $30M working capital funds. Considering franchise fees for years six (6) through 30, Mr. Hartman indicated that at 5%, assuming the City remains at $90M per year, there would be approximately $4.5M. Therefore, on the low end, the annual revenue relative to this investment situation would equate to $13M per year, over 30 years. In addition, he stated that the City could institute a utility tax.

In conclusion, Mr. Hartman advised members that the City could have a financially sound transaction and that the City should complement its stewards, which would be staff, professionals, and elected members in maintaining a good system. He stated that the City being financially sound in this respect is an indication that the City's contract vendors, staff, and elected officials have made fairly good decisions; therefore, the utility system has been managed fairly well and, as a result, the value is pretty good and it would be sustainable.

Referring to the electric rate comparisons (pages 23-31), Mr. Hartman stated that the sale of the City's electric utility would benefit commercial and large users the most, which could be a factor in attracting economic development. However, he noted that residential customers would receive the least benefit, although they could benefit.

Although members may choose not to sell the system, Mr. Hartman assured them that it would be financially sound. He noted that the power market is constantly evolving, changing, and is not constant; therefore, the long-term projections may have a greater variance over time.

In response to Mr. Perza regarding the projected investment values, Mr. Hartman stated that they were provided at the request of Mr. Betts and explained that it was not a part of the scope by GAI Consultants. He explained that GAI Consultants does not serve as an investment banker or attorney but that the numbers serve only as an indication of potential investment values. Regarding the replacement costs for specific components, Mr. Hartman indicated that those types of details are included in the full report in the packet material. It was his opinion that, based on the type of system, it would not be beneficial to break the utilities up in a sale, explaining that the solar contract is currently not very profitable and the City is making approximately $1M off of generation, which is better to be blended in with the transmission/distribution customer base.

Mr. Perza explained that the reason for his question was that certain individuals in the community will oppose the sale of the City's electric utility system regardless of the situation. Therefore, as the system breaks down and needs to be replaced, he questioned what the replacement costs are for certain components to the system and if the City will be able to absorb those costs moving forward. Responding, Mr. Hartman stated that those details would be provided by conducting a renewable replacement study of the assets, which was not a part of the scope for GAI Consultants, explaining that GAI Consultants was requested to value the assets versus what the CIP would be to maintain assets over time. He suggested that Burns and McDonnell Engineering Company, Inc., who serves as the City's engineer, would need to be contacted for such information.

Mr. Bonar suggested that members review the Burns and McDonnell study that was completed a few years ago and, along with the information provided by GAI Consultants, prior to making any final decision.

Mr. James Long noted that there has been only one (1) General Electric LM6000 installed in the area, which was done by the Delaware Municipal Electric Corporation (DEMEC), and that project cost $35M for a 50 megawatt machine. With regard to putting everything into the power house, the current technical experts he has talked to recommend a divided greenfield approach, particularly given the ability to Black Start. The City's VanSant unit and DEMEC's new GE have a Black Start feature. It is argued that it is better to move these close to the load rather than putting them on a brownfield type of arrangement. In reviewing the report provided by GAI Consultants, Mr. Long relayed concerns, noting that the amount of $96.12 listed for Delaware Electric Cooperative (Co-op) (page 23 of the presentation) is incorrect. He stated that the rate is currently at $121 and has never been as low as $96. In addition, Mr. Long stated that there is an amount for the Co-op for Large Commercial rates; however, they do not have any large commercial customers, nor do they have industrial customers. He stated that the Co-op's average residential bill over a year is $1,551 and the Co-op's average commercial bill is $2,100. He felt that GAI Consultants has created the environment where the electric utilities throughout Delaware have competitive rates; however, the Co-op has no customers. He advised members that there are only three (3) utilities that truly provide service to fairly significant commercial customers: Delmarva Power, City of Dover, and Newark (mainly the University of Delaware). Mr. Long stated that the pricing mechanism provided by GAI Consultants leads him to believe that all companies are competitive.

Responding to Mr. Long, Mr. Hartman stated that although many of the utilities depicted do not have the same load in industrial and commercial customer base, they do have rates and charges that they have promulgated. He concurred that the demand charges based on load are great in the Co-op.

Mr. Blakeman questioned if the calculations take into account the competitive nature of the utility in relation to future development and growth. Responding, Mr. Hartman indicated that if the City were to maintain the utility, businesses could be attracted through economic development. Otherwise, if the City were to sell the utility, those types of situations would need to be included in the purchase and sale agreement. The reason the Co-op would want the City's utility is because it would provide them density, noting that they are a rural type utility.

Mr. Bonar clarified that the study conducted by GAI Consultants does not include a firm recommendation, explaining that it was not the intent of the valuation study. He also indicated that there is no motion on the table to entertain the sale of the City's utility, nor has there been any private discussion regarding the sale of the City's utility. The study is simply a mechanism to provide the City a value of what the City's utility brings to the residents and businesses in the City of Dover to help members of City Council make a decision at some point as to whether they wish to sell the utility or not.

Responding to Mr. Long, Mr. Bonar reiterated that no offer has been made by the Co-op for the purchase of the City's utility, nor has such an offer been sought by the City. With reference to the June 27, 2011 Utility Committee Meeting, Mr. Bonar stated it was an informational presentation provided by the Delaware Electric Cooperative and confirmed that he invited representatives of the Delaware Electric Cooperative.

Mr. Blakeman moved to recommend acceptance of the City of Dover Electric System Valuation as presented by GAI Consultants, seconded by Mr. Snaman and unanimously carried.

TEA/NAES Reports *(December and January)*

Mr. Scott Koenig, City Manager, reviewed the TEA/NAES Monthly Reports for December 2012 and January 2013, and reminded members that staff reviews this report with TEA on a monthly basis. The report is provided to allow for the monitoring of electric sales and revenues received, which provide a better understanding of any fluctuations that occur and allows the opportunity to make improvements if deemed necessary.

Mr. Snaman moved to recommend acceptance of the TEA/NAES Monthly Report for December 2012 and January 2013, seconded by Mr. Blakeman and unanimously carried.

UPDATES

Members were provided the following updates:

Garrison Oak Technical Park Project

Mr. Scott Koenig, City Manager, advised members that staff has been working with the Becker Morgan Group on the completion of the subdivision plans for the Garrison Oak Technical Park Project. Becker Morgan Group has made all submissions to agencies such as the Conservation District, DelDOT, and City of Dover Public Works and Planning Departments. Staff is currently working on the final design issues associated with the overall Park. It is expected that the construction plans will be completed and bids let in the next few months for the sanitary sewer system, water tower, and the road and stormwater systems associated with the Park.

Mr. Bonar commended staff for their efforts the last several weeks, noting that there have been weekly conference calls with Calpine (which staff will provide an update on during the latter part of the meeting).

Dover Sun Park

Mr. Scott Koenig, City Manager, reviewed the Electric Revenue Fund FY 13 - White Oak Solar Park Incremental Cost spreadsheet. He noted that the City has paid $124,074 more than it would have paid if bought through hedge or contract purchases through the Energy Authority. Basically, he explained that the City paid a premium of $124,074 for the solar park component of the City's portfolio; however, he reminded members that the renewable component is now a requirement.

Calpine Energy Center

Mr. Scott Koenig, City Manager, reminded members that the Calpine (Garrison) Energy Center is a component of the Garrison Oak Technical Park. He stated that Calpine has issued their full notice to proceed to KVAERNER, which is the contractor that will be conducting the final engineering and design as well as constructing the 309MW power block. As previously mentioned, he stated that there have been weekly conference calls. The Planning and Public Works Departments are working through the final design components of the Garrison Energy Center and have received their necessary approvals from DelDOT because they don't exit out onto a State road. In addition, there have been discussions regarding the issue of the extension of the Eastern Shore gas transmission line from Cheswold to the area. The City is also working on the transmission from the power block back to the City's 230kV tie.

Mr. Koenig relayed appreciation to staff for their hard work and diligence on this project.

Responding to Mr. Hutchison, Mr. Koenig stated that the approval provided by Kent County Levy Court was for access across a piece of Kent County owned land. He stated that discussions with representatives of Kent County will be held soon regarding accessing the Garrison Oak Park and that City staff has a preferred access. He stated that it may be necessary to grant access easements from the City, which will require Council approval. With regards to the gas line, Mr. Koenig stated that he has not had any discussions with the gas company regarding their desires, noting that the majority of the line is outside City limits.

By unanimous consent, the Meeting Adjourned at 6:44 p.m.

David L. Bonar
Chairman

DLB/TM/jg/dd/mk
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Attachment
Attachment #1 - Presentation by GAI Consultants - Electric System Valuation Services Final Report Briefing

www.gaiconsultants.com



Electric System Valuation Services
Final Report Briefing

City of Dover, Delaware
April 8, 2013

Presented by:
GAI Consultants, Inc.

gai consultants

ATTACHMENT #1
Utility Committee Meeting of 04/08/2013

GAI Assignment

- Part A: Valuation of Electric Utility – Original Cost, Replacement Cost, and Comparable Sales
- Part B: Community Impact Analysis



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Part A: Valuation of Electric Utility

Original Cost, Replacement Cost, and Comparable Sales

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Original Cost Approach (OCLD)

System Overview

Date	Original Cost	Depreciation	Net Book Value
6/30/2012	$ 179,586,319.33	$ (90,229,441.57)	$ 89,356,877.76
		City Records	
12/31/2012	$ 179,586,319.33	$ (84,339,600.65)	$ 95,246,718.68
	6/30/12 Assets	GAI Depreciation 12/31/12	GAI Opinion as of 12/31/12 for 6/30/12 Assets
		GAI Analysis	



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Fair Market Value

A. Current Market Conditions

B. Knowledgeable Buyer and Seller without compulsion transact the property

C. Includes the elements of:

- Tangible Personal Property (TPP)
  i.e. Gas Turbine Generators, Transmission, etc.
- Tangible Real Property (TRP)
  i.e. Fee Simple Land, etc.
- Intangible Property
  i.e. SOPs, Agreements, Permits, etc.

Original Cost Less Depreciation is Not Fair Market Value

- Land is undervalued
- Historical Cost is not Current Market
- No Intangible Value reflected
- Nonetheless useful for a State Regulated, Investor Owned Utility (IOU)

Replacement Cost

- Replacement Cost is the current cost of the assets, which the market recognizes at this time.
- Replacement Cost has three types of depreciation applied to it.
  1. Physical Depreciation
  2. Functional Depreciation
  3. External Depreciation

Replacement Cost Approach

- How would the market view your assets?
- How would the characteristics of your assets be replaced?
- How would the market configure the assets?

THE ABOVE ANSWERS MINIMIZE THE AMOUNT OF FUNCTIONAL AND EXTERNAL DEPRECIATION

Hartman, ASA Market Replacements

Category		Comment
Land	-	Same, Appraised by G. M. Records
Land Improvements	-	Those needed only
Buildings	-	Those used and/or functional
Transmission	-	Same, double 69 kV loops interconnected
Distribution	-	Same
Substations	-	Same, updated and at market level
Street Lights	-	Same
General Utility	-	Only useful assets - high level of depreciation
Generation	-	Take 2 plant sites, put on one, use current GE LM6000 units, use existing asset physical depreciation

Replacement Cost – Steps Taken

1. Current Costing to TPP Assets
2. Less Physical (only ASL) Depreciation
3. Add Consumables, Inventory & Rolling Stock at Cost
4. Add Depreciated Tools and Equipment
5. Add Depreciated Records and Administrative Items
6. Remove Deficiencies and Deferred Maintenance Obligations
7. Adjust for Functional Depreciation (subtracted)
8. Adjust for External Depreciation (subtracted)
9. Add Intangibles involved with the Going Concern
10. Add Land

Replacement Cost New Less Depreciation (RCNLD) is the Result

Replacement Cost New Less Physical Depreciation (RCNLD)

As of December 31, 2012
(Without Land)

Description	Replacement Cost New	Accumulated Depreciation	Replacement Cost New Less Physical Depreciation
Land Improvements	$ 196,849.02	$ 27,886.94	$ 168,962.08
Buildings	12,713,127.39	5,342,990.68	7,370,136.71
Transmission Lines	57,850,209.00	29,367,390.63	28,482,818.37
Distribution Lines	39,195,766.93	17,826,113.37	21,369,653.56
Generation Assets	231,526,249.65	125,001,440.06	106,524,809.59
Substations	52,203,184.09	18,108,932.04	34,094,252.05
Street Lights	3,052,704.27	1,855,626.93	1,197,077.34
General Utility	32,998,939.38	28,157,651.67	4,841,287.71
Total	**$ 429,737,029.73**	**$ 225,688,032.32**	**$ 204,048,997.41**

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Summary of Adjustments for RCNLD Analysis (Rounded)

1.	Replacement Cost New (RCN)	$	429,737,000
2.	Physical Depreciation (PD)		(225,688,000)
3.	Replacement Cost New Less Physical Depreciation (RCNLPD)	$	204,049,000
4.	Consumables, Inventory, and Rolling Stock @ 2.5%		5,101,000
5.	Equipment and Tools @ 0.5%		1,020,000
6.	Records, Reports, Business Information, SOPs, O&M Manuals @ 1.5%		3,061,000
7.	Deficiencies and Deferred @ 2.25%		(4,591,000)
8.	Functional Depreciation		(6,121,000)
9.	Subtotal	$	202,519,000
10.	External Depreciation		(10,126,000)
11.	Subtotal	$	192,393,000
12.	Going Concern @ 5%		9,620,000
13.	Land		3,632,100
14.	RCNLD	$	205,645,100
15.	RCNLD (Rounded)	$	205,600,000

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Utilities are Special Purpose Properties

- Unique and Customized Customer Base
- Typically Regulated
- A Monopoly/Exclusive Right to Serve
- Condemnation Powers
- Serve a Public Purpose
- National as well as Regional Market

Comparable Sales

- 13 Sales Reviewed
- Vero Beach Similar Situation
- Comparison to Vero Beach (Contract Signed/Pending Sale)

Item	Dover	Vero Beach
Customers	23,307	33,892
	87% Res, only 30% load	82% Residential
Load	710,331 mwh	733,585 mwh
Generation	175 MW Peaking	155 MW Peaking
Service Area	68 square miles	50 square miles
Transmission	47 miles	42 miles
Substations	15	11
Distribution	457 miles -	330 miles -
	189 OH, 268 UG	115 OH, 215 UG
Comment	More Industrial/ Commercial/Transmission	More High User Residential

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Comparable Sales (cont.)

+ Imputed Value	$ 185,400,000
+ Low End	$ 169,800,000
+ High End	$ 207,100,000

Subject to Comparables → Approximately Midpoint ($188.5 million)

Subject to Vero Beach → Quite Similar ($185.4 million)

Reconciliation

+ Cost	$	205,600,000	75%
+ Comparable Sales	$	185,400,000	25%

Opinion of Value (1)

$ 200,600,000

as of December 31, 2012

Note: (1) For Scope of Services on this Assignment



Part B: Community Impact Analysis

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Community Impact Analysis

- Only Financial Impacts in Scope
- Two Major Areas:
  1. City
  2. Customer Rates

City Financial Impacts: Net Proceeds Estimate

Item		Amount
Purchase Price	$	200,600,000
Legal Costs		(1,500,000)
Technical Costs		(400,000)
Transfer Costs		(2,000,000)
Financial/Audit/Accounting/HR		(600,000)
P.V. Transitional Costs		(1,500,000)
Contingency @ 1.0%		(2,000,000)
Total	$	192,600,000

City Financial Impacts: Summary (5-Year)

Item	Amount
Retained Fund Balance	$ 51,440,785
Debt Defeasance	(25,885,025)
General Fund Transfers	(35,613,275)
Intrafund Service Fee Transfers (net)	(15,678,745)
Electric Franchise Fees Credit	16,861,568
Additional Rental Income Revenue Credit	652,457
Additional Tax Revenue Credit	2,319,996
Pension Liability	(12,576,522)
OPEB Liability	(14,506,723)
Total (Present Value)	$ (32,985,484)

Note: Other items may exist, which have not been identified at this time.

Net Funds Available

+ Net Proceeds Estimate –	$	192,600,000
+ Summary City Financial Impacts (5 Year) –	$	(32,985,484)
+ Net Funds Available for Lawful Purposes – (Rounded to 100,000)	$	159,600,000

Long Term Sustainability

1. Investment Earnings
2. Franchise Fees
3. Utility Tax (optional)

Versus

General Fund Requirements

Summary Electric Rate Comparison: Residential

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	750 kWh	1000 kWh	1250 kWh
Dover	$ 103.83	$ 136.78	$ 169.72
Lewes	$ 106.85	$ 137.80	$ 168.76
Newark	$ 108.97	$ 155.36	$ 191.70
Seaford	$ 127.74	$ 159.05	$ 190.35
New Castle	$ 95.13	$ 123.93	$ 152.72
Smyrna	$ 105.63	$ 129.68	$ 153.72
Milford	$ 99.49	$ 131.54	$ 163.58
Middletown	$ 113.26	$ 146.16	$ 179.10
Clayton	$ 111.06	$ 146.20	$ 181.35
Delmarva	$ 115.69	$ 148.14	$ 180.60
Delaware Electric Co-op	$ 76.75	$ 96.12	$ 115.48
AVERAGE	**$ 105.86**	**$ 137.34**	**$ 167.92**

Summary Electric Rate Comparison: Small Commercial – Single Phase

Single Phase	2000 kWh	3000 kWh	4000 kWh
Dover	$ 250.78	$ 373.56	$ 496.35
Lewes	$ 311.67	$ 456.56	$ 601.44
Newark	$ 335.91	$ 494.74	$ 653.57
Seaford (1)	$ 346.80	$ 515.93	$ 600.50
New Castle (1)	$ 253.02	$ 374.45	$ 435.16
Smyrna	$ 269.86	$ 401.40	$ 532.94
Milford	$ 298.53	$ 444.66	$ 590.80
Middletown	$ 319.77	$ 476.65	$ 633.52
Clayton	$ 232.55	$ 344.91	$ 401.09
Delmarva (2)	$ 320.40	$ 461.02	$ 601.64
Delaware Electric Co-op	$ 183.12	$ 264.53	$ 345.93
AVERAGE	**$ 283.85**	**$ 418.95**	**$ 535.72**

(1) Small commercial only goes up to 3500 kWh. Amount shown is for 3500 kWh.

(2) Includes demand charge for 15 kW

Summary Electric Rate Comparison: Small Commercial – Three Phase

Three Phase	2000 kWh	3000 kWh	4000 kWh
Dover	$ 261.20	$ 383.99	$ 506.77
Lewes	$ 322.09	$ 466.98	$ 611.87
Newark	$ 428.17	$ 548.43	$ 668.68
Seaford (1)	$ 851.86	$ 959.88	$ 1,067.90
New Castle (1)	$ 253.02	$ 374.45	$ 435.16
Smyrna	$ 269.86	$ 401.40	$ 532.94
Milford	$ 298.53	$ 444.66	$ 590.80
Middletown	$ 319.77	$ 476.65	$ 633.52
Clayton	$ 232.55	$ 344.91	$ 401.09
Delmarva (2)	$ 339.13	$ 479.75	$ 620.37
Delaware Electric Co-op	$ 183.12	$ 264.53	$ 345.93
AVERAGE	**$ 341.76**	**$ 467.78**	**$ 583.19**

(1) Small commercial only goes up to 3500 kWh. Amount shown is for 3500 kWh.

(2) Includes demand charge for 25 kW

Summary Electric Rate Comparison: Medium Commercial – 30 kW Demand

	Demand of 30 kW		
	5000 kWh	**6000 kWh**	**7000 kWh**
Dover	$ 902.69	$ 981.90	$ 1,061.10
Lewes [1]	$ 756.76	$ 901.64	$ 1,046.53
Newark	$ 809.79	$ 930.05	$ 1,050.31
Seaford	$ 877.47	$ 982.15	$ 1,086.83
New Castle	$ 759.61	$ 863.04	$ 966.48
Smyrna	$ 669.80	$ 741.91	$ 814.03
Milford	$ 701.49	$ 774.65	$ 847.81
Middletown	$ 863.47	$ 967.80	$ 1,072.13
Clayton	$ 780.00	$ 892.36	$ 1,004.72
Delmarva	$ 769.44	$ 829.92	$ 890.41
Delaware Electric Co-op	$ 552.05	$ 603.37	$ 654.69
AVERAGE	**$ 767.51**	**$ 860.80**	**$ 954.09**

(1) Does not have demand charges for medium commercial

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Summary Electric Rate Comparison: Medium Commercial – 250 kW Demand

	Demand of 250 kW		
	5000 kWh	**6000 kWh**	**7000 kWh**
Dover	$ 4,503.49	$ 4,582.69	$ 4,661.90
Lewes [1]	$ 2,271.61	$ 2,350.63	$ 2,429.65
Newark	$ 2,300.57	$ 2,420.83	$ 2,541.09
Seaford	$ 3,040.24	$ 3,144.92	$ 3,249.60
New Castle	$ 2,447.62	$ 2,551.06	$ 2,654.49
Smyrna	$ 2,887.61	$ 2,959.73	$ 3,031.85
Milford	$ 3,109.66	$ 3,182.82	$ 3,255.98
Middletown	$ 1,677.66	$ 1,782.00	$ 1,886.33
Clayton	$ 3,094.15	$ 3,206.50	$ 3,318.86
Delmarva	$ 3,947.54	$ 4,008.02	$ 4,068.50
Delaware Electric Co-op	$ 2,604.73	$ 2,656.05	$ 2,707.37
AVERAGE	**$ 2,898.62**	**$ 2,985.93**	**$ 3,073.24**

(1) Becomes industrial at 50 kW usage.
This is an estimate. Industrial rate changes monthly based on supplier rates.

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Summary Electric Rate Comparison: Medium Commercial – 400 kW Demand

	Demand of 400 kW		
	5000 kWh	**6000 kWh**	**7000 kWh**
Dover	$ 6,948.15	$ 7,027.35	$ 7,106.56
Lewes (1)	$ 3,334.96	$ 3,413.98	$ 3,493.00
Newark	$ 3,317.01	$ 3,437.26	$ 3,557.52
Seaford (2)	$ 4,486.82	$ 4,597.09	$ 4,707.37
New Castle	$ 4,582.66	$ 4,686.10	$ 4,789.53
Smyrna	$ 4,399.76	$ 4,471.87	$ 4,543.99
Milford	$ 4,751.60	$ 4,824.76	$ 4,897.92
Middletown	$ 2,232.80	$ 2,337.13	$ 2,441.46
Clayton	$ 4,671.97	$ 4,784.33	$ 4,896.69
Delmarva	$ 6,114.42	$ 6,174.90	$ 6,235.39
Delaware Electric Co-op	$ 4,004.28	$ 4,055.60	$ 4,106.92
AVERAGE	**$ 4,440.40**	**$ 4,528.22**	**$ 4,616.03**

(1) Becomes industrial at 50 kW usage.
This is an estimate. Industrial rate changes monthly based on supplier rates.

(2) Medium Commercial < 300 kW. Based on Large Commercial Rate.

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Summary Electric Rate Comparison: Large Commercial – 500 kW Demand

	Demand of 500 kW		
	40,000 kWh	**70,000 kWh**	**100,000 kWh**
Dover	$11,367.55	$13,743.76	$16,119.97
Lewes (1)	$ 6,815.36	$ 9,186.01	$11,556.65
Newark	$ 8,214.11	$11,821.87	$15,429.63
Seaford	$ 9,124.90	$11,819.24	$14,513.58
New Castle	$11,641.31	$13,788.90	$15,936.49
Smyrna	$ 7,931.99	$10,095.53	$12,259.07
Milford (2)	$ 8,835.31	$11,342.88	$13,850.45
Middletown	$ 8,884.10	$11,755.08	$14,626.07
Clayton	$ 9,656.40	$13,027.16	$16,397.92
Delmarva (2)	$10,442.15	$12,240.30	$14,038.46
Delaware Electric Co-op	$ 6,733.53	$ 8,266.41	$ 9,803.13
AVERAGE	**$ 9,058.79**	**$11,553.38**	**$14,048.31**

(1) This is an estimate. Industrial rate changes monthly based on supplier rates.

(2) All hours counted at On-Peak rate

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Summary Electric Rate Comparison: Large Commercial – 750 kW Demand

	Demand of 750 kW		
	40,000 kWh	**70,000 kWh**	**100,000 kWh**
Dover	$15,459.36	$17,835.57	$20,211.78
Lewes (1)	$ 8,592.29	$10,962.93	$13,333.58
Newark	$ 9,908.17	$13,515.93	$17,123.69
Seaford	$11,582.59	$14,276.93	$16,971.27
New Castle	$16,019.81	$18,167.40	$20,314.99
Smyrna	$10,452.23	$12,615.77	$14,779.31
Milford (2)	$11,571.88	$14,067.01	$16,569.19
Middletown	$11,360.04	$14,231.02	$17,102.00
Clayton	$12,286.11	$15,656.86	$19,027.62
Delmarva (2)	$14,358.81	$16,156.97	$17,955.12
Delaware Electric Co-op	$ 9,066.12	$10,599.00	$12,135.73
AVERAGE	**$11,877.95**	**$14,371.40**	**$16,865.85**

(1) This is an estimate. Industrial rate changes monthly based on supplier rates.

(2) All hours counted at On-Peak rate

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Summary Electric Rate Comparison: Large Commercial – 1000 kW Demand

	Demand of 1000 kW		
	40,000 kWh	**70,000 kWh**	**100,000 kWh**
Dover	$19,551.17	$21,927.38	$24,303.59
Lewes (1)	$10,364.54	$12,735.18	$15,105.83
Newark	$11,602.23	$15,209.99	$18,817.75
Seaford	$16,548.35	$16,632.94	$16,717.53
New Castle	$20,398.31	$22,545.90	$24,693.49
Smyrna	$12,972.47	$15,136.02	$17,299.56
Milford (2)	$14,308.44	$11,215.77	$11,299.36
Middletown	$13,835.98	$16,706.96	$19,577.94
Clayton	$14,915.81	$18,286.57	$21,657.33
Delmarva (2)	$18,275.48	$20,073.63	$21,871.79
Delaware Electric Co-op	$11,398.72	$12,931.60	$14,468.32
AVERAGE	**$14,924.68**	**$16,672.90**	**$18,710.23**

(1) This is an estimate. Industrial rate changes monthly based on supplier rates.

(2) All hours counted at On-Peak rate

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Conclusions

- A sale of the Electric System is expected to be financially sound.
- Such a sale is expected to benefit commercial and large users the most and could be a factor in attracting economic development.
- Residential customers would receive the least benefit, yet could benefit.
- The Power Market is constantly evolving, changing, and is not constant. Long-term projections may have a greater variance over time.



Questions?

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