UTILITY COMMITTEE

The Utility Committee Meeting was held on October 8, 2012 at 5:30 p.m. with Chairman Bonar presiding. Members present were Mr. Perza (arrived at 5:34 p.m.), Mr. Blakeman, and Mr. Snaman. Mrs. Williams was absent. Members of Council present were Council President Leary, Mr. Anderson, Mr. Lynn (arrived at 5:35 p.m.), and Mr. Hutchison (arrived at 5:38 p.m.). Mayor Carey (arrived at 5:35) was also present.

AGENDA ADDITIONS/DELETIONS

Mr. Blakeman requested the addition of the TEA/NAES (The Energy Authority and North American Energy Services) Report to the agenda. Mr. Bonar stated that this matter would be included as Agenda Item #3.

By unanimous consent, the agenda was accepted as amended.

Unit 1 Turbine Steam Seal Repair - McKee Run Generating Station

Mr. Scott Koenig, City Manager, advised members that the McKee Run Unit 1 steam turbine developed a steam leak on the governor end of the machine. This leak has progressively gotten worse to the point that it is affecting the operation of the #1 bearing on this unit. When operating, this bearing is now running at elevated temperatures when the unit is at full load. This is an undesirable condition which could lead to damage to the bearing (if it is not already damaged), and possibly result in a forced outage. This Unit is not likely to operate until the Spring of 2013; however, repairs need to be made as soon as possible to avoid further damage to the unit.

To address the problem, NAES will replace the governor end outer gland seals and inspect the #1 bearing for damage. This will require:

- Removing the outer gland housing and seals.
- Sending seals to the OEM for refurbishment.
- Reinstalling the seals and gland housing and aligning the housing to the turbine shell.
- Removing the governor table to access the #1 bearing.
- Removing the bearing and inspecting/repairing as necessary, reassembling the bearing. If work on the bearing is required, an alignment check will have to be performed.
- Reassembly of the governor table.
- Operationally testing the unit.

The cost to perform this work is $65,000, assuming no damage is found to the #1 bearing. The work can easily be accomplished in the fall outage timeframe. However, this work was not included in the original 2013 Operation and Maintenance (O&M) budget nor in the 2013 Capital Investment Plan (CIP) budget.

Staff recommended approval of the Unit 1 Turbine Steam Seal Repair as a new Capital Investment Plan (CIP) project and the expenditure of funds for the project in FY 2013.

Responding to Mr. Blakeman, Mr. Koenig stated that he was unsure when the steam leak was first noticed but estimated that this occurred approximately one (1) to two (2) months ago. Mrs. Donna Mitchell, Controller/Treasurer, stated her belief that it had been detected over three (3) months ago and had gotten worse since that time.

In response to Mr. Blakeman regarding the cost of a second alignment for the bearing (if required), Mr. Koenig stated that this would be included in the cost of the repair of the bearing; however, authorization was being requested only for the initial inspection of the bearing at this time. The cost of repairing the bearing (if damaged) and the timeframe required had not been discussed; however, he noted that NAES was planning to be online for calls coming in during the Spring of 2013.

Mrs. Mitchell explained that if it were discovered that the bearing had significant damage, a revised estimate would be provided to the City. She stated that if the cost was substantial, it was probable that this matter would be brought back to the Utility Committee.

Responding to Mr. Blakeman, Mr. Koenig stated that no estimate had been received regarding the cost or availability of a new bearing, nor information regarding the type of damage that could result if the bearing failed while the unit was operating.

In response to Mr. Bonar, Mr. Koenig projected that failure to repair the steam seal could result in a forced outage involving Unit 1.

Mr. Blakeman moved to recommend approval of the Unit 1 Turbine Steam Seal Repair as a new Capital Investment Plan (CIP) project and expenditure of funds for the project in FY 2013, as recommended by staff, seconded by Mr. Snaman and unanimously carried.

UPDATES

National Pollution Discharge Elimination System (NPDES) Municipal Separate Storm Sewer Systems (MS4) Permit

Mrs. Ann Marie Townshend, Director of Planning and Community Development, conveyed her thanks to Wesley College for continuing to work with staff on the National Pollution Discharge Elimination System (NPDES) Municipal Separate Storm Sewer Systems (MS4) Permit. She advised members that Mr. Nicholas DiPasquale, former Secretary of the Department of Natural Resources and Environmental Control (DNREC) and current Director of the Chesapeake Bay Program for the Environmental Protection Agency (EPA), would be speaking at the new Dover Public Library on October 16, 2012 regarding what could be learned about the City's watersheds from the Chesapeake Bay experience.

Garrison Oak Technical Park Project

Mr. Scott Koenig, City Manager, stated that the Garrison Oak Technical Park project was progressing. Staff met with the Delaware Department of Transportation (DelDOT) on October 8, 2012 to discuss the entrance permits. He noted that applications from Calpine were progressing through City and State-level review processes and Calpine was currently working on air permitting. Staff was working with Calpine on site plan approval as well as approvals of the overall Garrison Technology Park. He informed members that at recent Council meetings, approvals were

granted for engineering service agreements for the design of a 1.5M gallon water tower and a pump station to serve the Garrison Farm and outlying areas of the City. The most recent discussions with Calpine indicated their hope to achieve a building permit in approximately January or February.

Mr. Koenig stated that he was originally told that improvements to the PJM grid would be required in the Wilmington and southern Pennsylvania areas; however, he had learned during the previous week that, because of changes in the grid, it appeared that those improvements would not be required for Unit 1 at this time. He noted that this was not the case for Unit 2. He indicated that improvements made would involve obtaining a 230 KV line from the Calpine plant to the City's Cartanza Substation.

Responding to Mr. Snaman regarding the status of a filing for pipeline by Chesapeake Utilities, Mr. Koenig stated his understanding that a related hearing had been scheduled approximately one and one-half weeks prior at the Delaware Public Service Commission.

Mr. Bonar indicated that this workshop meeting (to discuss the southern Delaware expansion being requested by Chesapeake Utilities and the expansion in the size of transmission to 16 inches for central Delaware) had been postponed.

In response to Mr. Snaman, Mr. Bonar stated that the Federal Energy Regulatory Commission (FERC) would have to be notified of the increase in the size of Chesapeake's transmission; however, the only hearing process would be through the Delaware Public Service Commission.

TEA/NAES (The Energy Authority and North American Energy Services) Report

Mr. Blakeman noted that members had not received the TEA/NAES monthly report since the October 12, 2011 report that was reviewed during the meeting held on January 12, 2012.

Mrs. Mitchell explained her understanding that Mr. Bonar had requested staff to discontinue sending the report.

Mr. Bonar clarified that his request was that the report not be formally presented but be submitted electronically. Mrs. Mitchell apologized for her misunderstanding.

Mr. Bonar stated that reports had been reviewed previously on an agenda in a public fashion; however, since they could be submitted electronically there was no need to review them on a monthly basis unless a member of the Committee or Council had a specific question.

In response to Mr. Blakeman, Mrs. Mitchell offered to send the year-end report for Fiscal Year 2012, which would include the month of June and year-to-date, and to again provide the report monthly.

By unanimous consent, the meeting adjourned at 5:44 P.M.

David L. Bonar
Chairman

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