UTILITY COMMITTEE

A G E N D A

August 22, 2011 - 5:00 P.M. - Council Chambers - City Hall - City of Dover

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. Discussion - Informational Presentation by Delaware Electric Cooperative

2. Discussion - Infrastructure Improvements to the Garrison Tract

3. Review of Utility Related Capital Investment Plan (CIP) *(Electric and Water/Wastewater)*

4. PACE/NAES Monthly Report *(May and June)*

5. Adjournment by 5:55 P.M.

/tm
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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.

Memorandum

Interim City Manager
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TO: Utility Committee Members

FROM: Scott D. Koenig, P.E.
Interim City Manager

DATE: August 16, 2011

SUBJECT: **Informational Presentation by Delaware Electric Cooperative**

Attached are the staff responses to the Delaware Electric Cooperative presentation. Additional budgetary information will be discussed at the committee meeting but is not included in this packet.

SDK/yml
Attachment

WHY DOVER RESIDENTS SHOULD CONTINUE TO OWN THE ELECTRIC SYSTEM

Stakeholder	Advantages of owning electric system	Advantages of selling the system
City of Dover Residents	• Reliability of electric service (the System Average Interruption Duration Index is 50% of the De. Electric Cooperative, using latest data available). • According to DEMEC, Dover has the third lowest rate in Delaware. • Owners of the system. • Local governance – local managers/officials with which to discuss the operation. • Owner of the energy from Dover Sun Park. • Currently purchasing blocks of energy 5 years in the future to provide rate stability. • Because of the transfer of over $11M to the General Fund the tax rates are lower which assists Economic Development activities. • Lower taxes and competitive rates draw new businesses to Dover. • Electric rates are lowered when the budget carry-forward balances are greater than policy (March of 2011). • All Technicians/Lineworkers are based in Dover to respond to emergencies. • Current customers can have their electric service installed underground from the service point to the home without charge – this is not normally performed by other utilities.	• DEC electric rates are lower; however, with the new regulations for coal-powered generation this may not be true in the future. • Electric rates are not tax-deductible. • Electric supply choice is not a current option; however, this can be implemented with a simple vote of Council.
City Leadership/ Elected Officials	• Economic Development through bundled tax/electric rate combination. • Not able to control future energy costs for the consumer/ owners. The current policy is rate stability – it is unknown what the future policy might be through other providers. • At DEC Council would only have two votes on an eleven member board. • Long-term stable cash transfers are highly probable. • Availability of reserves should a catastrophic incident occur. • Total control of energy delivery issues and over local system upgrades. • The installation of banners, flag pole ropes, city building exterior lighting, snow removal from roofs, holiday signs (for example first night pole, peace sign.) and other public	• Increased tax payments would be deductible. • Holding the future energy portfolio increases financial risk – conversion to an Open-access system could also reduce this risk. • Electric rates would not subsidize the maintenance of the Street Lights. • City leadership and elected officials must understand the complexities of operating an electric system and making informed decisions. • A large one-time infusion of cash into the general fund. • There is a liability risk with

WHY DOVER RESIDENTS SHOULD CONTINUE TO OWN THE ELECTRIC SYSTEM

	service functions would become an open issue. •	owning an electric system; however, this is somewhat mitigated through State law.
Commercial and Industrial Customers	• The current practice of the Utility is to begin purchasing energy five years in advance to provide price stability for all customers. • An open access system could be implemented for all customers if approved by the governing body. • Reliable power delivered as indicated by the low outage indices. • Reduced tax obligation due to the transfer of over $11M from electric revenue. • Technical support to customers. • Assistance is provided to customers that have failures in equipment owned by the customer.	• Purchasing energy in advance does not allow customers to take advantage of dips in the market. • Open access to other energy suppliers.
City Departments	• The fiber optic system used for the city building network, two way radio and downtown cameras is installed, owned, and maintained by the electric department. Future maintenance and installation will need to be supported through public services, including the required vehicles/equipment. • Giving the rights to pole ownership to other utilities may result in the City of Dover having to pay for pole attachments for the City cameras and banners. • The electric division prioritizes the restoration of critical Water and Waste Water facilities during emergency restoration to assure continued service of these facilities. • The Operations Center currently supports Electric, Water, Waste Water, Public Services and Facilities with a 24/7 emergency customer service contact. • City enforcement currently uses the threat of cutting electric service for delinquent licensing, permits, trash, etc. – oftentimes gleaning this information through electric billing. • Some construction equipment is shared throughout the City departments and the electric department currently provides/ performs heavy lifting equipment for these	• General Fund staffing could be reduced.

	divisions. • Street light maintenance would become a Public Services function/expense. This would include design and installation. • Electric utility provides the storage and shipment of regulated waste for the City, for example florescent light bulbs, lighting ballast, etc. • During storms the other City Departments assist in the restoration process, reducing outage time. • Utility personnel provide assistance to other department during storm emergencies.	

DEC is a member of Old Dominion Electric Cooperative (ODEC) and it is through this cooperative that they procure their energy. ODEC currently owns over 400 Mw from a coal fired power plant and is in the process of constructing another plant. While the current unit provides a less expensive source of energy, EPA recently released regulations that may require extensive upgrading to meet the new emission requirements. ODEC also owns over 200 Mw of the North Anna nuclear power plant and again currently provides attractive energy costs but in light of the recent events extensive capital improvements may be required to continue the operation of the plant. Additionally, ODEC is in the process of permitting the Cypress Creek Power Station in Dendron, VA, which currently is envisioned as a 1,500 Mw coal fired power plant. Again, the financial and environmental impact of the project is unknown, but the external regulations could drive these costs up as well. Lastly, Northern Virginia Electric Cooperative recently withdrew its membership from ODEC and stated that they wanted "…the opportunity to directly manage the risks associated with power supply…"

EXCERPT - UTILITY COMMITTEE MEETING MINUTES OF JUNE 27, 2011

Informational Presentation by Delaware Electric Cooperative on the Pros and Cons of Their Purchase of the City of Dover Electric System

Mr. Bonar advised members that they would be considering the possibility of an outside entity taking over the operation of the City of Dover Electric Department. He indicated that the Delaware Electric Cooperative (DEC) had expressed interest in pursuing this option. Mr. Bonar introduced Mr. J. William Andrew, President and CEO of DEC.

Mr. Andrew stated that he was contacted by Mr. Bonar approximately two (2) weeks ago requesting that the Co-op present information regarding the possibility of DEC purchasing the City of Dover Electric System. He stated that DEC evaluated public information and toured the City of Dover Electric System and determined that it was an excellent system.

Mr. Andrew and Mr. Gary D. Cripps, Chief Financial Officer (CFO) of DEC, provided a presentation on the Pros and Cons of DEC Purchasing the City of Dover Electric System ***(Attachment #1).*** Mr. Cripps stated that both the City of Dover and DEC have positive attributes and felt that the two (2) organizations would function better together. He indicated that a consolidation of these business enterprises would be fruitful for many years to come.

Referring to the Key Benefits, listed on Page 2 of the presentation, Mr. Cripps stated that members of DEC are controlled by a Board of Directors who are elected annually in August and serve three (3) year terms. He noted that Mr. William Wells, Chairman of the Board of Directors, was also present. Mr. Cripps stated that if Council opts to proceed with the proposal, City of Dover utility customers would realize lower utility rates and that the impact would be approximately $25M per year. He advised members that consolidation with the City of Dover would provide rate stability over the long term, particularly as it relates to the market and the effects of economic development in the State of Delaware. Mr. Cripps stated that DEC has a Power Supply Contract, which will expire in 2054, with Old Dominion Electric Cooperative, headquartered in Richmond, Virginia. He explained that Old Dominion Electric Cooperative is asset based and serves 600,000 customers in the aggregate.

Mr. Cripps noted the importance of economic development and indicated that DEC's first priority is to protect current businesses in the City of Dover and Kent and Sussex Counties. He advised members that DEC has 32,000 customers in Kent County and the City of Dover has 23,000 customers. Mr. Cripps stated that if DEC purchases the City of Dover's Electric system, their customer base would increase to 55,000 in Kent County, which would necessitate the establishment of a DEC facility in Dover. In addition, he stated that there would be a need for two (2) additional districts, as well as two (2) additional members to serve on the DEC Board of Directors.

Mr. Cripps stated that one of the key benefits of consolidation would be that City of Dover residents would retain ownership of the utility system. He advised members that DEC is an electric cooperative, a not-for-profit organization, and not an investor-owned utility. Mr. Cripps noted that this proposal is very different in that respect from a previous offer from Delmarva Power and Light, which was entertained by the City in 1993. He emphasized the benefit of retaining membership and ownership of the utility.

Mr. Cripps stated that the load diversity for DEC is 82% residential and that, long term, this is problematic. He explained that DEC needs additional commercial customers in order to obtain a better balance and more diversity. Mr. Cripps noted that without diversity, rates would increase and future generations would have a difficult time paying their utility bills. He explained that over the past one (1) to (2) decades, commercial expansion has occurred near the metro areas and, as a result, DEC has lost service territory to municipalities, which is the greatest single threat to DEC. He stated that by consolidating the City of Dover and DEC, this threat would be mitigated.

Mr. Cripps advised members that DEC is run from a government standpoint, as is the City of Dover's utility, noting that DEC is administered by an elected Board of Directors and Chairman. If the Co-op acquired the City's Electric Department, DEC would escalate from 83,000 members to 106,000 members, which would assist with power supply contracts, allow human resource needs to be absorbed, and provide opportunities to take advantage of material discounts that may become available. He noted that in the past, DEC and the City have purchased items jointly, which resulted in significant savings for the City.

Mr. Cripps acknowledged that municipalities considering similar options often express concerns about the future, noting that initial rates following acquisition may be favorable but future rates are uncertain. He advised members that DEC is open to competition and does not have a monopoly on their customers. He explained that their customers may choose to obtain electric supply from anyone that sells it in Delaware. Mr. Cripps stated that deregulation has benefitted DEC by forcing the organization to remain "agile" and maintain its competitive position. He advised members that operating a utility involves environmental, legislative, regulatory, and financial risk, and that the City's risk would be mitigated by consolidation. He indicated that the influence of a commercial mix and density would lower DEC's average cost and would yield great long-term benefits.

Mr. Cripps stated that acquiring the City's utility would result in a significant financial windfall. He explained that, for DEC customers, one of the big advantages would be economies on infrastructure leverage, i.e., infrastructure capital needs in some areas that can be supported by infrastructure that is already in place.

Referring to the Stakeholder Matrix on Page 3, Mr. Cripps explained that when a cooperative makes a margin, the margin is distributed to customers and is not turned into a profit. He noted that for the past two (2) years, DEC's Board of Directors authorized over $5M to be paid back to customers in the form of checks or as credits on their utility bills.

In response to Mr. Bonar, Mr. Cripps stated that if the capital credit exceeds $30 a check is issued to customers, and if it is under $30 a credit is applied to customer utility bills.
In regard to the City Leadership/Elected Officials listed on Page 3, Mr. Cripps stated that financing the City government would be accomplished through economic development and not by raising taxes or rates. He explained that an examination of the City's financial data indicates that approximately $27M is in reserves and stated that a consolidation of the two (2) organizations would not include a transfer of those reserves. Mr. Cripps noted that a potential disadvantage for the City would be the inability to balance its budget through the Electric Fund; however, he noted that DEC has a proposed solution to this concern that would be outlined further during the presentation. He explained that loss of operational control would be another potential disadvantage.

Mr. Cripps advised members that one (1) potential disadvantage to DEC members is that the acquired area (the City of Dover) may be excluded from access to the U. S. Department of Agriculture (USDA) Rural Utilities Service (RUS) Program, which provides below market funding for electric utilities.

Referring to Page 4, Mr. Cripps stated that the commercial loads involved support generation decisions and that, in regard to generation, the City should examine its commercial load and power forecast for the next 5, 10, 15 and 20 years ahead. He noted that consideration of the other 600,000 members that are part of the power supply group can significantly impact those decisions.

In reference to the commercial and industrial customers, Mr. Cripps noted that lower rates would impact large accounts such as the Bayhealth Medical Center and Dover Downs Race Track. Regarding energy management services and technical support, Mr. Cripps stated that DEC has a highly qualified staff, including a number of individuals with Masters of Business Administration degrees and approximately five (5) Professional Engineers in the Engineering Department.

Referring to the map on Page 5, Mr. Andrew stated that DEC serves 83,000 customers over 1,100 square miles, including the majority of the service territory in Kent and Sussex County. He explained that DEC surrounds the City of Dover and is contiguous in many areas. As a result, he stated that the City and DEC have a shared infrastructure. Mr. Andrew stated that the DEC can provide additional support to the City of Dover infrastructure and indicated that the City of Dover has an excellent electric system which is comparable to Delaware Electric Cooperative's system. He noted that DEC provides only electric service and the City of Dover, like other municipalities, provides multiple services. Mr. Andrew stated that electric rates are currently high, and commercial and industrial sectors are consistently under pressure for competitive advantages. He noted that the City of Dover has lost more that 295 commercial and industrial customers in the past two (2) years. Mr. Andrew advised members that State and regulatory burdens are increasing and extremely costly to the power industry. Recognizing that cities need additional funds to run their governments, he stated that electric systems require cash and capital to operate. He felt that consolidating the City's electric system with DEC would "free up" resources the City could devote to other utilities without raising rates or increasing taxes.

Referring to Page 6 of the presentation, Mr. Andrew stated that DEC rates are approximately 36% lower than the average rates in Delaware and that they have been able to maintain that for several years. He also noted that their rates were reduced during the last few years. Mr. Andrew indicated that the State of Delaware has passed possibly the most stringent renewable portfolio standards in the country; however, the fact that prices are already high raises concerns that the State will have challenges attracting and retaining businesses that rely on competitive electric prices. Mr. Andrew noted that DEC has perhaps the largest percentage of renewable portfolio in the State of Delaware, including 253 MW of wind that is producing energy daily. In addition he stated that DEC has a significant amount of landfill gas biomass and some hydro power. Mr. Andrew advised members that DEC is currently working on major solar facilities and hopes to operate these within the next two (2) years.

Referring to Page 7 of the presentation, Mr. Cripps stated that according to the City of Dover balance sheet, the net asset value of the City of Dover plant is $80M - $90M; however, he noted that typically municipal accounting capitalizes property at a low rate, and this is something that DEC recognizes. Mr. Cripps stated that the City of Dover and DEC would need to structure how the transfer would occur and how payments could be made that would equal the revenue stream that the City has been accustomed to over the years. He explained that rates for City customers would convert immediately to Cooperative rates. Mr. Cripps advised members that DEC would open a Kent County Operations Center in Dover and would possibly lease facilities in use by the City of Dover. He indicated that qualified City electric department employees would be needed by DEC, and it is hoped that the consolidation would have no impact on human resources. In addition, he stated that the City would gain the Cooperative as a substantial taxpayer.

Referring to Page 8, Mr. Andrew stated that the rate differential per year is $25M as of 2010 and is based on the latest information from the City of Dover that is publicly available. He indicated that the future value, based on the net present value over a 15-year period is more than $200M to rate payers and more than $300M over a 30-year period. In regard to economic development, Mr. Andrew advised members that energy is the second largest cost to businesses and stated that DEC can preclude that by making the City of Dover one of the lowest priced incorporated areas in the region. Regarding long-term competitive power supply, Mr. Andrew stated that Old Dominion Electric Cooperative is consistently seeking new energy-producing and capacity-producing businesses.

In conclusion, Mr. Andrew advised members that a consolidated enterprise would be a benefit to everyone and that rates would not rise due to consolidation. He noted that rate increases will occur; however, mitigating and retaining competitiveness will assist in maintaining and bringing employment to the City of Dover. Mr. Andrew felt the net value of $93M is understated and that DEC can structure several financial instruments and provide a net payment or a combination of payment and an annuity. He stated that if there is a need to meet the outlay of capital that is currently obtained each year from the power plant, this can be accomplished. It was his recommendation that members authorize an in-depth analysis and business case with an independent third-party market specialist. Mr. Andrew noted that DEC reviewed public information over a two (2) week period and that more detailed information will need to be reviewed. He indicated that DEC is a transparent organization and that they are willing to review the information together with the City. Mr. Andrew advised members that it is costing the rate payers of the City of Dover $68,000 per day for each day that the City does not move forward.

In response to Mr. Snaman's question regarding DEC taking over current City of Dover purchase contracts, Mr. Andrew stated that this is an issue that would take further research. He noted that if DEC purchase contracts run for several years and are out of market, this would be an obstacle that must be evaluated.

Responding to Mr. Snaman, Mr. Andrew stated that Delaware Electric Cooperative is a member of PJM.

In response to Mr. Blakeman's question regarding the transfer of longevity and benefits for current City of Dover employees, Mr. Andrew stated that there are several legal matters involved and that this is an issue that the City of Dover and DEC would need to resolve. He noted that these details would be included in a contract. Mr. Cripps noted that DEC employees are also organized under the IBEW union. He reiterated that DEC would be interested in having all qualified electric department employees join their team.

Responding to Mr. Hutchison's question as to whether the City could charge an excise tax if DEC were to make the purchase, Mr. Cripps stated that this matter would have to be determined by the solicitor. Mr. Cripps noted that the idea has been discussed and that he had not heard anyone dispute the possibility.

Mr. Leary stated that he came to the meeting with a good deal of scepticism which has increased since the presentation. He explained that DEC has listed the short-term benefits of purchasing the City of Dover's electric system but not the long-term benefits. Noting the importance of the City's current ability to utilize revenue generated by the electric utility, he indicated that a great deal of additional study would be required before he would agree with such a proposal. Responding, Mr. Andrew noted that the City would have access to an asset-owned facility that has a record of being very reliable and is a low-cost provider in the State of Delaware. He explained that he would welcome an opportunity to discuss additional questions that members may have regarding the long-term benefits.

In response to Mr. Anderson's question regarding how DEC will work with residents who require additional time to pay their utility bills, Mr. Cripps stated that DEC has policies and procedures in place for residents who are not able to pay their utility bills at the time they are due. He explained that the Board donated $250,000 last year to assist customers with their bills and works closely with the Salvation Army and Catholic Social Services. He noted that DEC has a lot of flexibility in setting up payments and provides opportunities for customers to meet their utility obligations.

Responding to Mr. Anderson, Mr. Andrew stated that the outage rates, at worst, should stay the same. He explained that DEC would have an operations center located in Dover and would utilize current City of Dover employees. Mr. Andrew noted that the increased infrastructure and technological efforts and capabilities should assist in this area and that supplying power to the City will not involve some of the challenges of rural areas, although tree trimming would be an important priority.

Responding to Mr. Bonar, Mr. Andrew felt that if the City decides to study the transfer of their electric system further and hire a third party consultant, DEC would be willing to support the cost, especially if a transfer of ownership would take place; however, he wanted to ensure that the City is focused on moving forward. Mr. Andrew stated that DEC is willing to provide a price on a Request For Proposal (RFP) basis that is equal and fair or to discuss such a proposal on an exclusive basis.

Mr. Bonar relayed his appreciation to DEC and to employees in attendance from the City of Dover.

He advised members that if the City decides to move forward with the transfer of the electric system, he would insist that employees retain their benefits and longevity. Mr. Bonar noted that employees were promised these benefits when they were hired and felt that it was important to retain them. He explained that this a challenging and difficult decision that will require a great deal of study before Council makes a determination.

The Committee took no action.

Memorandum

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TO: Utility Committee Members

FROM: Scott D. Koenig, P.E.
Interim City Manager

DATE: August 12, 2011

SUBJECT: **Infrastructure Improvements – Garrison Tract**

On Wednesday, August 3, 2011, senior city staff (Scott Koenig, Bill Neaton, Ann Marie Townshend, & Ron Lunt) met with representatives of the Calpine Corporation to discuss the potential construction of new power generation facility to be located on the Garrison Oak Tract. Attached is a summary status of the proposed project.

SDK/sdk
Attachment

CALPINE CORPORATION

NYSE CPN

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302-468-5325
302-468-5401 F

August 15, 2011

Mr. Scott Koenig, Interim City Manager
City of Dover
15 E. Loockerman Street
Dover, DE 19903

Subject: Garrison Energy Center Infrastructure Update

Dear Mr. Koenig,

Per your request below is an infrastructure update on the Garrison Energy Center development project ("GEC"):

1. GEC is anticipated to be a nominal 618 MW power generation facility which is planned to be built in two phases. (Each nominally rated at 309 MW). Targeted commercial operation date for the first phase is June 1, 2015;
2. Updated permitting for GEC is underway as the project is being enhanced to employ a more energy efficient technology;
3. Calpine is presently in negotiations with Eastern Shore Natural Gas to bring natural gas to GEC and the Garrison Oak Technical Park via a new gas pipeline – presently anticipated to be a 6 mile 16" lateral pipeline;
4. GEC's electric interconnection process with PJM has been delayed by over three (3) months. Calpine expects to receive GEC's System Impact Study from PJM at the end of September 5, 2011; and
5. Calpine is working with Becker Morgan to integrate GEC's infrastructure requirements with those of the Garrison Oak Technical Park.

GEC will keep you updated as to further developments. Please do not hesitate to contact me with any questions.

Sincerely,

Champe Fisher
Vice President

cc: William Neaton, City of Dover Economic Development Manager
Ronald Lunt, City of Dover, Public Utilities Director, Public Utilities Department

City of Dover
Capital Investment Plan
Project Tracking Report
June 30, 2011
***** Preliminary *****

Points to Remember -

* Original Project Budget = Original Total Project Budget initially included in approved annual budget.
* Latest Project Budget = Revised Total Project Budget included in most recent approved annual budget or one of the following: bond resolution, revolving fund loan agreement, Council approved budget amendment, or City Manager approved amendment as per the Budget Amendment Procedure.
* Current Fiscal Year - Revised Fiscal Year Budget = Current Year approved project budgets plus carry forward balances of unspent budgets in the prior fiscal year. Project Carry Forward balances will be submitted to City Council for amendment in January 2010. Can also be amended with City Manager approval per the Budget Amendment Procedure.
* Water Quality, Inflow/Infiltration, Distribution Upgrades and New Development projects are budgeted as a blanket project and once individual projects are identified and estimated they are created using an allocation of the overall budgeted amount.
* Status and Comments provided by City Manager.
* For Finance purposes projects are considered completed when placed in service and **all** charges have been processed.

Current Year Budget Funding Sources	General	Community Transportation	Water & Wastewater	Electric	Total CIP
Budget Balance	$ 113,156	$ -	$ -	$ -	$ 113,156
Project Carry Forward Balances	88,083	-	953,238	850,736	1,892,057
Federal and/or State Grants	4,270,348	1,000,000	28,877	242,523	5,541,748
New Revolving Fund Loans	-	-	863,060	-	863,060
Carry Forward Construction Loan Balances	-	-	6,201,973	254,757	6,456,730
Bond Proceeds	-	-	-	415,585	415,585
Impact Fees	-	-	758,821	-	758,821
Income from Sale of Assets	-	-	-	-	-
Parkland Reserve	36,872	-	-	-	36,872
Library Reserve & Contributions	3,363,732	-	-		3,363,732
Transfer from Operating Funds	924,884	325,000	58,709	2,797,792	4,106,385
Interest Earned	10,900	-	-	40,700	51,600
Total Funding Sources (Unaudited)	$ 8,807,975	$ 1,325,000	$ 8,864,678	$ 4,602,093	$ 23,599,746

City of Dover
General Fund - Major CIP Projects
June, 2011
***** Preliminary *****

	Hide		TOTAL PROJECT - PAST, CURRENT & FUTURE BUDGETS						CURRENT FISCAL YEAR					
	Project Code	Type	Description	Original Project Budget	Latest Project Budget	Project To Date Expenses	Project Budget Balance	% Budget Spent	Current Fiscal Yr. Budget	Revised Fiscal Yr. Budget	Fiscal YTD Expenses	% Budget Spent	Status	Comments
1			**FY2009**											
2	LB0901	M/G	New Library Project	$ 18,200,000	$ 24,679,934	$ 3,545,763	$ 21,134,171	14.4%	$ 6,687,039	$ 7,630,663	$ 2,808,697	36.8%	Started	Bid Pack A - Done. Bid Pack B - Construction Started.
3			**Totals - FY09**	$ 18,200,000	$ 24,679,934	$ 3,545,763	$ 21,134,171	14.4%	$ 6,687,039	$ 7,630,663	$ 2,808,697	36.8%		
4														
5			**FY2010**											
6	PR1001		Pitts Center Addition	$ 50,000	$ 40,000	$ 28,629	$ 11,371	71.6%	$ -	$ 36,872	$ 25,501	69.2%	Complete	
7			**Totals - FY10**	$ 50,000	$ 40,000	$ 28,629	$ 11,371	71.6%	$ -	$ 36,872	$ 25,501	69.2%		
8														
9			**FY2011**											
10			Vehicles & Equipment	$ 63,675	$ 735,185	$ 620,179	$ 115,006	84.4%	$ 735,185	$ 640,440	$ 620,179	96.8%	Complete	
11	PD1001		Core Law Enforcement Server Replacement	-	53,500	52,488	1,012	98.1%	-	53,500	52,488	98.1%	Complete	
12	PD1101		Public Assembly Room Upgrade	-	20,000	20,000	-	100.0%	-	20,000	20,000	100.0%	Complete	
13	PR1101		Playground Improv Program	-	15,000	12,952	2,048	86.3%	15,000	15,000	12,952	86.3%	Complete	
14	PR1102		Skate Park	-	30,000	-	30,000	0.0%	30,000	30,000	-	0.0%	Deferred	
15	ST1101		Transfer to CT Fund	300,000	300,000	300,000	-	0.0%	300,000	300,000	300,000	100.0%	Complete	
16	ST1102		Concrete Program	50,000	50,000	50,123	(123)	100.2%	50,000	50,000	50,123	100.2%	Complete	
17	MR1101		Downtown Security Cameras	31,500	31,500	31,500	-	100.0%	31,500	31,500	31,500	100.0%	Complete	
18			**Totals - FY11**	$ 445,175	$ 1,235,185	$ 1,087,242	$ 147,943	88.0%	$ 1,161,685	$ 1,140,440	$ 1,087,242	95.3%		
19														
20			**Grand Totals**	$ 18,695,175	$ 25,955,119	$ 4,661,633	$ 21,293,486	18.0%	$ 7,848,724	$ 8,807,975	$ 3,921,439	44.5%		

Legend

M = Multi-year project - a project with a specific schedule to occur over multiple years.
R = Recurring project - a project that begins and ends each fiscal year and is rebudgeted to start over each fiscal year.
G = Grant funded project

City of Dover

Community Transportation & General Fund Street Funds - Major CIP Projects

June, 2011

***** Preliminary *****

	Hide			TOTAL PROJECT - PAST, CURRENT & FUTURE BUDGETS					CURRENT FISCAL YEAR					
	Project Code	Type	Description	Original Project Budget	Latest Project Budget	Project To Date Expenses	Project Budget Balance	% Budget Spent	Current Fiscal Yr. Budget	Revised Fiscal Yr. Budget	Fiscal YTD Expenses	% Budget Spent	Status	Comments
1			**FY 2006**											
2	TE0601	M	Lincoln Park Center	$ 400,000	$ 479,148	$ 492,970	$ (13,822)	102.9%	$ 121,891	$ 121,891	$ 135,713	111.3%	Started	Ongoing.
3			**Totals**	$ 400,000	$ 479,148	$ 492,970	$ (13,822)	102.9%	$ 121,891	$ 121,891	$ 135,713	111.3%		
4														
5			**FY 2007**											
6			E. Water Street Brick	$ 65,000	$ 65,000	$ -	$ 65,000	0.0%	$ 65,000	$ 65,000	-	0.0%		Specialty contract needed.
7			**Totals**	$ 65,000	$ 65,000	$ -	$ 65,000	0.0%	$ 65,000	$ 65,000	$ -	0.0%		
8														
9			**FY 2009**											
10			Schutte Parking Lot	$ 21,950	$ 21,950	$ -	$ 21,950	0.0%	$ 21,950	$ 21,950	-	0.0%		Deferred
11		C	Turnberry Drive	40,000	74,719	74,719	-	100.0%	40,000	74,719	74,719	100.0%	Complete	
12			**Totals**	$ 61,950	$ 96,669	$ 74,719	$ 21,950	77.3%	$ 61,950	$ 96,669	$ 74,719	77.3%		
13														
14			**FY 2011**											
15	CT1051	C	Washington Street	$ 104,000	$ 154,540	$ 154,540	$ -	100.0%	$ 104,000	$ 154,540	$ 154,540	100.0%	Complete	
16	CT1108		Mitschner Road (incl. CDBG)	169,066	272,779	246,672	26,107	90.4%	272,779	304,026	246,672	81.1%	Complete	CDBG and CDBG-R covered $134,961 of expense
17	CT1086		Delaware Ave	6,250	6,250	6,250	-	100.0%	6,250	6,250	6,250	100.0%	Complete	
18	CT1118		Oak Road Signage	11,875	11,875	10,546	1,329	88.8%	11,875	11,875	10,546	88.8%	Complete	
19	CT1142		Governor's Ave. Rebuild	1,000	1,000	561	439	56.1%	1,000	1,000	561	56.1%	Complete	
20	CT1161		Towne Point	7,500	7,500	7,400	100	98.7%	7,500	7,500	7,400	98.7%	Complete	
21	CT1162		Library Access Rd.	105,000	105,000	120,000	(15,000)	114.3%	105,000	120,000	120,000	100.0%	Complete	
	CT1188		Voshell's Cove Sign Repair	-	2,859	2,859	-	100.0%	-	2,859	2,859	100.0%	Complete	
22	ST1101		Street & Alley Program	300,000	239,741	94,012	145,729		300,000	239,741	-			
			Hiawatha Lane								35,955		Complete	
			Susan Place								31,246		Complete	
			Delaware Ave Alley								3,834		Complete	
			Reed Street								22,977		Complete	
			Total Street & Alley Prog	300,000	239,741	94,012	145,729	39.2%	300,000	239,741	94,012	39.2%		Balance not used rolls to next Fiscal Year
23			State Agreements not yet applied for or received	458,968	346,468	-	346,468	0.0%	196,508	193,649	-	0.0%		Agreements have not been received.
24			**Totals**	$ 1,163,659	$ 1,148,012	$ 642,840	$ 505,172	56.0%	$ 1,004,912	$ 1,041,440	$ 642,840	64.0%		
25														
26			**Grand Totals**	$ 1,690,609	$ 1,788,829	$ 1,210,529	$ 578,300	67.7%	$ 1,253,753	$ 1,325,000	$ 853,272	68.1%		

Legend

M = Multi-year project - a project with a specific schedule to occur over multiple years.

R = Recurring project - a project that begins and ends each fiscal year and is rebudgeted to start over each fiscal year.

City of Dover
Water/Wastewater Improvement & Extension Fund - Major CIP Projects
June, 2011
***** Preliminary *****

				TOTAL PROJECT - PAST, CURRENT & FUTURE BUDGETS					CURRENT FISCAL YEAR					
	Project Code	Type	Description	Original Project Budget	Latest Project Budget	Project To Date Expenses	Project Budget Balance	% Budget Spent	Approved Fiscal Yr. Budget	Revised Fiscal Yr. Budget	Fiscal YTD Expenses	% Budget Spent	Status	Comments
1			**FY 2008**											
2	WD0807		S. Gov. Ave. Water Main Upgrade	$ 200,000	$ 200,000	$ 2,664	$ 197,336	1.3%	$ -	$ 197,336	$ -	0.0%	Complete	Done. Awaiting Invoices from the State
3	WD0804	M	1.0 MG Elevated Water Storage	4,196,600	2,590,000	21,084	2,568,916	0.8%	-	193,377	14,461	7.5%	Started	Selecting Tank Model & Site; FY13 = Constr.
4	WD0805	M	Piney Point Well	398,800	665,000	67,682	597,318	10.2%	-	162,525	15,207	9.4%	Started	DNREC permiting; FY11 = Constr.
5	WW0809	M	S. Governors Ave. Sewer Main	300,000	291,000	13,561	277,439	4.7%	-	279,244	1,805	0.6%	Complete	Done. Awaiting Invoices from the State
6	WW0810	M/SL	US 13 East Sanitary Sewer Interceptor	2,376,800	3,409,641	2,943,812	465,829	86.3%	-	2,313,958	2,075,651	89.7%	Complete	
7			**Totals - FY08**	$ 7,472,200	$ 7,155,641	$ 3,048,803	$ 4,106,838	42.6%	$ -	$ 3,146,440	$ 2,107,124	67.0%		
8														
9			**FY2009**											
10	WQ0905	M/SL	Bayard Avenue	$ 590,910	$ 490,910	$ 286,790	$ 204,120	58.4%	$ -	$ 484,420	$ 280,300	57.9%	Started	Started construction in March.
11	WQ0906	M/SL	East side N. State Street	868,707	178,611	177,178	1,433	99.2%	-	148,715	148,175	99.6%	Complete	Phase one complete.
12	WQ0907	M/SL	Route 13 Water Main	1,058,700	2,226,783	396,732	1,830,051	17.8%	-	2,158,686	272,736	12.6%	Started	Going to bid. Start in May.
13		R	Water Quality Improve FY09	$ 2,518,317	$ 2,896,304	$ 860,701	$ 2,035,603	29.7%	$ -	$ 2,791,821	$ 701,212	170.1%	Started	
14														
15	WW0902	M/SL	DE State University Pumping Station	$ 386,400	$ 386,400	$ 321,267	$ 65,133	83.1%	-	240,324	175,552	73.0%	Complete	
16	WW0905	M/SL	Fox Hall/Retreat Force Main Rerouting	133,100	139,245	238,789	(99,544)	171.5%	-	20,351	20,351	100.0%	Complete	
17	WW0907	M/SL	Acorn Lane P/S Replace.	386,400	386,400	321,908	64,492	83.3%	-	210,528	146,397	69.5%	Complete	
18			**Totals - FY09**	$ 3,424,217	$ 3,808,349	$ 1,742,665	$ 2,065,684	45.8%	$ -	$ 3,263,024	$ 1,043,512	32.0%		
19														
20			**FY2010**											
21	WD1002	R	Remote Control & Monitor Wells	$ 55,000	$ 55,000	$ 55,000	$ (0)	100.0%	$ -	$ 31,896	$ 31,896	100.0%	Complete	
22	WW1001	M/SL	Inflow/Infiltration Removal	1,800,000	-	924,200	(924,200)	0.0%	-	-	922,979	0.0%	Started	Budget in FY 12; Started in May
23	WW1007	M/SL	Fox Hall Pump Station	427,900	392,044	50,213	341,831	12.8%	375,900	409,044	48,357	11.8%	Started	Out to bid.
24	WW1008	M/SL	Heatherfield Force Main Rerouting	220,400	324,916	48,695	276,221	15.0%	229,200	284,916	47,411	16.6%	Started	Out to bid.
25	WW1010	I	Tar Ditch Interceptor Upgrade	518,230	518,230	22,871	495,359	4.4%	-	516,781	21,422	4.1%	Started	Reviewing design.
26	WS1001		Various Pump Motor Replace	45,248	28,877	28,877	-	100.0%	-	28,877	28,877	100.0%	Complete	
27			**Totals - FY10**	$ 3,066,778	$ 1,319,067	$ 1,129,855	$ 189,212	85.7%	$ 605,100	$ 1,271,514	$ 1,100,941	86.6%		
28														
29			**FY2011**											
30	WD1101		Misc. Disb. System Upgrade	$ 60,000	$ 38,100	$ 10,045	$ 28,055	26.4%	$ 60,000	$ 38,100	$ 10,045	26.4%	Complete	
31	WD1102		Wellhead Redevelopment	60,000	60,000	59,336.00	664	98.9%	60,000	60,000	59,336	98.9%	Complete	
32	WQ1101		WQI - Loockerman Street	500,000	110,000	104,626	5,374	95.1%	500,000	110,000	104,626	95.1%	Complete	
33	WQ1102		WQI - Columbia Avenue	-	5,000	4,250.00	750	85.0%	-	5,000	4,250	85.0%	Complete	Construction in FY12.
34	WQ1103		WQI - Ross Street	-	5,000	4,250.00	750	85.0%	-	5,000	4,250	85.0%	Complete	Construction in FY12.
35	WQ1104		WQI - William Street	-	5,000	4,250.00	750	85.0%	-	5,000	4,250	85.0%	Complete	Construction in FY12.
36	WQ1105		WQI - West Street (W. Alley)	-	5,000	4,250.00	750	85.0%	-	5,000	4,250	85.0%	Complete	Construction in FY12.
37	WW1101	M/SL	Inflow/Infiltration Removal	500,000	500,000	32,366.88	467,633	6.5%	500,000	500,000	32,367	6.5%	Started	Will complete after FY10 is done.
38	WW1102	R	Scada Tech. Equip. Upgrade	82,100	82,100	76,264	5,836	92.9%	82,100	82,100	76,264	92.9%	Started	4 of 7 installed.
39	WW1103		Del State/Del Tech Force Main Rerouting	286,500	286,500	-	286,500	0.0%	286,500	286,500	-	0.0%	Done	Shifted completion to interceptor (WW0810).
40	WW1104	SL	Lepore Road P/S Replacement	52,000	52,000	55,536	(3,536)	106.8%	52,000	52,000	55,536	106.8%	Complete	
41	WW1105	R	Misc. Sewer System Improve	35,000	35,000	35,152	(152)	100.4%	35,000	35,000	35,152	100.4%	Complete	
42			**Totals - FY11**	$ 1,575,600	$ 1,183,700	$ 390,326	$ 793,374	33.0%	$ 1,575,600	$ 1,183,700	$ 390,326	33.0%		
43														
44			**Grand Totals**	$ 15,538,795	$ 13,466,757	$ 6,311,649	$ 7,155,108	46.9%	$ 2,180,700	$ 8,864,678	$ 4,641,903	52.4%		

Legend
M = Multi-year project - a project with a specific schedule to occur over multiple years.
R = Recurring project - a project that begins and ends each fiscal year and is rebudgeted to start over each fiscal year.
SL = State Loan Project - construction phase is financed
I = Impact Fee Financed Project

City of Dover
Electric Improvement & Extension Fund - Major CIP Projects
June, 2011
***** Preliminary *****

				TOTAL PROJECT - PAST, CURRENT & FUTURE BUDGETS					CURRENT FISCAL YEAR					
	Project Code	Type	Description	Original Project Budget	Latest Project Budget	Project To Date Expenses	Project Budget Balance	% Budget Spent	Current Fiscal Yr. Budget	Revised Fiscal Yr. Budget	Fiscal YTD Expenses	% Budget Spent	Status	Comments
1			**FY 2006**											
2	EE0601	M/B	69 KV feeders 3 and 4	$ 11,060,000	$ 8,693,782	$ 8,761,762	$ (67,980)	100.8%	$ -	$ 4,242	$ 4,242	100.0%	Complete	
3	EE0603	M/S	Governor's Avenue Rebuild	1,268,450	2,068,260	552,362	1,515,898	26.7%	-	250,000	31,901	12.8%	Complete	
4			**Totals - FY06**	$ 12,328,450	$ 10,762,042	$ 9,314,123	$ 1,447,919	86.5%	$ -	$ 254,242	$ 36,143	14.2%		
5														
6			**FY 2008**											
7	EG0801		Unit 3 Turb Bearing Fire Protect D	$ 50,000	$ 50,000	$ 44,720	$ 5,280	89.4%	$ -	$ 50,000	$ 44,720	89.4%	Complete	
8			**Totals - FY08**	$ 50,000	$ 50,000	$ 44,720	$ 5,280	89.4%	$ -	$ 50,000	$ 44,720	89.4%		
9														
10			**FY2010**											
11	EG1001	B	Vansant CT Mark IV Control	$ 700,000	$ 610,000	$ 438,687	$ 171,313	71.9%	-	$ 152,050	$ 152,050	100.0%	Complete	
12	EG1002	B	McKee Run Entrance Road	240,000	240,000	156,878	83,122	65.4%	-	154,244	156,399	101.4%	Complete	
13	EG1005		Work Mgmt. System Replace	85,000	85,000	26,577	58,423	31.3%	-	-	9,859	0.0%	Complete	
14	EG1009		Photovoltaic Install @ McKee	-	65,065	65,065	-	100.0%	-	65,065	65,065	100.0%	Complete	
15	EE1005	M/B	Mid City Substation	1,488,461	993,711	975,819	17,892	98.2%	-	1,087	1,087	100.0%	Complete	
16	EE1009	S	LED Lighting Replacement	70,087	86,457	86,456	1	100.0%	-	86,457	86,456	100.0%	Complete	
17	EU1002	B	Crossgates	396,904	543,075	524,391	18,684	96.6%	-	1,441	1,440	100.0%	Complete	
18	EU1003	B	Buchanan Acres	406,000	1,094,646	1,207,967	(113,321)	110.4%	-	129,502	129,502	100.0%	Complete	
19														
20			**Totals - FY10**	$ 3,386,452	$ 3,717,954	$ 3,481,840	$ 236,114	93.6%	$ -	$ 589,846	$ 601,859	102.0%		
21														
22			**FY2011**											
23	---		Vehicles & Equipment	$ 158,200	$ 158,200	$ 113,437	$ 44,763	71.7%	$ 158,200	$ 158,200	$ 113,437	71.7%	Complete	
24	EE1101		Substation PT & CT Replace	256,218	256,218	216,932	39,286	84.7%	256,218	256,218	216,932	84.7%	Complete	
25	EE1102		Replace of 69 kV Breakers	100,000	100,000	98,292	1,708	98.3%	100,000	100,000	98,292	98.3%	Complete	
26	EE1103		Lighting Rehabilitation	100,000	107,645	107,644	1	100.0%	100,000	107,645	107,644	100.0%	complete	
27	EE1104		Walker Road OH Conversion	350,511	-	-	-	0.0%	350,511	-	-	0.0%	Deferred	
28	EE1105		Engineering Misc. Equip. Replace	40,000	40,000	31,467	8,533	78.7%	40,000	40,000	31,467	78.7%	Complete	
29	EE1106		Substation Batteries	24,500	24,500	23,489	1,011	95.9%	24,500	24,500	23,489	95.9%	Complete	
30	EE1107		Wyoming Mill Road Realignment	-	91,000	47,877	43,123	0.0%	-	91,000	47,877	52.6%	Complete	
31	EE1111		UG Transformers	120,536	120,536	109,268	11,268	90.7%	120,536	120,536	109,268	90.7%	Complete	
32	EE1111		UG Conductors	529,464	521,820	494,950	26,870	94.9%	529,464	521,820	494,950	94.9%	Complete	
33	EE1111		Meters	50,000	50,000	52,151	(2,151)	104.3%	50,000	50,000	52,151	104.3%	Complete	
34	EE1112		69kV Sub Switch Replacement	-	180,000	144,593	35,407	80.3%	-	180,000	144,593	80.3%	Complete	
35	EG1101		Unit 3 Cooling Tower Fill	353,338	383,338	371,513	11,825	96.9%	353,338	383,338	371,513	96.9%	Complete	
36	EG1102		Units 1 & 2 Cooling Tower	218,730	173,730	134,138	39,592	77.2%	218,730	173,730	134,138	77.2%	Complete	
37	EG1103		Unit 3 Turbine Inspection	348,000	-	-	-	0.0%	348,000	-	-	0.0%	Deferred	Construction in FY12.
38	EG1104		Unit 3 Aux System Components	113,000	-	-	-	0.0%	113,000	-	-	0.0%	Deferred	Deferred to FY12.
39	EG1105		Plant Misc. Equipment Replmnt	71,000	77,000	66,051	10,949	85.8%	71,000	77,000	66,051	85.8%	Complete	
40	EG1106		Unit 3 Stack Repairs	25,000	-	-	-	0.0%	25,000	-	-	0.0%	Deferred	Deferred to FY12.
41	EG1107		Units 1 & 2 Life Extension	276,000	225,000	212,669	12,331	94.5%	276,000	225,000	212,669	94.5%	Complete	
42	EG1108		Unit 1 Turbine Outage	-	412,000	424,747	(12,747)	103.1%	-	412,000	424,747	103.1%	Complete	Emergency repair
43	EG1109		Unit 3 FD & ID FAN CNRL UP	45,000	-	-	-	0.0%	45,000	-	-	0.0%	Deferred	Next fiscal year.
44	EG1110		Unit 3 DCS Com & Software	30,000	-	-	-	0.0%	30,000	-	-	0.0%	Deferred	Next fiscal year.
45	EG1111		Unit 2 Boiler Inspection & Repair	-	124,000	111,523	12,477	89.9%	-	124,000	111,523	89.9%	Started	Emergency repair.
46	EG1112		Unit 3 Heat Expansion Joint	-	65,000	67,193	(2,193)	103.4%	-	80,000	67,193	84.0%	Started	Started with spring outage.
47	EG1113		Units 1 & 2 Control Modifications	-	150,000	124,300	25,700	82.9%	-	150,000	124,300	82.9%	Started	Started with spring outage.
48	EG1114		Unit 3 Gas Line Modification	-	60,000	23,794	36,207	39.7%	-	60,000	23,794	39.7%	Started	Started with spring outage.
49	EU1101		Distribution Upgrades	400,000	373,018	368,709	4,309	98.8%	400,000	373,018	368,709	98.8%	Complete	
50				$ 3,609,497	$ 3,693,005	$ 3,344,739	$ 348,266	90.6%	$ 3,609,497	$ 3,708,005	$ 3,344,739	90.2%		
51														
52			**Grand Totals**	$ 19,374,399	$ 18,223,001	$ 16,185,422	$ 2,037,579	88.8%	$ 3,609,497	$ 4,602,093	$ 4,027,460	87.5%		

Legend
M = Multi-year project - a project with a specific schedule to occur over multiple years.
R = Recurring project - a project that begins and ends each fiscal year and is rebudgeted to start over each fiscal year.
B = Bonded Project
S = State fully or partially reimbursed project

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City of Dover

May Monthly Report

Energy and Operations Management

June 23, 2011

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This Report does contain some forward-looking opinions. Certain unanticipated factors could cause actual results to differ from the opinions contained herein. Forward-looking opinions are based on historical and/or current information that relate to future operations, strategies, financial results or other developments. Some of the unanticipated factors, among others, that could cause the actual results to differ include regulatory developments, technological changes, competitive conditions, new products, general economic conditions, changes in tax laws, adequacy of reserves, credit and other risks associated with City of Dover and/or other third parties, significant changes in interest rates and fluctuations in foreign currency exchange rates.

Further, certain statements, findings and conclusions in this Report are based on Pace Global's interpretations of various contracts. Interpretations of these contracts by legal counsel or a jurisdictional body could differ.

PACE GLOBAL

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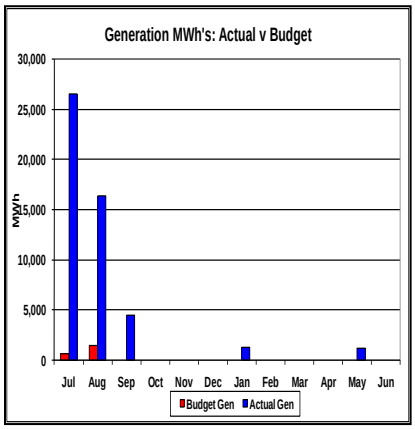
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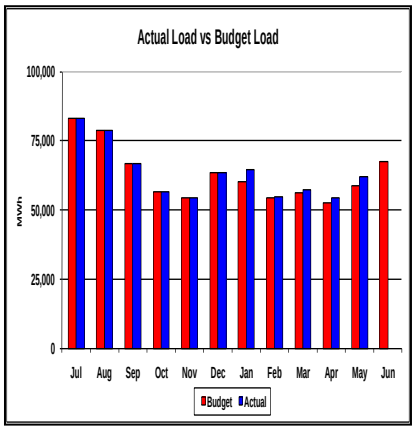
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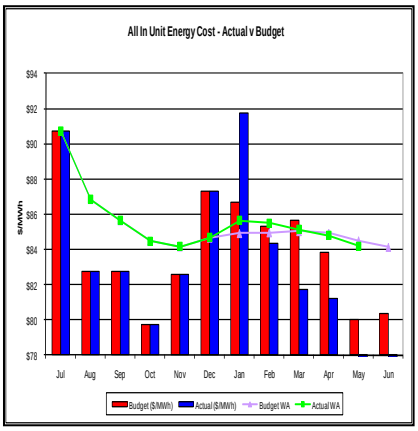
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1.0 – EXECUTIVE SUMMARY







Purchased Power Management

Wholesale load for the month of May was 62,114 MWhs, versus a weather normalized projected load of 58,744 MWhs. Hedged transactions accounted for 51,360 MWhs or 83% of this volume (87% of forecasted load) at a cost of $3.56 million. Spot Market purchases resulted in a PJM charge of $639 thousand (a $662 thousand charge in the Day Ahead market and a $23 thousand credit in the Real Time market). Other PJM related charges accounted for an additional cost of $1.53 million, inclusive of all load related fees. The May Energy Only Unit Cost, excluding capacity obligations and credits, was $2.16/MWh favorable compared to the budgeted value of $80.01/MWh. On January 24, 2011, the City of Dover reviewed and approved Pace's and NAES' submittal of a revised budget for Dover's FY2010-11 (the "Reset Budget"). The purpose of this Reset Budget was to provide a mid-year update as to the anticipated cost-of-service for FY2010-11. Dover's projected all in Cost of Service for FY2010-11 is $89.87/MWh, or $0.58/MWh favorable as compared to the Reset Budget[1].

Generation and Asset Management

Net generation for the month of May credited by PJM was 1,218 MWhs and the budget did not expect any generation. On May 31 both McKee Unit 3 and Van Sant Unit 11 were dispatched by PJM. In aggregate, Dover's units were dispatched for 22 hours during the month, creating a generation production margin of $71 thousand (after fuel costs).

The McKee units completed its spring outage on May 23 which started on March 28. On May 16, McKee units performed operational testing under natural gas and fuel oil to verify working status of controls modification made to the burner management system.

[1] The projected all in Cost of Service is based on YTD actual results for 11 months and 1 month of projected costs. The Reset Budget was reviewed and approved by City of Dover.

Emissions Allowance Management

Given the regulatory uncertainty surrounding the allowance markets, Dover has elected not to include revenues from emission allowance sales in its 2010-2011 fiscal year budget. Dover purchased and retired 53 NO_X seasonal allowances on November 23rd 2010, in order to meet their 2010 NO_X seasonal compliance position. Additionally, Dover purchased 22 NO_X annual allowances on February 11, 2011, in order to cover their 2010 NO_X annual compliance position. In January 2011, Dover was allocated 1,988 SO_2 allowances, 42 NO_X seasonal allowances, and 76 NO_X annual allowances. Dover has the appropriate number of allowances were set aside for retirement (see Exhibit 1).

Exhibit 1: Emissions and Allowance Summary through May 31, 2011

2010-2011 EMISSIONS & ALLOWANCE SUMMARY								
		SO_2			NO_x			
Date	Action	Allowance Allocation	Sale Price	Revenue[1]	Allowance Allocation[2]		Sale Price	Revenue[1]
					Seas.	Ann.		
1/1/08	2007 Carryover	549			0	--	--	--
1/1/09	2008 Carryover	2,691			0			
1/1/09	2009 Allocation	2,723	--	--	53	80	--	--
2/1/10	2010 Allocation	1,988			50	78		
1/1/11	2011 Allocation	1,988			49	76		
4/1/11	2011 Reallocation				2			
N/A	2003-2006 Carryover	139						
9/29/09	SO2 Sales	(1,500)						
11/12/09	NO_X Ann. Sales					(45)		
11/13/09	SO2 Sales	(1,410)						
11/20/09	NOx Seas. Sales				(25)			
12/31/09	2009 YTD Emissions[3]	(1)	--	--	(6)	(13)	--	--
12/31/10	2010 YTD Emissions	--	--	--	(54)	(54)	--	--
10/31/10	EPA Linearity Testing Req.				(68)	(68)		
2011	2010 Deficit NOx Purchases				53	22		
12/31/11	2011 YTD Emissions	(2)			(2)	(4)		
Totals - Allowances		**3,189 pre-CAIR 3,976 CAIR[3]**	**--**	**$0**	**52**	**72**	**--**	**$0**
								$0
								$0
						Total Revenue		**$0**

Notes:

(1) Revenue calculations account for a $0.50/ton broker fee for SO_2, $10/ton broker fee for NO_x annual and $5/ton broker fee for NO_X seasonal.

(2) Per the Clean Air Interstate Rule, in 2009, NOx emissions will be governed by a seasonal and annual program. The NO_x seasonal emissions pertain only to emissions (May 1 – Sep 30), similar to the previous trading regimen. Annual emissions cover the entire year.

(3) CAIR allowances are retired at a rate of 2 allowances for each ton emitted. Pre-CAIR allowances retain a 1 allowance to 1 ton value for compliance. It is assumed that pre-CAIR allowances will be retired before CAIR allowances.

Given current dispatch expectations, the market value of the remaining 2007-2011 Dover allowance inventory is approximately $36,848.75 at the time of this report. This represents 3,189 pre-CAIR SO_2 allowances trading at $3.75/ton, 3976 post-CAIR SO_2 allowances trading at $2.50/ton, 72 NO_x annual allowances trading at $195/ton, and 52 NO_x seasonal allowances trading at $17.50/ton.

EMISSIONS & ALLOWANCE SUMMARY Through May 31, 2011						
Allowance Vintage	Allowance Allocation	Emissions Month	Emissions	Allowances Sold Month	Allowances Sold	Allowance Balance
SO_2 – 2007-10	10,157	N/A	131	N/A	4,847	5,179
SO_2 – 2011	1,988	0	2	0	0	1,986
NO_x Annu – 2009	80	0	13[2]	0	45	22
NO_x Seas – 2009	53	0	6	0	25	22
NO_x Annu – 2010	78	0	122	0	(22)	(22)
NO_x Seas – 2010	50	0	122	0	(53)	(19)
NO_x Annu – 2011	76	1	4	0	0	72
NO_x Seas – 2011	51[3]	2	2	0	0	49

Operations Management Summary

During the month of May, there were no reportable or lost time accidents or injuries. The facility has now gone 229 days without an OSHA recordable accident and 229 consecutive days without a lost time reportable accident. There were zero Environmental Notices of Violations issued. There were three near miss events and three environmental deviations. Unit 3 was dispatched once and Unit 11 was dispatched twice with one of these dispatches later canceled.

Monthly Budget Variance - The actual expenses attributable to O&M of the two sites for the month of May were $445,311. The expenses were $17,203 or 4.02% over the approved budget of $428,108. The principal reason for the negative variance is due to higher than budgeted expenses in electric and combustion turbine maintenance which were partially offset by lower costs in personnel expenses and materials.

[2] Approximately 10 tons of NOx emissions resulted from the February 2010 McKee Run testing associated with the Pollution Remediation project and the June 2010 emission testing project.
[3] The EPA reallocated 2 additional seasonal NOx allowances into the McKee Run 2011 account.

Risk Management Summary

Forward PJM power prices were mixed since the last reporting period. Prices increased as above average temperatures were seen across much of the country, pushing the nearer term of the forward curve higher while the further out portion fell slightly. Forward Dover Zone power prices for FY 2011-2012, FY 2012-2013, FY 2013-2014, and FY 2014-2015 all changed by approximately -$0.91/MWh to $0.90/MWh (representing a range of a -1.50% decrease and a 1.71% increase, respectively) compared with the last reporting period.

The individual years' hedge ratios and Cost-of-Service projections are shown in the table below:

Wholesale Cost-of-Service Summary (Projected)

Date 6/16/2011	**Budget**		**June**		**May**	**Apr**
Power Year	Cost-of-Service Budget	Cost-of Service $/MWh[1]	Hedge Ratio	Year-to Year Increase	Cost-of Service $/MWh	Cost-of Service $/MWh
2010-2011	$82.15	$85.86	88%	-3.7%	$85.93	$85.83
2011-2012	N/A	$79.66	85%	-7.2%	$79.47	$79.53
2012-2013	N/A	$72.93	76%	-8.4%	$72.91	$73.02
2013-2014	N/A	$71.60	48%	-1.8%	$71.87	$71.96
2014-2015	N/A	$71.05	22%	-0.8%	$71.80	$71.75

[1] *Note that the "Cost-of-Service" column does not reflect the SREC benefit the City will receive since the SREC prices are currently unknown*

**Difference in COS from asset management due to generation & O&M*

***Not inclusive of budget update*

2.0 – BUDGET REPORT

2.1 – VARIANCE REPORT

	Budget May-11	Actual May-11	Variance May-11
Load Forecast	**58,744**	**62,114**	**(3,370)**
Power Supply			
Power Supply	$3,608,499	$3,560,754	$47,745
Power Supply Management	$188,947	$186,272	$2,674
Capacity Charges - Load	$1,078,286	$1,078,284	$3
PJM Charges - Load	$902,621	$1,088,697	($186,077)
Total - Power Supply	**$5,778,353**	**$5,914,007**	**($135,654)**
Generation			
Plant Operations	$428,108	$445,311	($17,203)
Generation Fuel	$0	$89,542	($89,542)
Capacity Credits	($1,002,527)	($1,002,528)	$0
PJM Credits	($34,012)	($194,319)	$160,307
Total - Generation	**($608,431)**	**($661,994)**	**$53,562**
Emission Allowance Sales			
Total - Emission Allowance Sales	**$0**	**$0**	**$0**
Total Power Supply & Generation	**$5,169,922**	**$5,252,014**	**($82,092)**
Total Power Supply, Generation & Emission Sales	**$5,169,922**	**$5,252,014**	**($82,092)**
Unit Costs			
Total – Power Supply	$98.36	$95.21	$3.15
Total - Generation + Emission Sales	($10.36)	($10.66)	$0.30
Final Cost of Service to City of Dover Ratepayers	**$88.01**	**$84.55**	**$3.45**

	Budget YTD	Actual YTD	Variance YTD
Load Forecast	**685,080**	**696,363**	**(11,282)**
Power Supply			
Power Supply	$43,624,115	$43,394,940	$229,175
Power Supply Management	$2,126,745	$2,115,909	$10,835
Capacity Charges - Load	$11,650,406	$11,650,406	($0)
PJM Charges - Load	$12,147,178	$13,110,533	($963,355)
Total - Power Supply	**$69,548,443**	**$70,271,788**	**($723,345)**
Generation			
Plant Operations	$5,224,239	$5,149,111	$75,128
Generation Fuel	$3,138,177	$3,465,596	($327,419)
Capacity Credits	($10,845,058)	($10,845,059)	$1
PJM Credits	($5,448,591)	($5,880,578)	$431,986
Total - Generation	**($7,931,234)**	**($8,110,930)**	**$179,696**
Emission Allowance Sales			
Total - Emission Allowance Sales	**$11,695**	**$11,695**	**$0**
Total Power Supply & Generation	**$61,617,209**	**$62,160,858**	**($543,650)**
Total Power Supply, Generation & Emission Sales	**$61,628,904**	**$62,172,553**	**($543,650)**
Unit Costs			
Total – Power Supply	$101.52	$100.91	$0.61
Total - Generation + Emission Sales	($11.56)	($11.63)	$0.07
Final Cost of Service to City of Dover Ratepayers	**$89.96**	**$89.28**	**$0.68**

2.2 – VARIANCE ANALYSIS

Power Supply

- Power Supply realized a favorable $48 thousand variance compared to the budget. This favorable variance was primarily due to the timing of Dover's options purchase and payment of the associated premium. During FY2009-10 the City of Dover purchased Options as insurance to protect Dover from incremental energy cost exposure. The current City of Dover power supply and generation budget indicates that 100% of this purchase was expensed as a Power Supply Cost in the FY2009-10 period; however the FY2010-11 budget accrues this expense monthly.

- PJM Charges for Load experienced a negative $186 thousand variance relative to the monthly budget. This variance was driven by Dover's open position, which was 46% higher than budget. A larger volume of open positions, coupled with higher than projected PJM energy open prices, resulted in a total Open Position cost that was $307 thousand greater than budget. Additional factors contributing to the unfavorable variance included i) a $112 thousand unfavorable variance in PJM Ancillary charges and ii) a $27 thousand unfavorable variance in Transmission Loss Refunds. Offsetting these unfavorable variances were a $170 thousand favorable variances in Load Following and a $97 thousand favorable variance in Basis costs.

- For the month the City realized a $138 thousand unfavorable net variance between Power Supply (fixed positions) and PJM Charges for Load (open positions, transmission, etc.). The change in volume resulted in an unfavorable $252 thousand variance, and the change in price resulted in a favorable $114 thousand variance. Hence, all of the unfavorable variance can be attributed to volume changes.

- The Power Supply Management variance is merely an estimate at this point.

Generation

- Plant O&M reported an unfavorable variance of $17 thousand compared to the revised monthly O&M reset Budget of $428 thousand (the overall reset plant budget for FY 2010-11 was approved by the City Council on March, 2011). The timing of electric invoice and higher than expected combustion turbine maintenance resulted in unfavorable variance.

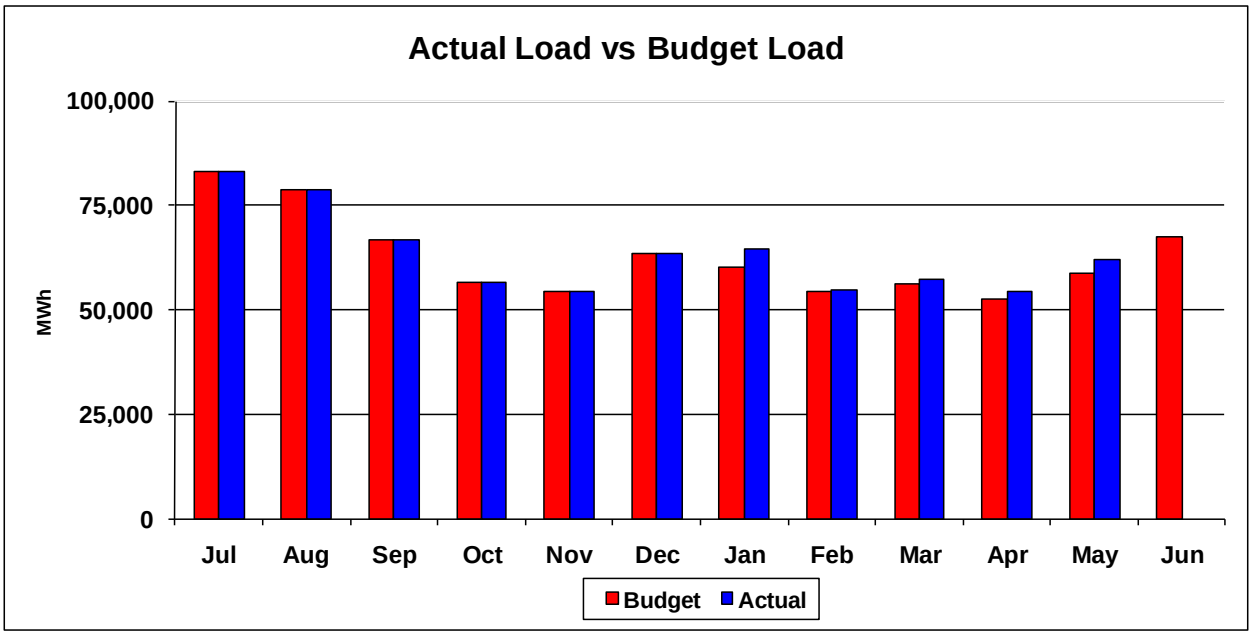
3.0 – ENERGY MANAGEMENT

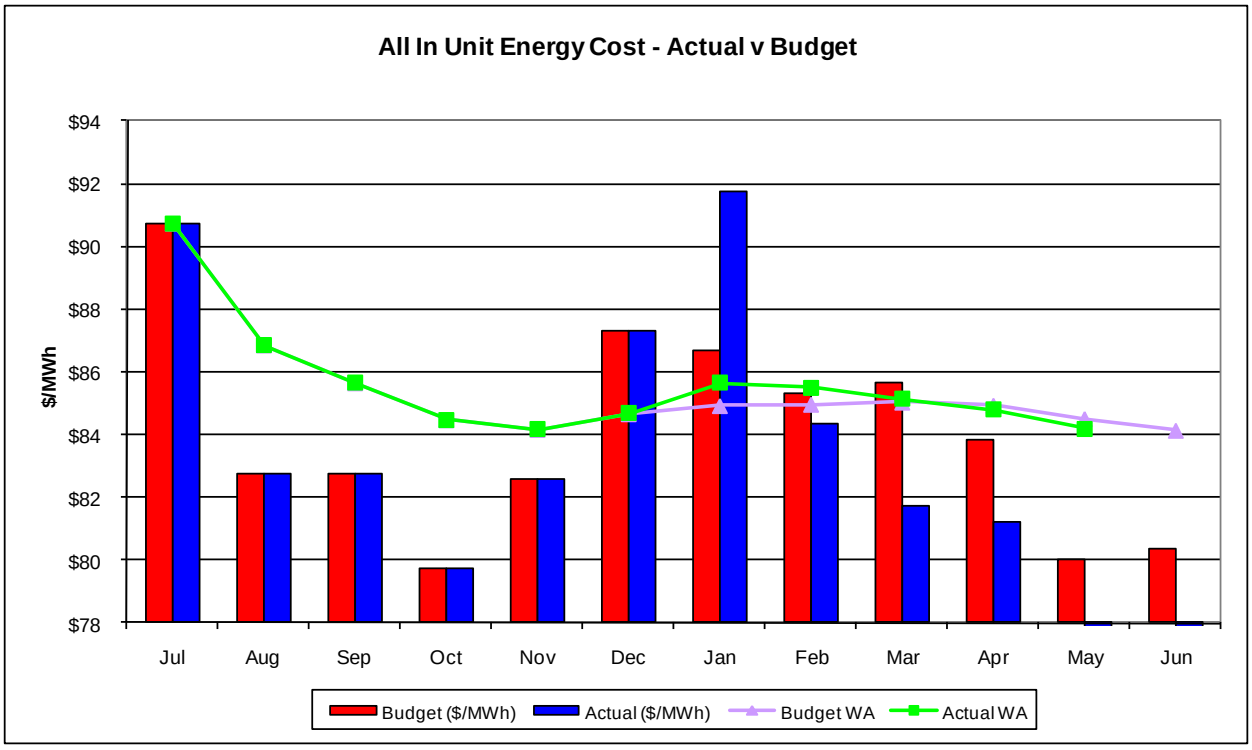
3.1 – PURCHASED POWER

Management Highlights

- Dover's May load was 62,114 MWh, which was 5.7% above the weather normalized load of 58,744 MWh. Hedge volumes accounted for 83% of actual load for the month.

- The May All In Unit Energy cost (excluding capacity) of $77.85 per MWh is $2.16 per MWh lower than the monthly budget.




All In Unit Energy Cost - Actual v Budget
$/MWh
$94
$92
$90
$88
$86
$84
$82
$80
$78
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
Budget ($/MWh)
Actual ($/MWh)
Budget WA
Actual WA

Purchased Power Variance Report

	Budget May-11	Actual May-11	Variance May-11
City of Dover Load			
Load Obligation (MWh)	58,744	62,114	(3,370)
Unit Energy Costs ($ per MWh)			
Energy Cost (inc. Load Following & Pace Fees)	$72.78	$69.08	$3.71
Pass Through	$6.30	$7.90	($1.60)
Incentive Fees	$0.93	$0.88	$0.05
Total - All In Unit Energy Cost	**$80.01**	**$77.85**	**$2.16**

Purchased Power Variance Analysis

- The actual Dover load of 62,114 MWh was 5.7% above the projected May load of 58,744 MWh.

- The All In Unit Energy Cost was $2.16 per MWh lower than budget due to a decreased load following and basis charges. Offsetting these positive variances was an increased open position volume and a higher than budgeted energy price, an unfavorable PJM Ancillary charge and a lower than projected transmission related refund.

- The Management Incentive fee variance on a $/MWh basis is merely an estimate at this point.

PJM Power Balancing and Load Related Fees

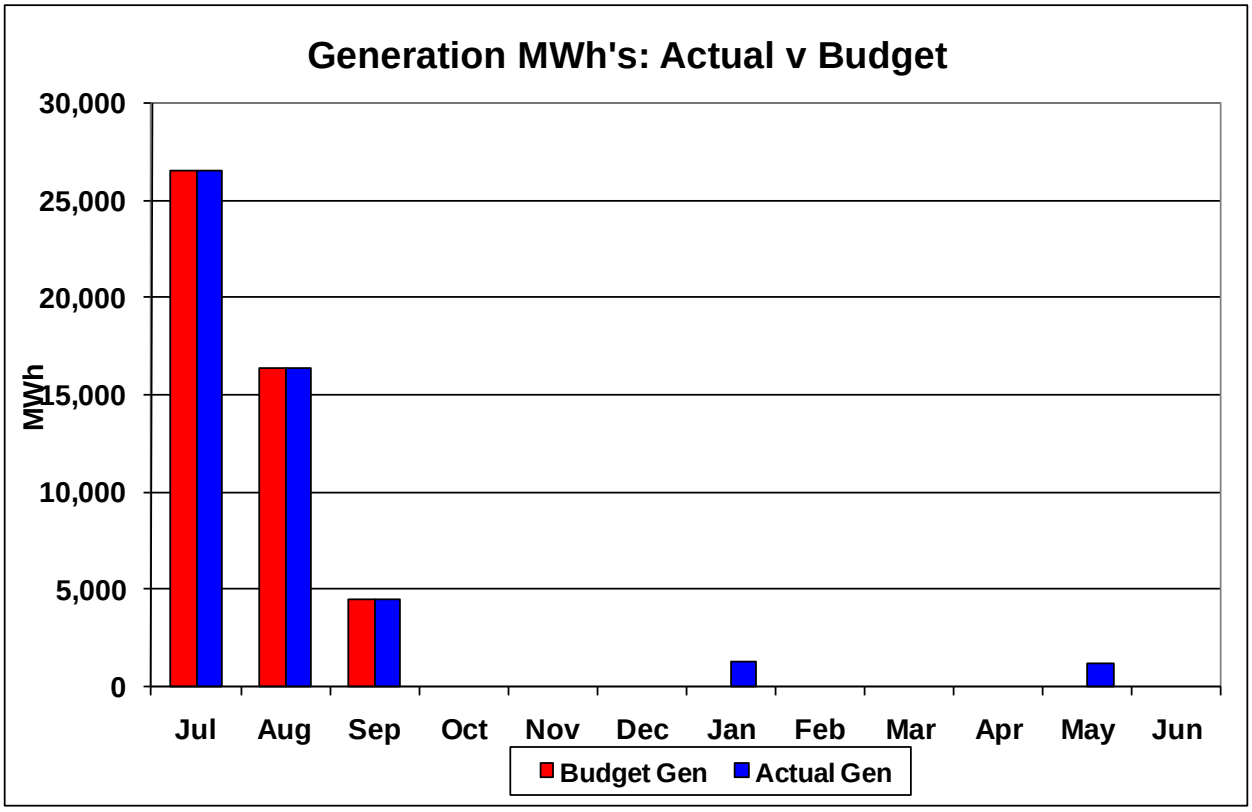
Purchased Power (Hedges): 51,360 MWhs @ $69.33/MWh:	$3,560,754
Power Balancing; Additional PJM, and Energy Manager Fee[4]:	$2,353,253
Total Cost to Serve Load (62,114 MWhs)	$5,914,007
All In $/MWh load cost inclusive of Energy Management Fees:	**$95.21/MWh**

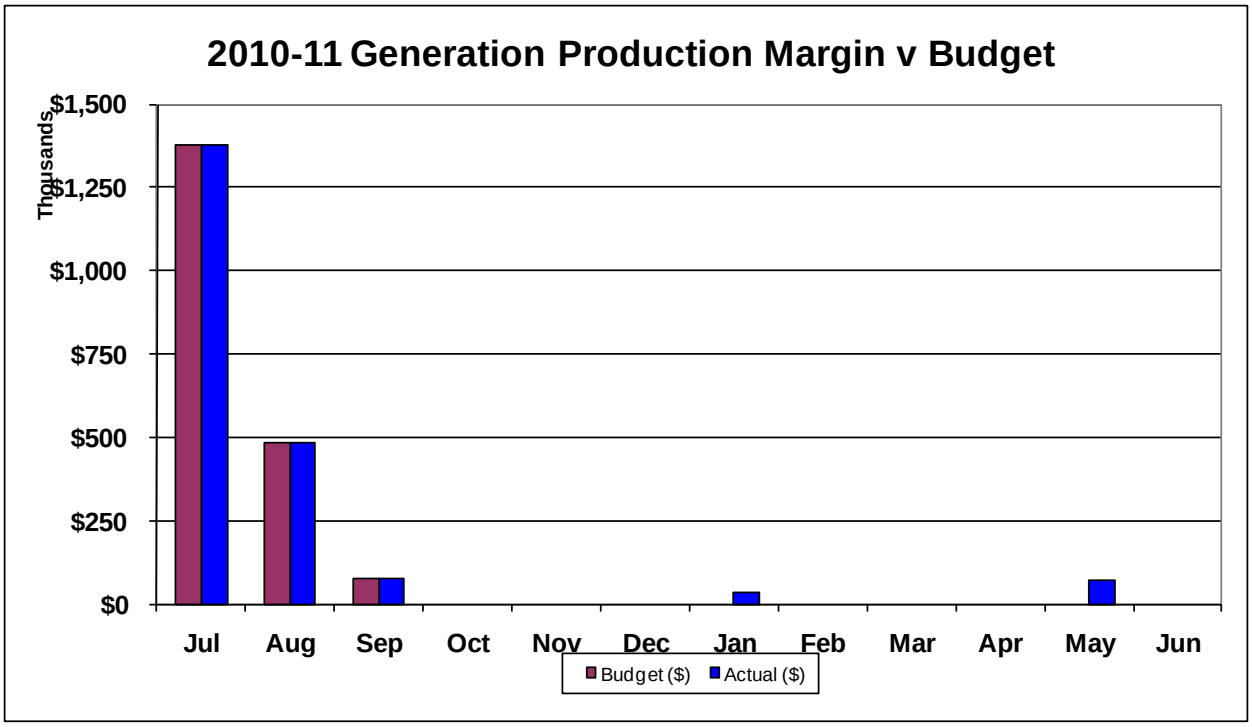
[4] Includes estimated Incentive Fees.

3.2 – GENERATION MANAGEMENT

- PJM dispatched McKee Run Unit 3 and Van Sant Unit 11 on May 31st for 22 hours. Dover's units generated 1,218 MWhs in aggregate for the PJM market and the budget did not expect any generation for the month.

- The McKee units started a planned outage on March 28 that ended on May 23. On May 16, these units performed operational tests consuming 355 dth of natural gas and 754 gallons of fuel oil no.2. The testing fuel costs are expected under EG1112 and EG1113 projects.




2010-11 Generation Production Margin v Budget
Thousands
$1,500
$1,250
$1,000
$750
$500
$250
$0
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
Budget ($)
Actual ($)

PACE GLOBAL

Generation Management Variance Report

	Budget May-11	Actual May-11	Variance May-11
Self-Supplied Capacity from Gen (MW)			
McKee Run 1	17	17	0
McKee Run 2	17	17	0
McKee Run 3	100.3	100.3	0
Van Sant	39	39	0
Self Supplied Capacity from Gen (MW)	**173.3**	**173.3**	**0**
Additional Capacity from PJM Incremental Auction	**1.7**	**1.7**	**0**
Total Capacity from Gen (MW)	**175**	**175**	**0**
Gen Capacity Sales to PJM ($/MW.d)	$186.12	$186.12	$0.00
Incremental Auction Sales to PJM ($/MW.d)	$50.00	$50.00	$0.00
Power Sales			
Power Sales (MWh)	0	1,218	1,218
Sales Revenue ($ per MWh)	$0.00	($131.51)	$131.51
Power Sales Revenue ($)	**$0**	**($160,118.87)**	**$160,119**
Variable Fuel & Transport			
Fuel Oil No.2 Volume - McKee (gal)	0	0	0
Fuel Oil No.2 - McKee ($/gal)	$0.00	$0.00	$0.00
Fuel Oil No.2 Cost of Goods Sold - McKee ($)	$0	$0.00	$0
Fuel Oil No.2 Volume - Van Sant (gal)	0	0	0
Fuel Oil No.2 - Van Sant ($/gal)	$0.00	0.00	$0.00
Fuel Oil No.2 Cost of Goods Sold - Van Sant ($)	$0.00	0.00	$0.00
Gas Volume (Dth)	0	14,420	(14,420)
Unit Gas Price ($/Dth)	$0.00	$5.48	($5.48)
Variable Gas Cost ($)	$0.00	$78,991.35	($78,991.35)
Transport ($)	$0.00	$10,550.39	($10,550.39)
Variable Gas and Transport Costs ($)	$0.00	$89,541.74	($89,541.74)
Variable Fuel & Transport Costs ($)	**$0.00**	**$89,541.74**	**($89,541.74)**
Testing	$0.00	$0.00	$0.00
Generation Production Margin	**$0.00**	**($70,577.13)**	**$70,577.13**
Generation Capacity Payment			
Total - Generation Capacity Payment	**($1,002,527)**	**($1,002,528)**	**$0**

Generation Management Variance Analysis

Fuel Expense

- PJM dispatched Dover's McKee Run Unit 3 and Van Sant Unit 11 during the month. During that period the units consumed natural gas related to economic power generation. The McKee units also burned natural gas and fuel oil once during the month for operational testing purposes (See "*Fuel and Transportation*" and "*Purchased Commodity Fuel Oil Summary*"). The fuel expenses related to operational testing should be accrued under EG1112 and EG1113 projects.

Generation Production Margin		
Transaction	Volumes	Revenue/(Cost)
PJM Invoice for Power Sold	1,218 MWhs	$160,118.87
Fuel and Transport	14,420 Dth gas/ 0 gal #2 oil 0 gal #2 oil Low Sulfur	($78,991.35)
Generation Production Margin	1,218 MWhs	$70,577.13

The following non-production energy revenues and costs are generally fixed and are not directly related to generation dispatch and power production. Effective September 2009 FERC approved the City of Dover's reactive supply service compensation resulting in approximately $29 thousand of revenue per month.

PJM Invoice (Black Start)	$4,545
Reactive Supply Credit	$29,468
Fuel Oil Tank Heating & Black Start Gas Supply	$0
Eastern Shore Demand Charge	$0
Eastern Shore Transport and Imbalance Charge	$0
Synchronized Reserved Credit	$187
Transco Demand Charge	$0
Non-Production Energy Revenue/(Costs)	$34,200

Fuel and Transportation

- PJM dispatched McKee Unit 3 and Van Sant Unit 11 for total of 22 hours. The following table provides a summary of spot gas purchases during the month:

Date	Volume (Dth)	Price ($/Dth)	Total Commodity Cost ($)
Hess Corp			
16-May	800	$4.65	$3,720.00
17-May	300	$4.55	$1,365.00
30-May	1,500	$5.20	$7,800.00
31-May	9,000	$5.25	$47,250.00
31-May	4,000	$5.50	$22,000.00
Cash-Out	(275)	$4.36	($1,199.00)
Sub-Total	15,325	$5.28	$80,936.00
PESCO			
Sub-Total	0	$0.00	$0.00
NJNG			
Sub-Total	0	$0.00	$0.00
CIPs	(355)	$5.48	($1,944.65)
Total	**14,970**	**$5.28**	**$78,991.35**

- The operational testing fuel expenses, provided below, should be recorded under the appropriate CIPs projects (EG1113 and EG1112).

CIPs	Volume (Dth)	Price ($/Dth)	Total Commodity Cost ($)
EG1113	280	$5.48	$1,533.81
EG1112	75	$5.48	$410.84
Sub-Total	**355**	**$5.48**	**$1,944.65**

Due to the conversion from #6 residual oil to low sulfur #2 oil, the need for a constant supply of natural gas to heat the #6 oil is no longer required. Some gas will still be required for winter space heating of the building(s). Pace will coordinate with NAES on the procurement of such supply. This expense will now fall under the plant's utility costs and be paid and budgeted for by the station.

Gas Transportation Purchased

City of Dover decided not to renew agreements with the Eastern Shore Natural Gas Pipeline ("ESNG") and TransCo to provide firm natural gas deliveries to the McKee Run and Van Sant stations. The City of Dover previously notified ESNG and TransCo of its intent to terminate these existing firm capacity agreements and, as a result, the City no longer pays firm demand charges or adjustments.

ESNG FT Demand Charge	$ 0
TransCo FT Demand Charge	$ 0
Total Purchases	$ 0

Other Gas Purchases

Commodity and transportation imbalances on Eastern Shore Pipeline for the month resulted in no charge. The components of this charge are summarized as follows:

Eastern Shore Transport and Imbalance Charges			
Imbalance/Dth	Estimated Cost/Dth	Estimated Total Cost	
276	$4.78	$1,319.28	
Transport	Volume/Dth	$/Dth	Total Cost
Firm/IT	15,601	$0.5917	$9,231.11
Net Charge	$10,550.39		

Purchased Commodity Fuel Oil Summary

McKee Run Unit 3 and Van Sant Unit 11 were dispatched during the month into PJM consuming natural gas. In addition, McKee units 1 & 2 conducted operational testing purposes on May 17th consuming approximately 754 gal of #2 fuel oil.

The McKee Run tank must maintain 3 days of load equivalent dispatches for its units.

Tank Inventory Estimates as of May 31			
Tank	Tank Capacity (gallon)	Inventory In (gallon)	Days of Burn (Typical Dispatch[5])
McKee Run (#2 Fuel Oil)	2,554,105	451,081	3
Van Sant (#2 Fuel Oil)	258,000	153,043	3

The following table represents fuel oil consumed to test McKee Units 1 & 2. The inventory fuel oil cost of $1,530.62 should be expensed under CIP EG1112 project.

May 2011 Fuel Oil Consumption McKee Run					
Date	#2 Oil Burns / gal	Inventory Price ($/gal)	Market Price ($/gal)	Inventory Cost	Market Cost
17-May	754	$2.03	NA	($1,530.62)	NA
Total	**754**			**($1,530.62)**	

[5] As measured by tank level instruments. Tank levels may change due to oil temperature.

3.3 – EMISSIONS AND ALLOWANCE MANAGEMENT

Given the regulatory uncertainty surrounding the allowance markets, Dover has elected not to include revenues from emission allowance sales in its 2010-2011 fiscal year budget. Dover purchased and retired 53 NO_X seasonal allowances on November 23rd 2010, in order to meet their 2010 NO_X seasonal compliance position. Additionally, Dover purchased 22 NO_X annual allowances on February 11, 2011, in order to cover their 2010 NO_X annual compliance position. In January 2011, Dover was allocated 1,988 SO_2 allowances, 42 NO_X seasonal allowances, and 76 NO_X annual allowances. Dover has the appropriate number of allowances were set aside for retirement (see Exhibit 1).

Exhibit 1: Emissions and Allowance Summary through May 31, 2011

2010-2011 EMISSIONS & ALLOWANCE SUMMARY								
		SO_2			NO_x			
Date	Action	Allowance Allocation	Sale Price	Revenue[1]	Allowance Allocation[2]		Sale Price	Revenue[1]
					Seas.	Ann.		
1/1/08	2007 Carryover	549			0	--	--	--
1/1/09	2008 Carryover	2,691			0			
1/1/09	2009 Allocation	2,723	--	--	53	80	--	--
2/1/10	2010 Allocation	1,988			50	78		
1/1/11	2011 Allocation	1,988			49	76		
4/1/11	2011 Reallocation				2			
N/A	2003-2006 Carryover	139						
9/29/09	SO2 Sales	(1,500)						
11/12/09	NO_X Ann. Sales					(45)		
11/13/09	SO2 Sales	(1,410)						
11/20/09	NOx Seas. Sales				(25)			
12/31/09	2009 YTD Emissions[3]	(1)	--	--	(6)	(13)	--	--
12/31/10	2010 YTD Emissions	--	--	--	(54)	(54)	--	--
10/31/10	EPA Linearity Testing Req.				(68)	(68)		
2011	2010 Deficit NOx Purchases				53	22		
12/31/11	2011 YTD Emissions	(2)			(2)	(4)		
Totals - Allowances		**3,189 pre-CAIR 3,976 CAIR[3]**	**--**	**$0**	**52**	**72**	**--**	**$0**

$0
$0
Total Revenue **$0**

Notes:

(1) Revenue calculations account for a $.50/ton broker fee for SO_2, $10/ton broker fee for NO_x annual and $5/ton broker fee for NO_X seasonal.

(2) Per the Clean Air Interstate Rule, in 2009, NOx emissions will be governed by a seasonal and annual program. The NO_x seasonal emissions pertain only to emissions (May 1 – Sep 30), similar to the previous trading regimen. Annual emissions cover the entire year.

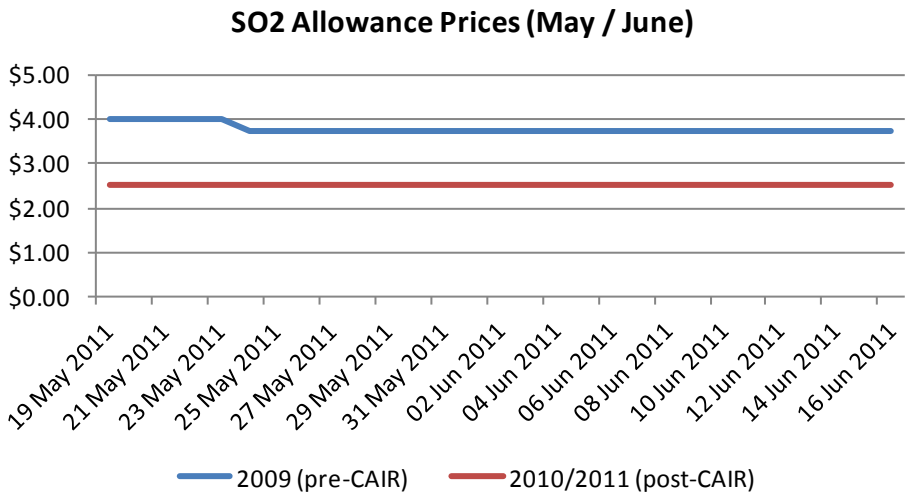
(3) CAIR allowances are retired at a rate of 2 allowances for each ton emitted. Pre-CAIR allowances retain a 1 allowance to 1 ton value for compliance. It is assumed that pre-CAIR allowances will be retired before CAIR allowances.

Given current dispatch expectations, the market value of the remaining 2007-2011 Dover allowance inventory is approximately $36,848.75 at the time of this report. This represents 3,189 pre-CAIR SO_2 allowances trading at $3.75/ton, 3976 post-CAIR SO_2 allowances trading at $2.50/ton, 72 NO_x annual allowances trading at $195/ton, and 52 NO_x seasonal allowances trading at $17.50/ton.

SO_2

Existing SO_2 allowances continue to have little value as the market awaits the release of the final version of the Environmental Protection Agency's (EPA) Clean Air Transport Rule (Transport Rule). See Figure 1 – SO2 Prices. With an ample bank of existing SO_2 allowances in the market and the expectation that the final Transport Rule will require covered facilities to hold and retire SO_2 compliance instruments issued under the new program, prices for current vintage or older allowances are expected to remain very low.

Figure 1 – SO_2 Prices since Last Monthly Report



NO_x

NO_X annual allowance prices rebounded some in the wake of high temperatures in late May and early June (See Figure 2 – NOX Annual Prices since Last Monthly Report.) A hot 2010 summer helped push NO_X annual prices near $550/ton. A similarly hot summer this year could place some upward pressure on NO_X annual pricing. With that said, as with SO_2 allowances, if the Transport Rule implements as expected in 2012, NO_X allowances will have no value beyond meeting 2011 compliance requirements. With no incentive to bank allowances, it is unlikely that

NO_X annual allowances will increase much above current levels, unless generators have vastly underestimated their compliance needs for 2011.

NO_X seasonal allowances lost some value over last month. Allowances continue to trade in low volumes and around $20/ton (See Figure 3 – NOX 2011.) As with NO_X annual and SO_2 allowances, new trading rules under the Transport Rule are unlikely to allow current vintage NO_X seasonal allowances to qualify for compliance.

Figure 2 – NO_X Annual Prices since Last Monthly Report

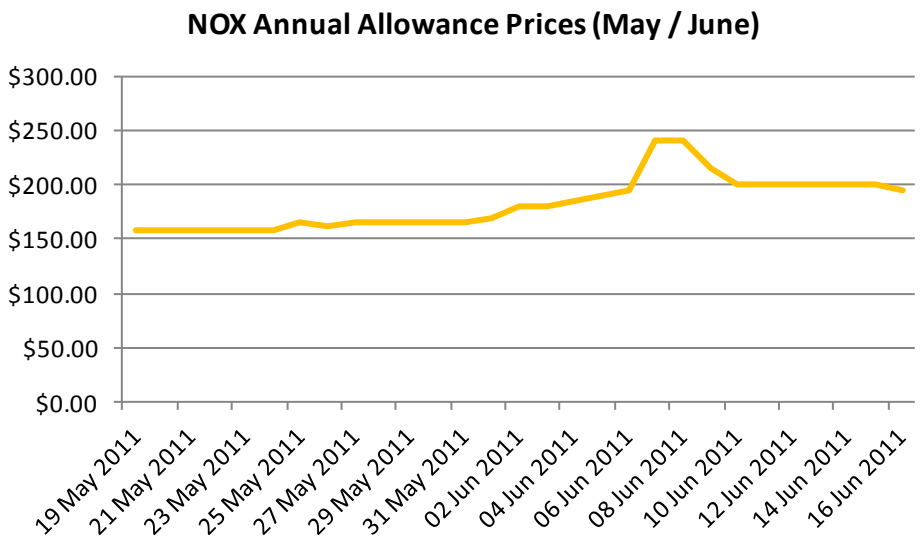
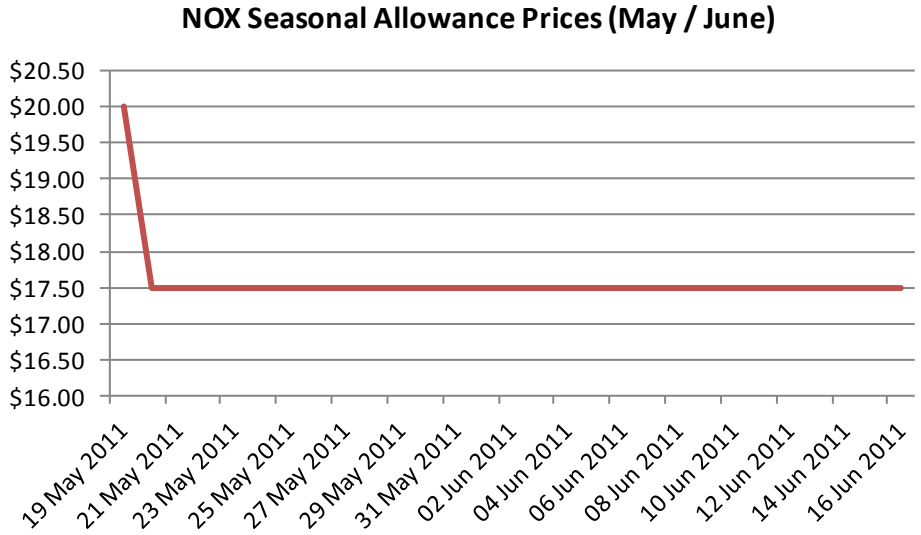


Figure 3 – NO_X Annual Prices since Last Monthly Report



SO_2 and NOx Outlook

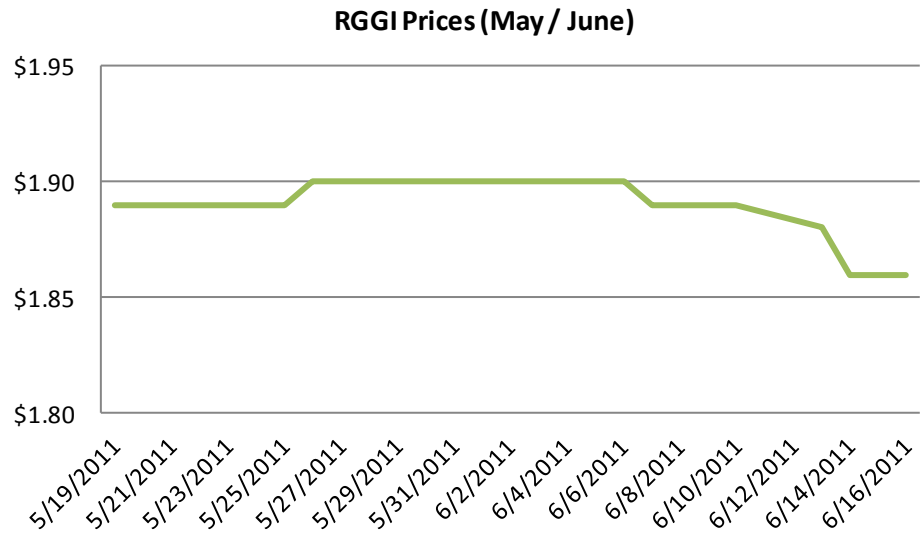
The final Transport Rule, setting new emissions trading rules, is expected to be released in June or July and implemented in January 2012. The expectation is that there will be new allowances for SO_2 and NO_X emissions, leaving little value for the existing bank of allowances beyond this year's compliance requirements. It is difficult to estimate what the future compliance costs for SO_2 and NO_X emissions will be under new trading rules with a number of variables still unknown - the release of the final Transport Rule should provide some clarity.

Senator Tom Carper (D-Delaware), one of the key proponents of a "legislative fix" to the SO_2 and NO_X market rules, announced this month that he will not pursue passing a multi-pollutant in this Congress. While there remain some proposals in the House of Representatives to delay EPA implementation of various air pollution rules, expectation is that legislation impacting these markets will not be enacted this year or next. With that, EPA's Transport Rule will likely be the regulatory mechanism moving forward, although there remains the possibility that lawsuits filed after the final rule is released could delay implementation.

RGGI and Federal Carbon Outlook

RGGI allowance prices continue to price at very low levels, as the market is substantially over supplied, forcing prices to levels at or near the statutory price floor (see Figure 4 – RGGI Allowance Prices).

Figure 4 – RGGI Allowance Prices since Last Monthly Report



The big news in RGGI has been the announcement from New Jersey Governor Chris Christie that the state will withdraw from RGGI at the end of this year. The announcement is not expected to have an enormous impact on the market, but could be an impetus for other states to

follow suit. Although currently there are no expectations of other states exiting the program as New Hampshire, Delaware, and Maine have all recently voted down similar efforts to withdraw from RGGI and New York, Maryland, and Massachusetts, the three largest members in terms of emissions, remain committed to the program.

RGGI program administrators are meeting to review program rules as part of their 2012 Comprehensive Review process. With the program over allocated, the major issue is whether anything can be done to lower the cap or limit the amount the existing bank can qualify for compliance. If the program continues with the existing planned caps and banked allowances are permitted for compliance at full value, RGGI allowances are likely to remain near current levels for the next several years.

In Congress, there has been little movement or discussion on climate legislation nor is any expected through 2012. EPA will remain the primary driver at the federal level, although has recently announced that they will delay the release of proposed GHG emission limits for power plants, which were originally scheduled to be released this July. Proposed rules are now expected in September, although EPA maintains that final rules will be released in May 2012, as scheduled.

4.0 – OPERATIONS MANAGEMENT

Management Highlights

- During the month of May, there were no restricted work days or lost time accidents. The facility has now gone 229 days without an OSHA recordable accident or a lost time reportable accident. Three Near Misses were recorded for the month.

- The plant received no Notice of Violations (NOVs). There was one environmental deviation on the amount of dissolved solids (TDS) going to the outfall. There were three opacity deviations that resulted from testing the updated controls while combusting #2 fuel oil on Unit 1.

- The Units 1, 2, and 3 planned outages were cleared on Monday May 23 at 0600 hours.

- Unit 11 was dispatched by PJM on May 30 but then the dispatch was cancelled later by PJM. The unit was dispatched on the following day and ran for 8.216 hours. Unit 3 was dispatched on May 31and ran for 13.750 hours. Units 1 and 2 were available but never dispatched.

- On May 18, the modifications to the Unit 3 Burner Management System were tested and eventually the test was successful and the system deemed operational.

- On May 17th, Erik Petty received a NAES Service Recognition Award from Vincent Scire, Plant Manager, in recognition of completing 10 years of service working at the City of Dover Generating Facilities.

- The following is the NAES Monthly Report as submitted to PGAM.

NAES Corporation
Dover, Delaware

May 2011
Monthly Report



Erik Petty (left), Operator II, is shown being presented the NAES Service Recognition Award by Vincent Scire, Plant Manager, in recognition of completing 10 years of service working at the City of Dover Generating Facilities. Mr. Petty also received a commemorative polo shirt for passing the PJM System Operator Certification exam.

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7.0 Summary of NAES Performance

1.0 Environmental, Health and Safety:

During the month of May, there were no restricted work days or lost time accidents. The facility has now gone 229 days without an OSHA recordable accident or a lost time reportable accident.

Three Near Misses were recorded for the month. 1) A LO/TO procedure to replace a valve on the caustic system in the VanSant DI was not effectively isolated due to water pressure still remaining on the line as the valve was in the process of being removed. 2) Upon startup, Unit 3 experienced low vacuum. An immediate investigation found that the exhaust hood cover plate was not completely tightened. 3) Scaffold erected to gain access to the Unit 3 expansion joint and ductwork combusted due to exposure to heat emitting from the air heater top guide bearing area during a unit dispatch. Wood planking had been installed directly over the air heater which then got hot and began to smolder. The flames were put out with an extinguisher and the planking was removed.

The plant received no Notice of Violations (NOVs). There was one environmental deviation on the amount of dissolved solids (TDS) going to the outfall. There were three opacity deviations that resulted from testing the updated controls while combusting #2 fuel oil on Unit 1.

Environmental, Health and Safety Statistics		
	Month (May)	Fiscal Year to Date (7/1/10-6/30/11)
NOVs	0	0
Opacity Deviations	3	16
Environmental Deviations	1	1
OSHA Recordable	0	1
OSHA LTA's	0	0
First Aid cases	0	0
Restricted Workday Accident	0	0
Near Miss	3	9
Man Hours Worked	4,062.00	99,227.50
Date last OSHA Recordable		10/14/10
Date last Lost Time Accident		10/14/10
Days since last OSHA recordable		198
Days since last Lost Time Accident		198

Emissions (NOx & SO2) All data thru 5/31/11

NOx Summary - Year (May-Sept.)Tons					
Year	*Unit #1*	*Unit #2*	*Unit #3*	*Unit #11*	*TOTAL*
2009	0.9	0.7	4.2	0.6	6.4
2010	0.7	2.2	119.2	3.3	125.4
2011	0.0	0.0	1.4	0.2	1.6

NOx Summary - Year (Jan. – Dec.)Tons					
Year	*Unit #1*	*Unit #2*	*Unit #3*	*Unit #11*	*TOTAL*
2009	0.9	0.7	10.1	0.6	12.3
2010	0.7	2.2	119.2	3.3	125.4
2011	0.0	0.0	2.6	1.7	4.3

	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)	***Van Sant (Yr/Season)***			***McKee Run (Yr/Season)***	***Van Sant (Yr/Season)***
2009	45/25	75/50	5/3	12/5 - 1/1	0/0 – 0/0	18/0	4/2
2010	0	73/47*	5/3	119**/119** - 3/3	22##/53# – 0/0	-46/0	2/0
2011	0	71/48###	5/3	3/1 – 2/0	0/0 - 0/0	68/47###	3/3

Note ** - Higher NOx emissions are attributed to data substitution rules that use significantly higher emission rates than actually were emitted. The implementation of the data substitution rules were caused by performing a linearity test outside the grace period. NAES ESS was able to provide assistance in reducing the NOx emissions from 137 tons to 119 tons since the October report. A petition to the EPA was sent out in February that would result in a reduction in reported emissions. The EPA has given preliminary approval to the petition request although it is not official until the plant receives a signed EPA approval. Until the issue is resolved, the EPA has locked the annual account and no allowances will be deducted until that time.
Note# - 53 tons were purchased to help compensate for the shortage in seasonal NOx allowances.
Note## - 22 tons were purchased to help compensate for the shortage in annual NOx allowances.
Note###- 2 tons were reallocated by the EPA to the McKee Run 2011 account.

SO_2 Summary - Year (Jan.-Dec.)Tons					
Year	*Unit #1*	*Unit #2*	*Unit #3*	*Unit #11*	*TOTAL*
2009	0.05	0.05	0.1	0.2	0.4
2010	0.0	0.0	0.3	0.0	0.3
2011	0.0	0.0	0.1	0.5	0.6

Note: Data is as of 5/31/2011

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*		
2003-2006	139	138	1	0	0
2007	2455	2585	138	98	170
2008	2392	2585	138	32	299
2009	0	2585	138	0	2723
2010	0	1850	138	0	1988
2011	0	1850	138	1	1987

Note: Data is as of 5/31/2011

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	*Van Sant*		
2009	0	59,805	1,699	5,796	55,708
2010	0	47,844	1,636	32,971	16,509
2011	0	35,883	1,227	2257	34,853
2012	0	23,922	818	0	24,740
2013	0	11,961	409	0	12,370

Note: All CO2 allowance values are provided by the RGGI CO2 Allowance Tracking System

2.0 Financial

Financial – Current Month

Month –May 2011			
	Actual	Budget	Variance
Personnel	235,236	250,336	15,100
Materials & Supplies	5,682	20,060	14,378
Administrative Expenses	204,393	157,712	(46,681)
Total	**$445,311**	**$428,108**	**(17,203)**

Financial – Fiscal Year to Date

Number of Months - 11			
	Actual	Budget	Variance
Personnel	2,765,473	2,777,373	11,900
Materials & Supplies	227,577	244,701	17,124
Administrative Expenses	2,156,045	2,133,436	(22,609)
Total	**$5,149,095**	**$5,155,510**	**$6,415**

2.1 Variance analysis:

The adjusted (annual reset) budget for May was $428,108. The actual expenses for May were $445,311 for an unfavorable variance of $17,203 or ≈ 4.02%. The variance was due to the following:

PERSONNEL EXPENSES – Lower straight labor, overtime, and labor burdens accounted for a favorable variance of $15,100.

MATERIALS AND SUPPLIES EXPENSES- Lower than budgeted expenses in Medical Supplies, Water Treatment Chemicals, Computer Hardware, and City Building Maintenance contributed to realizing a favorable variance of $14,378.

ADMINISTRATIVE EXPENSES – Higher than budgeted expenses in the areas of Electric (due to billing cycle – both April and May booked in May), Training / Conference / Food, Environmental Expenses, Home Office Labor, Other Equipment /Maintenance , Radio Repairs - Maintenance, and Combustion Turbine Maintenance costs which contributed to an unfavorable variance of $46,681. The majority of the unfavorable variance was due to Electric billing ($43,000 of the $46,681 variance)

The current budget forecast for the current fiscal year is $6,156,900 expensed versus an adjusted budget of $6,163,315 thereby realizing a 99.90%.expense rate.

3.0 Operations

Unit Operations / Outages / Trips

The Units 1, 2, and 3 planned outages were cleared on Monday May 23 at 0600 hours.

Unit 11 was dispatched by PJM on May 30 but then the dispatch was cancelled later by PJM. The unit was started twice and was online for 1.420 hours. The unit would come on line but could not raise load due to a blown fuse which affected the ability of the control system to sense the unit was online. The unit was dispatched on the following day and ran with no further problems for 8.216 hours.

Unit 3 was dispatched on May 31st and ran for 13.750 hours. Units 1 and 2 were available but never dispatched.

Month – May 2011							
		McKee Unit 1	McKee Unit 2	McKee Unit 3	MRS Facility	Van Sant Unit 11	Total All Units
Capacity	MW	17	17	102	136	39	175
On Line Hours	Hrs	0.0	0.0	13.750	13.750	9.636	23.386
Starts	#	0	0	1	1	3	4
Gross Generation	MWh	0.0	0.0	1,021.413	1,021.413	280.167	1,301.580
Net Generation	MWh	0.0	0.0	946.317	946.317	279.942	1,226.259
Total Auxiliaries	MWh	24.378	24.378	244.201	292.957	2.755	295.712
Auxiliaries purchased	MWh	24.378	24.378	169.105	217.861	2.530	220.391
Fuel Gas Used	MMBTU	12.228*	12.228*	11,101.389	11,125.845	3,851.820	14,977.665
Fuel Oil Used	MMBTU	52.177*	52.177*	0.0	104.354*	0.0	104.354*
Fuel Oil Used	Gallons	377.00*	377.00*	0.0	754.00*	0.0	754.00*
Total Fuel	MMBTU	64.405*	64.405*	11,101.389	11,230.199	3,851.820	11,230.199
Net Heat Rate	BTU/KWh	0.0	0.0	11,731	11,731	13,759	12.745
Unit Trips	#	0	0	0	0	0	0
Capacity Factor	%	0.0	0.0	1.35	1.01	0.0	0.78
Availability Factor	%	31.45	31.45	31.45	31.45	100.00	48.59
Commercial Unavailability (CU)	%	0	0	0	0	0	0
Planned Outage Hours	Hours	510.000	510.000	510.000	1,530.000	0.0	1,530.000
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	234.000	234.000	220.250	688.250	734.364	1,422.614
HW Boiler Gas Usage	MMBTU				0		0
Pilot Gas Usage	MMBTU	38,212.500	38,212.500		76,425.000		76,425.000

 # Note: Does not include HWB or Pilot Gas. Fuel usage numbers are taken from fuel flow instruments.
* Indicates testing fuel for Units 1 & 2 for the week of May 16. This testing was to operationally check out the controls modifications made to the burner management system during the Spring outage.

2010-2011 Fiscal Year-to-Date (11 Months)							
		McKee Unit 1	McKee Unit 2	McKee Unit 3	MRS Facility	Van Sant Unit 11	Total All Units
Capacity	MW	17	17	102	136	39	175
On Line Hours	Hrs	13.033	128.966	659.006	801.005	147.426	948.310
Starts	#	1	3	45	49	38	87
Gross Generation	MWh	154.626	1,216.601	46,591.698	47,962.925	4,915.614	52,878.539
Net Generation	MWh	147.111	1,141.623	43,915.013	45,203.747	4,912.183	50,115.930
Total Auxiliaries	MWh	334.847	402.309	5,641.134	6,378.290	44.710	6,423
Auxiliaries purchased	MWh	327.332	327.332	2,847.249	3,501.913	41.250	3,543.163
Fuel Gas Used	MMBTU	2,195.478	15,258.078	463,120.226	480,573.782	57,796.096	538,369.878
Fuel Oil Used	MMBTU	52.177	52.177	17,721.260	17,825.614	3,790.097	21,615.711
Fuel Oil Used	Gallons	377.00	377.00	125,088	125,842	27,385	153,227
Total Fuel	MMBTU	2,247.655	15,310.255	480,841.486	498,399.396	65,175.489	563,574.885
Net Heat Rate	BTU/KWh	14,841	13,355	11,700	13,299	13,476	13,388
Unit Trips	#	1	0	3	4	3	7
Capacity Factor	%	0.11	0.84	5.26	4.07	1.48	3.35
Availability Factor	%	59.88	67.10	67.02	64.67	96.92	72.73
Commercial Unavailability (CU)	%	6.6	0	0.03*	0.85	0	0.66
Planned Outage Hours	Hours	2,645.500	2,645.500	2,645.500	7,936.500	247.317	10,829.317
Maintenance Outage Hours	Hours	0.0	0.0	0.0	0.0	5.433	5.433
Forced Outage Hours	Hours	579.830	0	6.317	586.15	0	586.15
Reserve Shutdown Hours	Hours	4,814.670	5,265.534	4,800.393	14,880.597	7,639.820	22,520.417
HW Boiler Gas Usage	MMBTU				4,816.910		4,816.910
Pilot Gas Usage	MMBTU	38,212.500	38,212.500		76,425.000		76,425.000

Note: * Calculation does not include 3.317 hours that were Outside Management Control (OMC)

Fuel Oil Inventory							
	Monthly Inventory (Start)	Monthly Inventory (End)	Fuel Purchases (Month)	Monthly Inventory (Change)	FY 10-11 Inventory (Start)	Fuel Purchases (YTD)	FY 10-11 Inventory (Change)
McKee Run (#2 Fuel Oil)	451,200	452,081	0	881	448,556	118,549	3,525
Van Sant (#2 Fuel Oil)	152,369	153,043	0	674	143,099	38,079	9,944

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

Van Sant Lifetime through 5/31/11			
	Actual Starts	Factored Starts	Fired Hours
Van Sant	1256	2169.15	4120.76
Since HGP - Dec 2004	203	501.45	737.18

Team Report:

On May 18, the modifications to the Unit 3 Burner Management System were tested by putting different natural gas burners in service then tripping burners to test to determine which gas valves would trip and compare with the ladder logic. After going through all nine burners, the test was successful and the system deemed operational. The testing was done without putting the unit on line.

Operations personnel provided support to maintenance by working on Preventative Maintenance (PM) work orders or other work orders that they have the necessary skills to complete successfully. The Operations Department continues to utilize the Flex Team in both Operations and Maintenance areas to help in maintaining the plant.

Capacity Testing – FY 2010-2011					
Summer 2010 (June 1- Aug 31)			**Winter 2010-2011 (Dec 1- Mar 1)**		
Unit	Rated Net Capability (MW)	Reported Net Capability (MW)	Unit	Rated Net Capability (MW)	Reported Net Capability (MW)
1	17	17.20	1	17	*
2	17	18.09	2	17	*
3	102	102.68	3	102	105.61
Van Sant	39	39.30	11	39	43.833
Total	175	178.67	Total	175	149.443

4.0 Maintenance

During the month of May, plant maintenance staff continued addressing the backlog of work orders. There were forty-five work orders issued with sixty-seven work orders being completed during the month.

The table below summarizes the monthly work order activities.

Work Order Report

May - 10

Priority #	Outstanding From Previous Months	Issued This Month	Completed This Month	Outstanding at the end of the month
1	9	3	5	7
2	27	4	7	24
3	35	16	13	38
4	35	0	1	34
5	10	0	7	3
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	49	22	34	37
Totals	165	45	67	143

Note: PM's are included in the priority totals

Notable activities during the month include:

1) Maintenance, IC&E and Operations Staff completed the Unit 3 natural gas piping purge utilizing the NAES SMP-22 gas purge procedure. Safe removal of natural gas from the piping with a nitrogen purge was completed. The mechanical contractor removed three sections of piping and installed three new burner level gas trip valves. The ICE technicians completed the electrical connections in preparation for making the system operational.

2) Maintenance mechanical staff completed eight weeks of outage work at the McKee Run Generating Station. Annual inspections and preventive maintenance activities were completed on Unit 3. Work activities included the replacement of the supply and return oil piping and isolation valves on Units 1 and2 boiler fronts. The new valves had limit switches installed for control feedback.

3) IC&E staff investigated a problem with VanSant not being able to increase load after being synchronized to the system grid. The PLC and generator breaker was checked. Two fuses were found blown in the FU 1 block of the control cab. The Unit was started and able to pick up load as normal.

4) IC&E staff completed eight weeks of outage work at McKee Run Generating Station. Units 1 and 2 outage work assigned to them included the installation of new control cabinets, LED lights, conduit and wiring for the controls modifications intended to bring the units into compliance with NFPA guidelines.

5.0 Capital Improvement Projects (CIP)

Project Number	Description	Update
EG1101	Unit 3 Cooling Tower Life Extension	Progress: No other work is planned for this project during the remainder of the fiscal year. Schedule: Work scope development for next year will commence in April 2011.
EG1102	Units 1 & 2 Cooling Tower Life Extension	Progress: The scope of work on the lower, lower decking support and stairways improvement was completed in May. Tower casing is being replaced post outage and has no effect on unit operation. Schedule: Work will be completed by the end of June 2011.
EG1103	Unit 3 Turbine Inspection	Progress: Started on the development of the project work scope documents. Schedule: This project has been deferred until 2011-2012 fiscal year.
EG1104	Unit 3 Aux System Components	Progress: Started on the development of the project work scope documents. Schedule: Deferred until 2011-2012 fiscal year.
EG1105	Miscellaneous Capital Equipment Replacements	Progress: This project is for the unexpected capital costs due to equipment failure. Schedule: Funds to date have been used to cover the cost of the Unit 3 600-lb steam station valve repairs, Unit 3 Cooling Water Booster Pump Repairs and circuit breakers.
EG1106	Unit 3 Stack Repairs	Progress: Started on the development of the project work scope document. Schedule: Deferred until 2011-2012 fiscal year.
EG1107	Units 1 & 2 Life Extension	Progress: The planned work was scheduled to be completed in early May. Schedule: The work was completed in May. Other work has been scheduled for the 2011-2012 fiscal year.
EG1108	Unit 1 Forced Outage Repairs	Progress: The repair work has been completed. Schedule: This work is complete.
EG1109	Unit 3 FD & ID Fan Damper Upgrade	Progress: Started on the development of the project work scope documents. Schedule: Deferred until 2011-2012 fiscal year.
EG1110	Unit 3 DCS Computers & Software Upgrades	Progress: Started on the development of the project work scope documents. Schedule: Deferred until 2011-2012 fiscal year.
EG1111	Unit 2 Boiler Inspections and Repairs	Progress: Inspections and other repairs were completed during the Fall 2010 Outage. Schedule: Miscellaneous work is being wrapped up to complete the project.

EG1112	Unit 3 Air Heater Expansion Joint	Progress: The work was completed on the expansion joint in May. Insulation and lagging reinstallation will commence in June 2011 Schedule: The work will be completed by the end of June 2011
EG1113	Units 1 & 2 Controls Modifications	Progress: The work was completed and tested the week of May 16. Schedule: Final installation of the control system wiring and system checkout and testing was completed on May 20.
EG1114	Unit 3 Gas Line Modifications	Progress: The gas line was successfully purged and the gas lines were cut for each deck and new gas valves were installed. Testing was completed on May 18. Schedule: The work was completed and tested on May 18.

5.1 CIP Budget

Project Number	Description	Approved Budget ($ X 1000)	Latest Estimate ($ X 1000)
EG1101	Unit 3 Cooling Tower Life Extension	398	372
EG1102	Units 1 & 2 Cooling Tower Life Extension	173	90
EG1103	Unit 3 Turbine Inspection	348	348
EG1104	Unit 3 Aux System Components	188	188
EG1105	Miscellaneous Capital Equipment Replacements	77	66
EG1106	Unit 3 Stack Repairs	25	25
EG1107	Units 1 & 2 Life Extension	225	225
EG1108	Unit 1 Forced Outage Repairs	412**	424
EG1109	Unit 3 FD & ID Fan Damper Upgrade	45	45
EG1110	Unit 3 DCS Computers & Software Upgrades	30	30
EG1111	Unit 2 Boiler Inspections and Repairs	124##	111
EG1112	Unit 3 Air Heater Expansion Joint	65##	75
EG1113	Units 1 & 2 Controls Modifications	150##	150
EG1114	Unit 3 Gas Line Modifications	60##	40

** This project was not budgeted for 2011.
Project was not in original FY11 CIP but was approved by COD Council in late 2010.

6.0 General Plant Information

Training:

CEMS training was completed at VanSant for the Operations staff to allow checks to be completed on a daily basis by operators. VanSant is a remote site that is three miles away from McKee Run. Completing the daily checks by operators will provide consistency in work tasks and aid in ensuring tasks are completed in a timely manner.

Training of all plant employees was held in May to educate them on being able to recognize Arc Flash Levels as well as identifying the applicable PPE to ensure their personal safety and the safety of others who may be in the arc flash exposure area. Subsequent to the training, the plant's uniform policy has been revised to reflect the new safety standards.

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 as well.

Used Oil training was conducted to familiarize employees with a plan revision and subsequent operational changes.

Personnel:

On May 13th, Erik Petty successfully passed the PJM System Operator Certification exam. Mr. Petty received a shirt to commemorate his achievement for passing the PJM Operator exam.

On May 17th, Erik Petty received a NAES Service Recognition Award from Vincent Scire, Plant Manager, in recognition of completing 10 years of service working at the City of Dover Generating Facilities.

Calendar of Events	Date
Units 1, 2, and 3 Spring Outage	March 28, 2011 – May 23, 3011
NOx Ozone Season Starts	May 1, 2011
EIA-923 Report	May 6, 2011
VanSant 5 Year SPCC Plan Recertification	June 27, 2011
Fiscal Year 2010-2011 Ends	June 30, 2011
PJM Summer Capacity Test Period	June 1, 2011- August 31, 2011
Toxic Release Inventory (TRI) Annual Report	July 1, 2011
Unit 3 RATA Testing	July 12, 2011
McKee Run and VanSant Title V Semi-Annual Certification Due	August 1, 2011
NOx Ozone Season Ends	September 30, 2011
One Year Accident Free	October 14, 2011
Units 1, 2, 3 and 11 Fall Outage	TBD
Winter Capacity Period	December 1, 2011 to February 28, 2012
McKee Run and VanSant Title V Annual Certification Due	February 1, 2012
NOx Emissions Reconciliation Due	March 1, 2012
SO2 Emissions Reconciliation Due	March 1, 2012
SARA III Report	March 1, 2012
Annual VanSant Black Start Test	March , 2012
Units 1, 2, 3 and 11 Spring Outage	TBD
Air Emission Inventory	April 1, 2012
McKee Run Title V Permit Renewal	April 20, 2012
EIA-860 Report	April 29, 2011

7.0 Summary of NAES Performance to Date

Plant Performance FY 2010-2011						
Measure	Month		Year to Date		YTD Incentive	FY Maximum Incentive
Commercial Unavailability (CU)	0%		0.66%		$63,262	$89,586
Safety	1		1		$8,398	$16,797
Environmental	0		0		$16,797	$16,797
Capacity Tests Completed	Summer	Winter	Summer	Winter		
Unit 1	No	No	Yes	Yes*	$3,360	$3,360
Unit 2	No	No	Yes	Yes*	$3,360	$3,360
Unit 3	No	No	Yes	Yes	$20,157	$20,157
Unit 11	No	No	Yes	Yes	$6,719	$6,719
Total YTD Incentive %	77.85%		***Total YTD Incentive***		$122,052	$156,775

Note - * Unit did not operate in the Winter period and was in the PJM Winter Capacity Test Exemption Program.

APPENDICES

I. PJM INVOICE BREAKDOWN

The PJM bill is a record of all Electricity Transactions, Transmission Services, Ancillary Services and Miscellaneous fees that allow the PJM to operate. Below is a list of the line items on the PJM bill including all generator activity.

PJM Bill Line Items	Gen	Load	Net
Day Ahead Energy	$130,982.16	($662,397.52)	($531,415.36)
Realtime Energy	$15,685.56	$23,159.05	$38,844.61
Transmission Losses Credits	$0.00	$41,068.93	$41,068.93
Network Integration Transmission Service Charges	$0.00	($265,765.79)	($265,765.79)
Inadvertent Interchange Charges	$0.00	($3,430.94)	($3,430.94)
Regulation Charges	$0.00	($28,221.88)	($28,221.88)
Synchronized Reserve Charges	$0.00	($14,518.49)	($14,518.49)
Balancing Operating Reserves Charges	$0.00	($11,935.81)	($11,935.81)
Day Ahead Operating Reserves Charges	$0.00	($12,520.24)	($12,520.24)
Day-ahead Scheduling Reserve	$0.00	$126.91	$126.91
Synchronous Condensing Charges	$0.00	($46.96)	($46.96)
Reactive Services Charges	$0.00	($107,290.04)	($107,290.04)
Meter Correction Charges	$0.00	($4,678.40)	($4,678.40)
Day-ahead Operating Reserve for Load Response	$0.00	$0.00	$0.00
Balancing Operating Reserve for Load Response	$0.00	$0.00	$0.00
Balancing Operating Reserves Credits	$13,451.15	$0.00	$13,451.15
Day Ahead Operating Reserves Credits	$0.00	$0.00	$0.00
Locational Reliability Charges	$0.00	($1,080,033.18)	($1,080,033.18)
Capacity Transfer Rights Credits	$0.00	$1,745.61	$1,745.61
Capacity Resource Deficiency Credits	$0.00	$4.03	$4.03
Demand Response and ILR Compliance Penalty Credits	$0.00	$0.00	$0.00
RPM Auction Credits	$1,002,527.60	$0.00	$1,002,527.60
Auction Revenue Rights Credits	$0.00	$31,448.26	$31,448.26
Synchronized Reserve Credits	$187.72	$0.00	$187.72
PJM Scheduling System Control and Dispatch Service Charges	$0.00	($15,851.78)	($15,851.78)
Transmission Owner Scheduling System Control and Dispatch Service Charges	$0.00	($4,708.54)	($4,708.54)
Reactive Supply and Voltage Control from Generation Sources Service Charges	$0.00	($31,898.48)	($31,898.48)
Reactive Supply Credit	$29,467.58	$0.00	$29,467.58
Black Start Service Charges	$0.00	($1,002.01)	($1,002.01)
North American Electric Reliability Corporation (NERC) Charge	$0.00	($551.33)	($551.33)
Reliability First Corporation (RFC) Charges	$0.00	($836.52)	($836.52)
Expansion Cost Recovery Charges	$0.00	($408.58)	($408.58)
Transmission Enhancement Charges	$0.00	($16,003.08)	($16,003.08)
Black Start Service Credits	$4,544.50	$0.00	$4,544.50
Non-Firm Point-to-Point Transmission Service Credits	$0.00	$401.92	$401.92
Generation Deactivation	$0.00	$741.04	$741.04
Market Monitoring Unit (MMU) Funding	$0.00	($326.77)	($326.77)

Organization of PJM States, Inc. (OPSI) Funding	$0.00	($39.28)	($39.28)
FERC Annual Recovery	$0.00	($3,567.86)	($3,567.86)
PJM Annual Membership	$0.00	$0.00	$0.00
EFOR-P	$0.00	$0.00	$0.00
DPL Settlement B	$0.00	($0.18)	($0.18)
PPA	$0.00	$357.13	$357.13
	$1,196,846.27	**($2,166,980.78)**	**($970,134.51)**

II. LOAD, ALL IN ENERGY AND ALL IN COST OF SERVICE TABLE

	Budget Load (MWh)	Actual Load (MWh)	Budget AIE ($/MWh)	Actual AIE ($/MWh)	Actual YTD AIE ($/MWh)	Budget AICS ($/MWh)	Actual AICS ($/MWh)	Actual YTD AICS ($/MWh)
Jul	**83,163**	**83,163**	**$90.72**	**$90.72**	**$90.72**	**$81.36**	**$81.36**	**$81.36**
Aug	**78,755**	**78,755**	**$82.76**	**$82.76**	**$86.85**	**$83.03**	**$83.03**	**$82.17**
Sep	**66,782**	**66,782**	**$82.73**	**$82.73**	**$85.65**	**$91.13**	**$91.13**	**$84.79**
Oct	**56,452**	**56,452**	**$79.72**	**$79.72**	**$84.47**	**$87.24**	**$87.24**	**$85.27**
Nov	**54,396**	**54,396**	**$82.56**	**$82.56**	**$84.17**	**$91.56**	**$91.56**	**$86.28**
Dec	**63,566**	**63,566**	**$87.33**	**$87.33**	**$84.67**	**$98.22**	**$98.22**	**$88.16**
Jan	**60,136**	**64,462**	**$86.66**	**$91.77**	**$85.65**	**$94.36**	**$97.13**	**$89.40**
Feb	**54,199**	**54,900**	**$85.32**	**$84.37**	**$85.51**	**$94.11**	**$92.95**	**$89.77**
Mar	**56,334**	**57,414**	**$85.66**	**$81.75**	**$85.14**	**$93.39**	**$89.70**	**$89.77**
Apr	**52,554**	**54,359**	**$83.85**	**$81.20**	**$84.80**	**$92.99**	**$89.53**	**$89.74**
May	**58,744**	**62,114**	**$80.01**	**$77.85**	**$84.18**	**$87.28**	**$84.55**	**$89.28**
Jun	67,331		$80.51			$96.23		

III. GLOSSARY

Energy Only Unit Cost ("EOU") accounts for the wholesale energy costs **excluding** capacity obligations, capacity credits for Dover-owned generation, generation revenues, generating plant costs, the black start ancillary services credit for the Van Sant plant, and revenues associated with the sale of emission allowances. The AIE includes the costs from settling the hedged or forward transactions; the energy bought on the ISO (Independent System Operator or PJM) day-ahead to cover the open position (un-hedged); load following costs associated with balancing the actual load in the ISO real-time market; energy management service related fees; the ISO transmission charges and credits to load serving entities; the ISO ancillary services charges such as generation regulation, spinning reserve, and reactive power; and the ISO administrative charges and cost of service recovery fees.

All In Cost of Service ("AICS") accounts for the net cost of wholesale power to the City of Dover Electric Utility. The AICS starts with the AIE and adds the costs or credits from capacity obligations, capacity credits for Dover-owned generation, generation revenues, generating plant costs, the black start ancillary services credit for the Van Sant plant, and revenues associated with the sale of emission allowances.

Black Start is a generating ancillary service that is the process of restoring a generating plant to service without the support of an external power supply to power auxiliary equipment needed for start up operations.

Capacity UCAP Obligated Purchased is the obligation and payment by all load serving entities in PJM including Dover for the Unforced Capacity (UCAP) requirement from PJM that satisfies the PJM reserve requirements.

Generation Capacity Credit: is the credit provided to generators for supply capacity to the system. The price is determined by the PJM Reliability Pricing Market auction process that includes three auctions for each capacity year.

Generation Production Margin accounts for the variable margin excluding variable O&M and emissions. The Generation Production Margin is calculated by taking the PJM revenues credited to the plant including any balancing charges or credits less the fuel costs. Generation Production Margin includes both "Economic and reliability dispatch" and "Testing." Economic and reliability dispatch equals the margin achieved when Dover's generating plants are dispatched by PJM for either economic dispatch (the system energy price is greater than the Dover bid price) or reliability dispatch whereby PJM pays the generating cost of the plants for the hours the plant is run to support the system. Generation Testing equals the Generation Production Margin associated with testing. This is usually expected to be a negative margin because the plant is potentially being dispatched / run when energy prices do not cover its costs.

Non-Production Revenue equals the credits from PJM to Dover for Generation Capacity Credit, the Black Start Revenue and the sales by Dover of Emission Allowances.

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City of Dover

June Monthly Report

Energy and Operations Management

July 28, 2011

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Further, certain statements, findings and conclusions in this Report are based on Pace Global's interpretations of various contracts. Interpretations of these contracts by legal counsel or a jurisdictional body could differ.

PACE GLOBAL

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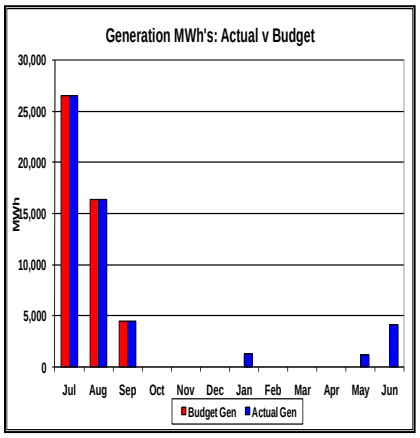
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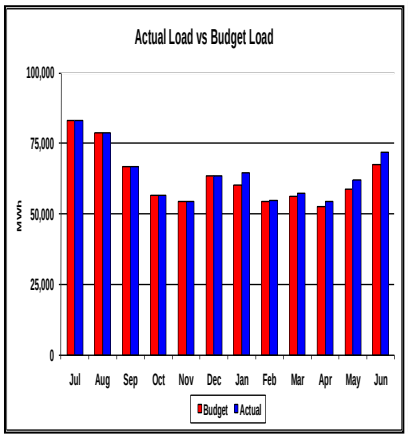
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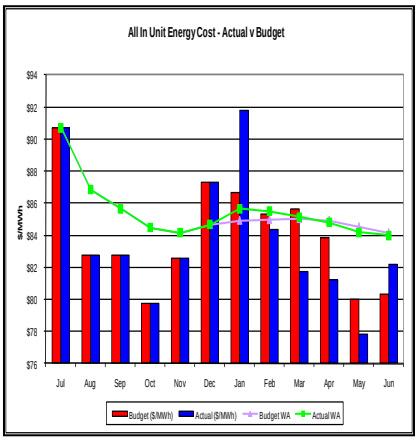
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1.0 – EXECUTIVE SUMMARY







Purchased Power Management

Wholesale load for the month of June was 71,891 MWhs, versus a weather normalized projected load of 67,331 MWhs. Hedged transactions accounted for 57,440 MWhs or 80% of this volume (85% of forecasted load) at a cost of $3.94 million. Spot Market purchases resulted in a PJM charge of $1.38 million (a $1.37 million charge in the Day Ahead market and an $11 thousand charge in the Real Time market). Other PJM related charges accounted for an additional cost of $1.04 million, inclusive of all load related fees. The June Energy Only Unit Cost, excluding capacity obligations and credits, was $1.85/MWh unfavorable compared to the budgeted value of $80.34/MWh. On January 24, 2011, the City of Dover reviewed and approved Pace's and NAES' submittal of a revised budget for Dover's FY2010-11 (the "Reset Budget"). The purpose of this Reset Budget was to provide a mid-year update as to the anticipated cost-of-service for FY2010-11. Dover's Cost of Service for FY2010-11 is $89.70/MWh, or $0.75/MWh favorable as compared to the Reset Budget[1].

Generation and Asset Management

Net generation for the month of June credited by PJM was 4,115 MWhs and the budget did not expect any generation. All Dover units were dispatched by PJM during the month. In aggregate, Dover's units were dispatched for 123 hours during the month, creating a generation production margin of $563 thousand (after fuel costs).

For the month, McKee Units 2 and 3 successfully completed the PJM Capacity Tests for the Summer Demonstration Period.

[1] The all in Cost of Service is based on actual results for 12 months of Dover's costs. The Reset Budget was reviewed and approved by City of Dover.

Emissions Allowance Management

Given the regulatory uncertainty surrounding the allowance markets, Dover has elected not to include revenues from emission allowance sales in its 2010-2011 fiscal year budget. Dover purchased and retired 53 NO_X seasonal allowances on November 23rd 2010, in order to meet their 2010 NO_X seasonal compliance position. Additionally, Dover purchased 22 NO_X annual allowances on February 11, 2011, in order to cover their 2010 NO_X annual compliance position. In January 2011, Dover was allocated 1,988 SO_2 allowances, 42 NO_X seasonal allowances, and 76 NO_X annual allowances. Dover has the appropriate number of allowances set aside for retirement (see Exhibit 1).

Exhibit 1: Emissions and Allowance Summary through June 30, 2011

2010-2011 EMISSIONS & ALLOWANCE SUMMARY								
		SO_2			NO_x			
Date	Action	Allowance Allocation	Sale Price	Revenue[1]	Allowance Allocation[2]		Sale Price	Revenue[1]
					Seas.	Ann.		
1/1/08	2007 Carryover	549			0	--	--	--
1/1/09	2008 Carryover	2,691			0			
1/1/09	2009 Allocation	2,723	--	--	53	80	--	--
2/1/10	2010 Allocation	1,988			50	78		
1/1/11	2011 Allocation	1,988			49	76		
4/1/11	2011 Reallocation				2	5		
N/A	2003-2006 Carryover	139						
9/29/09	SO2 Sales	(1,500)						
11/12/09	NO_X Ann. Sales					(45)		
11/13/09	SO2 Sales	(1,410)						
11/20/09	NOx Seas. Sales				(25)			
12/31/09	2009 YTD Emissions[3]	(1)	--	--	(6)	(13)	--	--
12/31/10	2010 YTD Emissions	--	--	--	(54)	(54)	--	--
10/31/10	EPA Linearity Testing Req.				(68)	(68)		
2011	2010 Deficit NOx Purchases				53	22		
12/31/11	2011 YTD Emissions	(2)			(6)	(9)		
Totals - Allowances		**3,189 pre-CAIR 3,976 CAIR[3]**	**--**	**$0**	**48**	**72**	**--**	**$0**

$0
$0
Total Revenue **$0**

Notes:

(1) Revenue calculations account for a $0.50/ton broker fee for SO_2, $10/ton broker fee for NO_x annual and $5/ton broker fee for NO_X seasonal.

(2) Per the Clean Air Interstate Rule, in 2009, NOx emissions will be governed by a seasonal and annual program. The NO_x seasonal emissions pertain only to emissions (May 1 – Sep 30), similar to the previous trading regimen. Annual emissions cover the entire year.
(3) CAIR allowances are retired at a rate of 2 allowances for each ton emitted. Pre-CAIR allowances retain a 1 allowance to 1 ton value for compliance. It is assumed that pre-CAIR allowances will be retired before CAIR allowances.

Given current dispatch expectations, the market value of the remaining 2007-2011 Dover allowance inventory is approximately $31,025 at the time of this report. This represents 3,189 pre-CAIR SO_2 allowances trading at $3.63/ton, 3,976 post-CAIR SO_2 allowances trading at $2.13/ton, 52 NO_x annual allowances trading at $142.50/ton, and 52 NO_x seasonal allowances trading at $15.00/ton.

EMISSIONS & ALLOWANCE SUMMARY Through June 30, 2011						
Allowance Vintage	Allowance Allocation	Emissions Month	Emissions	Allowances Sold Month	Allowances Sold	Allowance Balance
SO_2 – 2007-10	10,157	N/A	131	N/A	4,847	5,179
SO_2 – 2011	1,988	0	2	0	0	1,986
NO_x Annu – 2009	80	0	13[2]	0	45	22
NO_x Seas – 2009	53	0	6	0	25	22
NO_x Annu – 2010	78	0	122	0	(22)	(22)
NO_x Seas – 2010	50	0	122	0	(53)	(19)
NO_x Annu – 2011	80[3]	4	9	0	0	71
NO_x Seas – 2011	51[4]	4	6	0	0	45

Operations Management Summary

During the month of June, there were no reportable or lost time accidents or injuries. The facility has now gone 259 days without an OSHA recordable accident and 259 consecutive days without a lost time reportable accident. There were zero Environmental Notices of Violations issued. There were no near miss events. Units 1, 2, 3 and 11 were dispatched by PJM during a three day heat wave. During the month, units 2 and 3 successfully completed the PJM Capacity tests for the summer demonstration period.

Monthly Budget Variance - The estimated expenses attributable to O&M of the two sites for the month of June were $1,309,993. These expenses were $302,188 or 29.98% over the approved budget of $1,007,805. The principal reasons for the negative variance were the timing of the insurance payments (billing cycle), electric invoices (due to billing cycle), and water treatment chemicals and water (due to unexpected operations). The final actual expenses will be determined on the closing date for the fiscal year, expected by on or about July 29, 2011.

[2] Approximately 10 tons of NOx emissions resulted from the February 2010 McKee Run testing associated with the Pollution Remediation project and the June 2010 emission testing project.
[3] The EPA reallocated 4 additional annual NOx allowances into the McKee Run 2011 account.
[4] The EPA reallocated 2 additional seasonal NOx allowances into the McKee Run 2011 account.

Risk Management Summary

Forward PJM power prices were mixed since the last reporting period. Near-term prices decreased as the economic recovery slowed and natural gas storage numbers were bearish, pushing the forward curve lower while further out on the curve increased slightly. Forward Dover Zone power prices for FY 2011-2012, FY 2012-2013, FY 2013-2014, and FY 2014-2015 all changed by approximately -$5.29/MWh to $1.65/MWh (representing a range of a -9.88% decrease and a 2.77% increase, respectively) compared with the last reporting period.

The individual years' hedge ratios and Cost-of-Service projections are shown in the table below:

Wholesale Cost-of-Service Summary (Projected)

Date 7/22/2011	**Budget**		**July**		**June**	**May**
Power Year	Cost-of-Service Budget	Cost-of Service $/MWh[1]	Hedge Ratio	Year-to Year Increase	Cost-of Service $/MWh	Cost-of Service $/MWh
2011-2012	N/A	$79.88	85%	-6.8%	$79.66	$79.47
2012-2013	N/A	$73.14	76%	-8.4%	$72.93	$72.91
2013-2014	N/A	$72.33	48%	-1.1%	$71.60	$71.87
2014-2015	N/A	$72.30	22%	0.0%	$71.05	$71.80

[1] *Note that the "Cost-of-Service" column does not reflect the SREC benefit the City will receive since the SREC prices are currently unknown*

**Difference in COS from asset management due to generation & O&M*

***Not inclusive of budget update*

2.0 – BUDGET REPORT

2.1 – VARIANCE REPORT

	Budget Jun-11	Actual Jun-11	Variance Jun-11
Load Forecast	**67,331**	**71,891**	**(4,560)**
Power Supply			
Power Supply	$3,998,553	$3,943,828	$54,725
Power Supply Management	$194,816	$239,721	($44,905)
Capacity Charges - Load	$651,987	$693,359	($41,372)
PJM Charges - Load	$1,216,254	$1,725,672	($509,418)
Total - Power Supply	**$6,061,610**	**$6,602,580**	**($540,970)**
Generation			
Plant Operations	$1,007,805	$1,309,993	($302,188)
Generation Fuel	$106,800	$344,215	($237,415)
Capacity Credits	($574,665)	($573,435)	($1,230)
PJM Credits	($104,812)	($942,910)	$838,098
Total - Generation	**$435,128**	**$137,863**	**$297,265**
Emission Allowance Sales			
Total - Emission Allowance Sales	**$0**	**$0**	**$0**
Total Power Supply & Generation	**$6,496,738**	**$6,740,443**	**($243,705)**
Total Power Supply, Generation & Emission Sales	**$6,496,738**	**$6,740,443**	**($243,705)**
Unit Costs			
Total – Power Supply	$90.03	$91.84	($1.81)
Total - Generation + Emission Sales	$6.46	$1.92	$4.54
Final Cost of Service to City of Dover Ratepayers	**$96.49**	**$93.76**	**$2.73**

	Budget YTD	Actual YTD	Variance YTD
Load Forecast	**752,412**	**768,254**	**(15,842)**
Power Supply			
Power Supply	$47,622,668	$47,338,768	$283,899
Power Supply Management	$2,321,561	$2,355,630	($34,069)
Capacity Charges - Load	$12,302,393	$12,343,764	($41,372)
PJM Charges - Load	$13,363,432	$14,836,205	($1,472,773)
Total - Power Supply	**$75,610,053**	**$76,874,368**	**($1,264,315)**
Generation			
Plant Operations	$6,163,315	$6,459,104	($295,789)
Generation Fuel	$3,244,977	$3,809,584	($564,607)
Capacity Credits	($11,419,723)	($11,418,494)	($1,229)
PJM Credits	($5,553,404)	($6,823,487)	$1,270,084
Total - Generation	**($7,564,835)**	**($7,973,293)**	**$408,458**
Emission Allowance Sales			
Total - Emission Allowance Sales	**$11,695**	**$11,695**	**$0**
Total Power Supply & Generation	**$68,045,217**	**$68,901,074**	**($855,857)**
Total Power Supply, Generation & Emission Sales	**$68,056,912**	**$68,912,769**	**($855,857)**
Unit Costs			
Total – Power Supply	$100.49	$100.06	$0.43
Total - Generation + Emission Sales	($10.04)	($10.36)	$0.32
Final Cost of Service to City of Dover Ratepayers	**$90.45**	**$89.70**	**$0.75**

2.2 – VARIANCE ANALYSIS

Power Supply

- Power Supply realized a favorable $55 thousand variance compared to the budget. This favorable variance was primarily due to the timing of Dover's options purchase and payment of the associated premium. During FY2009-10 the City of Dover purchased Options as insurance to protect Dover from incremental energy cost exposure. The current City of Dover power supply and generation budget indicates that 100% of this purchase was expensed as a Power Supply Cost in the FY2009-10 period; however the FY2010-11 budget accrues this expense monthly.

- PJM Charges for Load experienced a negative $509 thousand variance relative to the monthly budget. This variance was driven by Dover's open position, which was 46% higher than budget. A larger volume of open positions, coupled with higher than projected PJM energy open prices, resulted in a total Open Position cost that was $646 thousand greater than budget. Additional factors contributing to the unfavorable variance included i) a $32 thousand unfavorable variance in PJM Ancillary charges; ii) a $37 thousand unfavorable variance in updated transmission charges; and iii) a $32 thousand unfavorable variance in Transmission Loss Refunds. Offsetting these unfavorable variances were a $157 thousand favorable variances in Load Following costs, a $26 thousand favorable variances in transmission related credits, and a $55 thousand favorable variance in Basis costs.

- For the month the City realized a $455 thousand unfavorable net variance between Power Supply (fixed positions) and PJM Charges for Load (open positions, transmission, etc.). The change in volume resulted in an unfavorable $360 thousand variance, and the change in price resulted in an unfavorable $95 thousand variance. Hence, all of the unfavorable variance can be attributed to volume and price changes.

Generation

- Per the City of Dover's recommendation, the Plant's O&M expense, provided above, is an estimated until the City's H.T.E is finalized for the month. Under the estimate, the City realized an unfavorable variance of $302 thousand compared to the revised monthly O&M reset Budget of $1.0 million (the overall reset plant budget for FY 2010-11 was approved by the City Council in March 2011). The principal reasons for the negative variance were the timing of insurance payments and accrual of electricity expenses budgeted for next billing cycle, but expensed during the current month. In addition, Dover's plants experienced increased chemical and water treatment expenses due to higher than anticipated power generations.

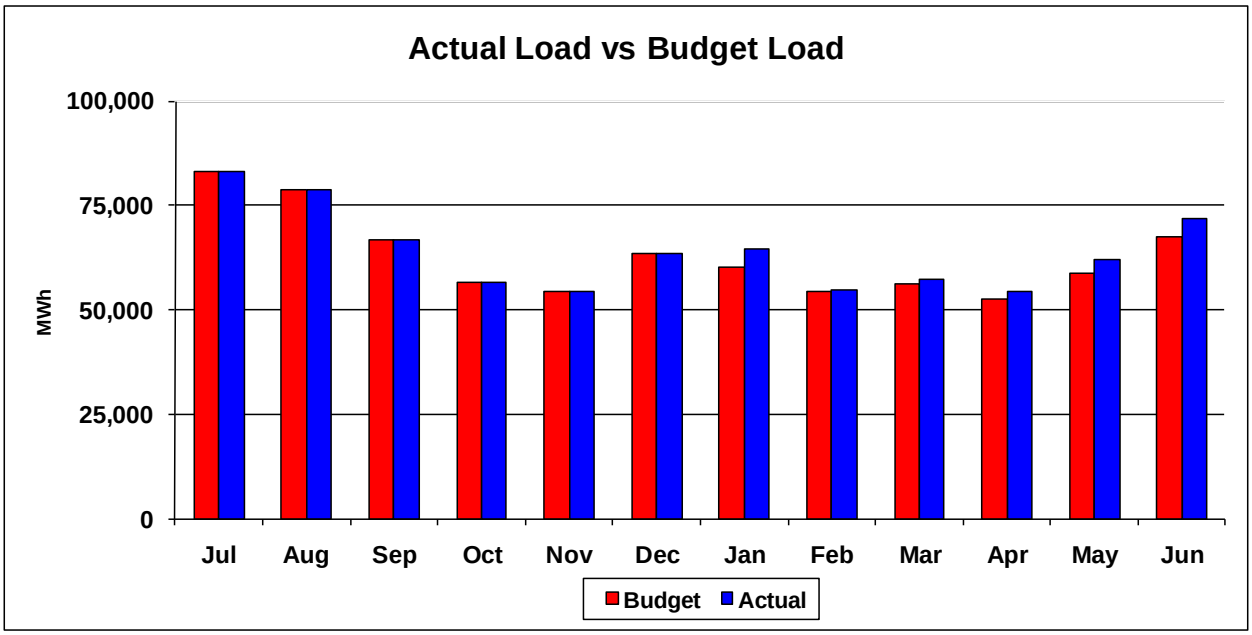
3.0 – ENERGY MANAGEMENT

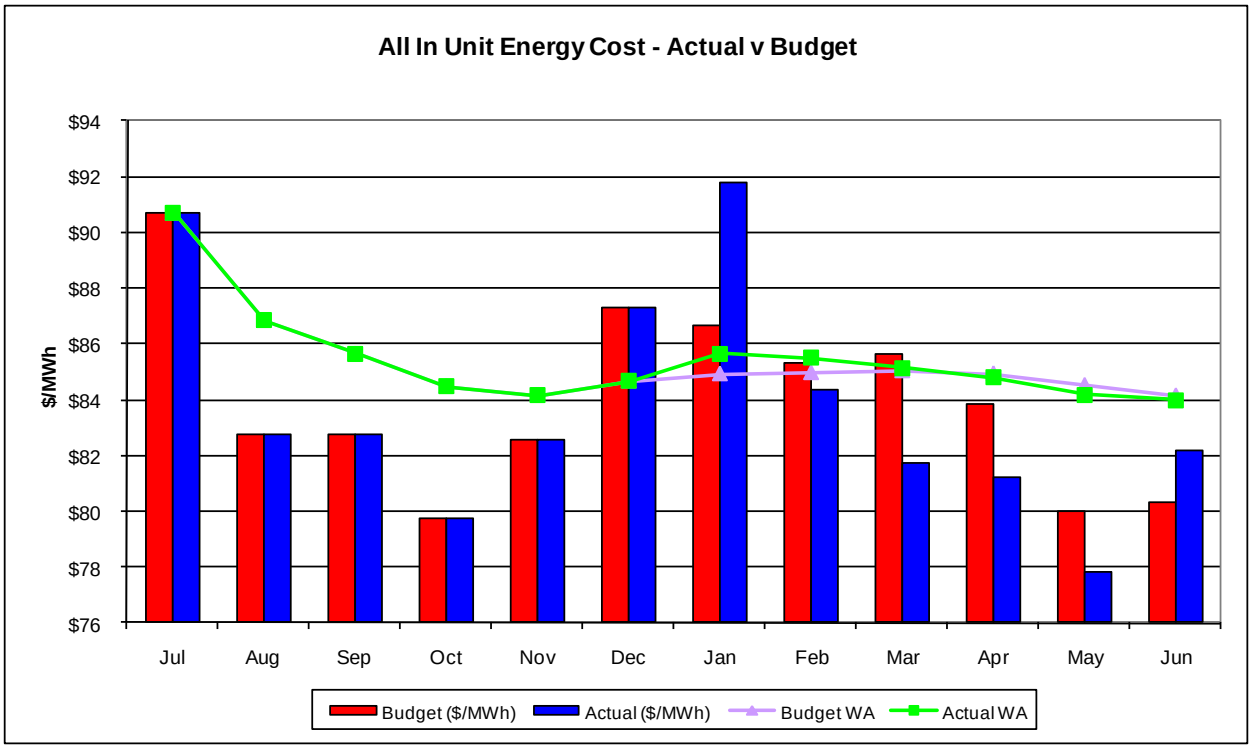
3.1 – PURCHASED POWER

Management Highlights

- Dover's June load was 71,891 MWh, which was 6.7% above the weather normalized load of 67,331 MWh. Hedge volumes accounted for 80% of actual load for the month.

- The June All In Unit Energy cost (excluding capacity) of $82.20 per MWh is $1.85 per MWh higher than the monthly budget.




All In Unit Energy Cost - Actual v Budget
$/MWh
$94
$92
$90
$88
$86
$84
$82
$80
$78
$76
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
Budget ($/MWh)
Actual ($/MWh)
Budget WA
Actual WA

Purchased Power Variance Report

	Budget Jun-11	Actual Jun-11	Variance Jun-11
City of Dover Load			
Load Obligation (MWh)	67,331	71,891	(4,560)
Unit Energy Costs ($ per MWh)			
Energy Cost (inc. Load Following & Pace Fees)	$74.33	$75.99	($1.66)
Pass Through	$5.11	$5.40	($0.29)
Incentive Fees	$0.90	$0.81	$0.09
Total - All In Unit Energy Cost	**$80.34**	**$82.20**	**($1.85)**

Purchased Power Variance Analysis

- The actual Dover load of 71,891 MWh was 6.7% above the projected June load of 67,331 MWh.

- The All In Unit Energy Cost was $1.85 per MWh higher than budget due to an increased open position volume, a higher than budgeted energy price, an unfavorable PJM Ancillary charge and a lower than projected transmission loss refund. Offsetting these negative variances were a decreased load following and basis charges.

PJM Power Balancing and Load Related Fees

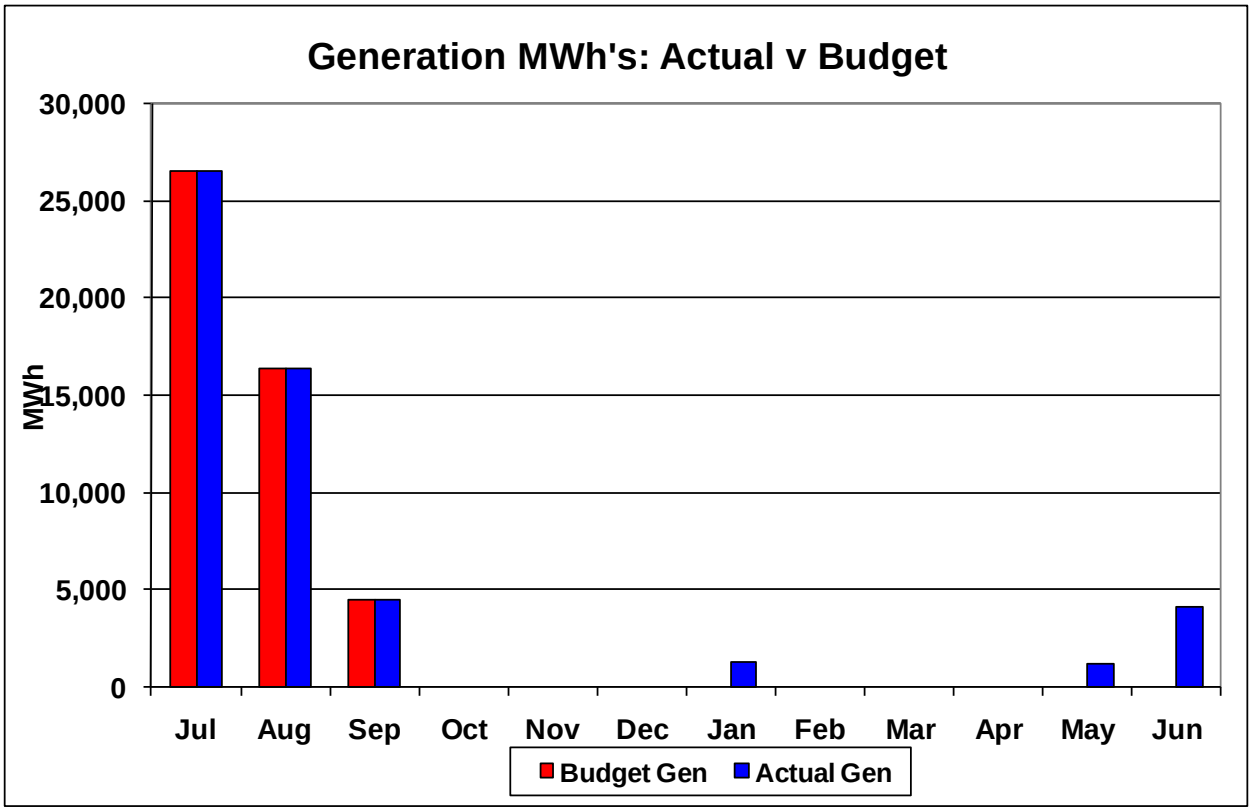
Purchased Power (Hedges): 57,440 MWhs @ $68.66/MWh:	$3,943,828
Power Balancing; Additional PJM, and Energy Manager Fee[5]:	$2,658,752
Total Cost to Serve Load (71,891 MWhs)	$6,602,580
All In $/MWh load cost inclusive of Energy Management Fees:	**$91.84/MWh**

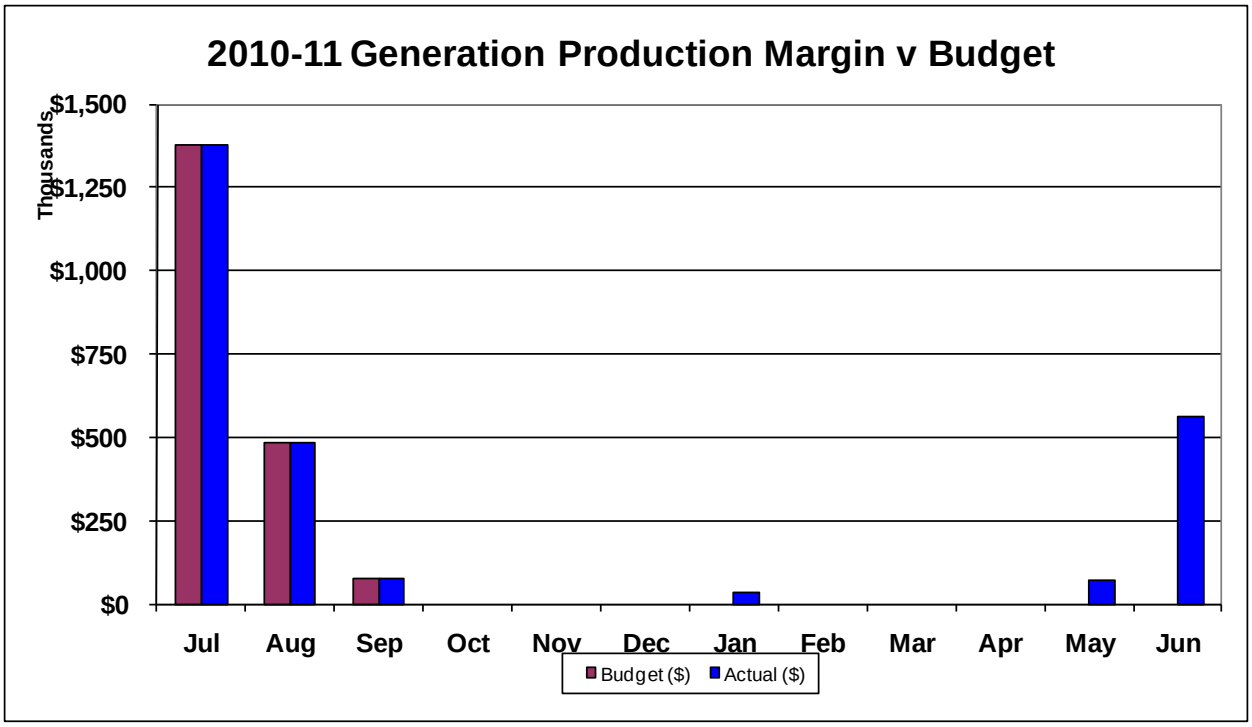
[5] Includes estimated Incentive Fees.

3.2 – GENERATION MANAGEMENT

- PJM dispatched all Dover units in June for total of 123 hours. Dover's units generated 4,115 MWhs in aggregate for the PJM market and the budget did not expect any generation for the month.

- Two McKee units (Units 2 and 3) successfully completed its PJM summer capacity testing for the month.




2010-11 Generation Production Margin v Budget
Thousands
$1,500
$1,250
$1,000
$750
$500
$250
$0
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
Budget ($)
Actual ($)

PACE GLOBAL

Generation Management Variance Report

	Budget Jun-11	Actual Jun-11	Variance Jun-11
Self-Supplied Capacity from Gen (MW)			
McKee Run 1	17	17	0
McKee Run 2	17	17	0
McKee Run 3	100.3	100.3	0
Van Sant	39	39	0
Self Supplied Capacity from Gen (MW)	**173.3**	**173.3**	**0**
Additional Capacity from PJM Incremental Auction	**1.7**	**1.5**	**(0.2)**
Deficient Capacity from PJM Incremental Auction	**0**	**(6.2)**	**(6.2)**
Total Capacity from Gen (MW)	**175**	**169**	**(6)**
Gen Capacity Sales to PJM ($/MW.d)	$110.04	$110.04	$0.00
Gen Capacity Purchases from PJM ($/MW.d)	$0	$5	($5)
Incremental Auction Sales to PJM ($/MW.d)	$50.00	$50.00	$0.00
Power Sales			
Power Sales (MWh)	0	4,115	4,115
Sales Revenue ($ per MWh)	$0.00	($220.52)	$220.52
Power Sales Revenue ($)	**$0**	**($907,330.17)**	**$907,330.17**
Variable Fuel & Transport			
Fuel Oil No.2 Volume - McKee (gal)	0	0	0
Fuel Oil No.2 - McKee ($/gal)	$0.00	$0.00	$0.00
Fuel Oil No.2 Cost of Goods Sold - McKee ($)	$0	$0.00	$0
Fuel Oil No.2 Volume - Van Sant (gal)	0	0	0
Fuel Oil No.2 - Van Sant ($/gal)	$0.00	0.00	$0.00
Fuel Oil No.2 Cost of Goods Sold - Van Sant ($)	$0.00	0.00	$0.00
Gas Volume (Dth)	0	54,470	(54,470)
Unit Gas Price ($/Dth)	$0.00	$5.98	($5.98)
Variable Gas Cost ($)	$0.00	$325,795.40	($325,795.40)
Transport ($)	$0.00	$18,419.61	($18,419.61)
Variable Gas and Transport Costs ($)	$0.00	$344,215.01	($344,215.01)
Variable Fuel & Transport Costs ($)	**$0.00**	**$344,215.01**	**($344,215.01)**
Testing	$0.00	$0.00	$0.00
Generation Production Margin	**$0.00**	**($563,115.16)**	**$563,115.16**
Generation Capacity Payment			
Total - Generation Capacity Payment	**($574,665)**	**($573,435)**	**($1,230)**

Generation Management Variance Analysis

Fuel Expense

- PJM dispatched all Dover units at least once during the month. During that period the units consumed natural gas related to economic power generation.

Generation Production Margin		
Transaction	Volumes	Revenue/(Cost)
PJM Invoice for Power Sold	4,115 MWhs	$970,330.17
Fuel and Transport	54,470 Dth gas/ 0 gal #2 oil 0 gal #2 oil Low Sulfur	($344,215.01)
Generation Production Margin	4,115 MWhs	$563,115.16

The following non-production energy revenues and costs are generally fixed and are not directly related to generation dispatch and power production. Effective September 2009 FERC approved the City of Dover's reactive supply service compensation resulting in approximately $29 thousand of revenue per month.

PJM Invoice (Black Start)	$6,112
Reactive Supply Credit	$29,468
Fuel Oil Tank Heating & Black Start Gas Supply	$0
Eastern Shore Demand Charge	$0
Eastern Shore Transport and Imbalance Charge	$0
Synchronized Reserved Credit	$0
Transco Demand Charge	$0
Non-Production Energy Revenue/(Costs)	$35,580

Fuel and Transportation

- PJM dispatched all Dover units for total of 123 hours. The following table provides a summary of spot gas purchases during the month:

Date	Volume (Dth)	Price ($/Dth)	Total Commodity Cost ($)
Hess Corp			
01-Jun	14,000	$5.15	$72,100.00
06-Jun	300	$5.60	$1,680.00
08-Jun	13,000	$6.35	$82,550.00
08-Jun	5,500	$6.35	$34,925.00
09-Jun	13,000	$6.45	$83,850.00
09-Jun	6,500	$5.60	$36,400.00
01-Jun	(3,830)	$5.12	($19,609.60)
Sub-Total	48,470	$6.02	$291,895.40
PESCO			
Sub-Total	0	$0.00	$0.00
NJNG			
07-Jun	6,000	$5.65	$33,900.00
Sub-Total	6,000	$5.65	$33,900.00
Total	**54,470**	**$5.98**	**$325,795.40**

Due to the conversion from #6 residual oil to low sulfur #2 oil, the need for a constant supply of natural gas to heat the #6 oil is no longer required. Some gas will still be required for winter space heating of the building(s). Pace will coordinate with NAES on the procurement of such supply. This expense will now fall under the plant's utility costs and be paid and budgeted for by the station.

Gas Transportation Purchased

City of Dover decided not to renew agreements with the Eastern Shore Natural Gas Pipeline ("ESNG") and TransCo to provide firm natural gas deliveries to the McKee Run and Van Sant stations. The City of Dover previously notified ESNG and TransCo of its intent to terminate these existing firm capacity agreements and, as a result, the City no longer pays firm demand charges or adjustments.

ESNG FT Demand Charge	$ 0
TransCo FT Demand Charge	$ 0
Total Purchases	$ 0

Other Gas Purchases

Commodity and transportation imbalances on Eastern Shore Pipeline for the month resulted in no charge. The components of this charge are summarized as follows:

Eastern Shore Transport and Imbalance Charges			
Imbalance/Dth	Estimated Cost/Dth	Estimated Total Cost	
(2,761)	$4.41	($12,176.01)	
Transport	Volume/Dth	$/Dth	Total Cost
Firm/IT	51,708	$0.5917	$30,595.62
Net Charge	$18,419.61		

Purchased Commodity Fuel Oil Summary

McKee Run Units 1, 2 and 3 and Van Sant Unit 11 were dispatched during the month into PJM consuming natural gas. No fuel oils were consumed by the units.

The McKee Run tank must maintain 3 days of load equivalent dispatches for its units.

Tank Inventory Estimates as of June 30			
Tank	Tank Capacity (gallon)	Inventory In (gallon)	Days of Burn (Typical Dispatch[6])
McKee Run (#2 Fuel Oil)	2,554,105	454,725	3
Van Sant (#2 Fuel Oil)	258,000	153,212	3

[6] As measured by tank level instruments. Tank levels may change due to oil temperature.

3.3 – EMISSIONS AND ALLOWANCE MANAGEMENT

Given the regulatory uncertainty surrounding the allowance markets, Dover has elected not to include revenues from emission allowance sales in its 2010-2011 fiscal year budget. Dover purchased and retired 53 NO_X seasonal allowances on November 23rd 2010, in order to meet their 2010 NO_X seasonal compliance position. Additionally, Dover purchased 22 NO_X annual allowances on February 11, 2011, in order to cover their 2010 NO_X annual compliance position. In January 2011, Dover was allocated 1,988 SO_2 allowances, 42 NO_X seasonal allowances, and 76 NO_X annual allowances. Dover has the appropriate number of allowances were set aside for retirement (see Exhibit 1).

Exhibit 1: Emissions and Allowance Summary through June 30, 2011

2010-2011 EMISSIONS & ALLOWANCE SUMMARY								
		SO_2			NO_x			
Date	Action	Allowance Allocation	Sale Price	Revenue[1]	Allowance Allocation[2]		Sale Price	Revenue[1]
					Seas.	Ann.		
1/1/08	2007 Carryover	549			0	--	--	--
1/1/09	2008 Carryover	2,691			0			
1/1/09	2009 Allocation	2,723	--	--	53	80	--	--
2/1/10	2010 Allocation	1,988			50	78		
1/1/11	2011 Allocation	1,988			49	76		
4/1/11	2011 Reallocation				2	5		
N/A	2003-2006 Carryover	139						
9/29/09	SO2 Sales	(1,500)						
11/12/09	NO_X Ann. Sales					(45)		
11/13/09	SO2 Sales	(1,410)						
11/20/09	NOx Seas. Sales				(25)			
12/31/09	2009 YTD Emissions[3]	(1)	--	--	(6)	(13)	--	--
12/31/10	2010 YTD Emissions	--	--	--	(54)	(54)	--	--
10/31/10	EPA Linearity Testing Req.				(68)	(68)		
2011	2010 Deficit NOx Purchases				53	22		
12/31/11	2011 YTD Emissions	(2)			(6)	(9)		
Totals - Allowances		**3,189 pre-CAIR 3,976 CAIR[3]**	**--**	**$0**	**48**	**72**	**--**	**$0**

$0
$0
Total Revenue **$0**

Notes:

(1) Revenue calculations account for a $0.50/ton broker fee for SO_2, $10/ton broker fee for NO_x annual and $5/ton broker fee for NO_X seasonal.

(2) Per the Clean Air Interstate Rule, in 2009, NOx emissions will be governed by a seasonal and annual program. The NO_x seasonal emissions pertain only to emissions (May 1 – Sep 30), similar to the previous trading regimen. Annual emissions cover the entire year.

(3) CAIR allowances are retired at a rate of 2 allowances for each ton emitted. Pre-CAIR allowances retain a 1 allowance to 1 ton value for compliance. It is assumed that pre-CAIR allowances will be retired before CAIR allowances.

Given current dispatch expectations, the market value of the remaining 2007-2011 Dover allowance inventory is approximately $31,025 at the time of this report. This represents 3,189 pre-CAIR SO_2 allowances trading at $3.63/ton, 3976 post-CAIR SO_2 allowances trading at $2.13/ton, 52 NO_x annual allowances trading at $142.50/ton, and 52 NO_x seasonal allowances trading at $15.00/ton.

EPA Issues Final Transport Rule

On July 7, 2011, the Environmental Protection Agency (EPA) released the long-anticipated final rule that will regulate the SO_2 and NO_X emissions markets. The Cross State Air Pollution Rule (CSAPR) will have implications for fossil fuel burning power plants located in 27 states, but does not include compliance requirements for units located in Delaware. Unlike the Clean Air Interstate Rule (CAIR), which regulates the current emissions markets, and the proposed Clean Air Transport Rule (CATR), under CSAPR, Dover will not be required to submit emission allowances for their SO_2, annual NO_X or seasonal NO_X emissions.

The CSAPR, similar to CAIR, utilizes a cap-and-trade system whereby regulated facilities must procure emission allowances to account for their emissions from the previous year and submit them to the EPA for compliance. One allowance is equal to one ton of annual SO_2, annual NO_X or seasonal NO_X (the NO_X or ozone season takes place between May 1 and September 30.) Most allowances will be distributed directly to existing facilities, however, because the program is designed to reduce overall emissions, less allowances will be allocated than would be needed in a "business as usual" scenario. Further, in some states, the number of allowances distributed each year will be significantly reduced beginning in 2014.

Unlike CAIR, the CSAPR establishes emission caps at the state level with limited variability from those caps each year, thus restricting allowance trading between states. The state caps are intended to ensure that facilities in upwind states do not procure excess allowances (thus allowing more pollution from the upwind states) that might lead to non-attainment of air quality standards for a downwind state. As a consequence, there may be some disparity in the market cost for allowances between states.

As with the proposed rule, the SO_2 market will be further divided into two groups, Group 1 and Group 2. Sixteen states in Group 1 will see emission caps set in 2012 and then further reduced in 2014. The seven states in Group 2 will have their caps set in 2012, and then remain level in the following years. Facilities can only trade SO_2 allowances with facilities located in their same Group.

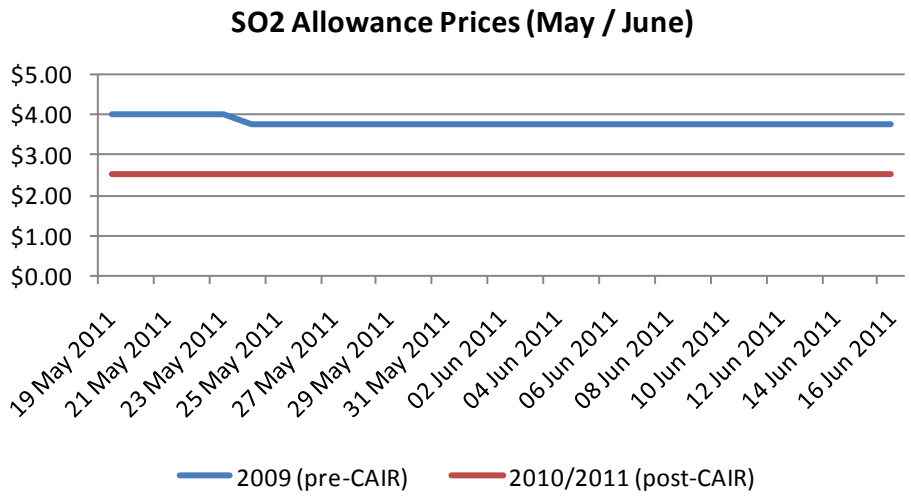
Absent legal, administrative or legislative action, CSAPR requirements will begin on January 1, 2012. While this final rule provides some clarity, uncertainty still exists: lawsuits could delay implementation; Congress could pass legislation overhauling the program; and EPA's pending air quality standards could further tighten the compliance requirements for facilities covered by

this rule. Further, new air quality standards could force EPA to revise which states are covered under the rule. With that said, under the current construct, Dover does not have any compliance requirements under CSAPR.

SO_2

The release of CSAPR had little impact on the already deflated SO_2 allowance market (see Figure 1 – SO2 Prices.) With an ample bank of existing SO_2 allowances in the market and the confirmation that CSAPR will require covered facilities to hold and retire SO_2 compliance instruments issued under the new program, prices for current vintage or older allowances remain very low. Absent some change to the regulatory construct, little to no movement is expected in current vintage allowance prices.

Figure 1 – SO_2 Prices since Last Monthly Report



NO_x

After a peak in pricing in early June, NO_X annual allowance prices have fallen off some in early July (see Figure 2 – NOX Annual Prices since Last Monthly Report.) Recent warming temperatures across the country could place some upward pressure on allowances prices. However, with no incentive to bank current vintage allowances for future years, as the market transitions to CSAPR, it is unlikely that NO_X annual allowances will increase substantially above current levels

NO_X seasonal allowances have traded fairly steadily and in low volumes over last month (see Figure 3 – NOX .) As with NO_X annual and SO_2 allowances, new trading rules under CSAPR will not allow current vintage NO_X seasonal allowances to qualify for compliance.

Figure 2 – NO_X Annual Prices since Last Monthly Report

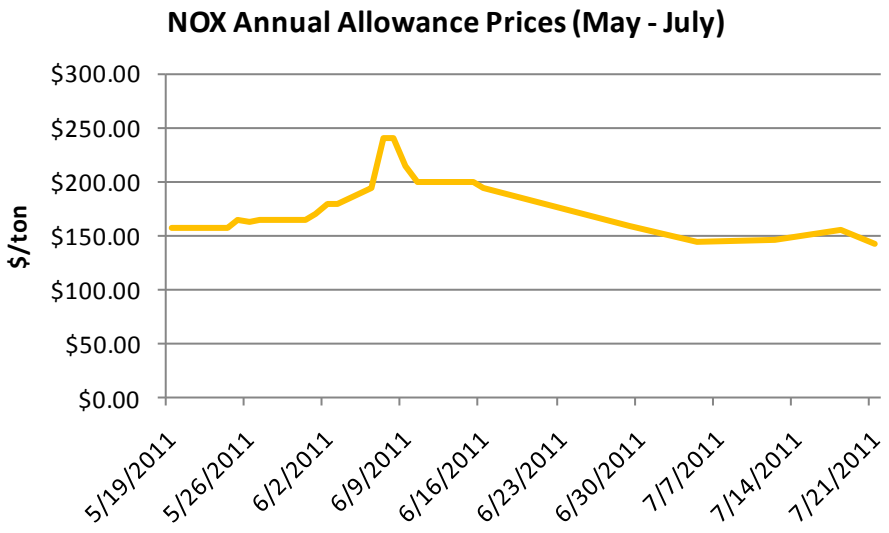
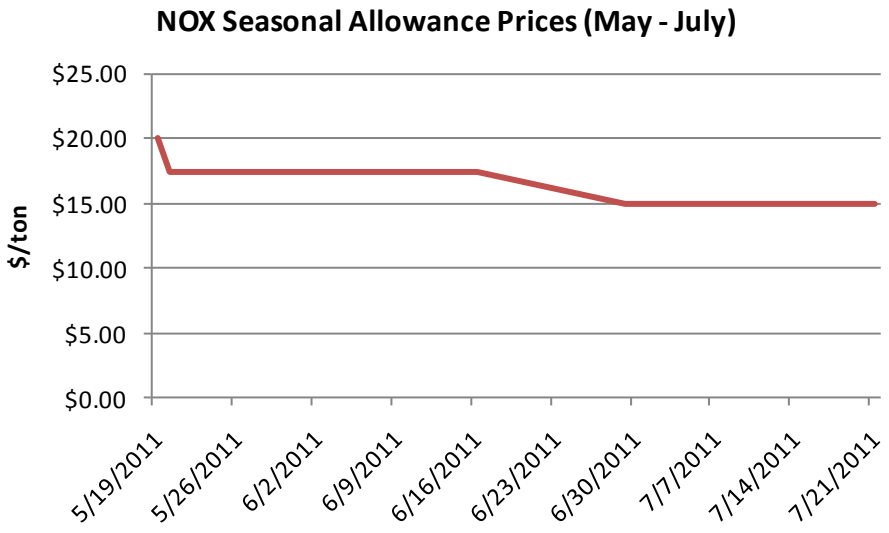


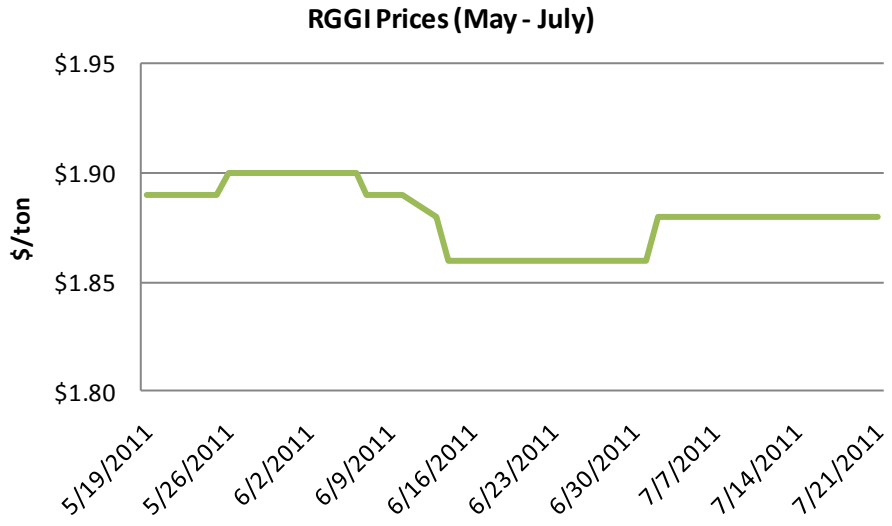
Figure 3 – NO_X Annual Prices since Last Monthly Report



RGGI and Federal Carbon Outlook

RGGI allowance prices continue to price at very low levels, as the market is substantially over supplied, forcing prices to levels at or near the statutory price floor (see Figure 4 – RGGI Allowance Prices.)

Figure 4 – RGGI Allowance Prices since Last Monthly Report



RGGI program administrators are meeting to review program rules as part of their 2012 Comprehensive Review process. With the program over allocated, the major issue is whether anything can be done to lower the cap or limit the amount the existing bank can qualify for compliance. If the program continues with the existing planned caps and banked allowances are permitted for compliance at full value, RGGI allowances are likely to remain near current levels for the next several years.

In Congress, there has been little movement or discussion on climate legislation nor is any expected through 2012. EPA will remain the primary driver at the federal level, although has recently announced that they will delay the release of proposed GHG emission limits for power plants, which were originally scheduled to be released this July. Proposed rules are now expected in September, and EPA maintains that final rules will be released in May 2012, as scheduled.

4.0 – OPERATIONS MANAGEMENT

Management Highlights

- During the month of June, there were no restricted work days or lost time accidents. The facility has now gone 259 days without an OSHA recordable accident or a lost time reportable accident. The plant received no Notice of Violations (NOVs). There were no environmental deviations or other permit deviations during the month.

- The Van Sant SPCC Plan was reviewed and recertified as part of the 5 year review/recertification requirements.

- New NOx and CO2 analyzers were installed at McKee Run, both as an upgrade to the existing aged units, and to meet the requirements identified in the 2010 NOx Span/range analysis.

- In the month of June, Units 1, 2, 3 and 11 were dispatched by PJM. In the second week of June, all units were dispatched during a three day heat wave. During the month, Units 2 and 3 successfully completed the PJM Capacity Tests for the Summer Demonstration Period.

- Art Morris, Senior Operator, retired as of June 30, 2011. Art spent approximately thirty years working for the City of Dover.

- The following is the NAES Monthly Report as submitted to PGAM.

NAES Corporation
Dover, Delaware

June 2011
Monthly Report



Art Morris, Senior Operator, bids his adieu at his Retirement Celebration Party after almost 30 years of Service at the plant.

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2.0 Financial

3.0 Operations

4.0 Maintenance

5.0 CIP

6.0 General Plant Information

7.0 Summary of NAES Performance

1.0 Environmental, Health and Safety:

During the month of June, there were no restricted work days or lost time accidents. The facility has now gone 259 days without an OSHA recordable accident or a lost time reportable accident. The plant received no Notice of Violations (NOVs). There were no environmental deviations or other permit deviations during the month.

The Van Sant SPCC Plan was reviewed and recertified as part of the 5 year review/recertification requirements.

The annual DNREC/EPA TRI-Form R assessment was completed for both McKee Run and Van Sant. No submission is required for either facility based on the assessment.

New NOx and CO2 analyzers were installed at McKee Run, both as an upgrade to the existing aged units, and to meet the requirements identified in the 2010 NOx Span/range analysis. Both analyzers are working well and no issues have been identified. Linearity and RATA testing is scheduled for July 12th as part of the CEMS recertification process.

A new NAES Waste Management Plan template has been created for the facility and is in the process of being implemented. Customization and implementation is expected to take several months.

Environmental, Health and Safety Statistics		
	Month (June)	Fiscal Year to Date (7/1/10-6/30/11)
NOVs	0	0
Opacity Deviations	0	16
Environmental Deviations	0	1
OSHA Recordable	0	1
OSHA LTA's	0	0
First Aid cases	0	0
Restricted Workday Accident	0	0
Near Miss	0	9
Man Hours Worked	4,235.75	103,463.25
Date last OSHA Recordable		10/14/10
Date last Lost Time Accident		10/14/10
Days since last OSHA recordable		259
Days since last Lost Time Accident		259

Emissions (NOx & SO2) All data thru 6/30/11

NOx Summary - Year (May-Sept.)Tons					
Year	*Unit #1*	*Unit #2*	*Unit #3*	*Unit #11*	*TOTAL*
2009	0.9	0.7	4.2	0.6	6.4
2010	0.7	2.2	119.2	3.3	125.4
2011	0.6	0.5	6.1	0.4	7.6

NOx Summary - Year (Jan. – Dec.)Tons					
Year	*Unit #1*	*Unit #2*	*Unit #3*	*Unit #11*	*TOTAL*
2009	0.9	0.7	10.1	0.6	12.3
2010	0.7	2.2	119.2	3.3	125.4
2011	0.6	0.5	7.3	1.9	10.3

	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)	***Van Sant (Yr/Season)***			***McKee Run (Yr/Season)***	***Van Sant (Yr/Season)***
2009	45/25	75/50	5/3	12/5 - 1/1	0/0 – 0/0	18/0	4/2
2010	0	73/47*	5/3	119**/119** - 3/3	22##/53# – 0/0	-46/0	2/0
2011	0	75###/48###	5/3	7 /6– 2/0	0/0 - 0/0	68###/42###	3/3

Note ** - Higher NOx emissions are attributed to data substitution rules that use significantly higher emission rates than actually were emitted. The implementation of the data substitution rules were caused by performing a linearity test outside the grace period. NAES ESS was able to provide assistance in reducing the NOx emissions from 137 tons to 119 tons since the October report. A petition to the EPA was sent out in February that would result in a reduction in reported emissions. The EPA has given preliminary approval to the petition request although it is not official until the plant receives a signed EPA approval. Until the issue is resolved, the EPA has locked the annual account and no allowances will be deducted until that time.
Note# - 53 tons were purchased to help compensate for the shortage in seasonal NOx allowances.
Note## - 22 tons were purchased to help compensate for the shortage in annual NOx allowances.
Note###- 2 tons (Seasonal and 4 tons (Annual) were reallocated by the EPA to the McKee Run 2011 account.

SO_2 Summary - Year (Jan.-Dec.)Tons					
Year	*Unit #1*	*Unit #2*	*Unit #3*	*Unit #11*	*TOTAL*
2009	0.05	0.05	0.1	0.2	0.4
2010	0.0	0.0	0.3	0.0	0.3
2011	0.0	0.0	0.1	0.5	0.6

Note: Data is as of 6/30/2011

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*		
2003-2006	139	138	1	0	0
2007	2455	2585	138	98	170
2008	2392	2585	138	32	299
2009	0	2585	138	0	2723
2010	0	1850	138	0	1988
2011	0	1850	138	1	1987

Note: Data is as of 6/30/2011

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	*Van Sant*		
2009	0	59,805	1,699	5,796	55,708
2010	0	47,844	1,636	32,971	16,509
2011	0	35,883	1,227	4795	32,315
2012	0	23,922	818	0	24,740
2013	0	11,961	409	0	12,370

Note: All CO2 allowance values are provided by the RGGI CO2 Allowance Tracking System

2.0 Financial

Financial – Current Month

Month –June 2011			
	Actual	Budget	Variance
Personnel	616,580	641,305	24,725
Materials & Supplies	41,832	17,669	(24,163)
Administrative Expenses	651,581	348,831	(302,750)
Total	**$1,309,993**	**$1,007,805**	**($302,188)**

Financial – Fiscal Year to Date

Number of Months - 12			
	Actual	Budget	Variance
Personnel	3,382,052	3,418,678	36,626
Materials & Supplies	269,410	262,370	(7,040)
Administrative Expenses	2,807,626	2,482,267	(325,359)
Total	**$6,459,088**	**$6,163,315**	**($295,773)**

2.1 Variance analysis:

The City of Dover Finance Department has not yet closed the books for the month of June but has conveyed to PACE that it was permissible to use the expenses booked to date for their final monthly report. The City of Dover plans on closing the books for June on July 29, 2011 or soon thereafter. The adjusted (annual reset) budget for June was $1,007,805. The actual expenses for June were $1,309,993for an unfavorable variance of $302,188 or ≈ 29.98%. The variance was due to the following:

PERSONNEL EXPENSES – Lower straight labor, overtime, and labor burdens accounted for a favorable variance of $24,725.

MATERIALS AND SUPPLIES EXPENSES- Higher than budgeted expenses in Water/Sewer, Water Treatment Chemicals, Computer Hardware, and City Building Maintenance contributed to realizing an unfavorable variance of $24,163.

ADMINISTRATIVE EXPENSES – Higher than budgeted expenses in the areas of Insurance (due to billing cycle), Electric (due to billing cycle), Training / Conference / Food , Contractual Services, Environmental Expenses, Home Office Labor, Other Equipment / Maintenance, Boiler Systems, Continuous Emission Monitors, and Combustion Turbine Maintenance contributed to an unfavorable variance of $302,750. The majority of the unfavorable variance was due to Insurance premium billing.

The current budget forecast for the current fiscal year is $6,495,088 expensed versus an adjusted budget of $6,163,315 thereby realizing a 104.8%.expense rate.

3.0 Operations

Unit Operations / Outages / Trips

In the month of June, Units 1, 2, 3 and 11 were dispatched by PJM. In the second week of June, all units were dispatched during a three day heat wave. During the month, Units 2 and 3 successfully completed the PJM Capacity Tests for the Summer Demonstration Period.

Month – June 2011							
		McKee Unit 1	McKee Unit 2	McKee Unit 3	MRS Facility	Van Sant Unit 11	Total All Units
Capacity	MW	17	17	102	136	39	175
On Line Hours	Hrs	29.967	30.750	55.685	116.402	7.250	123.652
Starts	#	2	2	4	8	1	9
Gross Generation	MWh	278.102	286.102	3,668.068	4,232.410	235.957	4,468.367
Net Generation	MWh	264.400	267.194	3,382.809	3,914.403	235.785	4,150.188
Total Auxiliaries	MWh	47.055	52.399	474.522	573.976	1.692	575.668
Auxiliaries purchased	MWh	33.353	33.353	189.263	255.968	1.520	257.488
Fuel Gas Used	MMBTU	4,433.141	3,796.319	37,982.535	46,211.995	3,135.911	49,347.906
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	4,433.141	3,796.319	37,982.535	46,211.995	3,135.911	49,347.906
Net Heat Rate	BTU/KWh	16,767	14,208	11,228	14,068	13,300	13,684
Unit Trips	#	1	1	0	0	0	0
Capacity Factor	%	2.16	2.18	4.61	4.00	0.84	3.29
Availability Factor	%	100.00	100.00	100.00	100.00	100.00	100.00
Commercial Unavailability (CU)	%	0	0	0	0	0	0
Planned Outage Hours	Hours	0.0	0.0	0.0	0.0	0.0	0.0
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	690.033	689.250	664.315	2,043.598	712.750	2,756.348
HW Boiler Gas Usage	MMBTU				0		0
Pilot Gas Usage	MMBTU	228.575	228.575		457.15		457.15

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

2010-2011 Fiscal Year-to-Date (12 Months)							
		McKee Unit 1	McKee Unit 2	McKee Unit 3	MRS Facility	Van Sant Unit 11	Total All Units
Capacity	MW	17	17	102	136	39	175
On Line Hours	Hrs	43.000	159.716	714.691	917.407	154.676	1,072.083
Starts	#	3	5	49	57	39	96
Gross Generation	MWh	432.728	1,502.703	50,259.766	52,195.197	5,151.571	57,346.714
Net Generation	MWh	411.511	1,408.817	47,297.822	49,118.150	5,147.968	54,266.118
Total Auxiliaries	MWh	381.902	454.708	6,115.656	6,952.266	46.402	6,998.668
Auxiliaries purchased	MWh	360.685	360.685	3,036.512	3,757.882	42.770	3,800.652
Fuel Gas Used	MMBTU	6,628.619	19,054.397	501,102.761	526,785.777	60,932.007	587,717.784
Fuel Oil Used	MMBTU	52.177	52.177	17,721.260	17,825.614	3,790.097	21,615.711
Fuel Oil Used	Gallons	377.00	377.00	125,088	125,842	27,385	153,227
Total Fuel	MMBTU	6,680.796	19,106.574	518,824.021	544,611.391	68,311.400	612,922.791
Net Heat Rate	BTU/KWh	15,804	13,782	11,464	13,683	13,300	13,492
Unit Trips	#	2	1	3	6	3	9
Capacity Factor	%	0.28	0.95	5.21	4.06	1.43	3.35
Availability Factor	%	63.18	69.80	69.73	67.57	97.17	67.57
Commercial Unavailability (CU)	%	6.6	0	0.03*	0.85	0	0.66
Planned Outage Hours	Hours	2,645.500	2,645.500	2,645.500	7,936.500	247.317	10,829.317
Maintenance Outage Hours	Hours	0.0	0.0	0.0	0.0	5.433	5.433
Forced Outage Hours	Hours	579.830	0	6.317	586.15	0	586.15
Reserve Shutdown Hours	Hours	5,504.703	5,954.784	5,464.708	16,924.195	8,352.570	25,276.765
HW Boiler Gas Usage	MMBTU				4,816.910		4,816.910
Pilot Gas Usage	MMBTU	266.894	266.894		533.7880		533.7880

Note: * Calculation does not include 3.317 hours that were Outside Management Control (OMC)

Fuel Oil Inventory							
	Monthly Inventory (Start)	Monthly Inventory (End)	Fuel Purchases (Month)	Monthly Inventory (Change)	FY 10-11 Inventory (Start)	Fuel Purchases (YTD)	FY 10-11 Inventory (Change)
McKee Run (#2 Fuel Oil)	453,844	454,725	0	881	448,556	118,549	6,169
Van Sant (#2 Fuel Oil)	153,043	153,212	0	169	143,099	38,079	10,113

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

Van Sant Lifetime through 6/30/11			
	Actual Starts	Factored Starts	Fired Hours
Van Sant	1257	2172.15	4128.46
Since HGP - Dec 2004	204	504.45	744.88

Team Report:

Plant employees continue to study 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 as well.

Operations personnel continue to support maintenance by working on Preventative Maintenance (PM) work orders and other work orders for those work orders that they have the necessary skills to successfully complete the task. The Operations Department continues to utilize the Flex Team in both Operations and Maintenance areas to help in maintaining the plant. During the month of June, Operations successfully completed the PJM Capacity Tests on Units 2 and 3 for the Summer Demonstration Period.

Capacity Testing – FY 2010-2011					
Summer 2010 (June 1- Aug 31)			**Winter 2010-2011 (Dec 1- Mar 1)**		
Unit	Rated Net Capability (MW)	Reported Net Capability (MW)	Unit	Rated Net Capability (MW)	Reported Net Capability (MW)
1	17	17.20	1	17	*
2	17	18.09	2	17	*
3	102	102.68	3	102	105.61
Van Sant	39	39.30	11	39	43.833
Total	175	178.67	Total	175	149.443

4.0 Maintenance

During the month of June, plant maintenance staff continued addressing the backlog of work orders. There were fifty-nine work orders issued with ninety-four work orders being completed during the month. The table below summarizes the monthly work order activities.

Work Order Report

June - 12

Priority #	Outstanding From Previous Months	Issued This Month	Completed This Month	Outstanding at the end of the month
1	13	0	7	6
2	37	12	25	24
3	54	9	29	34
4	35	0	1	34
5	2	0	1	1
SW1	0	3	0	3
SW2	0	0	0	0
SW3	0	0	0	0
SW4	0	0	0	0
SW5	0	0	0	0
PM	44	35	31	48
Totals	185	59	94	150

Note: PM's are included in the priority totals

Notable activities during the month include:

1) Maintenance completed the removal and installation of a new braided gas line to the A-2 main gas burner on Unit 3. It was discovered during the most recent unit dispatch that the gas line had a small gas leak. Operations promptly removed the burner from service and a LOTO was completed for the repair.

2) Maintenance staff completed the annual oil sampling of plant equipment and the results were analyzed by Bentley Tribology Services. Results were received and reviewed by the plant maintenance staff. Based on the sample results, a recommendation to change the oil in two fan motors was acted upon.

3) Operations team members, I,C/E staff and Aqua Tech Technicians investigated problems with the Van Sant DI train. The DI was not able to get extended throughput when the train was put in operation. During the evaluation of the regeneration process, it was discovered several analyzers, probes and transmitters weren't working properly. Each was calibrated and checked for proper working condition. Upon completion of the evaluation, Aquatech recommended the replacement of five separate pieces of instrumentation equipment. Bids were solicited for the new parts and subsequently

ordered. Several weeks later, the I,C/E staff received the Vansant DI parts and promptly went about the process of installing the equipment. Operations was tasked with placing the Van Sant DI in service for final tuning and testing of the new instruments. During the regeneration process it was discovered that more technical support would be needed from Aqua Tech. Aqua Tech was brought back on site and Operations placed the DI in service. Aqua Tech and IC&E staff made several adjustments and optimized the DI water output. Van Sant DI completed its run cycle filling the tank.

4) IC&E staff relocated the low pressure gas switches on Units 1&2 main gas piping to the boilers. In addition, the high pressure gas trip switch settings were adjusted slightly higher to allow for slight deviations on the natural gas system.

5) IC&E staff received the parts for Units 1 and 2 spark igniter rewire. Each igniter was rewired per the Warren Professional Control's drawing design. New wire and trip relays were installed and field tested. Each worked as designed.

5.0 Capital Improvement Projects (CIP)

Project Number	Description	Update
EG1101	Unit 3 Cooling Tower Life Extension	Progress: ATS replaced outside panels on the tower during the month of June. No other work is planned for this project during the remainder of the fiscal year. Schedule: Work scope development for next year will commence in September 2011.
EG1102	Units 1 & 2 Cooling Tower Life Extension	Progress: The scope of work on the Tower casing was completed in June. Schedule: No other work planned for this fiscal year.
EG1103	Unit 3 Turbine Inspection	Progress: Due to higher priority work to address the reliability of Units 1 and 2, this project is being deferred until 2012. As the end of the current fiscal year ends, development of the work scope is in the process of commencing. NAES Turbine Services has been contacted to aid in this endeavor. Schedule: This project has been deferred until 2011-2012 fiscal year.
EG1104	Unit 3 Aux System Components	Progress: Due to higher priority work to address the reliability of Units 1 and 2, this project is being deferred until 2012. As the end of the current fiscal year ends, development of the work scope is in the process of commencing. Schedule: Deferred until 2011-2012 fiscal year.
EG1105	Miscellaneous Capital Equipment Replacements	Progress: This project is for the unexpected capital costs due to equipment failure. Schedule: Funds to date have been used to cover the cost of the Unit 3 600-lb steam station valve repairs, Unit 3 Cooling Water Booster Pump Repairs and circuit breakers.
EG1106	Unit 3 Stack Repairs	Progress: Due to higher priority work to address the reliability of Units 1 and 2, this project is being deferred until 2012. As the end of the current fiscal year ends, development of the work scope is in the process of commencing. Schedule: Deferred until 2011-2012 fiscal year.
EG1107	Units 1 & 2 Life Extension	Progress: This project is to assess and determine the actions necessary to prolong the life of Units 1 and 2. Repair costs based on inspection results will have to be developed and supplied to the City of Dover in order to make a decision on how and when to proceed. The plant is still waiting on estimated costs from Siemens. Training of plant staff on the equipment during plant operations and when the units were not operating occurred during the month. Schedule: Other work has been scheduled for the 2011-2012 fiscal year.

EG1108	Unit 1 Forced Outage Repairs	Progress: The repair work has been completed. Schedule: This work is complete.
EG1109	Unit 3 FD & ID Fan Damper Upgrade	Progress: Started on the development of the project work scope documents. Schedule: Deferred until 2011-2012 fiscal year.
EG1110	Unit 3 DCS Computers & Software Upgrades	Progress: Started on the development of the project work scope documents. Schedule: Deferred until 2011-2012 fiscal year.
EG1111	Unit 2 Boiler Inspections and Repairs	Progress: Inspections and other repairs were completed during the Fall 2010 Outage. Schedule: Miscellaneous work is being wrapped up to complete the project.
EG1112	Unit 3 Air Heater Expansion Joint	Progress: The work was completed on the expansion joint insulation and lagging reinstallation commenced in June 2011. Schedule: The work will be completed by the end of July 2011
EG1113	Units 1 & 2 Controls Modifications	Progress: Work continued with the installation of additional control valves and wiring. Both the modified oil and natural gas systems were tested and are now operational, ready for the next dispatch. Schedule: Parts are on order for the natural gas system and will be installed upon arrival in July.
EG1114	Unit 3 Gas Line Modifications	Progress: Work was completed in May. Schedule: The work was completed and tested on May 18.

5.1 CIP Budget

Project Number	Description	Approved Budget ($ X 1000)	Latest Estimate ($ X 1000)
EG1101	Unit 3 Cooling Tower Life Extension	398	372
EG1102	Units 1 & 2 Cooling Tower Life Extension	173	90
EG1103	Unit 3 Turbine Inspection	348	348
EG1104	Unit 3 Aux System Components	188	188
EG1105	Miscellaneous Capital Equipment Replacements	77	66
EG1106	Unit 3 Stack Repairs	25	25
EG1107	Units 1 & 2 Life Extension	225	225
EG1108	Unit 1 Forced Outage Repairs	412**	424

EG1109	Unit 3 FD & ID Fan Damper Upgrade	45	45
EG1110	Unit 3 DCS Computers & Software Upgrades	30	30
EG1111	Unit 2 Boiler Inspections and Repairs	124##	111
EG1112	Unit 3 Air Heater Expansion Joint	65##	75
EG1113	Units 1 & 2 Controls Modifications	150##	150
EG1114	Unit 3 Gas Line Modifications	60##	40

** This project was not budgeted for 2011.
Project was not in original FY11 CIP but was approved by COD Council in late 2010.

6.0 General Plant Information

Training:

CEMS training on the QA/QC Manual was scheduled for the I,C/E Technicians. Unfortunately, this had to be rescheduled to a date in early July due to work priorities and unit operations.

As part of plant improvements, the NOx and CO2 analyzers were replaced. During the replacement, plant staff members were able to get valuable hands-on experience on the equipment.

Many staff members attended CPR and First Aid Training held at the plant site and led by instructors from the Delaware Fire School. One class had to be rescheduled due to the dispatch of the generation units. This class session is expected to occur in July.

A safety stand-down was put into effect at the end of the month. Vince Scire, Plant Manager, worked with plant staff to implement a strategy that would aid in improving safety awareness among plant personnel as well as heighten visibility and accessibility of plant management among the employees.

Vince Scire attended a Frame 6 users meeting.

Personnel:

Art Morris, Senior Operator, retired as of June 30, 2011. Art spent approximately thirty years working for the City of Dover. He was an asset to the company and to the plant. The absence of his valuable experience will be felt among all staff members.

Calendar of Events	Date
PJM Summer Capacity Test Period	June 1, 2011- August 31, 2011
Fiscal Year 2010-2011 Ends	June 30, 2011
Toxic Release Inventory (TRI) Annual Report	July 1, 2011
Unit 3 RATA Testing	July 12, 2011
McKee Run and Van Sant Title V Semi-Annual Certification Due	August 1, 2011
NOx Ozone Season Ends	September 30, 2011
One Year Accident Free	October 14, 2011
Units 1, 2, 3 and 11 Fall Outage	TBD
Winter Capacity Period	December 1, 2011 to February 28, 2012
McKee Run and Van Sant Title V Annual Certification Due	February 1, 2012
NOx Emissions Reconciliation Due	March 1, 2012
SO2 Emissions Reconciliation Due	March 1, 2012
SARA III Report	March 1, 2012
Annual Van Sant Black Start Test	March , 2012
Units 1, 2, 3 and 11 Spring Outage	TBD
Air Emission Inventory	April 1, 2012
McKee Run Title V Permit Renewal	April 20, 2012
EIA-860 Report	April 29, 2011
Units 1, 2, and 3 Spring Outage	TBD
NOx Ozone Season Starts	May 1, 2012
EIA-923 Report	May 6, 2012

7.0 Summary of NAES Performance to Date

Measure	Plant Performance FY 2010-2011 Month		Year to Date		YTD Incentive	FY Maximum Incentive
Commercial Unavailability (CU)	0%		0.66%		$63,262	$89,586
Safety	1		1		$8,398	$16,797
Environmental	0		0		$16,797	$16,797
Capacity Tests Completed	Summer	Winter	Summer	Winter		
Unit 1	No	No	Yes	Yes*	$3,360	$3,360
Unit 2	No	No	Yes	Yes*	$3,360	$3,360
Unit 3	No	No	Yes	Yes	$20,157	$20,157
Unit 11	No	No	Yes	Yes	$6,719	$6,719
Total YTD Incentive %	77.88%		***Total YTD Incentive***		$122,052	$156,775

Note - * Unit did not operate in the Winter period and was in the PJM Winter Capacity Test Exemption Program.

APPENDICES

I. PJM INVOICE BREAKDOWN

The PJM bill is a record of all Electricity Transactions, Transmission Services, Ancillary Services and Miscellaneous fees that allow the PJM to operate. Below is a list of the line items on the PJM bill including all generator activity.

PJM Bill Line Items	Gen	Load	Net
Day Ahead Energy	$836,010.69	($1,372,726.48)	($536,715.79)
Real-time Energy	($72,344.93)	($10,882.25)	($83,227.18)
Transmission Losses Credits	$0.00	$46,059.61	$46,059.61
Network Integration Transmission Service Charges	$0.00	($262,228.80)	($262,228.80)
Inadvertent Interchange Charges	$0.00	($1,292.36)	($1,292.36)
Regulation Charges	$0.00	($30,898.18)	($30,898.18)
Synchronized Reserve Charges	$0.00	($6,909.91)	($6,909.91)
Balancing Operating Reserves Charges	$0.00	($25,364.83)	($25,364.83)
Day Ahead Operating Reserves Charges	($1,492.98)	($6,677.52)	($8,170.50)
Day-ahead Scheduling Reserve	$0.00	($10,983.95)	($10,983.95)
Synchronous Condensing Charges	$0.00	($10.30)	($10.30)
Reactive Services Charges	$0.00	($72,052.64)	($72,052.64)
Meter Correction Charges	$0.00	$9,120.43	$9,120.43
Day-ahead Operating Reserve for Load Response	$0.00	$0.00	$0.00
Balancing Operating Reserve for Load Response	$0.00	$0.00	$0.00
Balancing Operating Reserves Credits	$130,847.57	$0.00	$130,847.57
Day Ahead Operating Reserves Credits	$14,309.82	$0.00	$14,309.82
Locational Reliability Charges	$0.00	($693,444.00)	($693,444.00)
Capacity Transfer Rights Credits	$0.00	$0.00	$0.00
Capacity Resource Deficiency Credits	$0.00	$85.20	$85.20
Demand Response and ILR Compliance Penalty Credits	$0.00	$0.00	$0.00
RPM Auction Credits	$573,435.00	$0.00	$573,435.00
Auction Revenue Rights Credits	$0.00	$66,483.30	$66,483.30
Synchronized Reserve Credits	$0.00	$0.00	$0.00
PJM Scheduling System Control and Dispatch Service Charges	$0.00	($17,895.67)	($17,895.67)
Transmission Owner Scheduling System Control and Dispatch Service Charges	$0.00	($5,480.52)	($5,480.52)
Reactive Supply and Voltage Control from Generation Sources Service Charges	$0.00	($32,199.42)	($32,199.42)
Reactive Supply Credit	$29,467.58	$0.00	$29,467.58
Black Start Service Charges	$0.00	($1,676.68)	($1,676.68)
North American Electric Reliability Corporation (NERC) Charge	$0.00	($641.74)	($641.74)
Reliability First Corporation (RFC) Charges	$0.00	($973.63)	($973.63)
Expansion Cost Recovery Charges	$0.00	($408.60)	($408.60)
Transmission Enhancement Charges	$0.00	($14,539.40)	($14,539.40)
Black Start Service Credits	$6,111.93	$0.00	$6,111.93
Non-Firm Point-to-Point Transmission Service Credits	$0.00	$585.20	$585.20
Generation Deactivation	$0.00	$741.04	$741.04
Market Monitoring Unit (MMU) Funding	$0.00	($392.94)	($392.94)

Organization of PJM States, Inc. (OPSI) Funding	$0.00	($45.74)	($45.74)
FERC Annual Recovery	$0.00	($4,152.80)	($4,152.80)
PJM Annual Membership	$0.00	$0.00	$0.00
EFOR-P	$0.00	$0.00	$0.00
DPL Settlement B	$0.00	($182.89)	($182.89)
PPA	$0.00	$29,955.54	$29,955.54
	$1,516,344.68	**($2,419,030.93)**	**($902,686.25)**

II. LOAD, ALL IN ENERGY AND ALL IN COST OF SERVICE TABLE

	Budget Load (MWh)	Actual Load (MWh)	Budget AIE ($/MWh)	Actual AIE ($/MWh)	Actual YTD AIE ($/MWh)	Budget AICS ($/MWh)	Actual AICS ($/MWh)	Actual YTD AICS ($/MWh)
Jul	**83,163**	**83,163**	**$90.72**	**$90.72**	**$90.72**	**$81.36**	**$81.36**	**$81.36**
Aug	**78,755**	**78,755**	**$82.76**	**$82.76**	**$86.85**	**$83.03**	**$83.03**	**$82.17**
Sep	**66,782**	**66,782**	**$82.73**	**$82.73**	**$85.65**	**$91.13**	**$91.13**	**$84.79**
Oct	**56,452**	**56,452**	**$79.72**	**$79.72**	**$84.47**	**$87.24**	**$87.24**	**$85.27**
Nov	**54,396**	**54,396**	**$82.56**	**$82.56**	**$84.17**	**$91.56**	**$91.56**	**$86.28**
Dec	**63,566**	**63,566**	**$87.33**	**$87.33**	**$84.67**	**$98.22**	**$98.22**	**$88.16**
Jan	**60,136**	**64,462**	**$86.66**	**$91.77**	**$85.65**	**$94.36**	**$97.13**	**$89.40**
Feb	**54,199**	**54,900**	**$85.32**	**$84.37**	**$85.51**	**$94.11**	**$92.95**	**$89.77**
Mar	**56,334**	**57,414**	**$85.66**	**$81.75**	**$85.14**	**$93.39**	**$89.70**	**$89.77**
Apr	**52,554**	**54,359**	**$83.85**	**$81.20**	**$84.80**	**$92.99**	**$89.53**	**$89.74**
May	**58,744**	**62,114**	**$80.01**	**$77.85**	**$84.18**	**$87.28**	**$84.55**	**$89.28**
Jun	**67,331**	**71,891**	**$80.34**	**$82.20**	**$84.00**	**$95.85**	**$93.76**	**$89.70**

III. GLOSSARY

Energy Only Unit Cost ("EOU") accounts for the wholesale energy costs **excluding** capacity obligations, capacity credits for Dover-owned generation, generation revenues, generating plant costs, the black start ancillary services credit for the Van Sant plant, and revenues associated with the sale of emission allowances. The AIE includes the costs from settling the hedged or forward transactions; the energy bought on the ISO (Independent System Operator or PJM) day-ahead to cover the open position (un-hedged); load following costs associated with balancing the actual load in the ISO real-time market; energy management service related fees; the ISO transmission charges and credits to load serving entities; the ISO ancillary services charges such as generation regulation, spinning reserve, and reactive power; and the ISO administrative charges and cost of service recovery fees.

All In Cost of Service ("AICS") accounts for the net cost of wholesale power to the City of Dover Electric Utility. The AICS starts with the AIE and adds the costs or credits from capacity obligations, capacity credits for Dover-owned generation, generation revenues, generating plant costs, the black start ancillary services credit for the Van Sant plant, and revenues associated with the sale of emission allowances.

Black Start is a generating ancillary service that is the process of restoring a generating plant to service without the support of an external power supply to power auxiliary equipment needed for start up operations.

Capacity UCAP Obligated Purchased is the obligation and payment by all load serving entities in PJM including Dover for the Unforced Capacity (UCAP) requirement from PJM that satisfies the PJM reserve requirements.

Generation Capacity Credit: is the credit provided to generators for supply capacity to the system. The price is determined by the PJM Reliability Pricing Market auction process that includes three auctions for each capacity year.

Generation Production Margin accounts for the variable margin excluding variable O&M and emissions. The Generation Production Margin is calculated by taking the PJM revenues credited to the plant including any balancing charges or credits less the fuel costs. Generation Production Margin includes both "Economic and reliability dispatch" and "Testing." Economic and reliability dispatch equals the margin achieved when Dover's generating plants are dispatched by PJM for either economic dispatch (the system energy price is greater than the Dover bid price) or reliability dispatch whereby PJM pays the generating cost of the plants for the hours the plant is run to support the system. Generation Testing equals the Generation Production Margin associated with testing. This is usually expected to be a negative margin because the plant is potentially being dispatched / run when energy prices do not cover its costs.

Non-Production Revenue equals the credits from PJM to Dover for Generation Capacity Credit, the Black Start Revenue and the sales by Dover of Emission Allowances.

FUND 480 ELECTRIC REVENUE FUND DEPT/DIV 8101 PLANT OPER & POWER SUPPLY/PLANT OPERATIONS

BA ELE OBJ SUB	SUB	ACCOUNT DESCRIPTION	CURRENT BUDGET	CURRENT ACTUAL	CURRENT %EXP	YEAR-TO-DATE BUDGET	YEAR-TO-DATE ACTUAL	YEAR-TO-DATE %EXP	ENCUMBR.	ANNUAL BUDGET	UNENCUMB. BALANCE	% BDGT
59		PLANT OPER & POWER SUPPLY										
591		PLANT MANAGEMENT										
	10	PERSONNEL COSTS										
	10 11	SALARIES & WAGES	254859	.00	0	2202239	2205595.52	100	.00	2202239	3356.52-	100
	10 12	OVERTIME	29133	.00	0	212816	209635.77	99	.00	212816	3180.23	99
	10 18	EDUCATIONAL ASSISTANCE	415-	.00	0	0	.00	0	.00	0	.00	0
	10 22	INCENTIVE ACUMULATOR	279348	.00	0	224148	216937.12	97	.00	224148	7210.88	97
	10 23	INCENTIVE BURDEN (21.0%)	61112	.00	0	49362	40254.86	82	.00	49362	9107.14	82
	10 24	BURDEN @ 40%	80489	.00	0	730113	709046.20	97	.00	730113	21066.80	97
	10 **	PERSONNEL COSTS	704526	.00	0	3418678	3381469.47	99	.00	3418678	37208.53	99
	20	MATERIALS & SUPPLIES										
	20 22	OFFICE SUPPLIES/SUBSCRIPT	500	.00	0	6800	8130.37	120	.00	6800	1330.37-	120
	20 23	PRINTING & DUPLICATING	250	.00	0	3000	2297.01	77	.00	3000	702.99	77
	20 25	JANITORIAL SERV/SUPPLIES	2600	.00	0	31200	32155.43	103	.00	31200	955.43-	103
	20 28	MEDICAL SUPPLIES	500-	.00	0	3000	1102.00	37	.00	3000	1898.00	37
	20 29	UNIFORMS/UNIFORM ALLOW	1250	.00	0	15000	16593.69	111	.00	15000	1593.69-	111
	20 32	SECURITY/SAFETY MATERIALS	125	.00	0	9500	13003.86	137	.00	9500	3503.86-	137
	20 33	SMALL TOOLS	300	.00	0	3600	2043.33	57	.00	3600	1556.67	57
	20 35	WATER TREATMENT CHEMICALS	5000	.00	0	30000	30390.28	101	.00	30000	390.28-	101
	20 37	COMPUTER SOFTWARE	1750-	.00	0	7895	3834.53	49	.00	7895	4060.47	49
	20 38	COMPUTER HARDWARE	0	.00	0	5300	3837.48	72	.00	5300	1462.52	72
	20 46	CITY BUILDING MAINTENANCE	3075-	.00	0	15000	20766.78	138	.00	15000	5766.78-	138
	20 58	WATER/SEWER	23500	.00	0	128000	135080.59	106	.00	128000	7080.59-	106
	20 **	MATERIALS & SUPPLIES	28200	.00	0	258295	269235.35	104	.00	258295	10940.35-	104
	30	ADMIN EXPENDITURES										
	30 19	OPERATOR INSURANCE	6050-	.00	0	316000	341185.13	108	.00	316000	25185.13-	108
	30 21	TELEPHONE	950	.00	0	11400	12699.18	111	.00	11400	1299.18-	111
	30 22	POSTAGE	2550-	.00	0	7800	10431.15	134	.00	7800	2631.15-	134
	30 23	ELECTRICITY	162000	.00	0	1068000	999016.69	94	.00	1068000	68983.31	94
	30 24	HEATING OIL/GAS	2000-	.00	0	42000	39408.95	94	.00	42000	2591.05	94
	30 28	TRAINING/CONF/FOOD/TRAVEL	194-	.00	0	39300	31444.71	80	.00	39300	7855.29	80
	30 31	CONTRACTUAL SERVICES	6750	.00	0	77240	92370.93	120	.00	77240	15130.93-	120
	30 43	ENVIRONMENT EXPENSES	4200	.00	0	103200	114346.79	111	.00	103200	11146.79-	111
	30 45	OPERATOR MANAGEMENT FEE	16331	.00	0	195968	195972.00	100	.00	195968	4.00-	100
	30 46	OPERATOR INCENTIVE	151900	.00	0	122275	122098.00	100	.00	122275	177.00	100
	30 47	HOME OFFICE LABOR	6585	.00	0	84340	69985.13	83	.00	84340	14354.87	83
	30 51	RIGHT OF WAY/PERMITS	0	.00	0	61450	61045.00	99	.00	61450	405.00	99
	30 62	GASOLINE	250	.00	0	3000	4146.92	138	.00	3000	1146.92-	138
	30 66	OTHER EQUIPT/MAINTENANCE	4500	.00	0	76000	70412.73	93	.00	76000	5587.27	93
	30 67	RADIO REPAIRS/MAINTENANCE	500	.00	0	3000	749.50	25	.00	3000	2250.50	25
	30 80	AUXILLARY SYSTEMS	750-	.00	0	33000	44055.62	134	.00	33000	11055.62-	134
	30 81	BOILER SYSTEMS	13750	.00	0	135000	149036.66	110	.00	135000	14036.66-	110
	30 82	CONTINUOUS EMISSIONS MONI	500	.00	0	14500	23087.20	159	.00	14500	8587.20-	159
	30 83	DCS CONTROL SYSTEM	1150	.00	0	8600	2767.44	32	.00	8600	5832.56	32
	30 84	FIRE PROTECTION SYSTEM	500	.00	0	12000	7548.07	63	.00	12000	4451.93	63
	30 85	COOLING TOWER	500	.00	0	8000	6837.56	86	.00	8000	1162.44	86
	30 86	FUEL OIL/GAS SYSTEMS	625-	.00	0	1500	1515.78	101	.00	1500	15.78-	101
	30 87	COMBUSTION TURBINE MAINT	5750	.00	0	27000	42501.29	157	.00	27000	15501.29-	157

FUND 480 ELECTRIC REVENUE FUND DEPT/DIV 8101 PLANT OPER & POWER SUPPLY/PLANT OPERATIONS

BA ELE OBJ SUB	SUB	ACCOUNT DESCRIPTION	*********CURRENT********** BUDGET	ACTUAL	%EXP	**********YEAR-TO-DATE******* BUDGET	ACTUAL	%EXP	ENCUMBR.	ANNUAL BUDGET	UNENCUMB. BALANCE	% BDGT
59		PLANT OPER & POWER SUPPLY										
591		PLANT MANAGEMENT										
30	88	POWER DISTRIBUTION SYSTEM	1125	.00	0	8500	2580.26	30	.00	8500	5919.74	30
30	89	TURBINE GENERATOR SYSTEMS	1250	.00	0	19000	18089.24	95	.00	19000	910.76	95
30	**	ADMIN EXPENDITURES	366322	.00	0	2478073	2463331.93	99	.00	2478073	14741.07	99
591	** **	PLANT MANAGEMENT	1099048	.00	0	6155046	6114036.75	99	.00	6155046	41009.25	99
59	** **	PLANT OPER & POWER SUPPLY	1099048	.00	0	6155046	6114036.75	99	.00	6155046	41009.25	99
DIV	8101	TOTAL ******* PLANT OPERATIONS	1099048	.00	0	6155046	6114036.75	99	.00	6155046	41009.25	99
DEPT	81	TOTAL ******* PLANT OPER & POWER SUPPLY	1099048	.00	0	6155046	6114036.75	99	.00	6155046	41009.25	99
FUND 480		TOTAL ********* ELECTRIC REVENUE FUND	1099048	.00	0	6155046	6114036.75	99	.00	6155046	41009.25	99

FUND 480 ELECTRIC REVENUE FUND DEPT/DIV 8102 PLANT OPER & POWER SUPPLY/POWER SUPPLY

BA ELE OBJ SUB	SUB	ACCOUNT DESCRIPTION	CURRENT BUDGET	CURRENT ACTUAL	CURRENT %EXP	YEAR-TO-DATE BUDGET	YEAR-TO-DATE ACTUAL	YEAR-TO-DATE %EXP	ENCUMBR.	ANNUAL BUDGET	UNENCUMB. BALANCE	% BDGT
59		PLANT OPER & POWER SUPPLY										
592		POWER SUPPLY										
65		ADMINISTRATIVE										
65	31	CONTRACTUAL SERVICES	0	.00	0	0	225.75	0	.00	0	225.75-	0
65	44	OPERATOR/SUPPLY MGMT FEE	200389	.00	0	2321562	2355630.07	102	.00	2321562	34068.07-	102
65	**	ADMINISTRATIVE	200389	.00	0	2321562	2355855.82	102	.00	2321562	34293.82-	102
95		OPERATING EXPENSES										
95	48	3RD PARTY HEDGE PURCHASES	3898651	.00	0	47634363	47543982.55	100	.00	47634363	90380.45	100
95	49	CAPACITY CHARGES	1139231	.00	0	12302392	12344168.92	100	.00	12302392	41776.92-	100
95	50	CAPACITY CREDITS	940143-	.00	0	11419723-	11407201.00-	100	.00	11419723-	12522.00-	100
95	91	PJM CHARGES	1365712	.00	0	13363432	14836065.71	111	.00	13363432	1472633.71-	111
95	92	PJM CREDITS	1268222-	.00	0	5553404-	6834780.30-	123	.00	5553404-	1281376.30	123
95	**	OPERATING EXPENSES	4195229	.00	0	56327060	56482235.88	100	.00	56327060	155175.88-	100
98		GENERATION FUELS										
98	91	GAS FUEL	761612	.00	0	3244977	3548274.76	109	.00	3244977	303297.76-	109
98	93	NO. 2 FUEL OIL	0	.00	0	0	136923.88	0	.00	0	136923.88-	0
98	**	GENERATION FUELS	761612	.00	0	3244977	3685198.64	114	.00	3244977	440221.64-	114
592	**	** POWER SUPPLY	5157230	.00	0	61893599	62523290.34	101	.00	61893599	629691.34-	101
59	**	** PLANT OPER & POWER SUPPLY	5157230	.00	0	61893599	62523290.34	101	.00	61893599	629691.34-	101
DIV	8102	TOTAL ******* POWER SUPPLY	5157230	.00	0	61893599	62523290.34	101	.00	61893599	629691.34-	101
DEPT	81	TOTAL ******* PLANT OPER & POWER SUPPLY	5157230	.00	0	61893599	62523290.34	101	.00	61893599	629691.34-	101
FUND	480	TOTAL ********* ELECTRIC REVENUE FUND	5157230	.00	0	61893599	62523290.34	101	.00	61893599	629691.34-	101