UTILITY COMMITTEE

A G E N D A

August 10, 2009 - 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 Tmcdowell@dover.de.us) **should you wish to be recognized.

AGENDA ADDITIONS/DELETIONS

1. Green Energy Fund Grants - Reduction in Matching Funds

2. Update on Federal Energy Stimulus Funds

3. PACE/NAES Monthly Report *(June)*

4. Adjournment by 5:55 P.M.

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

ACTION FORM

PROCEEDING: Utility Committee	**AGENDA ITEM NO.:**
DEPARTMENT OF ORIGIN: Public Utilities – Electric	**DATE SUBMITTED**: 7-29-09
PREPARED BY: Ron Lunt, Public Utilities Director	
SUBJECT: Green Energy Fund Program – Reduction in Matching Funds	
REFERENCE: N/A	
RELATED PROJECT: N/A	
APPROVALS: City Manager	
EXHIBITS: Green Energy Program Grant Fact Sheet and Fund Summary	
EXPENDITURE REQUIRED: N/A	**AMOUNT BUDGETED**: N/A
FUNDING SOURCE (Dept./Page in CIP & Budget):	
TIME TABLE: Effective upon Council Approval.	
RECOMMENDED ACTION: Staff recommends adopting the "NEW POLICY" changes outlined in the two tables below for the Photovoltaic and Wind Green Energy Fund Program.	

BACKGROUND AND ANALYSIS

The State of Delaware adopted The Delaware Energy Act which includes a Green Energy Fund Program whereby electric customers of the City of Dover contribute funds to the program to financially support the installation of renewable energy resources and promote the use of energy efficiency technologies. This program is administered by the Delaware Municipal Electric Corporation (DEMEC) for the municipal providers in the state, including the City of Dover. Within this Green Energy Fund Program there are Grant limits (percentage of payment and total payment) for the installation of qualifying technologies. Staff is suggesting that the City of Dover modify the percentage of the grant payment and the total grant limits be modified to ensure that funds are available for the most potential Grant requesting parties for the Photovoltaic and Wind systems. This financial pressure is confirmed through the attached Fund Summary with shows that the program has a negative balance which may cause extended waiting lists unless we proactively address this issue. Since Dover ratepayers' average monthly contribution to the fund is approximately $10,000 it is not inconceivable that a waiting list could occur very quickly, which most other utilities have already experienced (the State and DEC applicants are both experiencing approximately 2 year waits). It is noteworthy that, effective May 1, 2009, the State of Delaware changed their percentage of contribution to 25%, Delaware Electric Cooperative changed theirs to 33.33% effective February 1, 2009, and DEMEC changed all other municipal providers, except Dover, to 33.1/3% effective June 24, 2009.

This suggested change is due to two (2) new developments. First, the customers now have a Federal Tax Credit available to them that could provide approximately 30% of the cost directly to them through this tax credit. Secondly, a change to the Net Metering Policy mandates that the customers retain excess generated kilowatt-hours (kWh) and require that the City of Dover pay the customer for these excess kWh at the end of the calendar year at the appropriate rate. This change will financially encourage customers to install larger systems than they require for their own use and could put further pressure on our limited funds.

These are the suggested changes to the City of Dover Green Energy Fund Program for both the Photovoltaic and Wind Grants:

1. Non-Residential Green Energy Program

EXISTING POLICY		NEW POLICY	
Contribution Percentage	Grant Limit	Contribution Percentage	Grant Limit
50%	$30,000	25%	$15,000

2. Residential Green Energy Program

EXISTING POLICY		NEW POLICY	
Contribution Percentage	Grant Limit	Contribution Percentage	Grant Limit
50%	$15,000	25%	$7,500

Green Energy Program Grant Fact Sheet

The Green Energy Program provides residential and non-residential incentives for installing renewable energy systems in Delaware. These incentives take the form of grants to offset a portion of the cost of the renewable energy system. Applicable equipment includes: photovoltaic (PV), solar water heating, wind turbines, geothermal heat pumps and fuel cells. The utility you pay your electric bill to will determine your eligibility. Tables 1 and 2 illustrate the grant limits by each utility and sector.

Table 1: Non-Residential Green Energy Program Maximum Grant Limits

Utility	Photovoltaic	Geothermal	Solar Water Heating	Wind	Fuel Cells
Delmarva Power	$250,000.00	$25,000.00	$250,000.00	$100,000.00	$250,000.00
Delaware Electric Cooperative	$30,000.00	$20,000.00	$10,000.00	$30,000.00	$30,000.00
City of Dover	$30,000.00	$20,000.00	$10,000.00	$30,000.00	$30,000.00
City of Milford	$30,000.00	$20,000.00	$10,000.00	$30,000.00	$30,000.00
City of Newark	$30,000.00	$20,000.00	$10,000.00	$30,000.00	$30,000.00
City of Seaford	$30,000.00	$20,000.00	$10,000.00	$30,000.00	$30,000.00
Lewes Board of Public Works	$30,000.00	$20,000.00	$10,000.00	N / A	$30,000.00
New Castle Municipal Services	N / A	N / A	N / A	N / A	N / A
Town of Clayton	$30,000.00	$20,000.00	$10,000.00	$30,000.00	$30,000.00
Town of Middletown	$30,000.00	$20,000.00	$10,000.00	$30,000.00	$30,000.00
Town of Smyrna	$30,000.00	$20,000.00	$10,000.00	$30,000.00	$30,000.00

Table 2: Residential Green Energy Program Maximum Grant Limits

Utility	Photovoltaic	Geothermal	Solar Water Heating	Wind	Fuel Cells
Delmarva Power	$31,500.00	$3,000.00	$3,000 / $5,000	$22,500.00	$22,500.00
Delaware Electric Cooperative	$15,000.00	$3,000.00	$3,000 / $5,000	$15,000.00	$15,000.00
City of Dover	$15,000.00	$3,000.00	$3,000 / $5,000	$15,000.00	$15,000.00
City of Milford	$15,000.00	$3,000.00	$3,000 / $5,000	$15,000.00	$15,000.00
City of Newark	$15,000.00	$3,000.00	$3,000 / $5,000	$15,000.00	$15,000.00
City of Seaford	$15,000.00	$3,000.00	$3,000 / $5,000	$15,000.00	$15,000.00
Lewes Board of Public Works	$15,000.00	$3,000.00	$3,000 / $5,000	N / A	$15,000.00
New Castle Municipal Services	N / A	N / A	N / A	N / A	N / A
Town of Clayton	$15,000.00	$3,000.00	$3,000 / $5,000	$15,000.00	$15,000.00
Town of Middletown	$15,000.00	$3,000.00	$3,000 / $5,000	$15,000.00	$15,000.00
Town of Smyrna	$15,000.00	$3,000.00	$3,000 / $5,000	$15,000.00	$15,000.00

FUND SUMMARY

Total Collected	$	391,730.28
State Admin Fee Paid	$	1,905.00
Grants Paid	$	215,582.50
Grants/Fees Reserved	$	153,125.00
Energy Depot Paid	$	16,290.65
Efficiency Programs Paid	$	14,052.53
Demand Side Paid	$	-
*Funds Available	$	(9,225.40)

* Once DEMEC receives June 2009 Energy Deposit this should be close to zero.

GRANTS PAID

Date Grant Paid	Applicant	Address	Type	Grant Amount Paid
9/21/2007	Laura Drew Kelly	109 Stuart Drive, Dover, DE 19901	Geo - Res	$ 3,000.00
12/5/2007	Domingo Reye	129 Beth Place, Dover, DE 19901	Solar - Res	$ 12,762.50
4/16/2008	Lakeland Commercial Group	1695 South State Street	Geo - Comm	$ 10,800.00
6/19/2008 & 08/25/2008	L.D. Shank - Triad Farms	999 Longpoint Rd, Dover, DE 19901	Solar - Comm	$ 30,000.00
10/6/2008	City of Dover	Administration Building	Solar - Comm	$ 40,820.00
10/21/2008	Robert & Cynthia Hartman	35 Lotus St, Dover, DE 19901	Geo HP- Res	$ 1,800.00
10/21/2008	Robert Varipapa	101 Stuart Drive, Dover, DE 19901	Geo HP- Res	$ 2,400.00
2/27/2009	David Jump	263 S. Shore Drive	Solar - Res	$ 15,000.00
2/27/2009	Jakob Seren	915 Buck Drive, Dover, DE 19901	Solar - Res	$ 15,000.00
2/27/2009	William Sweet	2403 S. State Street, Dover, DE 19901	Solar - Res	$ 15,000.00
3/31/2009	LD Shank - Triad Farms	999 Longpoint Rd, Dover, DE 19901	Solar WH-Comm	$ 3,000.00
3/31/2009	Warren & Joan Seaver	3619 Bayside Dr, Dover, DE 19901	Geo HP- Res	$ 3,000.00
4/22/2009	William Sweet	2403 S. State St., Dover, DE 19901	Solar HW	$ 3,000.00
4/28/2009	State of DE/DNREC - DE National	818 Kitts Hummock Rd, Dover, DE 19901	Solar - Comm	$ 30,000.00
4/29/2009	Delaware Primary Care, LLC	810 New Burton Rd St 3, Dover, 19904	Solar - Comm	$ 30,000.00
			Total	$ 215,582.50

PENDING APPLICATIONS

Date Reserved	Applicant	Address	Type	Grant Reservation
3/12/2009	D.Brian Beckman	53 Pleasanton Drive, Dover, DE 19901	Geo HP- Res	$ 2,000.00
3/20/2009	City of Dover	Library	Geo HP	$ 60,000.00
4/13/2009	NCALL	363 Salisbury Road, Dover 19904	Solar - Comm	$ 30,000.00
5/1/2009	James Grilli	2017 Highland Ave, Dover, 19901	Geo HP- Res	$ 1,800.00
5/11/2009	LSKC Dover, LLC	105 Mont Banc Blvd., Dover, 19904	Solar - Comm	$ 29,925.00
5/11/2009	Mark F. Boller	80 Sipple, Dover, 19901	Geo HP- Res	$ 3,000.00
7/27/2009	John Welgan	222 N. State Street, Dover, 19901	Solar - Res	$ 15,000.00
7/27/2009	Dewey J. Barich	5470 Bayside Drive, Dover, 19901	Geo HP- Res	$ 2,400.00
Payable/Committed Fees				$ 9,000.00
				$ 153,125.00

ENERGY DEPOT FEES

3/3/2008	Start-up Fees	$5,872.50
4/15/2008	Start-up Fees	$1,957.50
4/15/2008	Mar, Apr, May 2008	$1,692.13
7/22/2008	June, July, Aug 2008	$1,692.13
10/10/2008	Sept, Oct, Nov 2008	$1,692.13
1/2/2009	Dec 08, Jan, Feb 2009	$1,692.13
4/3/2008	Mar, Apr, May 2009	$1,692.13
	Total Paid	$16,290.65

ENERGY EFFICIENCY CAMPAIGNS/EDUCATION PROGRAMS

10/21/2008	1,500 CFL Campaign & Educational Literature	$5,012.29
12/11/2008	Reimbursement for Green	$3,459.12
3/31/2009	Thermal Imager for Home Audits	$5,581.12
	Total	$14,052.53

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City of Dover

June Monthly Report

Energy and Operations Management

July 16, 2009

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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.

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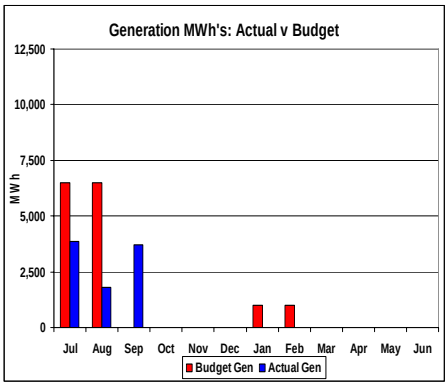
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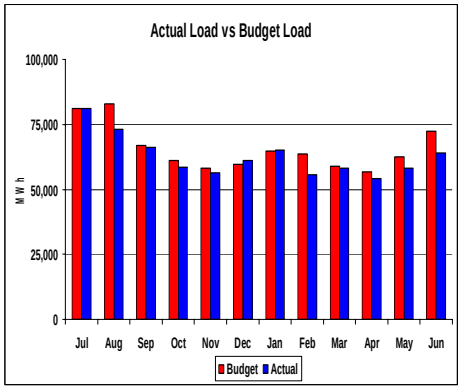
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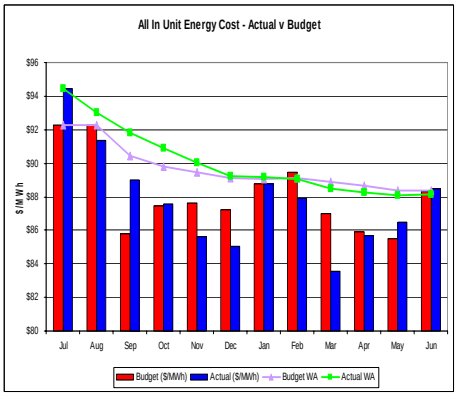
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1.0 - EXECUTIVE SUMMARY







Purchased Power Management

Wholesale load for the month of June was 63,881 MWhs versus a three year historic weather normalized load of 72,496 MWhs. Hedged transactions accounted for 66,400 MWhs or 104% of this volume (92% of forecasted load) at a cost of $5.2 million. Spot Market purchases resulted in a PJM credit of $6 thousand ($74 thousand charge in the Day Ahead market and a $80 thousand credit in the real time market). Other PJM related charges accounted for an additional $1.3 million cost, inclusive of all load related fees. June All-In Energy Unit Cost, excluding capacity obligations and credits was $0.54/MWh favorable compared to the budget for June 2009 of $88.32/MWh. For the end of the fiscal year, Dover achieved All-In Energy Unit Cost of $0.30/MWh favorable to budget; based on all actual 12 months costs.

Generation and Asset Management

For the month of June McKee Run and Van Sant units were not dispatched by PJM. PJM market continues to experience low LMPs thereby displacing the need to require supports from peaking generations. Given typical historical dispatch patterns for the month the budget also did not project any generation. All Dover units, however, was able to fully demonstrate summer PJM capacity ratings.

Emissions and Allowance Management

Dover engaged in no allowance transactions during the month of June, and no units dispatched. All unit operated for testing purposes, and the appropriate allowance deduction are noted in the table above. Total net revenue through March 31st from allowance sales for the 2008-09 fiscal year is $165,470, accounting for Broker's fees.

Given current dispatch expectations, the market value of the 2007-2009 Dover allowance inventory is approximately $510 thousand at the time of this report. If sold, Dover would realize

approximately $676 thousand in revenue for the year. This would result in a $756 thousand unfavorable variance.

Compliance emissions allowance values continue to remain well below the cost of emissions controls, but some hope exists for a return of market value next year. The SO_2 allowance market remains supportive of prices in the $60-$-75/ton range, with the most recent closing price at $73/ton. The steady decline of annual NO_x allowance values continued from approximately $1200/ton down to $1060/ton over the past month. Seasonal NO_x allowance value also continued declining, moving from $250/ton down to $200/ton in limited trading.

Hopes for a return of regulatory certainty in the emissions markets have been slightly buoyed buy the recent actions on the Senate Committee on Environment and Public Works. At a subcommittee meeting, EPA indicated that it planned to issue a draft of the new Clean Air Interstate Rule (CAIR) in early 2010. The intended structure of the rule has yet to be set, but EPA Administrator McCarthy noted that emission trading was still being considered for inclusion as part of the rule. Sen. Voinovich and Sen. Inhofe also unveiled plans for legislation to require any CAIR replacement rule to include emissions trading, though there is no predominant view as to the support for this legislation.

In spite of these longer-term hopes, uncertainty and market fundamentals continue to dampen allowance values. Uncertainty remains as to the exact structure of the future compliance emissions markets, and as noted in the May monthly report, estimates are that the CAIR rulemaking could take up to two years. Additionally, coal consumption in the U.S. power industry is projected to be down five percent this year. This reduced consumption, combined with lower natural gas prices and a relatively mild summer, suggests that SO_2 emissions will be lower this year, and generators already are in a strong allowance position give that 2008 emissions were nearly two million tons less than the statutory cap. Pace continues to closely monitor the NO_x and SO_2 markets and will provide Dover with assessments of allowance allocations, liquidity, and value as information becomes available.

RGGI market prices are at $3.32/ton. Though maintaining prices between $3.00 and $4.00, the RGGI market has seen a lot of movement in its early stages, so no clear long-term price signals are yet evident. Based on projected generation and emissions Dover is projected to have an excess of 70,000 allowances through 2013 with a market value at current prices of $245,000. Pace will continue to monitor the RGGI market and will advise Dover regarding allowance sales if the market alters.

EMISSIONS & ALLOWANCE SUMMARY						
Allowance Vintage	Allowance Allocation	Emissions Month	Emissions YTD	Allowances Sold Month	Allowances Sold YTD	Allowance Balance
SO_2 – 2007	2723	0	98	0	2076	549[1]
SO_2 – 2008	2723	0	32	0	0	2,691
SO_2 – 2009	2723	0	1	0	0	2722
NO_x – 2007	198	0	32	0	166	0
NO_x – 2008	198	0	20	0	178	0
NO_x Annu – 2009	76	6	12[2]	0	0	64
NO_x Seas – 2009	51	6	6	0	0	45

Operations Management Summary

During the month of June, there were no employee or contractor related OSHA injuries, illnesses, or time loss accidents. There was one near miss for the month. There were zero Environmental Notices of Violations issued during the month. There were no unit dispatches of any of the McKee Run Units or the VanSant Unit 11 for PJM. However all units at McKee Run and VanSant were run for emission testing only. A DNREC representative was on site for the emissions testing

Monthly Budget Variance - The actual expenses attributable to O&M of the two sites for the month of June were $1,130,209. The expenses were $304,507 or 5.14% over the approved budget of $825,702. The principal reason for the negative variance is due to an additional accrued payroll and timing of maintenance expenses associated with the cooling tower repairs and faulty battery charger replacement on unit 1.

Risk Management Summary

Forward energy markets fell sharply as the demand for energy decreased due to both economic downturn and lack of cooling demand. Forward crude oil prices declined below $60/barrel and forward natural gas prices fell since the last reporting period, with the prompt month (August 09) trading below $3.40 per MMBtu. In turn, PJM forward power prices fell since the last reporting period. On-Peak Dover power prices for FY 2010-11 and FY 2011-12 fell 9.7% ($5.02/MWh) and 9.6% ($5.76/MWh), respectively, compared with the last reporting period. As the result of these market movements, the City's wholesale Cost-of-Service across all forward power years had decreased since the last reporting period. Also, FY 2008-09 was settled and rolled off. PGAM benchmarked

The reported wholesale Cost-of-Service values in the table below are reflective of the market movements compared to the prior reporting period:

[1] Corrected 2007 SO2 tons emitted to reflect actual emission for Units 3 & 11. December, 2007 report included emissions for all four units.
[2] The NOx Emissions are result from February McKee testing associated with Pollution Remediation project.

Wholesale Cost-of-Service Summary (Projected)

Date 07/08/2009	Budget	July				June	May
Power Year	Cost-of-Service Budget	Cost-of Service $/MWh	Hedge Ratio	Year-to Year Increase	Forecasted over 2008-09 Budget*	Cost-of Service $/MWh	Cost-of Service $/MWh
2009-2010	$93.26	$92.41	89%	2.6%	2.47%	$92.79	$93.60
2010-2011	N/A	$85.17	85%	-7.8%	-5.55%	$85.82	$87.67
2011-2012	N/A	$80.87	74%	-5.1%	-10.33%	$82.09	$83.58
2012-2013	N/A	$74.97	56%	-7.3%	-16.87%	$76.98	$83.26
2013-2014	N/A	$76.31	18%	1.8%	-15.38%	$79.58	$81.71

**FY 07/08 Budgeted Cost-of-Service is $90.18/ MWh*

2.0 - BUDGET REPORT

2.1 – VARIANCE REPORT

	Budget Jun-09	Actual Jun -09	Variance Jun -09
Load Forecast	**72,496**	**63,881**	**8,615**
Power Supply			
Power Supply	$4,574,499	$5,167,767	($593,268)
Power Supply Management	$239,163	$268,276	($29,113)
Capacity Charges - Load	$1,125,644	$1,116,806	$8,837
PJM Charges - Load	$1,588,891	$171,357	$1,417,534
Total - Power Supply	**$7,528,197**	**$6,724,207**	**$803,990**
Generation			
Plant Operations	$701,732	$1,130,209	($428,477)
Generation Fuel	$23,316	$36,515	($13,198)
Capacity Credits	($994,673)	($999,059)	$4,386
PJM Credits	($5,403)	($5,487)	$83
Total - Generation	**($275,028)**	**$162,178**	**($437,206)**
Emission Allowance Sales			
Total - Emission Allowance Sales	**$0**	**$0**	**$0**
Total Power Supply & Generation	**$7,253,169**	**$6,886,385**	**$366,784**
Total Power Supply, Generation & Emission Sales	**$7,253,169**	**$6,886,385**	**$366,784**
Unit Costs			
Total – Power Supply	$103.84	$105.26	($1.42)
Total - Generation + Emission Sales	($3.79)	$2.54	($6.33)
Final Cost of Service to City of Dover Ratepayers	**$100.05**	**$107.80**	**($7.75)**

	Budget YTD	Actual YTD	Variance YTD
Load Forecast	**788,808**	**751,171**	**37,637**
Power Supply			
Power Supply	$51,608,358	$56,924,483	($5,316,125)
Power Supply Management	$2,788,808	$3,000,000	($211,192)
Capacity Charges - Load	$10,692,738	$10,778,420	($85,683)
PJM Charges - Load	$15,311,915	$6,234,700	$9,077,214
Total - Power Supply	**$80,401,818**	**$76,937,604**	**$3,464,214**
Generation			
Plant Operations	$5,871,646	$5,870,412	$1,234
Generation Fuel	$2,382,179	$1,482,053	$900,126
Capacity Credits	($9,317,447)	($9,303,462)	($13,985)
PJM Credits	($2,501,303)	($1,528,674)	($972,629)
Total - Generation	**($3,564,925)**	**($3,479,671)**	**($85,254)**
Emission Allowance Sales			
Total - Emission Allowance Sales	**($1,432,000)**	**($165,470)**	**($1,266,530)**
Total Power Supply & Generation	**$76,836,893**	**$73,457,934**	**$3,378,960**
Total Power Supply, Generation & Emission Sales	**$75,404,893**	**$73,292,464**	**$2,112,430**
Unit Costs			
Total – Power Supply	$101.93	$102.42	($0.50)
Total - Generation + Emission Sales	($6.33)	($4.85)	($1.48)
Final Cost of Service to City of Dover Ratepayers	**$95.59**	**$97.57**	**($1.98)**

2.2 – VARIANCE ANALYSIS

Power Supply

- Power Supply realized an unfavorable $593 thousand variance compared to the budget due to the purchase of additional 11.7% hedge forward positions totaling 6,960 MWh in June. This purchase was transacted after the FY 2008 budget was submitted to Dover.

- The budget Power Supply Management variance did not account for the maximum allowable costs.

- PJM Base Residual Auction on June 2, 2009 resulted in 2.7% increase per MW.day UCAP charge ($196.57) which was adjusted to Interruptible Load for Reliability (ILR) resources certified for the Delivery Year in comparison to the Forecast RTO IRL Obligation. This charge will result in unfavorable variances each month.

- The PJM Charges for Load experienced a positive $1.4 million variance due to the placement of additional hedge position of 6,960MWh, thereby displacing the Open Position by the same amount; 12% reduced electric demand compared to 3 year historical average Dover June load, a $124 thousand favorable Basis variance; and an $165 thousand favorable Load Following variances for the month. Furthermore there was a $18 thousand favorable variance in transmission costs, $52 thousand favorable variance in the PJM ancillary charges for the month. Offsetting these favorable variances were a $22 thousand unfavorable variance in transmission rights credits and $55 thousand unfavorable variance in the transmission loss refund.

- For the month a favorable $824 thousand net variance between the Power Supply (fixed positions) and PJM Charges Load (Open positions and transmission etc) was realized through a favorable $720 thousand variance caused by the change in volume and a favorable $104 thousand variance caused by the change in price. Hence, majority of the variance can be attributed to the change in the volume.

Generations

- Plant O&M resulted in an unfavorable variance of $428 thousand compared to the approved budget of $701 thousand due to an additional accrued payroll and timing of maintenance expenses associated with the cooling tower repairs and faulty battery charger replacement on unit 1.

- Generation Fuel realized a favorable variance of $13 thousand for the month primarily due to the unwinding of previously contracted base load gas costs. Also the net PJM revenue and fuel costs associated with unbudgeted VanSant capacity testing is allocated into the Fixed Fuel and Transport Charges costs. This revenue/expense is not part of the generation production margin.

- Capacity Credits is favorable by $4 thousand compared to the budget due to Dover's increased generation capacity rating revenues from the PJM's incremental auction.

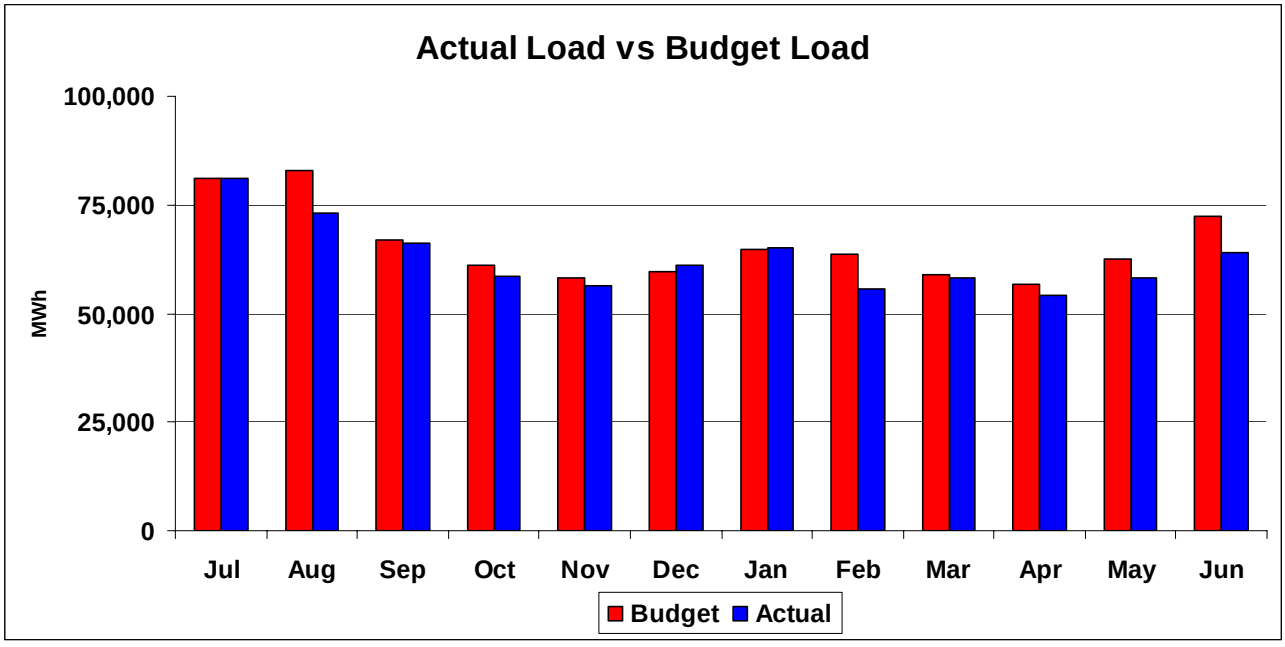
3.0 – ENERGY MANAGEMENT

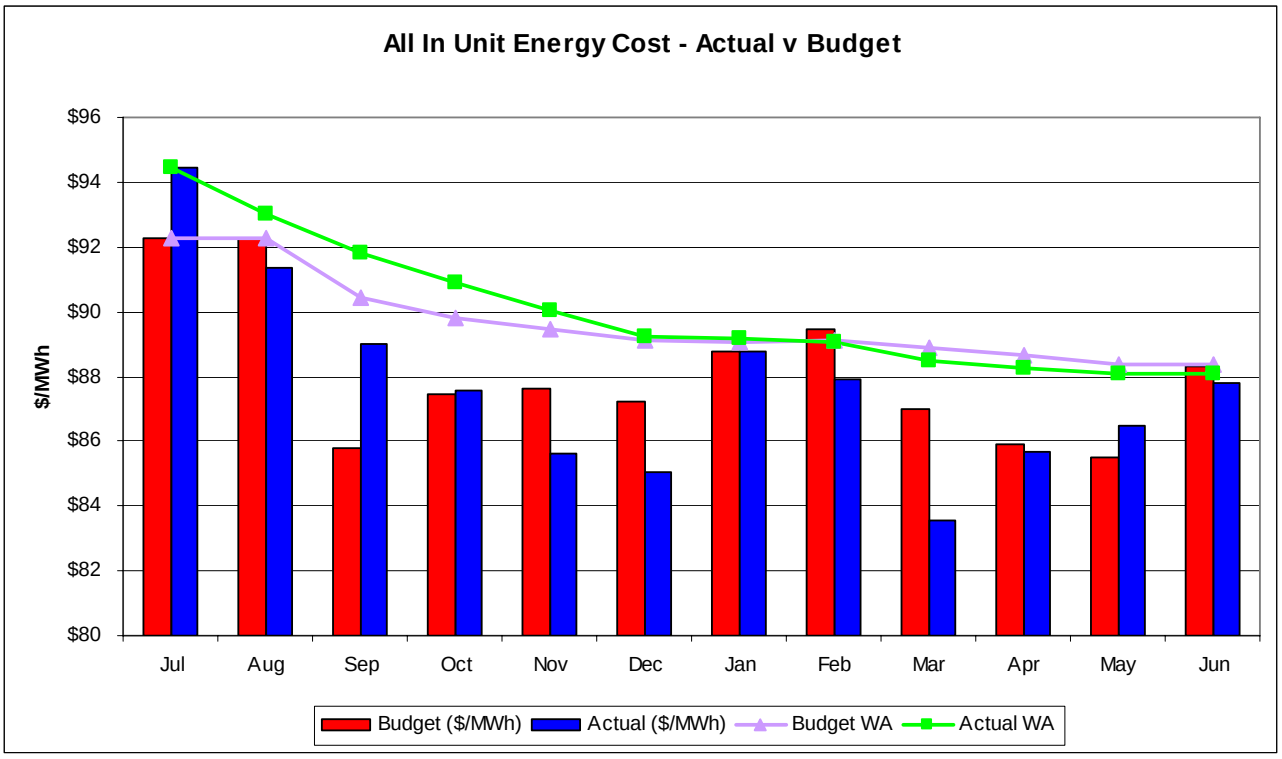
3.1 - PURCHASED POWER

Management Highlights

- Dover's June load was 63,881 MWh which was 11.9% below the historic weather normalized load of 72,496 MWh. Hedge volumes accounted for nearly all of actual load for the month.

- June All In Unit Energy cost excluding capacity of $87.78 is $0.54 per MWh lower than budget for the month.




All In Unit Energy Cost - Actual v Budget
$/MWh
$96
$94
$92
$90
$88
$86
$84
$82
$80
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
Budget ($/MWh)
Actual ($/MWh)
Budget WA
Actual WA

Purchased Power Variance Report

	Budget Jun-09	Actual Jun-09	Variance Jun-09
City of Dover Load			
Load Obligation (MWh)	72,496	63,881	8,615
Unit Energy Costs ($ per MWh)			
Energy Cost (inc. Load Following & Pace Fees)	$82.87	$82.59	$0.27
Pass Through	$4.45	$3.59	$0.86
Incentive Fees	$1.00	$1.59	($0.59)
Total - All In Unit Energy Cost	**$88.32**	**$87.78**	**$0.54**

Purchased Power Variance Analysis

- Actual Dover load of 63,881 MWh was 11.9% below the projected May load of 72,496 MWh.

- The All In Unit Energy Cost resulted in an unfavorable $0.50 per MWh variance due to positive $165 thousand load following variances, $124 thousand favorable basis variance, lower than anticipated open position energy costs due to significant lower demand compared to historical June demand, transmission costs, and PJM ancillary charges contributed to favorable variance for the month. The favorable variances were offset by an increased hedge cost over budget created when hedges were procured in a rising market and after the finalization of the fiscal year budget; a reduced transmission loss refund; and a lower than expected transmission rights credit.

- The Management Incentive fee variance results are accrued at end of the Dover fiscal year to the contractual amount.

PJM Power Balancing and Load Related Fees

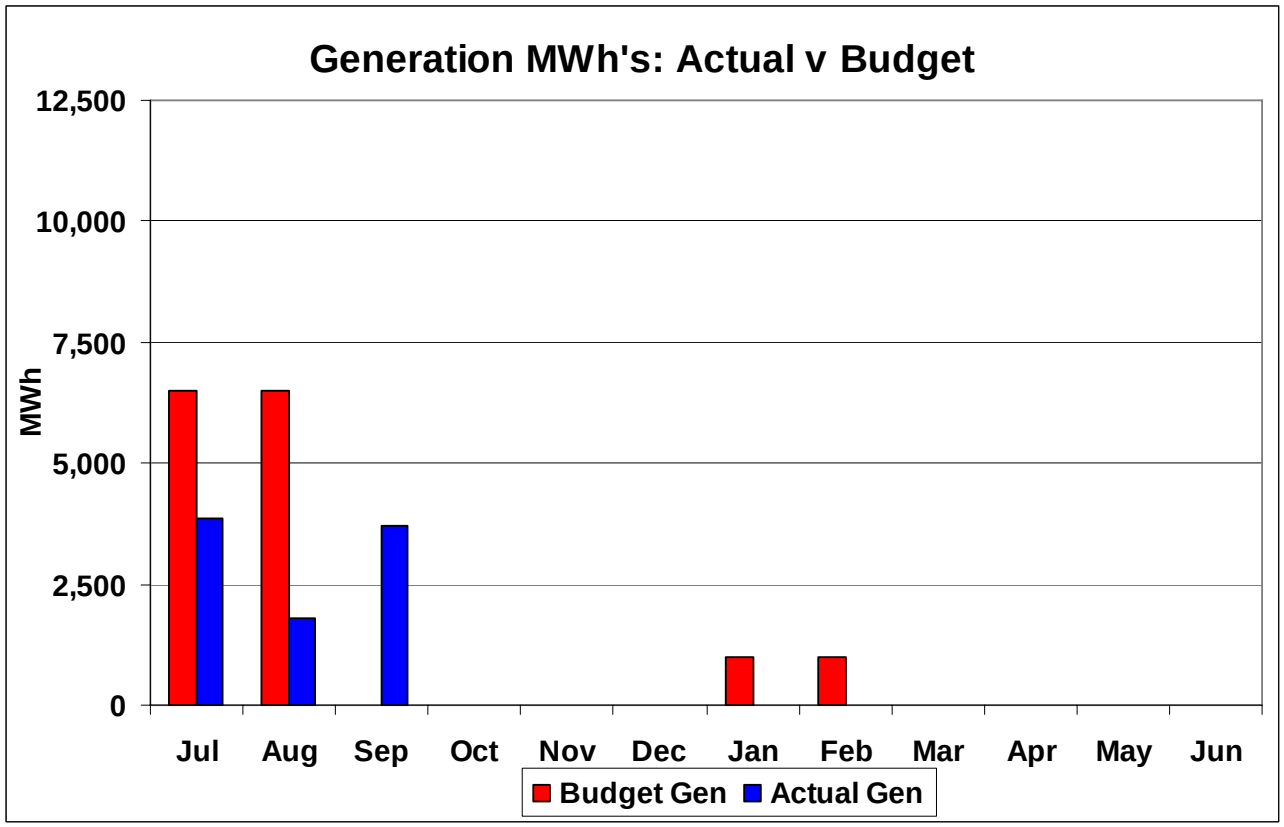
Purchased Power (Hedges): 66,400 MWh's @ $77.83/MWh:	$5,167,767
Power Balancing and Additional PJM and Energy Manager Fee[3]:	$1,556,447
Total Cost to Serve Load (63,881 MWh's)	$6,724,214

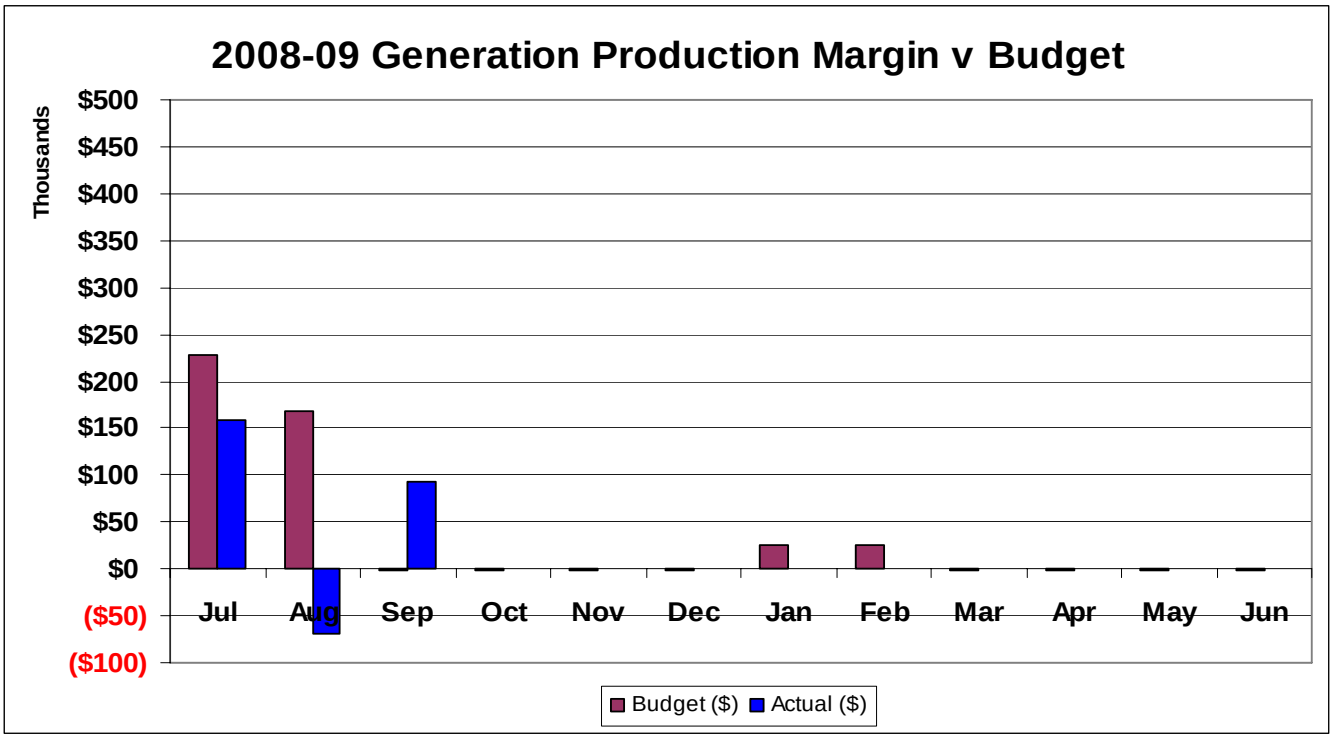
ALL in $/MWh load cost inclusive of Energy Manager Fees: $105.26/MWh

[3] Includes estimated Incentive Fees.

3.2 - GENERATION MANAGEMENT

- During the month, there were no unit dispatches of any of the McKee Run units or Unit #11 at VanSant. All units at McKee Run and VanSant ran for emissions and capacity testings only.





**Notes: July 2008 Report's 2008-09 Generation Production Margin v Budget graph displayed incorrect actual amount. The graph shown above has been corrected to reflect the actual value.*

Generation Management Variance Report

	Budget Jun-09	Actual Jun-09	Variance Jun-09
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	**0**	**1.7**	**1.70**
Total Capacity from Gen (MW)	**173.3**	**175**	**1.70**
Gen Capacity Sales to PJM ($/MW.d)	$191.32	$191.32	$0.00
Incremental Auction Sales to PJM ($/MW.d)	$0.00	$86.00	$86.00
Power Sales			
Power Sales (MWh)	0	0	0
Sales Revenue ($ per MWh)	$0.00	$0.00	$0.00
Power Sales Revenue ($)	**$0**	**$0**	**$0.00**
Variable Fuel & Transport			
Fuel Oil No.2 Volume (gal)	0	0	0
Fuel Oil No.2 ($/gal)	$0.00	$0.00	$0.00
Fuel Oil No.2 Cost of Goods Sold ($)	$0.00	$0.00	$0.00
Fuel Oil No.6 Volume (gal)	0	0	$0.00
Fuel Oil No.6 ($/gal)	$0.00	$0.00	$0.00
Fuel Oil No.6 Cost of Goods Sold ($)	$0.00	$0.00	$0.00
Gas Volume (Dth)	0	0	0
Unit Gas Price ($/Dth)	$0.00	$0.00	$0.00
Variable Gas Cost ($)	$0.00	$0.00	$0.00
Transport ($)	$0.00	$0.00	$0.00
Variable Gas and Transport Costs ($)	$0.00	$0.00	$0.00
Variable Fuel & Transport Costs ($)	**$1,200.00**	**$0.00**	**$1,200.00**
Testing	$0.00	$0.00	$0.00
Generation Production Margin	**$1,200.00**	**$0.00**	**$1,200.00**
Generation Capacity Payment			
Total - Generation Capacity Payment	**($994,673)**	**($999,059)**	**$4,386.12**

Generation Management Variance Analysis

Fuel Expense

- Dover generations did not dispatch for economic or reliability grid support to PJM.

Generation Production Margin		
Transaction	Volumes	Revenue/(Cost)
PJM Invoice for Power Sold	0 MWh's	$0
Fuel and Transport	0 dth gas/0 gal #6 oil 0 gal #2 oil	$0
Generation Production Margin	0 MWh's	$0

The following non-production energy revenues and costs are generally fixed and not directly related to generation dispatch and power production. The details of gas purchases breakdown are provided on the "Fuel and Transport" section of this report.

PJM Invoice (Black Start)	$5,487
Fuel Oil Tank Heating & Black Start Gas Supply	$0
Eastern Shore Demand Charge	($2,628)
Eastern Shore Transport and Imbalance Charge	$0
Transco Demand Charge	($3,602)
Non-Production Energy Revenue/Costs	($743)

Fuel and Transportation

- During the month, there were no unit dispatches of any of the McKee Run units or Unit #11 at VanSant. All units at McKee Run and VanSant ran for capacity and emissions testing only. The following spot gas purchases primarily results from the June emissions testing which are to be allocated into the Pollution Remediation CIP account.

Date	Volume (Dth)	Price ($/Dth)	Total Commodity Cost ($)
Hess Corp[4]			
03-Jun	3,000	$4.15	$12,450.00
08-Jun	5,540	$4.05	$22,460.40
09-Jun	9,500	$4.11	$39,025.00
Sub-Total	18,040	$4.10	$73,935.40
PESCO[5]			
08-Jun	(300)	$3.00	($900.00)
10-Jun	2,500	$4.96	$12,405.00
Sub-Total	2,200	$5.22	$11,505.00
NJNG			
01-Jun	3,033	$4.53	$13,751.77
02-Jun	10,000	$4.26	$42,600.00
02-Jun	(10,000)	$4.02	($40,245.30)
04-Jun	600	$4.01	$2,406.00
05-Jun	2,800	$3.81	$10,668.00
07-Jun	500	$4.15	$2,075.00
10-Jun	5,000	$4.11	$20,537.50
11-Jun	1,000	$4.06	$4,060.00
Sub-Total	12,933	$4.32	$55,852.97
Total	**33,173**	**$4.20**	**$141,293.37**

From the total spot monthly gas purchases of $141,293.37, VanSant capacity demonstration is an operations expense of $6,742.45.[6]

Do 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 fuel is no longer required. Some gas will still be required for winter heating of the building(s). Pace will still coordinate with NAES on the procurement of supply. However, this expense will now fall under the plant utility costs and be paid and budgeted for by the station.

[4] As of July 15, 2009 Hess Corporation data is an estimated invoice.
[5] As of July 15, 2009 PESCO data is an estimated invoice.
[6] All PJM revenues & fuel costs associated with VanSant CIP capacity demonstration will be applied to "Fixed Fuel and Transportation Charges".

Gas Transportation Purchased

Eastern Shore Natural Gas Pipeline and TransCo agreements provide for deliveries to the McKee Run and VanSant stations. These charges include a firm demand charge and adjustments as follows:

ESNG FT Demand Charge	$2,628
TransCo FT Demand Charge	$3,602
Total Purchases	$6,230

Other Gas Purchases

Commodity and transportation imbalances on Eastern Shore Pipeline for the month resulted from pollution remediation CIP; and therefore the total amount of $3,933.34 cost will not be allocated into the Dover Power Supply budget.

Eastern Shore Transport and Imbalance Charges			
Imbalance/dth	Estimated Cost/dth	Estimated Total Cost	
2,632	$2.95	$7,769.66	
		$7,769.66	
Transport	Volume/dth	$/dth	Total Cost
Firm/IT	35,187	($0.33)	($11,703.00)
Net Cost	($3,933.34)		

Purchased Commodity Fuel Oil Summary

- During the month, there were no unit dispatches of any of the McKee Run units or Unit #11 at VanSant. All units at McKee Run and VanSant ran for emissions testing only. The following oil inventory costs resulted from the June emissions testing and all testing fuel costs are to be allocated into the Pollution Remediation CIP account.

June 2009 Fuel Oil Consumption
McKee Run

Date	#2 Oil[7] Burns / gal	Inventory Price ($/gal)	Market Price ($/gal)	Inventory Cost	Market Cost
4-Jun	16,320	1.79	NA	($29,229.12)	NA
8-Jun	15,863	1.79	NA	($28,410.63)	NA
10-Jun	40,538	1.79	NA	($72,603.56)	NA
11-Jun	423	1.79		($757.59)	
Total	**73,144**	**1.79**		**($131,000.90)**	

June 2009 Fuel Oil Consumption
VanSant

Date	#2 Oil Burns / gal	Inventory Price ($/gal)	Market Price ($/gal)	Inventory Cost	Market Cost
11-Jun	253	2.03	NA	($514.78)	NA
12-Jun	18,456	2.03	NA	($37,552.40)	NA
Total	**18,709**	**2.03**		**($38,067.18)**	

McKee Run tank will maintain 3 days of load equivalent dispatches for McKee Run Units. At current fuel market prices, Pace and NAES are considering purchasing ultra low #2 fuel oil inventory when McKee Run tank testing are complete.

Tank Inventory Estimates as of June 30

Tank	Tank Capacity (gallon)	Inventory In (gallon)	Days of Burn (Typical Dispatch[8])
McKee Run[9] (#2 Fuel Oil)	2,554,105	337,519	3
VanSant (#2 Fuel Oil)	258,000	94,388	3

[7] #2 Low Sulfur.
[8] As measured by tank level instruments. Tank levels may change due to oil temperature.
[9] #6 Fuel Oil was sold (approx. 122, 000 gallons) and #2 Fuel Oil was purchased in October and December.

3.3 - EMISSIONS AND ALLOWANCE MANAGEMENT

As shown in Exhibit 1, total net revenue from allowance sales for the 2008-09 fiscal year is $165,470, accounting for Broker's fees. City of Dover holds 2,693 tons of vintage 2008 SO_2 allowances and no tons of vintage 2008 NO_x allowances. Additionally, the City has a balance of 549 tons of vintage 2007 SO_2 allowances. At the August 21, 2008 Management Committee meeting the Committee set a trigger price for the SO2 allowances of $260/ton whereby if the City could achieve this price it would sell half of its SO_2 allowances.

Exhibit 1: Emissions and Allowance Summary through June 30, 2009

2008-2009 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	Initial 2008 Allocation	2,723	--	--	198	--	--	--
1/1/08	2007 Carryover	549	--	--	0	--	--	--
7/21/08	Sold 150 tons NO_x	--	--	--	-150	--	$975	$144,750
10/14/08	Sold 28 tons NO_x	--	--	--	-28	--	$750	$20,720
12/31/08	2008 YTD Emissions	-32	--	--	-20	--	--	--
1/1/09	Initial 2009 Allocation	2,723	--	--	51	76	--	--
6/30/09	2009 YTD Emissions[3]	1	--	--	6	12	--	--
Totals								
- 2007 Vintage Allowances		**549**	**--**	**--**	**0**	**--**	**--**	**--**
- 2008 Vintage Allowances		**2,691**	**--**	**--**	**0**	**--**	**--**	**--**
- 2009 Vintage Allowances		**2,722**	**--**	**--**	**45**	**64**	**--**	**$165,470**

$165,470
$0
Total Revenue **$165,470**

Notes:
(1) Revenue calculations account for a $1/ton broker fee for SO_2 and a $10/ton broker fee for NO_x.
(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) The 2009 initial allowance allocation accounts for the reinstatement of CAIR while new SO_2 and NO_x emissions rules are completed. These allocations may changes as the rulemaking process continues.

Dover engaged in no allowance transactions during the month of June, and no units dispatched. All unit operated for testing purposes, and the appropriate allowance deduction are noted in the table

above. Total net revenue through March 31st from allowance sales for the 2008-09 fiscal year is $165,470, accounting for Broker's fees.

Given current dispatch expectations, the market value of the 2007-2009 Dover allowance inventory is approximately $510 thousand at the time of this report. If sold, Dover would realize approximately $676 thousand in revenue for the year. This would result in a $756 thousand unfavorable variance.

Compliance emissions allowance values continue to remain well below the cost of emissions controls, but some hope exists for a return of market value next year. The SO_2 allowance market remains supportive of prices in the $60-$-75/ton range, with the most recent closing price at $73/ton. The steady decline of annual NO_x allowance values continued from approximately $1200/ton down to $1060/ton over the past month. Seasonal NO_x allowance value also continued declining, moving from $250/ton down to $200/ton in limited trading.

Hopes for a return of regulatory certainty in the emissions markets have been slightly buoyed buy the recent actions on the Senate Committee on Environment and Public Works. At a subcommittee meeting, EPA indicated that it planned to issue a draft of the new Clean Air Interstate Rule (CAIR) in early 2010. The intended structure of the rule has yet to be set, but EPA Administrator McCarthy noted that emission trading was still being considered for inclusion as part of the rule. Sen. Voinovich and Sen. Inhofe also unveiled plans for legislation to require any CAIR replacement rule to include emissions trading, though there is no predominant view as to the support for this legislation.

In spite of these longer-term hopes, uncertainty and market fundamentals continue to dampen allowance values. Uncertainty remains as to the exact structure of the future compliance emissions markets, and as noted in the May monthly report, estimates are that the CAIR rulemaking could take up to two years. Additionally, coal consumption in the U.S. power industry is projected to be down five percent this year. This reduced consumption, combined with lower natural gas prices and a relatively mild summer, suggests that SO_2 emissions will be lower this year, and generators already are in a strong allowance position give that 2008 emissions were nearly two million tons less than the statutory cap. Pace continues to closely monitor the NO_x and SO_2 markets and will provide Dover with assessments of allowance allocations, liquidity, and value as information becomes available.

RGGI market prices are at $3.32/ton. Though maintaining prices between $3.00 and $4.00, the RGGI market has seen a lot of movement in its early stages, so no clear long-term price signals are yet evident. Based on projected generation and emissions Dover is projected to have an excess of 70,000 allowances through 2013 with a market value at current prices of $245,000. Pace will continue to monitor the RGGI market and will advise Dover regarding allowance sales if the market alters.

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 154 days without an OSHA recordable accident and 1,547 consecutive days without a lost time reportable accident. There was one Near Miss event during the month. The plant received no Notice of Violations (NOVs) during the month. There was one opacity deviation which occurred on initial start up operation of the ID fans on Unit 3.

- During the month, there were no unit dispatches of any of the McKee Run units or Unit #11 at VanSant. All units at McKee Run and VanSant ran for emissions testing only.

- The plant received notification from the EPA that during the week of July 20, 2009, they will conduct Spill Response drills in the Dover area which may include McKee Run site personnel.

- Mr. Tom Lilly, the DNREC contact for the Dover Generating Facilities, conducted a Title V Compliance Audit (Full Audit) in early June. Preliminary feedback from Mr. Lilly is that he found no discrepancies and that the plant is in compliance with all permit requirements.

- Operations operated all four units during the month of June for the purpose of performing emissions testing, as required by the DNREC. While each unit was operating on-line, operations teams were able to successfully complete a capacity test for the particular unit.

- Eastern ISI completed the removal and replacement of the Unit Three Cooling Tower East Stairwell.

- The plant contracted with Lewellyn Technology (LT) to perform an Arc Flash Analysis of both generating facilities. This work was awarded after comparing bids from five companies.

- An inspection on the cooling towers at McKee Run was performed during the month of April and the final report has been received. The inspection results indicated that repairs will be needed to replace the tower fill, tower wood members and stairwells on the Unit 3 tower. The stairwell replacement was completed in June and is now back in service.

- Discussions continued with Pace Global and Advance Power (APP) on the addition of a HRSG at VanSant which could supply additional power output on the unit. The ball is now in APP's court as to what performance they could guarantee as well as the amount of the liability they would assume before the project proceeds any further.

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

NAES Corporation
Dover, Delaware

June 2009 Monthly Report



New Stairwell on East Side of Unit #3 Cooling Tower

Table of Contents

1.0 Environmental, Health and Safety

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 154 days without an OSHA recordable accident and 1,547 consecutive days without a lost time reportable accident.

There was one Near Miss event during the month. The Near Miss involved the rupture of a sulfuric acid line while under pressure due to pluggage. An evaluation of the system has resulted in the addition of a flushing line as well as amending the existing procedure to include flushing of the lines after each regeneration of the demineralizer.

The plant received no Notice of Violations (NOVs) during the month. There was one opacity deviation which occurred on initial start up operation of the ID fans on Unit 3.

The plant received notification from the EPA that during the week of July 20, 2009, they will conducting Spill Response drills in the Dover area which may include McKee Run site personnel.

Mr. Tom Lilly, the DNREC contact for the Dover Generating Facilities, conducted a Title V Compliance Audit (Full Audit) in early June. During the course of the audit, Mr. Lilly reviews operations log, plant documentation files associated with required Title V Permit record keeping, touring the plant property as observing the units while they are on-line. Preliminary feedback from Mr. Lilly is that he found no discrepancies and that the plant is in compliance with all permit requirements. A letter from Mr. Lilly stating this fact will be forthcoming.

Environmental, Health and Safety Statistics		
	Month (June 2009)	Fiscal Year to Date (7/1/08-6/30/09)
NOVs	0	0
Opacity Deviations	1	9
Environmental Deviations	0	1
OSHA Recordable	0	1
OSHA LTA's	0	0
First Aid cases	0	0
Restricted Workday Accident	0	1
Near Miss	1	10
Man Hours Worked	5,075	58,920
Date last OSHA Recordable		1/27/09
Date last Lost Time Accident		4/05/05
Days since last OSHA recordable		154
Days since last Lost Time Accident		1,547

Emissions (NOx & SO2) All data thru 6/30/09

NOx Summary - Year (May-Sept.)Tons					
Year	*Unit #1*	*Unit #2*	*Unit #3*	*Unit #11*	*TOTAL*
2008	1.01	0.96	17.0	1.28	20.25
2009	0.9	0.7	3.1	0.5	5.2
2010	0.0	0.0	0.0	0.0	0.0

NOx Summary - Year (Jan-Dec)Tons					
Year	*Unit #1*	*Unit #2*	*Unit #3*	*Unit #11*	*TOTAL*
2009	0.9	0.7	9.0	0.5	11.1
2010	0.0	0.0	0.0	0.0	0.0
2011	0.0	0.0	0.0	0.0	0.0

SO_2 Summary - Year (Jan.-Dec.)Tons					
Year	*Unit #1*	*Unit #2*	*Unit #3*	*Unit #11*	*TOTAL*
2007	6.28	5.31	97.69	0.28	109.56
2008	0.011	0.009	31.0	0.6	31.6
2009	0.0	0.0	0.1	0.2	0.3

Note: *Denoted data is as of 6/30/2009

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***		
2007	2076	2585	138	98	549
2008	0	2585	138	32	2691
2009	0	2585	138	0.3	2723

Note: Denoted data is as of 6/30/2009

NO_x Allowances Summary					
NO_x Allowance Vintage	**NO_x Allowances Sold - YTD**	**NOx Allowances Available (Per Facility, Prior to Sale)**		**Total NOx Tons Emitted (NOx Season)**	**NO_x Allowances Balance**
		Unit #3	***Unit #11***		
2007	165	191	7	33	0
2008	178	191	7	20	0
2009	0	191	7	6	192
2010	0	191	7	0	198

Note: NOx Season is May 1 to September 30.

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)	NOx Allowance Balance	
		McKee Run (Yr/Season)	*VanSant (Yr/Season)*		*McKee Run (Yr/Season)*	*VanSant (Yr/Season)*
2009	0	71/48	5/3	12/6	60/43	4/2
2010	0	71/46	5/3	0	71/46	5/3

Note *– CAIR legislation is pending revision

CO2 Allowances Summary*					
CO2 Allowance Vintage	CO2 Allowances Sold YTD	CO2 Allowances Available (Per Facility, Prior to Sale)		Total CO2 Tons Emitted	CO2 Allowance Balance
		McKee Run	*VanSant*		
2009	0	55,132	1,699	5,019	53,851
2010	0	47,844	1,636	0	49,480
2011	0	35,883	1,227	0	37,110
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 2009			
	Actual	Budget	Variance
Personnel	698,251	539,110	(159,141)
Administrative	227,063	175,492	(51,571)
EH & S	15,228	9,000	(6,228)
Maintenance Expense	125,075	39,350	(85,725)
Operations Expense	64,592	62,750	(1,842)
Total	**$1,130,209**	**$825,702**	**($304,507)**

Financial – Fiscal Year to Date

Number of Months – 12			
	Actual	Budget	Variance
Personnel	3,415,826	3,398,082	(17,744)
Administrative	949,070	1,027,964	78,894
EH & S	44,598	42,000	(2,598)
Maintenance Expense	564,448	526,200	(38,248)
Operations Expense	871,427	927,400	55,973
Total	**$5,845,369**	**$5,921,646**	**$76,277**

2.1 Variance analysis:

Our original budget for June was $825,702. The actual expenses for June are $1,130,209 for an unfavorable variance of $304,507 or ≈ 5.14%. The variance was due to the following:

PERSONNEL EXPENSES - Labor, overtime, incentives and burdens accounted for a total unfavorable variance of $159,142 than what was originally budgeted. Payroll accruals contributed significantly to the variance.

ADMINISTRATIVE EXPENSES - An unfavorable variance of $51,571 was due to purchase of new work stations and Contract Service/Fees from the Arc Flash Study.

ENVIRONMENTAL, HEALTH, AND SAFETY EXPENSES – An unfavorable variance of $6,228 was achieved due to the purchase of confined space and fall protection equipment for the facility.

MAINTENANCE EXPENSES- An unfavorable variance of $85,725 was due to combustion turbine maintenance, Unit #3 cooling tower repairs and the replacement of the faulty battery charger on the Unit #1 / #2 battery system.

OPERATING EXPENSES – An unfavorable variance of $1,842 was due to higher water usage costs than anticipated to support emissions testing.

We are currently forecasted to finish the fiscal year at $5,845,369 expensed versus $5,921,643 budgeted. There are still a few invoices in the system that could be accrued which would affect the final budget total.

3.0 Operations

Unit Operations / Outages / Trips

During the month, there were no unit dispatches of any of the McKee Run units or Unit #11 at VanSant. All units at McKee Run and VanSant ran for emissions testing only.

Month – June 2009							
		McKee Unit 1	McKee Unit 2	McKee Unit 3	MRS Facility	VanSant Unit 11	Total All Units
Capacity	MW	17	17	102	136	39	175
On Line Hours	Hrs	44.167	33.000	35.917	113.084	15.533	128.617
Starts	#	1	2	2	5	2	7
Gross Generation	MWh	386.940	332.288	2,602.919	3,450.764	412.319	3,863.083
Net Generation	MWh	368.559	314.183	2,403.912	3,086.654	412.007	3,498.661
Total Auxiliaries	MWh	62.740	62.464	3,692.230	3,817.434	1.873	3,819.307
Auxiliaries purchased	MWh	44.359	44.359	170.223	258.941	1.561	260.502
Fuel Gas Used	MMBTU	3,255	2,146	20,820	26,221	3,072	29,293
Fuel Oil Used	MMBTU	2,429	1,825	5,789	10,043	2,602	12,645
Fuel Oil Used	Gallons	17,527	13,167	41,772	72,466	18,800	91,266
Total Fuel	MMBTU	5,683	3,970	26,608	36,262	5,674	41,936
Net Heat Rate	BTU/KWh	15,422	12,636	11,069	11,748	13,772	11,987
Unit Trips	#	0	0	0	0	0	0
Capacity Factor	%	3.01	2.57	3.27	2.95	1.47	2.58
Availability Factor	%	70.42	83.75	63.75	69.04	90.42	77.08
Commercial Unavailability (CU)	%	0	0	0	0	0	0
Planned Outage Hours	Hours	0	0	0	0	0	0
Maintenance Outage Hours	Hours	213.000	117.000	261.000	591.000	69.000	660.000
Forced Outage Hours	Hours	0	0	0	0	0	0
Reserve Shutdown Hours	Hours	460.883	471.000	468.029	1,399.912	488.467	1,888.379
HW Boiler Gas Usage	MMBTU				0		0
Pilot Gas Usage	MMBTU	442	442		883		883

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

2008-2009 Fiscal Year-to-Date (12 Months)							
		McKee Unit 1	McKee Unit 2	McKee Unit 3	MRS Facility	VanSant Unit 11	Total All Units
Capacity	MW	17	17	102	136	39	175
On Line Hours	Hrs	55.233	44.667	318.283	418.183	52.727	470.910
Starts	#	2	3	24	29	10	39
Gross Generation	MWh	510.255	464.700	19,140	20,115	1,767	21,882
Net Generation	MWh	487.070	440.689	17,547	18,475	1,766	20,241
Total Auxiliaries	MWh	387.378	387.205	7,027	7,766	46.428	7,812
Auxiliaries purchased	MWh	364.193	364.194	2,110	2,839	45.308	2,884
Fuel Gas Used	MMBTU	4,012	3,119	139,036	146,167	12,987	159,154
Fuel Oil Used	MMBTU	3,205	2,441	68,700	74,346	8,875	79,452
Fuel Oil Used	Gallons	0/23,095	0/17,585	0/178,647	297,805 /219,327	64,128	581,260
Total Fuel	MMBTU	7,217	5,558	207,735	220,510	21,862	242,372
Net Heat Rate	BTU/KWh	15,354	13,200	11,842	11,967	12,389	12,003
Unit Trips	#	0	0	0	0	0	0
Capacity Factor	%	0.33	0.30	1.96	1.55	0.52	1.32
Availability Factor	%	77.57	78.66	58.50	71.58	97.29	78.01
Commercial Unavailability (CU)	%	0	0	0	0	0	0
Planned Outage Hours	Hours	1,752	1,752	3,373.629	6,877.629	159.667	7,037.296
Maintenance Outage Hours	Hours	213.000	117.000	525.417	855.417	133.500	988.917
Forced Outage Hours	Hours	0	0	0	0	0	0
Reserve Shutdown Hours	Hours	6,738.767	6,845.333	4,806.088	18,390.188	8,469.106	26,859.294
HW Boiler Gas Usage	MMBTU				9,198		9,198
Pilot Gas Usage	MMBTU	499,250	530,172		1,029,581		1,029,581

VanSant Lifetime through 6/30/09			
	Actual Starts	Factored Starts	Fired Hours
VanSant	1193	2011.75	3,934.2
Since HGP - Dec 2004	144	344.05	550.578

Fuel Oil Inventory							
	Monthly Inventory (Start)	Monthly Inventory (End)	Fuel Purchases (Month)	Monthly Inventory (Change)	FY 08-09 Inventory (Start)	Fuel Purchases (YTD)	FY 08-09 Inventory (Change)
McKee Run (#6 Fuel Oil to #2 Fuel Oil)	410,663	337,519	0	73,144	426,048	536,660	(88,529)
VanSant (#2 Fuel Oil)	112,676	94.388	0	18,288	99,950	56,801	(5,562)

Note: As measured by tank level instruments. Tank levels may change due to oil temperature.
Note: * - #6 Fuel Oil was sold (approx. 122, 000 gallons) and #2 Fuel Oil was purchased in October and December.

Capacity Testing – FY 2008-2009					
Summer 2008 (June 1- Aug 31)			**Winter 2008-2009 (Dec 1- Mar 1)**		
Unit	Rated Net Capability (MW)	Reported Net Capability (MW)	Unit	Rated Net Capability (MW)	Reported Net Capability (MW)
1	17	17.09	1	17	17.3
2	17	17.55	2	17	17.9
3	102	102.72	3	102	102.3
VanSant	39	40.09	11	40	40*
Total	175	177.45	Total	176	177.50

Note: * depicts a unit that has not completed capacity test for the PJM Demonstration Period in FY 2008-2009 but has been accepted into the PJM Winter Capacity Test Exemption Program.

Team Report:

Operations operated all four units during the month of June for the purpose of performing emissions testing, as required by the DNREC. While each unit was operating on-line, operations teams were able to successfully complete a capacity test for the particular unit. The completion of the capacity tests at this time will save money by not having to operate the units at a later date in the summer test period when costs and conditions may not be as favorable. The successful testing of the units during the PJM Summer Period is just one of the requirements necessary to be included in the PJM Winter Capacity Test Exemption Program.

Operations personnel have been supporting maintenance by working on Preventative Maintenance (PM) work orders and other work orders that they the necessary skill set to successfully complete the task. The Operations Department has two operators (Flex Team) helping complete work orders during day shift when the units are not running.

Senior Operators are training for their PJM exam and are taking the online courses to gain CEH credits that count toward their certification hours in which the must have two hundred hours of training in five years. The operators continue to use the plant readiness program for training and refreshing their plant knowledge on different systems to improve the plant's reliability. Some of the training involved promotes teamwork with other staff members to work together to find a solution and to promote further discussions on equipment operation. The operators also use the GPi Learning courses to improve their knowledge and skills. The GPI online training which supports our safety, OSHA, and environmental training are being used by the teams to complete their training for the year.

4.0 Maintenance

During the month of June, plant maintenance staff continued addressing the backlog of work orders. One hundred seven work orders were issued during the month, with sixty-nine work orders being completed during the month.

The table below summarizes the monthly work order activities.

Work Order Report

June - 09

Priority #	Outstanding From Previous Months	Issued This Month	Completed This Month	Outstanding at the end of the month
P1	0	1	1	0
P2	2	8	9	1
P3	7	25	23	9
P4	13	25	14	24
P5	1	19	0	20
P6	0	0	0	0
P7	10	0	2	8
P8	11	2	0	13
P9	13	1	0	13
P6 - 1	0	0	0	0
P6 - 2	0	0	0	0
P6 - 3	0	0	0	0
P6 – 4	0	0	0	0
P6 – 5	0	0	0	0
P6 – 6	0	0	0	0
P6 – 7	0	0	0	0
P6 - 8	0	0	0	0
PM	18	26	19	25
Totals	75	107	69	113

Note: PM's are included in the priority totals

Notable activities during the month include:

1) Replaced the Unit 3A Boiler Feed Pump inboard seal. The pump seal repair was verified as complete during operational testing of the equipment.

2) Completed vibration readings on MRGS and VanSant plant equipment during test runs. Vibration results will be sent out and analyze. A final report will be sent to the plant identifying any potential problems.

3) The NAES Dover staff provided support to Apex Heat and Power LLC for the repairs of Unit Two superheat header supply tube. A leak was discovered after the unit had been taken off line and repaired once the boiler had cooled down.

4) Completed the installation of the new Beck drive for the BOFA fan damper. This will allow operations to have better control and repeatability of damper positions when tuning the boiler for lower emissions.

5) The NAES maintenance staff provided support to Otis Elevator Co. for the upgrade and installation of new cart doors and tracks. Upgrades were needed to provide reliability and safe operation of the elevator.

6) The NAES maintenance staff provided support to operations on the completion of all four unit capacity summer tests.

7) Completed the change out of DI resin at VanSant Unit 11. The resin had reached the end of its' usable life. New resin will provide increased through-put and lower chemical usage by reducing the number of regenerations needed to make an equivalent amount of DI water as compared to using the older resin.

8) Eastern ISI completed the removal and replacement of the Unit Three Cooling Tower East Stairwell.

5.0 Capital Improvement Projects (CIP)

Project Number	Description	Update
EG0801	MR Fire Protection System Upgrades	**Progress: Project deferred to 2009 to investigate an alternative technical approach. XL Insurance is assisting in this endeavor.** **Schedule: Installation now projected to be October 2009.**
EG0804	MR Pollution Remediation Equipment	**Progress: Change out of fuel oil equipment has been completed. Plant in final stages of testing and tuning Unit 3. Units 1, 2 and 3 have successfully made the conversion and successfully completed a Winter Period Capacity Test. Schedule: Additional testing & tuning needed to optimize Unit 3 operation. Emissions testing for DNREC slated for June 2-1, 2009 occurred. Final reports are expected to be received the week of July 13, 2009.**
EG0901	MR Unit 3 Continuous Emissions Monitor (CEM)	**Progress: Complete** **Replacement was completed in October 2008.**
EG0902	VS Unit 11 Continuous Emissions Monitor (CEM)	**Progress: Complete** **Replacement was completed in October 2008.**
EG0903	MR Unit 3 Continuous Opacity Monitor (COM)	**Progress: Complete** **Replacement was completed in November 2008.**
EG0904	MR & VS Arc Flash Analysis	**Progress: Phase One will determine scope and costs to implement which will provide input to cost benefit analysis/ justification to proceed with the second phase. Task statement defining the scope of work has been sent out to a number of vendors. Quotes were received in early April and the work was awarded after a thorough analysis. The data collection process occurred in May with a final report due by the end of June 2009.** **Schedule: The initial phase of the project to be completed no later than June of 2009 and the second phase to complete in May 2010. Final report was received on June 30, 2009 and is currently under review. Task statement(s) for Phase 2 of the project will be developed as necessary for implementation of action items from report.**

6.0 General Plant Information

Training

During the month of June entire plant staff had training on SPCC, NPDES, ARPP and Storm Water. These training sessions were site specific and were based on the plant's permit requirements. The training consisted of a quiz at the beginning of a topic then some discussion as the quiz was being reviewed. The permit was reviewed as well.

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.

Topics discussed during the monthly safety committee meeting were reviewed by the entire staff.

Other Events

Discussions continued with Pace Global and Advance Power (APP) on the addition of a HRSG at VanSant which could supply additional power output on the unit. Money had been appropriated for APP to conduct a feasibility study of the project. The final report was received on May 15, 2009. A review of the report by plant management and Pace Global was scheduled for early June after which a conference call was be set up with Advance Power to clarify statements in the report, performance guarantees and estimated costs. This follow up conversation with APP resulted in a further investigation by both APP and Pace Global into the federal grant as well as discussions pertaining to performance guarantees and liability limits. The ball is now in APP's court as to what performance they could guarantee as well as the amount of the liability they would assume before the project proceeds any further.

The plant contracted with Lewellyn Technology (LT) to perform an Arc Flash Analysis of both generating facilities. This work was awarded after comparing bids from five companies. A preliminary report was provided on June 30, 2009 as well as a site visit by a Lewellyn technician who installed Arc Flash exposure level stickers (1-4) to plant equipment. Level 0 stickers will be applied by maintenance staff. A final report is en route to the plant. After a review of the recommendations, an action plan will be developed to implement the findings as part of Phase 2 of the project.

An inspection on the cooling towers at McKee Run was performed during the month of April and the final report has been received. The inspection results indicated that repairs will be needed to replace the tower fill, tower wood members and stairwells on the Unit 3 tower. The stairwell replacement was completed in June and is now back in service. SPIG, the contracted cooling tower inspection company supplied budgetary estimates of the repairs identified within their report to the plant. Plant staff is now developing a CIP for the repairs needed on the tower in order to extend their life and the efficiency of Unit 3 cooling tower.

Plant staff worked with the City of Dover Accounting Department on 2009-2010 budget account numbers for the purpose of streamlining the plant budget and making them more consistent with the City of Dover accounts. Finalization of the plant's budget account numbers occurred in early June 2009 with cooperation from the COD finance department and have now been implemented into the 2009-2010 budget.

Calendar of Events	*Date*
EIA Reporting Requirements	May 15, 2009
Annual Emission Statement Due	May 15, 2009
Appendix E Testing for Units 1 and 2	June 2-10, 2009
Unit 3 RATA Testing and Particulate Testing	June 2-10, 2009
Unit 11 Appendix E Testing	June 11-12, 2009
Fiscal Year Ends	June 30, 2009
Toxic Release Inventory (TRI) Due	July 1, 2009
EIA Reporting Requirements 860 Report	July 15, 2009

7.0 Summary of NAES Performance to Date

Plant Performance FY 2008-2009						
Measure	**Month**		**Year to Date**		**YTD Incentive**	**FY Maximum Incentive**
Commercial Unavailability (CU)	0%		0%		$85,863	$85,863
Safety	0		1		$8,050	$16,099
Environmental	0		0		$16,099	$16,099
Capacity Tests Completed	Summer	Winter	Summer	Winter		
Unit 1	No	No	Yes	Yes	$3,220	$3,220
Unit 2	No	No	Yes	Yes	$3,220	$3,220
Unit 3	No	No	Yes	Yes	$19,319	$19,319
Unit 11	No	No	Yes	Yes*	$6,440	$6,440
Total YTD Incentive %	94.64%		***Total YTD Incentive***		$142,211	$150,261

Note: * depicts a unit that has not completed capacity test for the PJM Demonstration Period in FY 2008-2009 but has been accepted into the PJM Winter Capacity Test Exemption Program signifying completion of test.

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	$0.00	($73,845.70)	($73,845.70)
Realtime Energy	$0.00	$80,390.24	$80,390.24
Transmission Losses Credits	$0.00	$51,700.27	$51,700.27
Network Integration Transmission Service Charges	$0.00	($209,242.20)	($209,242.20)
Inadvertent Interchange Charges	$0.00	($1,369.19)	($1,369.19)
Regulation Charges	$0.00	($28,505.23)	($28,505.23)
Synchronized Reserve Charges	$0.00	($3,729.07)	($3,729.07)
Balancing Operating Reserves Charges	$0.00	($4,044.13)	($4,044.13)
Day Ahead Operating Reserves Charges	$0.00	($6,784.53)	($6,784.53)
Day-ahead Scheduling Reserve	$0.00	($218.55)	($218.55)
Synchronous Condensing Charges	$0.00	$0.00	$0.00
Reactive Services Charges	$0.00	$0.00	$0.00
Meter Correction Charges	$0.00	($614.32)	($614.32)
Day-ahead Economic Load Response Program Charges	$0.00	($141.76)	($141.76)
Real-time Economic Load Response Program Charges	$0.00	($7.14)	($7.14)
Balancing Operating Reserves Credits	$0.00	$0.00	$0.00
Day Ahead Operating Reserves Credits	$0.00	$0.00	$0.00
Locational Reliability Charges	$0.00	($1,133,098.80)	($1,133,098.80)
Capacity Transfer Rights Credits	$0.00	$16,259.10	$16,259.10
Capacity Resource Deficiency Credits	$0.00	$33.40	$33.40
Demand Response and ILR Compliance Penalty Credits	$0.00	$0.00	$0.00
RPM Auction Credits	$999,058.80	$0.00	$999,058.80
Auction Revenue Rights Credits	$0.00	$50,499.90	$50,499.90
Synchronized Reserve Credits	$0.00	$0.00	$0.00
PJM Scheduling System Control and Dispatch Service Charges	$0.00	($10,974.93)	($10,974.93)
Transmission Owner Scheduling System Control and Dispatch Service Charges	$0.00	($4,854.99)	($4,854.99)
Reactive Supply and Voltage Control from Generation Sources Service Charges	$0.00	($24,912.38)	($24,912.38)
Black Start Service Charges	$0.00	($1,300.53)	($1,300.53)
North American Electric Reliability Corporation (NERC) Charge	$0.00	($444.37)	($444.37)
Reliability First Corporation (RFC) Charges	$0.00	($568.49)	($568.49)
Expansion Cost Recovery Charges	$0.00	($431.40)	($431.40)
Transmission Enhancement Charges	$0.00	$20,116.40	$20,116.40
Black Start Service Credits	$5,486.77	$0.00	$5,486.77
Non-Firm Point-to-Point Transmission Service Credits	$0.00	$1,376.80	$1,376.80
Generation Deactivation	$0.00	$0.00	$0.00
Market Monitoring Unit (MMU) Funding	$0.00	($369.94)	($369.94)
Organization of PJM States, Inc. (OPSI) Funding	$0.00	($41.18)	($41.18)
FERC Annual Recovery	$0.00	($3,646.19)	($3,646.19)
PPA	$0.00	$598.30	$598.30
	$1,004,545.57	**($1,288,170.61)**	**($283,625.04)**

Note: *Generation - Realtime Energy credit of $14,562.96 and Balancing Operating Reserves Charges of $38.06 resulted from the Pollution Remediation CIP project. Therefore these PJM balances are allocated into June 2009 "Fixed Fuel and Transport Charges".*

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	**81,189**	**81,060**	**$92.30**	**$94.46**	**$94.46**	**$94.85**	**$97.04**	**$97.04**
Aug	**82,798**	**73,039**	**$92.29**	**$91.36**	**$92.99**	**$101.51**	**$101.39**	**$99.10**
Sep	**67,000**	**66,214**	**$85.81**	**$89.01**	**$91.80**	**$93.47**	**$95.27**	**$97.89**
Oct	**61,170**	**58,391**	**$87.47**	**$87.60**	**$90.92**	**$96.39**	**$97.90**	**$97.82**
Nov	**58,037**	**56,361**	**$87.62**	**$85.62**	**$90.02**	**$96.60**	**$93.43**	**$97.08**
Dec	**59,534**	**61,078**	**$87.25**	**$85.03**	**$89.25**	**$97.05**	**$98.21**	**$97.26**
Jan	**64,805**	**65,021**	**$88.79**	**$88.78**	**$89.19**	**$101.90**	**$99.99**	**$97.65**
Feb	**63,547**	**55,533**	**$89.48**	**$87.92**	**$89.05**	**$77.20**	**$97.01**	**$97.07**
Mar	**58,753**	**58,162**	**$86.98**	**$83.54**	**$88.49**	**$95.92**	**$92.43**	**$96.58**
Apr	**56,824**	**54,206**	**$85.94**	**$85.68**	**$88.25**	**$96.34**	**$97.54**	**$96.68**
May	**62,655**	**58,225**	**$85.52**	**$86.50**	**$88.10**	**$93.92**	**$95.96**	**$96.62**
Jun	**72,496**	**63,881**	**$88.32**	**$87.78**	**$88.07**	**$100.05**	**$107.80**	**$97.57**

III. GLOSSARY

All In Unit Energy Cost ("AIE") 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 capcity 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.