UTILITY COMMITTEE

A G E N D A

May 29, 2007 - 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. Dedication of Rights-of-Way and Public Infrastructure - Fox Hall West

2. Update - Options to Address Regulation 1146 Emission Control Requirements

3. PACE/NAES
   A. Update on Calculation Issue
   B. Monthly Report (April)

4. Adjournment by 6:00 P.M.

/tm
S:\ClerksOffice\Agendas&Minutes\Committee-Agendas\2007\05-29-2007 UTILITY.wpd

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**: 05/29/2007
DEPARTMENT OF ORIGIN: Public Services / Public Works	**DATE SUBMITTED**: 5/22/2007
PREPARED BY: Scott D. Koenig, P.E., Public Services Manager	
SUBJECT: Dedication of Rights-of-Way and Public Infrastructure – Fox Hall West (Phases IV & V)	
REFERENCE: N/A	
RELATED PROJECT: N/A	
APPROVALS: City Manager	
EXHIBITS: Attachment A – List of Public Improvements to be accepted by the City of Dover Attachment B – Map	
EXPENDITURE REQUIRED: $ N/A **AMOUNT BUDGETED**: $ N/A **FUNDING SOURCE (Dept./Page in CIP & Budget)**: N/A	
TIMETABLE: All infrastructure improvements will become the responsibility of the City of Dover upon action by City Council.	
RECOMMENDED ACTION: Acceptance of dedication of rights-of-way and public infrastructure in Phases IV & V of the Fox Hall West subdivision. Dedication is to include all of the referenced public improvements.	

BACKGROUND AND ANALYSIS

The developer of the Fox Hall West Subdivision (Phases IV & V), Tony Ashburn, Inc., has requested that all rights-of-ways and public infrastructure improvements related to this subdivision be dedicated to the City of Dover for permanent ownership and maintenance. That attached map (Attachment B) shows the general location and configuration of the subject rights-of-way. Tony Ashburn, Inc. has constructed all of the improvements in accordance with City standards and specifications. After construction was completed, City staff inspected the public improvements and provided the developer with a list of repairs to be made to meet the City of Dover Standards and Specifications for Public Works Construction. As of this date, all work has been completed by the developer. A one (1) year Maintenance Agreement, Maintenance Bond and a Release of Liabilities have been submitted by the developer. In addition, as-built drawings have been submitted to the Department of Public Works for their permanent records.

DEDICATION OF RIGHTS-OF-WAY AND PUBLIC INFRASTURCTURE
FOX HALL WEST (PHASES IV & V)

ATTACHMENT A

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

Sewer Utility Infrastructure (estimated construction value = $ 81,600.00):

8" PVC Sanitary Sewer Main	-	2,946 l.f.
4" PVC Sanitary Sewer Laterals	-	1,526 l.f. (48 laterals)
4' Diameter Sanitary Sewer Manholes	-	13 ea. (78.23 v.f.)

Water Utility Infrastructure (estimated construction value = $ 100,500.00):

4" Ductile Iron Water Main	-	165 l.f.
6" Ductile Iron Water Main	-	337 l.f.
8" Ductile Iron Water Main	-	3,383 l.f.
3/4" Type "K" Copper Water Service Line	-	1,440 l.f. (48 services)
8" Gate Valves	-	12 ea.
6" Gate Valves	-	1 ea.
4" Gate Valves	-	1 ea.
6" Hydrant Valves	-	4 ea.
Fire Hydrants	-	4 ea.
2" Blow Off Assembly	-	1 ea.

Storm Water Infrastructure (estimated construction value = $ 104,500.00):

Yard Basins	-	3 ea.
Single Catch Basins	-	19 ea.
Double Catch Basins	-	1 ea.
4' Diameter Storm Water Manholes	-	1 ea.
15" Type III Reinforced Concrete Pipe	-	1,775 l.f.
18" Type III Reinforced Concrete Pipe	-	125 l.f.
24" Type III Reinforced Concrete Pipe	-	610 l.f.
30" Corrugated Metal Pipe	-	150 l.f.
36" Corrugated Metal Pipe	-	480 l.f.

Street Infrastructure: (0.69 miles) (estimated construction value = $ 406,700.00)

Carnoustie Road	Station 00+00 to Station 15+08	l.f.
Shinnecock Road	Station 00+00 to Station 17+05	l.f.
Hazeltine Road	Station 00+00 to Station 02+40	l.f.
Burning Tree Road	Station 17+00 to Station 18+90	l.f.
	Total = 3,643	l.f.

Attachment 'B'

Right of Way to be Dedicated to the City of Dover



0 175 350 700 Feet

Legend

Right of Way to be Dedicated

Dover Parcels

Department of Planning
April 4, 2007

PACE | Global Asset Management

4401 Fair Lakes Court
Fairfax, Virginia 22033-3848 USA
Phone: 703-818-9100
Fax: 703-818-9108

City of Dover

April Monthly Report

Asset, Energy and Risk Management

May 15, 2007

This Report was produced by Pace Global Asset Management, LLC ("Pace Global") and is meant to be read as a whole and in conjunction with this disclaimer. Any use of this Report other than as a whole and in conjunction with this disclaimer is forbidden. Any use of this Report outside of its stated purpose without the prior written consent of Pace Global is forbidden. Except for its stated purpose, this Report may not be copied or distributed in whole or in part without Pace Global's prior written consent.

This Report and the information and statements herein are based in whole or in part on information obtained from various sources as of April, 2007. While Pace Global believes such information to be accurate, it makes no assurances, endorsements or warranties express or implied, as to the validity, accuracy or completeness of any such information, any conclusions based thereon, or any methods disclosed in this Report. Pace Global assumes no responsibility for the results of any actions and inactions taken on the basis of this Report. By a party using, acting or relying on this Report, such party consents and agrees that Pace Global, its employees, directors, officers, contractors, advisors, members, affiliates, successors and agents shall have no liability with respect to such use, actions, inactions, or reliance.

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.

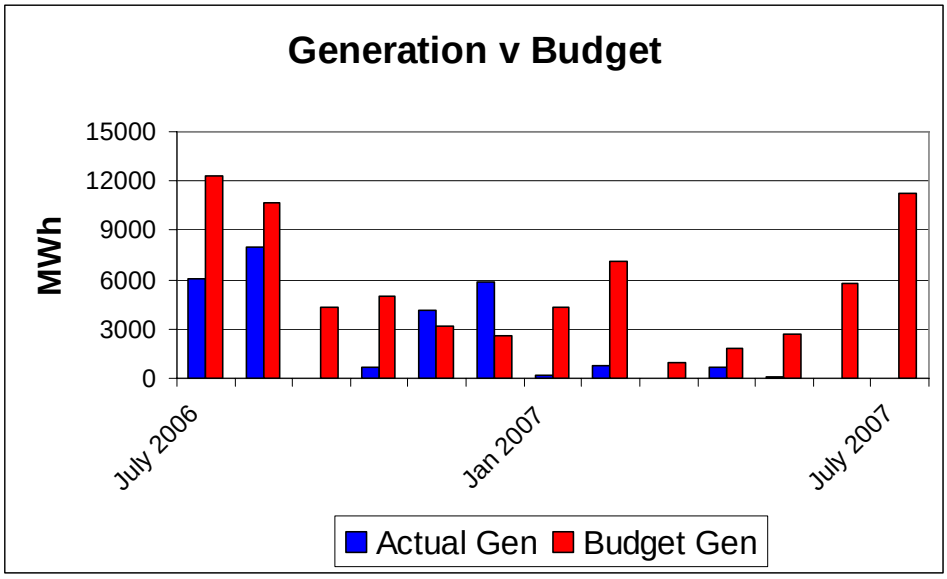
TABLE OF CONTENTS

Executive Summary 2
Purchased Power and Energy Management 5
Generation Management 8
Operations Management 10
Risk Management 16
Appendix 1 26
  Power Purchases – Hedge Transaction Details 26
Appendix 2 28
  PJM Invoice Breakdown 28
Appendix 3 29
  North American Energy Services - April 2007 Monthly Report 29

EXECUTIVE SUMMARY

Generation, Operations and Asset Management

Net generation for the month of April credited by PJM was 85 MWh, as compared to a budget of 1,800 MWh. VanSant Unit 11 experienced a real time run for 2.7 hours on April 28th on dispatch by PJM. A compressor off-line water wash was also performed on the Van Sant 11 just prior to its' annual maintenance outage. Unit 11 internal borescope inspections during the outage provided preliminary feedback that appears positive. A final assessment and report on Unit 11 is due in May.



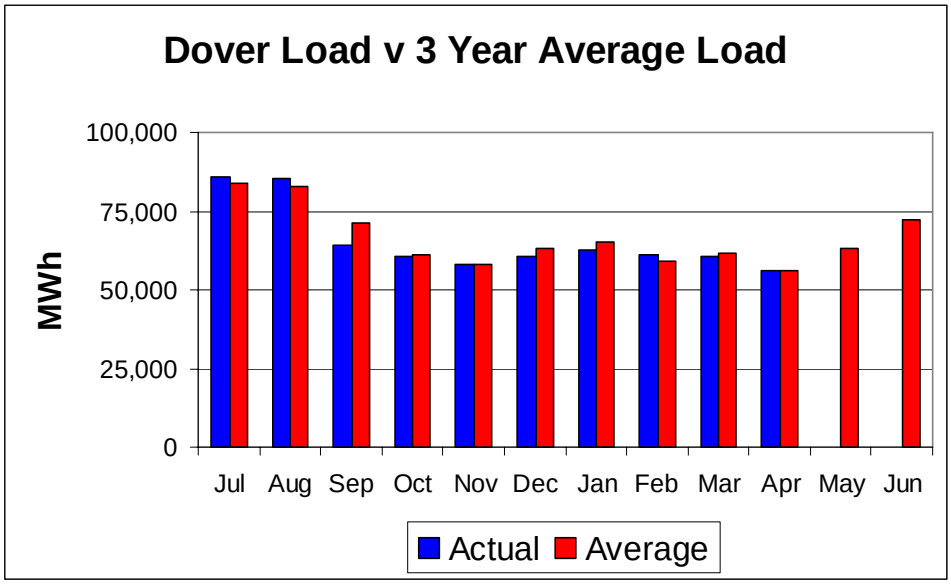
During the month of April, North American Energy Services ("NAES") reported that there were no lost time accidents, OSHA reportable incidents or environmental Notice of Violations. The Employee-Plant Safety Committee held a lunch time cook-out in April to commemorate two years of accident free operation. The plant was notified by DNREC that they had approved an alternate procedure for monitoring the McKee Run Fuel Oil Tank #1 and Oil Inventory until an out of service inspection can be completed. This inspection must be completed no later than June 1, 2008. NAES and PACE are studying scenarios to optimize the remaining #6 fuel oil inventory prior to the June 2008 deadline.

Costs attributable to the operations of the McKee Run and VanSant stations for April were $130,991 below a budget of $443,106 due to favorable variances in personnel, administrative, EH&S, maintenance and operating costs. For power year 2006-07, operations are $916,293 below a budget of $4,687,228.

Energy Management

Wholesale load for the month of April was 56,152 MWhs versus a three year historic load of 56,000 MWhs. Purchased power (or hedges) accounted for 60,720 MWhs of this volume at a cost of $4.47 million. Purchases and sales as well as other PJM related charges accounted for an additional credit of $77,370, inclusive of all load related fees. Total purchased power cost for the month of April was $4.61

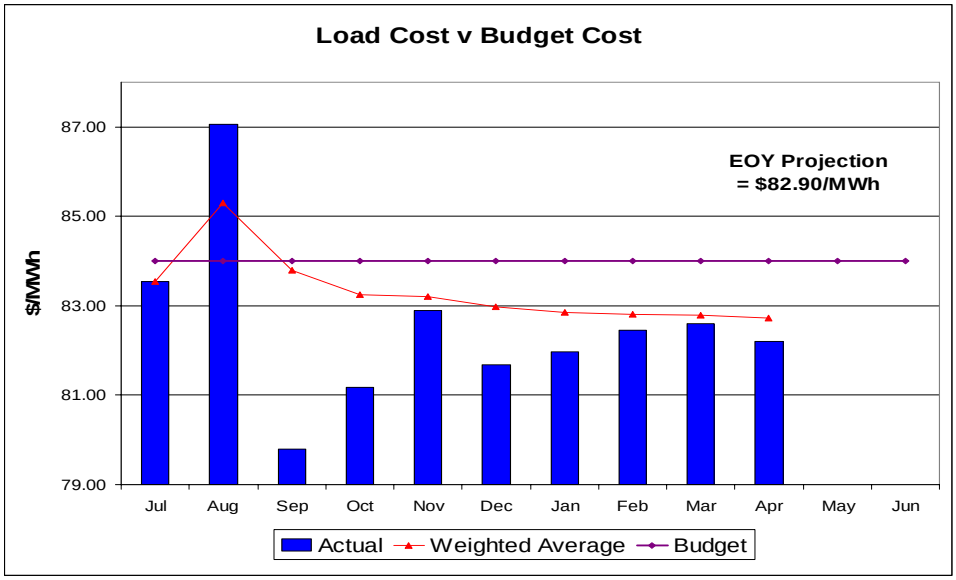
million resulting in an all in monthly cost of power (including fees) of $82.19/MWh, or $1.81/MWh below the targeted annual average of $84.00/MWh.



Risk Management

PJM wholesale power prices continued to experience upward movement throughout the forward price periods since the last reporting period (ending 4/19/07). For example, the average forward on-peak price for the upcoming Power Year 2008/2009 increased by $2.00 per MWh, or 2.2 percent, while the average forward Off peak price for the Power Year 2008/2009 increased by $1.48 per MWh, or 1.7 percent. This upward movement is indicative of the persistent market volatility that the City's risk management program is designed to manage. The City's expected wholesale cost-of-service for 2007-08 and 2008-09, and to a lesser extent for 2009-10, is significantly insulated from such adverse price movements.

Pace Global and the City have implemented several major components of a comprehensive hedging strategy for power year 2008-09 and beyond. At the April 19 ERMC meeting, the structure and objectives of the program were ratified; these consist thus far of integrated programmatic and discretionary hedging decision protocols designed to work together to ensure stable, predictable power prices for the City's ratepayers for the next several power years. Pace Global anticipates that the program structure will be enhanced at the next ERMC meeting to include defensive hedging protocols. The first element of the programmatic hedging strategy targeting peak usage was implemented in two sets of purchases on April 24 and May 8.



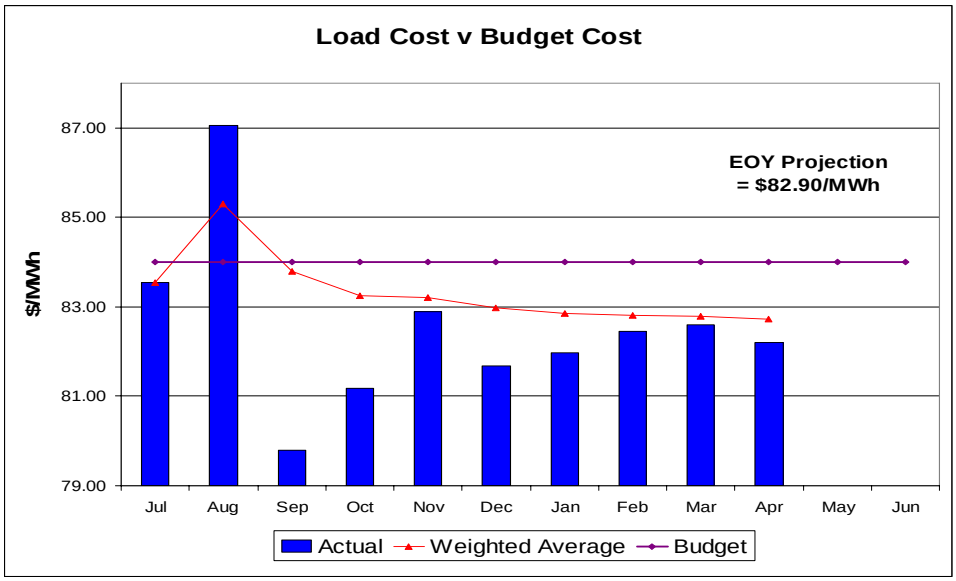
PURCHASED POWER AND ENERGY MANAGEMENT

Monthly Market Management Highlights

- Aggregate Day Ahead demand was up slightly from last month. Favorable real time purchases resulted in load following costs well-below budget despite a volatile Real Time PJM market.

The City of Dover should expect invoices from the suppliers with whom they have entered into electric supply deals. The table below provides a list of counterparties, price, and the total cost per deal. The City of Dover was over hedged for the month of April, resulting in an overall PJM invoice credit for the credit of $77,370.

April Hedges or Purchased Power			
Counterparty	Volume (MWh)	Average Cost ($/MWh)	Cost to Dover ($ millions)
BP	18,000	72.89	$1.312
Constellation	26,400	77.32	$2.041
Integrys	16,320	68.20	$1.113
Connective (Capacity Only)	354 MW	$5.00/MW.d	$.00177
Total Energy Purchases	60,720	73.59	$4.468
Dover Load	56,152		



PJM Power Balancing and Load Related Fees

Purchased Power (Hedges): 60,720 MWh's @ $73.59/MWh:	$4,468,081
Power Balancing and Additional PJM Related Credit:	($77,370)
Total Cost to Serve Load (60,720 MWh's)	$4,390,711

All in $/MWh load cost inclusive of all fees: $82.19/MWh

Actual Dover load of 56,152 MWh was 0.27% above the 3 year historic load of 56,000 MWh.

The April Cost of Service of $82.19 yields and end of year projection cost of $82.90 based on ten months of actuals and two months of projections. This is below the 2006-2007 target of $84.00.

Purchased Fuel and Transportation

Natural gas commodity spot purchases were necessary to supply gas to Van Sant Unit 11 to support the April 28th real time run, as well as to provide gas to VanSant Unit 11 during the pre-outage water-wash. The weighted average incurred gas price for 1,375 Dth was $8.80 per Dth.

Spot Gas Purchases			
Date	Volume (Dth)	Price ($/Dth)	Total Commodity Cost ($)
27-Apr	375	$7.48	$2,805.00
28-Apr	1,000	$9.30	$9,300.00
Totals	**1,375**	**$8.80**	**$12,105.00**

Gas was also separately purchased on a firm basis to maintain the No.6 fuel oil inventories at McKee Run at approximately 140 degrees. This firm delivery base load gas supply has been purchased from Sempra Energy. The Details of this deal are as follows:

Firm Gas Supply	Price Per dth	Total Cost
50 dth/day	$7.73	$11,592

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 prior period adjustments as follows:

ESNG FT Demand Charge	$4,038
TransCo FT Demand Charge	$4,302
Total Purchases	$8,340

Other Gas Purchases

For the month of April 2007, Eastern Shore's cash out is as estimated below. PGAM made every effort to minimize the cash out. Commodity and transportation imbalances and demand charges on Eastern Shore Pipeline for the month resulted in a cost of $2,473.36 to the City, and are summarized as follows.

Imbalance (dth)	Estimated $/dth	Estimated Total Cost
265	$8.55	$2265.75

Transport	Volume	Estimated $/dth	Estimated Total Cost
Firm	2,791	$0.0168	$46.89
IT	274	$0.5866	$160.72

Purchased Commodity Fuel Oil Summary

No oil was burned in the month of April. The volumes provided below are estimated to reflect the end on month inventories.

Number 2 fuel oil has been purchased due to the significant rise in the price from the level of $1.87/gallon as quoted to the Management Committee on April 20th. The current market price sits at $2.00/gallon. PGAM continues to monitor the market daily in order to procure supply at more attractive pricing levels.

Tank Inventory Estimates as of April 30			
Tank	Tank Capacity (gal)	Inventory (gal)	Days of Full Load Burn (24 Hours)
#6 Oil	2,554,105	1,207,208	9
#2 Oil	258,000	116,848	4

April 2007 Burns					
Date	#6 Oil Burns (gal)	Inventory Price ($/gal)	Market Price ($/gal)	Inventory Cost	Market Cost
NA	NA	NA	NA	NA	NA

GENERATION MANAGEMENT

Monthly Generation Management Highlights:

- Van Sant Unit 11 was dispatched for 2.7 hours on April 28th realizing a generation production margin of $882, on a unit production margin of $10.39/MWh sold.

- One thousand tons of 2006/2007 vintage SO_2 allowances were sold on April 19th. This sale included 673 tons of 2006 vintage SO_2 allowances and 327 of 2007 vintage SO_2 allowances. The transaction netted $466.50 per ton or $466,500 for the City. Dover generation has 2385 tons of SO_2 allowances remaining in 2007.

Generation Financial Performance

Per the table below, the VanSant station experienced a generation production margin of $456 on power sales of 85 MWh for the month of April. The average realized unit generation production margin was $5.37 per MWh.

Generation Production Margin		
Transaction	Volumes	Revenue/(Cost)
PJM Invoice for Power Sold	85 MWh's	$11,822.92
Gas	1225dth	($10,780.00)
#6 Oil	0 gal	$0
#2 Oil	0 gal	$0
IT Transport	0 dth	($160.72)
Generation Production Margin	85 MWh's	$882.20

1. **Historical actual results have been amended to reflect oil usage to reflect corrected oil use data.**
2. **Chart includes out of merit dispatch from October 06 to January 07.**

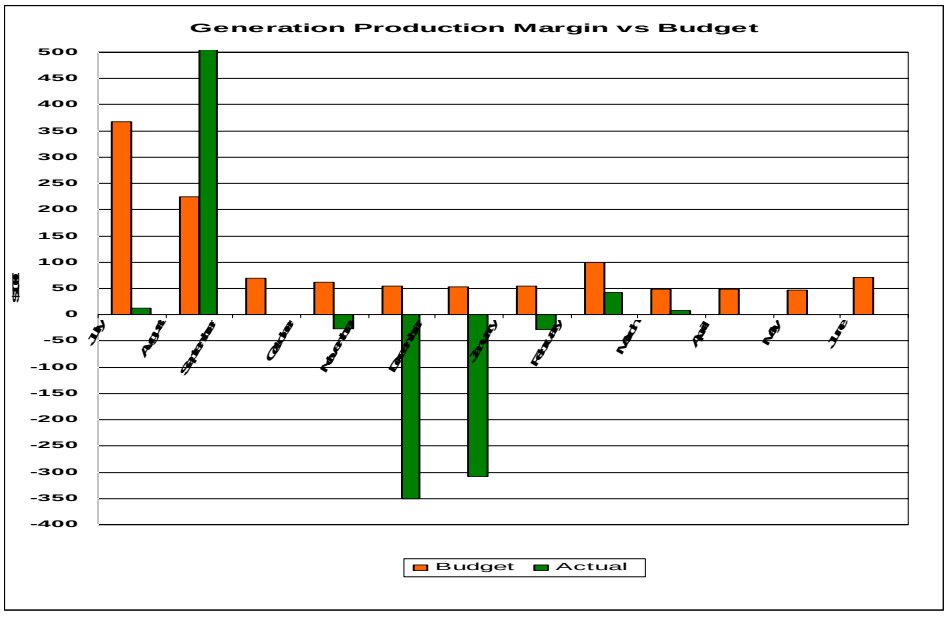


Chart includes out of merit dispatch from October 06 to January 07.

Non-Production Energy Revenues and Costs

The following non-production energy revenues and costs are generally fixed and not directly related to generation dispatch and power production.

Generation Fixed Cost		
Transaction	Volumes	Revenue/(Cost)
PJM Invoice (Black Start)	NA	$4,977.77
Eastern Shore FT	1875 dth	($4,037.78)
Transco	3100 dth	($4,302.60)
Gas	1875 dth	($15,231.64)
Total Fixed Cost		($18,594.24)

1. Gas use was for #6 FO heating a pre-outage water wash

Emissions and Allowance Management

One thousand tons of 2006/2007 vintage SO_2 allowances were sold on April 19th, resulting in the current emissions allowance balances shown in the table below. This sale included 673 tons of 2006 vintage SO_2 allowances and 327 of 2007 vintage SO_2 allowances. Dover generation has 2385 tons of SO_2 allowances remaining in 2007.

EMISSIONS & ALLOWANCE SUMMARY						
Allowance Vintage	Allowance Allocation	Emissions Month	Emissions YTD	Allowances Sold Month	Allowances Sold YTD	Allowance Balance
SO_2 – 2006	2725	n/a	52[1]	673	2673	0
SO_2 – 2007	2723	0	11	327	327	2385
NO_x – 2007[2]	198	0	0	0	0	198

Notes:

(1) An adjustment to the fuel oil sulfur content resulted in a lowering of SO_2 emissions estimates for 2006.

(2) NOx emissions pertain only to Seasonal emissions (May 1 – Sep 30)

On April 19th, a sale of 1,000 tons of 2006/2007 vintage SO_2 allowances was made to Louis Dreyfus Energy Service, LP. The transaction netted $466.50 per ton or $466,500 for the City. Combined with the 170 tons NOx credits sold in 2006 for $950 net per ton (yielding $161,500) and the prior 2000 ton SO_2 sale (yielding $853,500), net emissions allowance sales revenue for the 2006-07 power year is $1,481,500

After the transactions referenced above, the City of Dover has 2,385 vintage 2007 SO_2 allowances remaining. If McKee Run and Van Sant units experience operating conditions similar to 2006, the City of Dover will have approximately 2,350 excess 2007 vintage SO_2 allowances this year.

No activity occurred with respect to City of Dover NO_x allowances. Note that NOx allowance retirement is only applicable to generation during the Ozone Season or generation between May 1 and September 30 of each calendar year. For 2007, the City of Dover has 198 tons of NO_x allowances. Based on previous year operating statistics, approximately 173 tons of NO_x allowances will be available for trade.

SO_2 price have been steadily rising over the last two weeks and are currently approximately $585 per ton. Current NO_x allowance market prices are stable between $950 and $1000 per ton. PGAM and the City will discuss timing for additional allowance sales.

OPERATIONS MANAGEMENT

Monthly Operations Management Highlights:

- Van Sant Unit 11 operated for 2.7 hrs, producing 85 MWh for sale into the PJM real time market.

- There were no lost time accidents, OSHA reportable incidents or environmental Notice of Violations associated with the generation stations in April.

- We completed the annual outage on Unit 11 on time and ahead of the anticipated scheduled. Prior to the outage, an off line water wash was performed on the compressor at VanSant. During the outage, we received our annual borescope inspection from Advanced Turbine Support, Inc., with no red flags showing up.

- NAES and Pace conducted PJM Operator training during the month of April, and operators continue with monthly online PJM training in order to meet PJM training requirements and for further exam preparation.

- The Employee-Plant Safety Committee conducted a lunch time cook out to commemorate two years of accident-free operation. Dover Mayor Steven Speed, Dover City Manager Tony DePrima and representatives of Pace Global, Fred James and Keith Mills were among the honored guests in attendance to acknowledge the two-year milestone.

- The plant was notified by the DNREC Tank Management Branch that they had approved an alternate procedure for monitoring the McKee Run Fuel Oil Tank #1 and Oil Inventory until an Out-of-Service Tank inspection can be completed. The inspection must be completed no later than June 1, 2008.

Operations Summary

Generation Unit performance for the month of April is provided below:

Monthly Operations Summary – April 2007							
		McKee Unit 1	McKee Unit 2	McKee Unit 3	MRS Facility	VanSant Unit 11	Total All Units
Capacity	MW	17	17	102	136	39	175
On Line Hours	Hrs	0	0	0	0	2.7	2.7
Starts	#	0	0	0	0	2	2
Gross Generation	MWh	0	0	0	0	85.477	85.477
Net Generation	MWh	0	0	0	0	85.048	85.048
Total Auxiliaries	MWh	31.528	31.528	148.186	211.242	30.896	242.138
Auxiliaries purchased	MWh	31.528	31.528	148.186	211.242	30.467	241.709
Fuel Gas Used	MMBTU	0	0	0	0	1258.04	1258.04
Fuel Oil Used	MMBTU	0	0	0	0	0	0
Fuel Oil Used	Gallons	0	0	0	0	0	0
Total Fuel	MMBTU	0	0	0	0	1258.04	1258.04
Net Heat Rate	BTU/KWh	NA	NA	NA	NA	14792	14792
Unit Trips	#	0	0	0	0	0	0
Capacity Factor	%	0.0%	0.0%	0.0%	0.0%	0.30%	0.07%
Availability Factor	%	100%	100%	100%	100%	85.79%	96.45%
eFOR	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
HW Boiler Gas Usage	MMBTU				1,738.00		1,738.00
Pilot Gas Usage	MMBTU	0	0		0		0

Unit Trips/Outages/Operations

During the month, Unit 11 was operated for 2.7 hours on April 28 on dispatch by PJM. In addition, a compressor off-line water-wash was performed on the unit early in the month and just prior to its' annual maintenance outage.

In April, the Unit 11 Annual Outage was completed during which a borescope inspection was performed on the compressor. Preliminary feedback from the inspector as to the condition of the unit was very positive. Final results and an assessment of the unit is expected in early May. Other outage work included the calibration of instrument transmitters and gauges, inspection of the stack, inspection of electrical bus work, GE TIL work and preventative maintenance on all rotating electrical and mechanical equipment.

Other Events

We had several members of our staff attend a two day training session at the General Physics facility to gain the knowledge to set up the plant on the GPILearn on-line training system. Since their return to the plant, a course schedule has been set up and staff members will begin begun taking the on-line instruction courses in early May, 2007. The General Physics website based training will be utilized in several plant programs including the Operational Readiness Plan and the Employee Development and Qualification Program (EDQP) as well as meeting annual OSHA training requirements.

After months of discussion and providing information to the DNREC Tank Management Branch, they have approved an alternate procedure to be followed until an Out-of-Service Inspection can be completed on the McKee Run Fuel Oil Tank #1. Under the alternate procedure, the plant will need to supply DNREC with visual inspection documentation and oil tank inventory information on a monthly basis until the Out-of-Service Inspection is completed. We have been mandated by DNREC to have this inspection completed no later than June 1, 2008.

A meeting with the DNREC Air Quality Management Branch was held to discuss the Delaware Regulation 1146 Compliance Plan presented by the City of Dover for Unit 3 in March. DNREC had evaluated the options and this meeting was an opportunity to discuss their evaluation with the City of Dover representatives. Based on these discussions, a compliance plan continues to be developed further by the City of Dover with input from NAES and Pace Global personnel.

In our efforts to continuously improve, we continue to investigate installation of Automatic Generation Control (AGC) on Unit 3 and on Unit 11. This improvement, if achievable, would provide an even greater value to these units during periods of operation. Also included in the improvement effort, we have been actively been working with Pace Global to develop competitive bidding strategies in the PJM market that could provide more operating opportunities for all our units, thereby increasing electric generation revenue. Some of these strategies have been implemented since our initial discussions and we expect to see positive results from these in the near future.

The final version of the XL Insurance Report was provided to the plant in April with several recommendations. Some of these findings have already been addressed and other findings are being researched to determine best methodology of completing the tasks. The insurance inspectors were very impressed with the condition of the plant and have provided additional information and recommendations in the timing of major inspections on the McKee Run steam turbines.

The Employee-led Plant Safety Committee and the Maintenance Staff were recipients of a fantastic breakfast prepared by Phil Marvel, Plant Electrician and Dean Blaha, Plant Manager. The breakfast was offered up in the Plant's 2006 United Way Silent Auction by Phil (2006 Plant United Way Chairman) and Dean as a way to raise funds for the Plant's United Way Campaign. The breakfasts were purchased by Paul Greenage, Maintenance Supervisor and Ken Beard, O & M Manager who then invited the teams to be their guests for the feast. Plant staff continues to support the United Way and its' mission and is currently planning for the coming campaign year.

Leading Edge Turbine Technologies (LETT) has received the fuel nozzles for inspection, flow testing and repairs. The repairs should take four to eight weeks and once the nozzles are returned, they will be placed into the plant inventory as a spare set. We have asked for an analysis from LETT to help us determine the exact cause of the damage to the fuel nozzles. We have yet to receive this analysis.

Generation Unit performance for the fiscal year 2006-07 to date is provided below:

Fiscal Year to Date 7/1/06-6/30/07							
		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	184.134	190.018	441.026	815.178	115.054	930.232
Starts	#	6	5	23	34	37	71
Gross Generation	MWh	1,499.154	1,580.808	22,198.381	25,278,343	3,643.055	28,921.398
Net Generation	MWh	1,406.823	1,482.405	20,259.787	23,149.015	3,621.138	26,770.153
Total Auxiliaries	MWh	420.312	426.384	3,992.299	4,838.995	318.787	5,202.369
Auxiliaries purchased	MWh	327.981	327.981	2,053.705	2,709.667	296.870	3,051.124
Fuel Gas Used	MMBTU	13,478.64	17,386.555	153,605.208	184,470.403#	43,362.033	227,832.437#
Fuel Oil Used	MMBTU	8,547.961	3,177.772	88,658.168	100,383.902	5,246.186	105,630.089
Fuel Oil Used	Gallons	57,177	21,256	590,982	669,415	37,933	707,348
Total Fuel	MMBTU	22,026.601	20,564.327	242,263.377	284,854.306#	48,608.22	333,462.526#
Net Heat Rate	BTU/KWh	15,657	13,872	11,958	12,305	13,423	12,457
Unit Trips	#	4	1	1	6	9	15
Capacity Factor	%	1.13%	1.20%	2.72%	2.33%	1.27%	2.10%
Availability Factor	%	97.96%	98.60%	98.12%	98.23%	97.85%	98.13%
eFOR	%	0.96%	3.00%	0.47%	0.85%	0.0%	0.66%
HW Boiler Gas Usage	MMBTU				18,058.224		18,058.224
Pilot Gas Usage	MMBTU	526,200	822,562		1,348.762		1,348.762

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

Environmental, Health and Safety

During the month of April, there were no employee or contractor related injuries or illnesses. As a follow up to the emergency evacuation drill held at the McKee Run facility during the month of March, we have purchased status boards for employees and visitors to help us identify all individuals on site at all times. The boards have magnetic buttons to indicate whether or not employees are IN or OUT of the building. All employees should be trained in the use of the new attendance system and the boards should be in full use by May 12, 2007.

The Employee-Plant Safety Committee conducted a lunch time cook out to commemorate two years of accident-free operation. Dover Mayor Steven Speed, Dover City Manager Tony DePrima and representatives of Pace Global, Fred James and Keith Mills were among the honored guests in attendance to acknowledge the two-year milestone.

The plant was notified by the DNREC Tank Management Branch that they had approved an alternate procedure for monitoring the McKee Run Fuel Oil Tank #1 and Oil Inventory until an Out-of-Service Tank inspection can be completed. The inspection must be completed no later than June 1, 2008. The DNREC Tank Management Branch has requested monthly data collection and submission of the data to the department until the inspection has been completed. The plant will compile this information and send to DNREC at the end of each month in order to honor their request

Quarterly EDR's (Electronic Data Reports) were filed for McKee Run Unit 3 and VanSant Unit 11. The audit feedback from the EPA and the Clean Air Market Division MDC check (Monitoring Plan Data Checking Software) stated that no errors were found.

There were no Notice of Violations, Environmental excursions or Near Miss reports during the month of April.

Operations Financial Summaries

Operating Costs for the month of April were $312,115 against a budget of $443,106. A favorable variance in personnel, administrative, EH&S, maintenance and operations contributed to this variance. Power Year to Date variances are favorable by $916,293, based on actual costs of $3,770,935 against a budget of $4,687,228. Summaries for the month and year to date are as follows.

Financial – Current Month

	Month – April 2007		
	Actual	Budget	Variance
Personnel	223,573	245,115	21,542
Administrative	32,190	98,019	65,829
EH & S	894	2,500	1,606
Maintenance Expense	41,988	60,550	18,562
Operations Expense	13,470	36,922	23,452
Total	**$312,115**	**$443,106**	**$130,991**

Financial – Fiscal Year to Date

	Number of Months - 10		
	Actual	Budget	Variance
Personnel	2,408,334	2,683,269	274,935
Administrative	760,845	864,674	103,829
EH & S	69,702	68,000	(1,702)
Maintenance Expense	388,768	556,000	167,232
Operations Expense	143,286	515,285	371,999
Total	**$3,770,935**	**$4,687,228**	**$916,293**

Analysis of Budget Variance

For the month of April, NAES had a favorable variance of $130,991. The variance was due to the following:

PERSONNEL EXPENSES – Favorable variance of $21,542 due to lower overtime and burdens due to low run time that accounted for the majority of the total variance.

ADMINISTRATIVE EXPENSES - Favorable variance of $65,829 which was partially due to insurance premiums budgeted on a monthly basis were paid in a lump sum payment in August. Also, money budgeted in April for the fuel oil tank inspection (50K) was actually spent in January.

ENVIRONMENTAL, HEALTH, AND SAFETY EXPENSES - Favorable variance of $1,606 due to a zero non-hazardous waste disposal expense and no water sampling invoices.

MAINTENANCE EXPENSES- Favorable variance of $18,562 due to the City of Dover crediting a few of the major accounts for items that were previously charged out to these accounts but were actually inventory purchases. Expenses for some of the other maintenance accounts were lower due to minimal run time.

OPERATING EXPENSES – Favorable variance of $23,452 due primarily to not being billed for McKee Run auxiliary electric usage and for low water usage (limited operational run time). This has been corrected with the City Electric Department and we should expect to receive McKee Run electric bills in future months.

RISK MANAGEMENT

PJM wholesale power prices continued to experience upward movement throughout the forward price periods since the last reporting period (ending 4/19/07). For example, the average forward on-peak price for the upcoming Power Year 2008/2009 increased by $2.00 per MWh, or 2.2 percent, while the average cost of service for the Power Year 2008/2009 increased by only $1.48 per MWh, or 1.7 percent, due to the mitigating effect of the City's hedges. This upward movement is indicative of the persistent market volatility that the City's risk management program is designed to manage. The City's expected wholesale cost-of-service for 2007-08 and 2008-09, and to a lesser extent for 2009-10, is significantly insulated from such adverse price movements.

Pace Global and the City have implemented several major components of a comprehensive hedging strategy for power year 2008-09 and beyond. At the April 19 ERMC meeting, the structure and objectives of the program were ratified; these consist thus far of integrated programmatic and discretionary hedging decision protocols designed to work together to ensure stable, predictable power prices for the City's ratepayers for the next several power years. Pace Global anticipates that the program structure will be enhanced at the next ERMC meeting to include defensive hedging protocols. The first element of the programmatic hedging strategy targeting peak usage was implemented in two sets of purchases on April 24 and May 8.

2006 - 2007 Power Year Hedge Position

As of May 10th, estimated power consumption for Power Year 2006-07 was hedged at 100 percent on peak and 101 percent off peak. Hedge volumes are based on the three year historical load profile of Dover at the Dover bus prior to any distribution losses to the retail meter. As shown in the table below, these hedge positions produce an estimated all-in wholesale price to Dover of $82.90 per MWh for the 2006-07 power year, inclusive of all Pace budgeted fees. Despite the acute PJM market price increase, Dover's power cost is down $0.11 per MWh relative to last month as the hedge positions shielded the City and its customers, and due to a reduction in ancillary costs. The "Current Expected" price outcome remains below the budgeted figure of $85.24 per MWh (including Incentive Fees). The ten day value at risk (VaR) indicates that this value could increase to $83.87 per MWh, given a "worst case" possible adverse market movement in commodity and load following costs. That "At Market + Risk" result would still be $1.37 per MWh below budget.

Date: 05/09/2007	**Forward Hedge % Power Year 2006-07**	
	Peak	**100%**
	Off Peak	**101%**

	At Market	At Market + Risk*
Energy Cost(including Load Following)	**$75.62**	**$76.59**
Incentive Non-Energy Items		
LSE Capacity	$0.01	$0.01
Load Following		
FRC Margin	$0.00	$0.00
	$0.01	$0.01
Pass-Through Items		
Transmission	$2.25	$2.25
Ancillary	$1.02	$1.02
Losses	$0.00	$0.00
	$3.27	$3.27
Add Pace Fees	$2.76	$2.76
Total Cost	**$81.66**	**$82.63**
Add Incentive	$1.24	$1.24
Current Expected	$82.90	$83.87

** Includes estimate of 10-Day VaR & Load Following Risk.*
Includes actuals through April and projections through June.
Pace Incentive Fee represents budgeted amount.

2006 – 2007 Month-by-Month Hedge Transactions

Off-Peak Power, Dover Zone			5/9/2007
Period 06-07	Total Volume (MWh)	Fixed Volume (MWh)	Hedge Ratio
Jul-06	39,472	42,400	107%
Aug-06	34,547	37,600	109%
Sep-06	33,474	30,000	90%
Oct-06	27,712	29,400	106%
Nov-06	26,939	28,800	107%
Dec-06	32,041	31,800	99%
Jan-07	31,518	29,400	93%
Feb-07	27,267	26,400	97%
Mar-07	28,399	29,400	104%
Apr-07	26,122	28,800	110%
May-07	29,005	29,400	101%
Jun-07	32,038	28,800	90%
Total	368,534	372,200	101%

On-Peak Power, Dover Zone			5/9/2007
Period 06-07	Total Volume (MWh)	Fixed Volume (MWh)	Hedge Ratio
Jul-06	39,074	41,600	106%
Aug-06	45,943	47,840	104%
Sep-06	35,575	32,000	90%
Oct-06	32,603	33,440	103%
Nov-06	30,030	31,920	106%
Dec-06	28,816	30,400	105%
Jan-07	34,476	33,440	97%
Feb-07	30,279	30,400	100%
Mar-07	31,984	33,440	105%
Apr-07	29,624	31,920	108%
May-07	34,663	33,440	96%
Jun-07	38,389	31,920	83%
Total	411,456	411,760	100%

2007 - 2008 Power Year Hedge Position

For power year 2007-2008, the estimated power consumption is hedged 91 percent on peak and 80 percent off peak. Hedge volumes are based on the three year historical load profile at the Dover bus prior to any distribution losses to the retail meter. As shown in the table immediately following, the all in price to Dover at these hedge levels is estimated at $85.36/MWh, inclusive of all incentive fees. The $84.12 cost of service has changed by $0.10 per MWh versus the last report, as the 91 percent on peak hedge position lowered the volatility and protected the City from the recent $1.18/MWh movement in PJM forward market prices for this period. The 10 day value at risk (inclusive of potential adverse market movements in commodity and load following) could increase this target number to $86.26/MWh.

Date: 05/09/2007

Forward Hedge % Power Year 2007-08	
Peak	**91%**
Off Peak	**80%**

	At Market	At Market + Risk*
Energy Cost(including Load Following)	**$77.03**	**$79.17**
Incentive Non-Energy Items		
LSE Capacity	$0.01	$0.01
Load Following		
FRC Margin	$0.00	$0.00
	$0.01	$0.01
Pass-Through Items		
Transmission	$2.24	$2.24
Ancillary	$2.00	$2.00
Losses	$0.00	$0.00
	$4.24	$4.24
Add Pace Fees	$2.84	$2.84
Total Cost	**$84.12**	**$86.26**
Add Incentive	$1.24	$1.24
Current Expected	$85.36	$87.50

** Includes estimate of 10-Day VaR & LF Risk*

2007 – 2008 Month-by-Month Hedge Transactions

Off-Peak Power, Dover Zone			5/9/2007
Period 07-08	Total Volume (MWh)	Fixed Volume (MWh)	Hedge Ratio
Jul-07	39,867	30,600	77%
Aug-07	34,892	28,200	81%
Sep-07	33,809	29,120	86%
Oct-07	27,989	22,560	81%
Nov-07	27,208	23,040	85%
Dec-07	32,362	25,440	79%
Jan-08	31,834	25,480	80%
Feb-08	27,539	23,400	85%
Mar-08	28,683	22,440	78%
Apr-08	26,383	20,240	77%
May-08	29,295	24,480	84%
Jun-08	32,358	23,040	71%
Total	372,219	298,040	80%

On-Peak Power, Dover Zone			5/9/2007
Period 07-08	Total Volume (MWh)	Fixed Volume (MWh)	Hedge Ratio
Jul-07	39,464	40,320	102%
Aug-07	46,402	44,160	95%
Sep-07	35,930	33,440	93%
Oct-07	32,929	31,280	95%
Nov-07	30,330	28,560	94%
Dec-07	29,105	27,200	93%
Jan-08	34,821	29,920	86%
Feb-08	30,582	28,560	93%
Mar-08	32,303	23,520	73%
Apr-08	29,920	24,640	82%
May-08	35,010	28,560	82%
Jun-08	38,773	36,960	95%
Total	415,569	377,120	91%

2008 - 2009 Power Year Hedge Position

For power year 2008-2009, the estimated power consumption is hedged 38 percent on peak and 19 percent off peak. Hedge volumes are based on the three-year historical load profile at the Dover bus prior to any distribution losses to the retail meter. As shown below, these hedge levels combined with current market projections produce a cost of service to Dover estimated at $85.53 per MWh before any incentive fee. The $85.53 is $1.48 per MWh above the 2008-09 projected cost of $84.05 in our last report. This increase results from significant upward PJM price movements since the last report period (ending April 19). The 10 day value-at-risk (inclusive of potential adverse market movements in commodity and load following cost) could increase this target number to $89.72 per MWh.

Date: 05/09/2007	**Forward Hedge % Power Year 2008-09**	
	Peak	**38%**
	Off Peak	**19%**

	At Market	At Market + Risk*
Energy Cost(including Load Following)	**$78.39**	**$82.58**
Incentive Non-Energy Items		
LSE Capacity	$0.01	$0.01
Load Following		
FRC Margin	$0.00	$0.00
	$0.01	$0.01
Pass-Through Items		
Transmission	$2.24	$2.24
Ancillary	$2.00	$2.00
Losses	$0.00	$0.00
	$4.24	$4.24
Add Pace Fees	$2.89	$2.89
Total Cost	**$85.53**	**$89.72**
Add Incentive		
Current Expected	$85.53	$89.72

** Includes estimate of 10-Day VaR & LF Risk*

2008 – 2009 Month-by-Month Hedge Transactions

Off-Peak Power, Dover Zone			5/9/2007
Period 08-09	Total Volume (MWh)	Fixed Volume (MWh)	Hedge Ratio
Jul-08	41,040	5,880	14%
Aug-08	38,008	6,120	16%
Sep-08	32,600	5,760	18%
Oct-08	29,103	5,640	19%
Nov-08	28,405	6,240	22%
Dec-08	29,366	5,880	20%
Jan-09	32,116	6,120	19%
Feb-09	28,262	5,280	19%
Mar-09	27,490	5,880	21%
Apr-09	26,124	5,520	21%
May-09	30,003	6,360	21%
Jun-09	31,735	5,520	17%
Total	374,252	70,200	19%

On-Peak Power, Dover Zone			5/9/2007
Period 08-09	Total Volume (MWh)	Fixed Volume (MWh)	Hedge Ratio
Jul-08	44,682	14,080	32%
Aug-08	45,769	13,440	29%
Sep-08	38,039	13,440	35%
Oct-08	32,956	14,720	45%
Nov-08	29,784	12,160	41%
Dec-08	32,911	14,080	43%
Jan-09	33,286	13,440	40%
Feb-09	30,349	12,800	42%
Mar-09	33,493	14,080	42%
Apr-09	29,350	14,080	48%
May-09	32,505	12,800	39%
Jun-09	41,945	14,080	34%
Total	425,069	163,200	38%

2009 - 2010 Power Year Hedge Position

For power year 2009-2010, the estimated power consumption was hedged 14 percent on peak and 19 percent off peak. Hedge volumes are based on the three year historical load profile at the Dover bus prior to any distribution losses to the retail meter. As shown below, these hedge levels combined with current market projections produce a cost of service to Dover estimated at $83.96 per MWh before any incentive fee. The $83.96 is $2.37 per MWh above the 2009-2010 projected cost of $81.59 in our last report. This increase results from significant upward PJM price movement since the last report period (ending April 19). The 10 day value-at-risk (inclusive of potential adverse market movements in commodity and load following cost) could increase this target number to $88.01 per MWh.

Date: 05/09/2007	Forward Hedge % Power Year 2009-10	
	Peak	**14%**
	Off Peak	**19%**

	At Market	At Market + Risk*
Energy Cost(including Load Following)	**$76.74**	**$80.79**
Incentive Non-Energy Items		
LSE Capacity	$0.01	$0.01
Load Following		
FRC Margin	$0.00	$0.00
	$0.01	$0.01
Pass-Through Items		
Transmission	$2.24	$2.24
Ancillary	$2.00	$2.00
Losses	$0.00	$0.00
	$4.24	$4.24
Add Pace Fees	$2.97	$2.97
Total Cost	**$83.96**	**$88.01**
Add Incentive		
Current Expected	$83.96	$88.01

** Includes estimate of 10-Day VaR & LF Risk*

2009 – 2010 Month-by-Month Hedge Transactions

Off-Peak Power, Dover Zone			5/9/2007
Period 09-10	Total Volume (MWh)	Fixed Volume (MWh)	Hedge Ratio
Jul-09	41,040	5,640	14%
Aug-09	38,008	6,120	16%
Sep-09	32,600	5,760	18%
Oct-09	29,103	5,880	20%
Nov-09	28,405	6,000	21%
Dec-09	29,366	5,880	20%
Jan-10	32,116	6,360	20%
Feb-10	28,262	5,280	19%
Mar-10	27,490	5,640	21%
Apr-10	26,124	5,520	21%
May-10	30,003	6,360	21%
Jun-10	31,735	5,520	17%
Total	374,252	69,960	19%

On-Peak Power, Dover Zone			5/9/2007
Period 09-10	Total Volume (MWh)	Fixed Volume (MWh)	Hedge Ratio
Jul-09	44,682	5,520	12%
Aug-09	45,769	5,040	11%
Sep-09	38,039	5,040	13%
Oct-09	32,956	5,280	16%
Nov-09	29,784	4,800	16%
Dec-09	32,911	5,280	16%
Jan-10	33,286	4,800	14%
Feb-10	30,349	4,800	16%
Mar-10	33,493	5,520	16%
Apr-10	29,350	5,280	18%
May-10	32,505	4,800	15%
Jun-10	41,945	5,280	13%
Total	425,069	61,440	14%

Credit and Counterparty Position

In order to manage its risk profile, Pace Global continues to monitor the 'in the money' or 'out of the money' positions with each of the counterparties with which Dover has conducted transactions. Below are summaries of the counterparties trading with Dover, their corresponding credit position, term, volumes and pricing.

Dover: Counterparty Credit Risk

Date: 05/09/2007

10-day Credit Risk ($000) - 97.5% Confidence Level

Counterparty	Credit Rating	Tenor (months)	Credit Limit	Comment	With Offsets				Without Offsets			
					Mark-to-Market	Low Price Outcome	High Price Outcome	Line Availability	Mark-to-Market	Low Price Outcome	High Price Outcome	Line Availability
Sempra Energy Trading	AA	1	$20,000	**Moody's Credit Rating A1**	$2,478	($991)	$5,947	$17,522	$7,644	$5,742	$9,918	$12,356
Constellation	AA-	1	$15,000	**Moody's Credit Rating A1**	($250)	($386)	($114)	$15,000	$0	$0	$9	$15,000
BP Energy	AA-	1	$20,000	**Moody's Credit Rating A1**	($212)	($292)	($132)	$20,000	$0	$0	$0	$20,000
Conectiv	BBB-	1	$10,000	**Moody's Credit Rating Baa3**	$388	($106)	$883	$9,612	$388	$15	$883	$9,612
Integrys	AA-	1	$15,000	**Moody's Credit Rating A1**	$183	($727)	$1,092	$14,817	$1,134	$712	$1,746	$13,866

APPENDIX 1

POWER PURCHASES – HEDGE TRANSACTION DETAILS

Power Year 2006/07										
ID	Counterparty	Timeblock	Quality	Trade Date	Buy/Sell	Start Date	End Date	Volume	Allocation	Hedged Price
2	BP Energy	On Peak 5x16	Firm	6/22/2006	Buy	7/1/2006	6/30/2007	25	MW per hour	$90.25
7	BP Energy	Off Peak 5x8+2x24	Firm	6/22/2006	Buy	7/1/2006	6/30/2007	25	MW per hour	$57.70
1	Connectiv	On Peak 5x16	Firm	6/22/2006	Buy	7/1/2006	9/30/2006	25	MW per hour	$95.00
6	Connectiv	Off Peak 5x8+2x24	Firm	6/22/2006	Buy	7/1/2006	9/30/2006	25	MW per hour	$56.00
3	Constellation	On Peak 5x16	Firm	6/27/2006	Buy	7/1/2006	6/30/2007	50	MW per hour	$88.50
4	Constellation	On Peak 5x16	Firm	6/27/2006	Buy	7/1/2006	8/31/2006	30	MW per hour	$90.50
8	Constellation	Off Peak 5x8+2x24	Firm	6/27/2006	Buy	7/1/2006	6/30/2007	25	MW per hour	$57.75
9	Constellation	Off Peak 5x8+2x24	Firm	6/27/2006	Buy	7/1/2006	8/31/2006	25	MW per hour	$56.65
5	WPS	On Peak 5x16	Firm	7/12/2006	Buy	10/1/2006	6/30/2007	20	MW per hour	$84.71
10	WPS	Off Peak 5x8+2x24	Firm	7/12/2006	Buy	10/1/2006	6/30/2007	25	MW per hour	$56.65

Power Year 2007/08										
ID	Counterparty	Timeblock	Quality	Trade Date	Buy/Sell	Start Date	End Date	Volume	Allocation	Hedged Price
16	Conectiv	On Peak 5x16	Firm	10/18/2006	Buy	7/1/2007	8/31/2007	20	MW per hour	$112.75
17	Conectiv	Off Peak 5x8+2x24	Firm	10/18/2006	Buy	7/1/2007	8/31/2007	15	MW per hour	$63.25
18	Conectiv	On Peak 5x16	Firm	10/19/2006	Buy	1/1/2008	2/29/2008	40	MW per hour	$100.50
19	Conectiv	Off Peak 5x8+2x24	Firm	10/19/2006	Buy	1/1/2008	2/29/2008	30	MW per hour	$65.25
11	Sempra Energy Trading	On Peak 5x16	Firm	10/13/2006	Buy	7/1/2007	9/30/2007	35	MW per hour	$72.65
12	Sempra Energy Trading	On Peak 5x16	Firm	10/13/2006	Buy	10/1/2007	11/30/2007	20	MW per hour	$72.65
13	Sempra Energy Trading	Off Peak 5x8+2x24	Firm	10/13/2006	Buy	7/1/2007	11/30/2007	25	MW per hour	$72.65
14	Sempra Energy Trading	On Peak 5x16	Firm	10/16/2006	Buy	7/1/2007	6/30/2008	30	MW per hour	$75.65
15	Sempra Energy Trading	Off Peak 5x8+2x24	Firm	10/16/2006	Buy	7/1/2007	6/30/2008	20	MW per hour	$75.65
20	Sempra Energy Trading	Off Peak 5x8+2x24	Firm	10/20/2006	Buy	9/1/2007	9/30/2007	10	MW per hour	$46.15
21	Sempra Energy Trading	On Peak 5x16	Firm	10/20/2006	Buy	12/1/2007	12/31/2007	20	MW per hour	$69.95
22	Sempra Energy Trading	Off Peak 5x8+2x24	Firm	10/20/2006	Buy	12/1/2007	12/31/2007	25	MW per hour	$69.95
23	Sempra Energy Trading	On Peak 5x16	Firm	10/20/2006	Buy	3/1/2008	3/31/2008	10	MW per hour	$70.10
24	Sempra Energy Trading	Off Peak 5x8+2x24	Firm	10/20/2006	Buy	3/1/2008	3/31/2008	20	MW per hour	$70.10
25	Sempra Energy Trading	On Peak 5x16	Firm	10/20/2006	Buy	4/1/2008	4/30/2008	10	MW per hour	$58.35
26	Sempra Energy Trading	Off Peak 5x8+2x24	Firm	10/20/2006	Buy	4/1/2008	4/30/2008	20	MW per hour	$58.35

Power Year 2007/08

ID	Counterparty	Timeblock	Quality	Trade Date	Buy/Sell	Start Date	End Date	Volume	Allocation	Hedged Price
34	Sempra Energy Trading	On Peak 5x16	Firm	10/31/2006	Buy	7/1/2007	12/31/2007	10	MW per hour	$85.40
47	Sempra Energy Trading	On Peak 5x16	Firm	12/27/2007	Buy	3/1/2008	4/30/2008	25	MW per hour	$76.35
48	Sempra Energy Trading	On Peak 5x16	Firm	12/27/2007	Buy	5/1/2008	5/31/2008	50	MW per hour	$71.35
49	Sempra Energy Trading	On Peak 5x16	Firm	12/27/2006	Buy	6/1/2008	6/30/2008	75	MW per hour	$85.75
50	Sempra Energy Trading	Off Peak 5x8+2x24	Firm	12/27/2006	Buy	5/1/2008	6/30/2008	25	MW per hour	$44.50
51	Sempra Energy Trading	Off Peak 5x8+2x24	Firm	12/27/2006	Buy	7/1/2007	6/30/2008	5	MW per hour	$66.30
52	Sempra Energy Trading	On Peak 5x16	Firm	12/27/2006	Buy	7/1/2007	6/30/2008	5	MW per hour	$66.30
27	WPS	On Peak 5x16	Firm	10/25/2006	Buy	12/1/2007	12/31/2007	20	MW per hour	$85.50
28	WPS	On Peak 5x16	Firm	10/25/2006	Buy	1/1/2008	2/29/2008	10	MW per hour	$101.00
29	WPS	On Peak 5x16	Firm	10/26/2006	Buy	7/1/2007	8/31/2007	20	MW per hour	$112.00
30	WPS	On Peak 5x16	Firm	10/26/2006	Buy	9/1/2007	9/30/2007	30	MW per hour	$77.00
32	WPS	On Peak 5x16	Firm	10/27/2006	Buy	10/1/2007	11/30/2007	20	MW per hour	$75.00
33	WPS	Off Peak 5x8+2x24	Firm	10/27/2006	Buy	7/1/2007	6/30/2008	10	MW per hour	$53.30

Power Year 2008/09

ID	Counterparty	Timeblock	Quality	Trade Date	Buy/Sell	Start Date	End Date	Volume	Allocation	Hedged Price
53	Sempra Energy Trading	On Peak 5x16	Firm	1/4/2007	Buy	7/1/2008	6/30/2009	15	MW per hour	$69.05
54	Sempra Energy Trading	Off Peak 5x8+2x24	Firm	1/4/2007	Buy	7/1/2008	6/30/2009	15	MW per hour	$69.05
57	WPS	On Peak 5x16	Firm	4/24/2007	Buy	7/1/2008	12/31/2008	25	MW per hour	$94.32

Power Year 2009/10

ID	Counterparty	Timeblock	Quality	Trade Date	Buy/Sell	Start Date	End Date	Volume	Allocation	Hedged Price
55	Sempra Energy Trading	On Peak 5x16	Firm	1/4/2007	Buy	7/1/2009	6/30/2010	15	MW per hour	$68.35
56	Sempra Energy Trading	Off Peak 5x8+2x24	Firm	1/4/2007	Buy	7/1/2009	6/30/2010	15	MW per hour	$68.35

APPENDIX 2

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 Line Item	Load	Gen	Net
Balancing Energy	(86,824.77)	5,300.85	(81,523.92)
Day Ahead Energy	348,221.73	0.00	348,221.73
Regulation Charges	(33,155.17)	0.00	(33,155.17)
Synchronized Reserve Charges	(18,281.55)	0.00	(18,281.55)
Balancing Operating Reserves Charges	(3,591.63)	0.00	(3,591.63)
Day Ahead Operating Reserves Charges	(4,949.16)	0.00	(4,949.16)
Balancing Operating Reserves Credits	0.00	6,522.07	6,522.07
Synchronous Condensing Charges	(1,237.69)	0.00	(1,237.69)
Real-time Economic Load Response Program Charges	(4,200.75)	0.00	(4,200.75)
Black Start Service Credits	0.00	4,977.77	4,977.77
North American Electric Reliability Corporation (NERC) Charge	(258.30)	0.00	(258.30)
Reliability First Corporation (RFC) Charges	(561.52)	0.00	(561.52)
Reactive Supply and Voltage Control from Generation Sources Service Charges	(22,299.07)	0.00	(22,299.07)
PJM Scheduling System Control and Dispatch Service Charges	(15,860.25)	0.00	(15,860.25)
Transmission Owner Scheduling System Control and Dispatch Service Charges	(4,172.09)	0.00	(4,172.09)
Black Start Service Charges	(1,119.61)	0.00	(1,119.61)
Network Integration Transmission Service Charges	(140,943.30)	0.00	(140,943.30)
Expansion Cost Recovery Charges	(415.29)	0.00	(415.29)
Non-Firm Point-to-Point Transmission Service Credits	1,066.61	0.00	1,066.61
Auction Revenue Rights Credits	67,662.90	0.00	67,662.90
Transmission Losses (Point-to-Point) Credits	3,674.61	0.00	3,674.61
PPA's	(5,385.72)	0.00	(5,385.72)
	77,369.98	16,800.69	94,170.67

Due to the Settlement of Transmission Rate Case ER05-515: Pepco/ Dpl the City is entitled to an estimated refund of $512,640 to be spread over 12 months beginning in June -06. The credit comes through on the PJM bill as a reduction in the rate charged by DPL for Network transmission service.

DPL Total Refund ($12,021,624)
DPL System Peak Load 4,174 mw
Per Mw Refund ($2880.12)

Dover Peak Load 174.25 mw
Dover Estimated Refund ($501,860.91)

APPENDIX 3

NORTH AMERICAN ENERGY SERVICES - APRIL 2007 MONTHLY REPORT

North American Energy Services
Dover, DE

April 2007

Monthly Report



Two Years Accident Free
April 5, 2007

Table of Contents

1.0 Executive Summary

2.0 Environmental Health and Safety

3.0 Financial

4.0 Operations

5.0 Maintenance

6.0 Engineering

7.0 Summary of NAES Performance

1.0 Executive Summary

Calendar of Events	*Date*
Two Year Accident Free Target	April 5, 2007
RCRA & DOT Training	April 10, 2007
GPiLearn Training	April 11 – 12, 2007
Unit 11 Annual Outage	April 16 – 29, 2007
Toxic Release Inventory (TRI) Due	June 1, 2007
McKee Run – Delaware Regulation 1146 Compliance Plan Due to DNREC	July 1, 2007
Unit 1 Annual Outage	October 8 - 15, 2007
Unit 2 Annual Outage	October 15 - 22, 2007
McKee Run Fuel Oil Tank #1 Out-of-Service Inspection Due Date	June 1, 2008
Three Year Accident Free Target	April 5, 2008

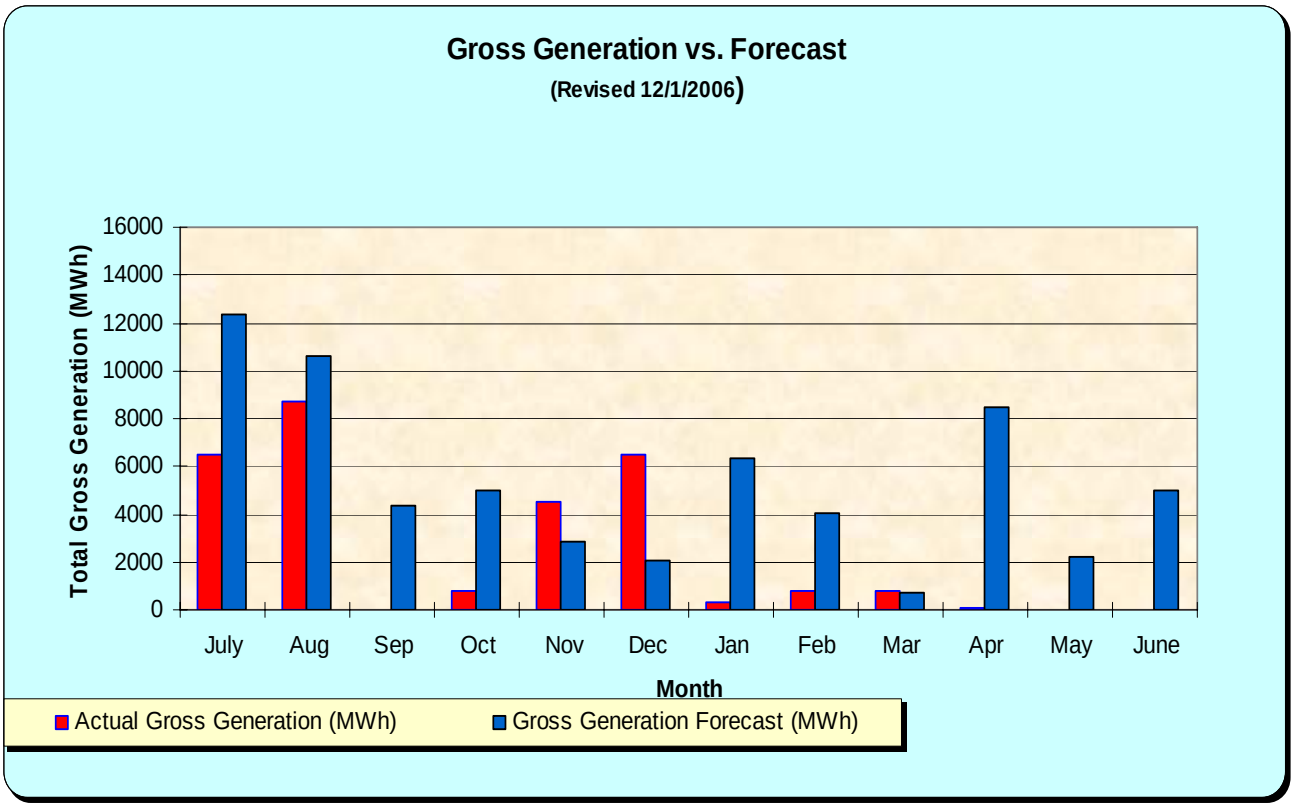
Environmental, Health, and Safety

	Month (April 2007)	*Fiscal Year to Date 7/1/06-6/30/07*
NOVs	0	0
Opacity Deviations	0	36
Environmental Deviations	0	0
OSHA Recordable	0	0
OSHA LTA's	0	0

Operations

	Month (April 2007)	*Fiscal Year to Date 7/1/06-6/30/07*
Net Station Output (MWH) – Note 1	85.048	26,770.153
Period Hours	2880	29,184
On line Hours	2.7	930.232
Planned Outage Hours	102.334	382.068
Maintenance Outage Hours	0	54.667
Forced Outage Hours	0	108.575
Reserve Shutdown Hours	2,774.966	27,708.238
Equivalent Forced Outage Hours	0	214.57
Station Availability - Note 2	96.45%	98.13%

Note 1 – Net Station Output does not include station auxiliaries when units are off line.
Note 2 – Availability is calculated using service hours + reserve shutdown hrs divided by hours in period.


Gross Generation vs. Forecast
(Revised 12/1/2006)
Total Gross Generation (MWh)
16000
14000
12000
10000
8000
6000
4000
2000
0
July
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
June
Month
Actual Gross Generation (MWh)
Gross Generation Forecast (MWh)

2.0 Environmental, Health and Safety

During the month of April, there were no employee or contractor related injuries or illnesses. As a follow up to the emergency evacuation drill held at the McKee Run facility during the month of March, we have purchased status boards for employees and visitors to help us identify all individuals on site at all times. The boards have magnetic buttons to indicate whether or not employees are IN or OUT of the building. All employees should be trained in the use of the new attendance system and the boards should be in full use by May 12, 2007.

The Employee-Plant Safety Committee conducted a lunch time cook out to commemorate two years of accident-free operation. Dover Mayor Steven Speed, Dover City Manager Tony DePrima and representatives of Pace Global, Fred James and Keith Mills were among the honored guests in attendance to acknowledge the two-year milestone.

The plant was notified by the DNREC Tank Management Branch that they had approved an alternate procedure for monitoring the McKee Run Fuel Oil Tank #1 and Oil Inventory until an Out-of-Service Tank inspection can be completed. The inspection must be completed no later than June 1, 2008. The DNREC Tank Management Branch has requested monthly data collection and submission of the data to the department until the inspection has been completed. The plant will compile this information and send to DNREC at the end of each month in order to honor their request

Quarterly EDR's (Electronic Data Reports) were filed for McKee Run Unit 3 and VanSant Unit 11. The audit feedback from the EPA and the Clean Air Market Division MDC check (Monitoring Plan Data Checking Software) stated that no errors were found.

There were no Notice of Violations, Environmental excursions or Near Miss reports during the month of April.

Safety Statistics

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD
Hours Worked	5,389.5	5,697.75	5129.5	5,454	5,101.5	5,089.5	5,506	4,705	5,605	5,100			52,777.75
First Aid cases	0	0	0	0	0	0	0	0	0	0			0
OSHA Recordable	0	0	0	0	0	0	0	0	0	0			0
Lost Time Accidents	0	0	0	0	0	0	0	0	0	0			0
Restricted Workday Accident	0	0	0	0	0	0	0	0	0	0			0
Near Miss	0	1	0	0	0	0	0	0	2	0			3

Date last OSHA Recordable	**4/05/05**
Date last Lost Time Accident	**4/05/05**
Days since last OSHA recordable	**755**
Days since last Lost Time Accident	**755**

Emissions (NOx & SO2) All data thru 4/30/07

NOx Summary - Year (May-Sept.)Tons					
Year	*Unit #1*	*Unit #2*	*Unit #3*	*Unit #11*	*TOTAL*
2002	17.34	14.38	175.76	6.01	213.49
2003	9.34	7.84	127.36	2.45	146.99
2004	3.38	2.74	98.76	7.55	112.43
2005	20.16	20.64	103.3	2.19	146.29
2006	1.82	1.78	19.25	1.72	24.57
2007	0	0	0	0	0

NOx Allowances Summary					
NOx Allowance Vintage	**NOx Allowances Sold YTD**	**NOx Allowances Available (Per Facility, Prior to Sale)**		**Total NOx Tons Emitted (NOx Season)**	**NOx Allowance Balance**
		McKee Run	***VanSant***		
2007	0	191	7	0	198
2008	0	191	7	0	198
2009	0	191	7	0	198

Note: NOx Season is May 1 to September 30.

SO_2 Summary - Year (Jan.-Dec.)Tons					
Year	*Unit #1*	*Unit #2*	*Unit #3*	*Unit #11*	*TOTAL*
2002	23.43	24.93	696.91	6.38	751.65
2003	22.77	18.89	490.14	2.35	534.15
2004	10.96	9.64	489.44	1.45	490.89
2005	49.91	52.08	530.24	2.30	634.69
2006	3.69	1.51	50.7	0.40	56.30
2007	0	0	10.48	0.16	10.64

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***		
2006	2673	2586	139	52	0
2007	327	2585	138	11	2385
2008	0	2585	138	0	2723
2009	0	2585	138	0	2723

2.1 Training

Final arrangements have been made with General Physics, to utilize their web-based training programs for the Dover facility. The training courses would include topics that satisfy OSHA compliance and provide general knowledge to site personnel related to power plant operations, mechanical, electrical, instrumentation & control maintenance, water treatment, heat rate and plant performance. Three Dover employees, Philip Kosek, EHS and Admin Manager, Ray Lavender, Operations Supervisor and Paul Greenage, Maintenance Supervisor, attended orientation training at the General Physics training Center on April 11 & 12, 2007. Program implementation will begin during the month of May for all NAES employees.

3.0 Financial

Financial – Current Month

	Month – April 2007		
	Actual	Budget	Variance
Personnel	223,573	245,115	21,542
Administrative	32,190	98,019	65,829
EH & S	894	2,500	1,606
Maintenance Expense	41,988	60,550	18,562
Operations Expense	13,470	36,922	23,452
Total	**$312,115**	**$443,106**	**$130,991**

Financial – Fiscal Year to Date

	Number of Months - 10		
	Actual	Budget	Variance
Personnel	2,408,334	2,683,269	274,935
Administrative	760,845	864,674	103,829
EH & S	69,702	68,000	(1,702)
Maintenance Expense	388,768	556,000	167,232
Operations Expense	143,286	515,285	371,999
Total	**$3,770,935**	**$4,687,228**	**$916,293**

3.1 Variance analysis

For the month of April, we had a favorable variance of $130,991. The variance was due to the following:

PERSONNEL EXPENSES – Favorable variance of $21,542 due to lower overtime and burdens due to low run time that accounted for the majority of the total variance.

ADMINISTRATIVE EXPENSES - Favorable variance of $65,829 which was partially due to insurance premiums budgeted on a monthly basis were paid in a lump sum payment in August. Also, money budgeted in April for the fuel oil tank inspection (50K) was actually spent in January.

ENVIRONMENTAL, HEALTH, AND SAFETY EXPENSES - Favorable variance of $1,606 due to a zero non-hazardous waste disposal expense and no water sampling invoices.

MAINTENANCE EXPENSES- Favorable variance of $18,562 due to the City of Dover crediting a few of the major accounts for items that were previously charged out to these accounts but were actually inventory purchases. Our expenses for some of the other maintenance accounts was a lot lower due to minimal run time.

OPERATING EXPENSES – Favorable variance of $23,452 due primarily to not being billed for McKee Run auxiliary electric usage and for low water usage (limited operational run time). This has been corrected with the City Electric Department and we should expect to McKee Run electric bills in future months.

4.0 Operations

Month – April 2007							
		McKee Unit 1	McKee Unit 2	McKee Unit 3	MRS Facility	VanSant Unit 11	Total All Units
Capacity	MW	17	17	102	136	39	175
On Line Hours	Hrs	0	0	0	0	2.7	2.7
Starts	#	0	0	0	0	2	2
Gross Generation	MWh	0	0	0	0	85.477	85.477
Net Generation	MWh	0	0	0	0	85.048	85.048
Total Auxiliaries	MWh	31.528	31.528	148.186	211.242	30.896	242.138
Auxiliaries purchased	MWh	31.528	31.528	148.186	211.242	30.467	241.709
Fuel Gas Used	MMBTU	0	0	0	0	1258.04	1258.04
Fuel Oil Used	MMBTU	0	0	0	0	0	0
Fuel Oil Used	Gallons	0	0	0	0	0	0
Total Fuel	MMBTU	0	0	0	0	1258.04	1258.04
Net Heat Rate	BTU/KWh	NA	NA	NA	NA	14792	14792
Unit Trips	#	0	0	0	0	0	0
Capacity Factor	%	0.0%	0.0%	0.0%	0.0%	0.30%	0.07%
Availability Factor	%	100%	100%	100%	100%	85.79%	96.45%
eFOR	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
HW Boiler Gas Usage	MMBTU				1,738.00		1,738.00
Pilot Gas Usage	MMBTU	0	0		0		0

 # Note: Does not include HWB or Pilot Gas

Fiscal Year to Date 7/1/06-6/30/07							
		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	184.134	190.018	441.026	815.178	115.054	930.232
Starts	#	6	5	23	34	37	71
Gross Generation	MWh	1,499.154	1,580.808	22,198.381	25,278,343	3,643.055	28,921.398
Net Generation	MWh	1,406.823	1,482.405	20,259.787	23,149.015	3,621.138	26,770.153
Total Auxiliaries	MWh	420.312	426.384	3,992.299	4,838.995	318.787	5,202.369
Auxiliaries purchased	MWh	327.981	327.981	2,053.705	2,709.667	296.870	3,051.124
Fuel Gas Used	MMBTU	13,478.64	17,386.555	153,605.208	184,470.403#	43,362.033	227,832.437#
Fuel Oil Used	MMBTU	8,547.961	3,177.772	88,658.168	100,383.902	5,246.186	105,630.089
Fuel Oil Used	Gallons	57,177	21,256	590,982	669,415	37,933	707,348
Total Fuel	MMBTU	22,026.601	20,564.327	242,263.377	284,854.306#	48,608.22	333,462.526#
Net Heat Rate	BTU/KWh	15,657	13,872	11,958	12,305	13,423	12,457
Unit Trips	#	4	1	1	6	9	15
Capacity Factor	%	1.13%	1.20%	2.72%	2.33%	1.27%	2.10%
Availability Factor	%	97.96%	98.60%	98.12%	98.23%	97.85%	98.13%
eFOR	%	0.96%	3.00%	0.47%	0.85%	0.0%	0.66%
HW Boiler Gas Usage	MMBTU				18,058.224		18,058.224
Pilot Gas Usage	MMBTU	526,200	822,562		1,348.762		1,348.762

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

VanSant Lifetime through 4/30/07			
	Actual Starts	Factored Starts	Fired Hours
VanSant	1153	1888.25	3,743.902
Since HGP - Dec 2004	105	220.55	348.999

Fuel Oil Inventory							
	Monthly Inventory (Start)	Monthly Inventory (End)	Fuel Purchases (Month)	Monthly Inventory (Change)	FY 06-07 Inventory (Start)	Fuel Purchases (YTD)	FY 06-07 Inventory (Change)
McKee Run (#6 Fuel Oil)	1,207,208	1,205,783	0	(1,425)	1,870,932	0	(665,149)
VanSant (#2 Fuel Oil)	116,848	117,311	0	463	155,782	0	(38,471)

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

CapacityTesting					
Summer 2006-2007 (June 1- Aug 31)			**Winter 2006-2007 (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	1	17	17.3
2	17	17.4	2	17	17.45
3	102	102.68	3	102	105.18
VanSant	39	40.3	11	40	40.23
Total	175	177.38	Total	176	180.16

Unit 11 completed capacity test during the month of February 2007. Units 1, 2 & 3 completed capacity testing in December 2006.

Historical Performance

Month	*Generation* (MWh)*	*Gas* (MMBTU)*	*Oil* (gal)*	*Availability*		*Capacity Factor*		*Starts*	
				2006	*2005*	*2006*	*2005*	*2006*	*2005*
Jul	6,102.198	74,878.054	11,238	97.12	100	4.69	18.2	27	21
Aug	8,144.843	88,586.392	73,580	99.23	100	6.26	18.6	19	27
Sep	0	0	0	93.86	99.93	0	2.29	0	4
Oct	720.739	7,869.890	8,549	100	96.34	.55	0.33	3	2
Nov	4,068.753	44,645.125	44,671	98.10	100	3.21	0.19	9	2
Dec	5,917.68	5,649.197	453,077	100	100	4.52	17.69	4	9
				2007	**2006**	**2007**	**2006**	**2007**	**2006**
Jan	285.314	4,156.404	0	100	100	0.22	0	1	1
Feb	569.496	584.278	58,515	100	98.87	0.63	0	3	6
Mar	697.498	205.052	57,718	96.54	90.99	0.53	.21	3	2
Apr	85.048	1,258.04	0	96.45	96.53	0.07	.01	2	6
May					100		.09		1
Jun					100		1.07		2
FYTD	24,954.323	227,832.437	707,348	98.13	98.55	2.10	4.99	71	83

*** Note: Total Net Generation for all four units combined**

4.1 Training

During the month of April, Ray Lavender, Jeff Luff and Larry Sheranko, Operations Supervisors, attended an Ashland RCRA/DOT training course to provide additional knowledge in helping to keep our hazardous waste program up-to-date on current regulations and best practices. Operations Personnel continue with monthly online PJM training in order to meet PJM training requirements and for further exam preparation. Work is in the final stages of development of an Operational Readiness Plan which will provide a more structured training and skill set refresher regimen to all Operations and Maintenance Personnel. GPiLearning courses which we have recently brought on board will be utilized as part of this training program.

4.2 Personnel

We continue to have an opening in the operations department due to an employee leaving the company in October 2006 to pursue other career opportunities. At the present time, plant management has decided to leave the position open and continues to actively adjust the operations teams' work schedules to meet plant needs.

5.0 Maintenance

During the month of April, the plant maintenance staff continued addressing our backlog of work orders, completed the annual outage inspections on Unit 11 and focused on keeping all units available to our client and PJM. Fifty-nine work orders were issued during the month, and fifty-eight work orders were completed during the month.

The table below summarizes the monthly work order activities.

Work Order Report

April - 07

Priority #	Outstanding From Previous Months	Issued This Month	Completed This Month	Outstanding at the end of the month
P1	0	2	2	0
P2	0	5	5	0
P3	1	9	9	1
P4	6	32	26	12
P5	7	2	5	0
P6	0	0	0	0
P7	5	2	2	5
P8	7	4	4	7
P9	2	2	0	4
P6 - 1	0	0	0	0
P6 - 2	0	0	0	0
P6 - 3	0	0	0	0
P6 – 4	3	1	4	0
P6 – 5	0	0	0	0
P6 – 6	0	0	0	0
P6 – 7	1	0	0	1
P6 - 8	0	0	0	0
PM	13	30	31	12
Totals	29	59	58	30

Note: PM's are included in the priority totals

Notable activities during the month include:

1) We completed the annual outage on Unit 11 on time and ahead of the anticipated scheduled. Prior to the outage, an off line water wash was performed on the compressor at VanSant. During the outage, we received our annual borescope inspection from Advanced Turbine Support, Inc., with no red flags showing up.

2) During the outage at VanSant, we received our annual oil flow meter and transmitter calibration / certification and also removed, inspected and documented the condition of the main gas line orifice plate to comply with our Title V Operating Permit.

3) During the month, maintenance team members completed taking oil samples for our oil analysis program.

The following work orders remained open at the end of the month:

Work Order #	*Due Date*	*Brief Description of Work Order*	*Reason for Past Due*
5711	6/20/05	New control room CEMS view node and computer	Computer has been dedicated as a replacement. OEM vendor cannot assist with configuration. Plant looking into alternative method of interface with main CEMS computer.
6614	3/15/07	Revise plant safety video	Video is 90% complete.
6655	11/17/06	Steps for 001 Outfall	Plan has been developed and are awaiting vendor visits and quotes
6731	12/14/06	Leaking regulator on B acid pump at VanSant	Waiting on parts, on order
6999	4/20/07	Plant electric utility vehicle will not hold a charge	Waiting on parts, on order

5.1 Training

1) During the month, Eric Carrow received training on the monthly PM of our sulfur determinator from Ray Wheatley.

2) Members of the flex team continued to receive training on gauge and instrument calibrations from the Plant Instrument Technicians, Rich Newman and Dave Pletsch.

3) By working with our maintenance staff during the month, flex team members continue to become more familiar with their duties and responsibilities. This cross training will be a benefit to the entire team, as it adds more flexibility to our skill sets.

6.0 Engineering

Unit Trips/Outages/Operations

During the month, Unit 11 was operated for 2.7 hours on April 28 on dispatch by PJM. In addition, a compressor off-line water-wash was performed on the unit early in the month and just prior to its' annual maintenance outage.

In April, the Unit 11 Annual Outage was completed during which a borescope inspection was performed on the compressor. Preliminary feedback from the inspector as to the condition of the unit was very positive. Final results and an assessment of the unit is expected in early May. Other outage work included the calibration of instrument transmitters and gauges, inspection of the stack, inspection of electrical bus work, GE TIL work and preventative maintenance on all rotating electrical and mechanical equipment.

Other Events

We had several members of our staff attend a two day training session at the General Physics facility to gain the knowledge to set up the plant on the GPILearn on-line training system. Since their return to the plant, a course schedule has been set up and staff members will begin begun taking the on-line instruction courses in early May, 2007. The General Physics website based training will be utilized in several plant programs including the Operational Readiness Plan and the Employee Development and Qualification Program (EDQP) as well as meeting annual OSHA training requirements.

After months of discussion and providing information to the DNREC Tank Management Branch, they have approved an alternate procedure to be followed until an Out-of-Service Inspection can be completed on the McKee Run Fuel Oil Tank #1. Under the alternate procedure, the plant will need to supply DNREC with visual inspection documentation and oil tank inventory information on a monthly basis until the Out-of-Service Inspection is completed. We have been mandated by DNREC to have this inspection completed no later than June 1, 2008.

A meeting with the DNREC Air Quality Management Branch was held to discuss the Delaware Regulation 1146 Compliance Plan presented by the City of Dover for Unit 3 in March. DNREC had evaluated the options and this meeting was an opportunity to discuss their evaluation with the City of Dover representatives. Based on these discussions, a compliance plan continues to be developed further by the City of Dover with input from NAES and Pace Global personnel.

In our efforts to continuously improve, we continue to investigate installation of Automatic Generation Control (AGC) on Unit 3 and on Unit 11. This improvement, if achievable, would provide an even greater value to these units during periods of operation. Also included in the improvement effort, we have been actively been working with Pace Global to develop competitive bidding strategies in the PJM market that could provide more operating opportunities for all our units, thereby increasing electric generation revenue. Some of these strategies have been implemented since our initial discussions and we expect to see positive results from these in the near future.

The final version of the XL Insurance Report was provided to the plant in April with several recommendations. Some of these findings have already been addressed and other findings are being researched to determine best methodology of completing the tasks. The insurance inspectors were very impressed with the condition of the plant and have provided additional information and recommendations in the timing of major inspections on the McKee Run steam turbines.

The Employee-led Plant Safety Committee and the Maintenance Staff were recipients of a fantastic breakfast prepared by Phil Marvel, Plant Electrician and Dean Blaha, Plant Manager. The breakfast was offered up in the Plant's 2006 United Way Silent Auction by Phil (2006 Plant United Way Chairman) and Dean as a way to raise funds for the Plant's United Way Campaign. The breakfasts were purchased by Paul Greenage, Maintenance Supervisor and Ken Beard, O & M Manager who then invited the teams to be their guests for the feast. Plant staff continues to support the United Way and its' mission and is currently planning for the coming campaign year.

Leading Edge Turbine Technologies (LETT) has received the fuel nozzles for inspection, flow testing and repairs. The repairs should take four to eight weeks and once the nozzles are returned, they will be placed into the plant inventory as a spare set. We have asked for an analysis from LETT to help us determine the exact cause of the damage to the fuel nozzles. We have yet to receive this analysis.

7.0 Summary of NAES Performance to Date

Measure	*Month*		*Year to Date*		*YTD Incentive*
eFOR	0.0%		0.66%		$66,800
Budget (Actual vs. Budget)	70.44%		80.45%		$20,000
Safety	0		0		$15,000
Environmental	0		0		$15,000
Capacity Tests Completed	Summer	Winter	Summer	Winter	
Unit 1	No	No	Yes	Yes	$1,000
Unit 2	No	No	Yes	Yes	$1,000
Unit 3	No	No	Yes	Yes	$6,000
Unit 11	No	No	Yes	Yes	$2,000
			Total YTD Incentive		$126,800