

Meeting Summary

Chesapeake Natural Gas

January 10, 2019 10:00 am

A meeting was held with;

Dean E. Holden, P. E., Manager, Business Development

John Martin, Business Development Manager

D. Preston Lee, P.E., President -Lewes BPW

Darrin Gordon- Lewes BPW

The meeting had been requested by Chesapeake to obtain information regarding the status of the 4-5 megawatt generator proposed to be built by PowerSecure at BPW's Schley Avenue power plant site.

Mr. Lee opened the discussion and noted that the BPW would also like to discuss how the BPW could assist Chesapeake with its installation of gas mains throughout the City.

Mr. Lee noted that the BPW's State issued charter allows it to provide gas utility services in the City. The BPW has no wish to compete with Chesapeake, but it will do everything in its power to assure that every citizen and business in the City has access to natural gas service. This could include providing the service to areas Chesapeake can't or won't provide it. He requested Chesapeake's long-range plan and schedule of projects. Mr. Lee said that the BPW interested in partnering and being creative in getting gas to the areas Chesapeake has difficulty serving in the near future.

Mr. Holden stated Chesapeake was open to working with the BPW, but noted that Chesapeake is still bound by the economic model of expansion. He presented a white paper- Rate Schedule "SIR", System Improvement Rate, that was prepared by Chesapeake's sister company, Sandpiper Energy, Inc., that provided an example of how they were developing innovative approaches to serving a greater number of customers

The following potential options were discussed-

- By a collaborating on projects, could the BPW install gas pipes during our construction and then be reimbursed over time as Chesapeake grows. Mr. Holden indicated Chesapeake was agreeable to consider the idea. Both organizations could share information about their construction projects. The BPW and City could also share their list of proposed capital projects with Chesapeake. This would help with coordination of work throughout the City.
- The "contribution in aid of construction" was also discussed. If a project for a certain area is short of Chesapeake's requirements to install, BPW may be able to make a cash contribution to make the formula whole. The thought was that possibly the Board, City or a combination of both entities could make up the difference and then recoup the contribution after others join the system.

It was agreed, both organizations would consider these and other possible ways to work together to provide natural gas throughout the City.

Chesapeake inquired about the progress of the plant and how the generators would be used. The BPW is currently not committed to the generation and are awaiting information on fuel cost and availability to help add to our decision making on that project. Mr. Holden said that at this time he did not see any supply constraints for their supply if that project advanced. H said they were working to have a 2" supply line coming through the DRBA yard on Schley to serve the near community. If it is decided to install a generator, this could up increased to easily serve it.

The meeting ended with assurances from Chesapeake that it would reach out to the BPW with information about their projects.

Preliminary Board Document