



Powering Our Rural Communities

DCEC Submits Application For Western Catskills Hydro Project

On May 8, 2008, DCEC submitted an application to the Federal Energy Regulatory Commission (FERC) for the Western Catskills Hydro Project. This application came after more than 18 months of engineering study by DCEC on the economic viability of generating electricity using water released from local New York City water supply reservoirs. This proposed project consists of generating facilities at the Gilboa, Cannonsville, Pepacton and Neversink Reservoirs.



Schoharie (Gilboa) Reservoir

“This project could have major benefits to our area”, said DCEC Board President Frank Winkler. “Not only could this be a predictable, clean source of energy to our existing membership but it may also be possible for this energy to be used to serve local municipal systems and school districts. This initiative is consistent with DCEC’s objectives of identifying and developing local, renewable sources of energy that reduce our membership risks associated with volatile energy prices and congestion in the New York transmission system.”

DCEC’s application to FERC begins a lengthy and involved process of identifying required studies that must be done, and completing those studies successfully as part of the licensing process by FERC. It is possible that these studies will be done in 2009 and 2010 with construction commencing in 2011-2012.

“Although we have done preliminary engineering on this project” says DCEC CEO & General Manager Greg Starheim, “there is still a lot of work to be done to finalize the design and address all aspects of the projects.” DCEC proposed a modularized “siphon-type” design for the intake systems, penstocks and turbine-generators that minimize the environmental concerns of the project while also minimizing the project’s intrusion into NYC/DEP’s water supply operations. “We think we have a very responsible design for the project and we look forward to progressing through the licensing process”, says Starheim.

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Construction Underway on Waste-to-Energy Project

DCEC has been exploring alternatives to generate clean low-cost electricity for its members to local distributed generation from renewable sources. The Delaware County Waste-to-Energy Project is one such alternative, a 1,000kw power project that will utilize waste gas recovered from the Delaware County landfill.

This project fully meets the definition of “renewable” set by the New York State Public Service Commission. It will contribute to the New York State Renewable Portfolio Standard (RPS) objectives by 25% of energy in NYS being from renewable sources by the year 2013. Further, this project will capture and destroy the vast majority of the methane contribution of Greenhouse Gas (GHG) emissions to the environment.

This unit will generate power to be able to accommodate the electric load of about 500 average size homes. The project is being funded by Clean Renewable Energy Bonds and a grant from the New York State Energy Research and Development Authority. The Delaware County Department of Public Works has been administering the work required to prepare the gas field for the optimization for the collection of the methane used to fuel the generator.



Installing the radiator on the new engine-generator

Great progress has been made on the project over the last month. The engine-generator (see in the above picture) has been delivered to the site and is now being assembled. The project is scheduled to start operation in September 2008.

DCEC Provides Input Into Governor's Energy Plan

On June 18, 2008, DCEC met with members of the New York State Energy Task Force, the group appointed by Governor Patterson to develop a long-term energy strategy for the State.

"We appreciated the opportunity to give our thoughts and comments on this important initiative" said Bruce Geiger, of the NYS Rural Electric Cooperative Association. "It's a great indication that key state officials value our opinion in future energy planning and respect the importance of electric cooperatives in the state.

During the meeting, DCEC outlined a series of concerns and recommendations to the Task Force. These included growing concerns over increased volatility in the New York State energy markets caused by price increases in fossil fuels and congestion in the New York transmission grid. In addition to recommending the need for the state to provide leadership on citing renewable energy projects, recommendations included making changes to the structure of the environmental markets which varies greatly from neighboring states in New England. DCEC also encouraged the state to allow co-op members to be eligible for NYSERDA grant programs for residential renewable projects.



Governor Patterson

A summary of the NYSRECA written comments submitted to the NYS Energy Task Force can be found on www.dce.coop.

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DCEC's application is currently under review by FERC. FERC is expected to grant a preliminary permit in late summer 2008. In the meantime, DCEC has reached out to the NYC/DEP to support the application to avoid unnecessary obstacles and delays. "We hope that our relationship with NYC will be a productive and cooperative one" said Starheim. "We understand that they are currently deciding how to respond to our application. We have received overwhelming support from federal, state and local officials on this. We look forward to the same level of support from NYC/DEP."

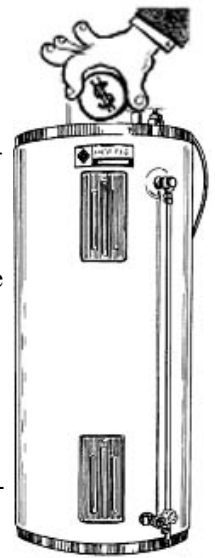
The potential electricity generated from the project is very seasonal with maximum output occurring in the late-winter and spring. During peak output, the project is currently designed to produce 63 MW of power.

Member Interest In Converting to Electric Heat & Hot Water

With rising heating oil and propane prices, the staff of DCEC has been receiving many calls from members interested in converting their home and hot water heating systems to electric. With DCEC electric rates significantly below other local utilities, this is a very legitimate idea. Here are a few points that should be considered in making this decision:

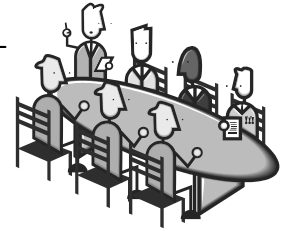
- * Electric heating (both home and water) can be very efficient. DCEC offers Marathon electric hot water heaters for sale to members. These heaters are extremely efficient and have a lifetime warranty. More information is available by stopping by or calling the DCEC office.
- * Oil and propane is a very volatile and pricey commodity. It is not likely that we will see prices go down to historical levels. Although DCEC's cost of serving its members is also under pressure, electricity-supply to our members is not inherently as volatile in price since most of DCEC's power supply is secured by long-term fixed price power contracts from renewable sources.
- * Many members are considering electric "Tankless Hot Water Heaters". These heaters have a very small (or no) water reserve and rely on instantaneously heating water upon demand with large resistive heating elements. ***DCEC strongly DOES NOT recommend these heaters*** due to the major surge of electrical demand they require, added cost of installation and concerns over the life of heating elements relative to traditional heaters.

The decision to convert a home heating system or hot water heater to electric depends on individual circumstances, such as availability of investment funds and opinions about the future of energy costs. DCEC encourages our members to get firm proposals from reputable installers for conversion and carefully consider future cost savings. DCEC will be offering some helpful planning tools in future newsletters. In the meantime, members can contact the DCEC office for assistance.



Nominating Committee to Identify Board Candidates

Each year, consistent with DCEC bylaws, DCEC holds an Annual Meeting of its Membership. The 2008 DCEC Annual Meeting will be held on Friday evening September 12, 2008 at the Delaware Academy and Central School. This is an important meeting where DCEC presents to its membership a "State-of-the-Cooperative" along with conducting business such as election of directors.



Ever wonder how directors get nominated and selected to serve on the DCEC Board? According to the bylaws, a Nominating Committee is appointed by the standing Board to meet and identify at least two candidates for each of the district director positions that are up for election.

DCEC has nine directors representing the nine districts of DCEC's service territory that serve three-year terms. This year, the following district director positions are up for election: District #2 (representing the Town of Harpersfield and that portion of the Town of Jefferson west of Rt. 10, District #5 (representing Town of Meredith) and District #9 (representing the Towns of Andes, Middletown and Colchester).

The 2008 Nominating Committee met on July 9, 2008 at the DCEC office on Elm Street in Delhi. The Committee approved two candidates for each director spot that is up for election. Nominations can also be made through petitions before and during the Annual Meeting. Further information is available in the DCEC bylaws which is located at www.dce.coop.

We hope to see you at the 2008 DCEC Annual Meeting on Friday, September 12th!

Meet The Board!

This Month: Steve Oles

Steve Oles, a Delhi native, first became interested in the Delaware County Electric Cooperative when he built his house and became a member of the cooperative in 1977. He says he was "mentored, educated, advised and tutored" by the late John Eckert, who represented Delhi and Bovina on the DCEC board of directors at that time.



Now in his 14th year as a director, Oles serves the same district that Eckert once did. He credits Eckert for encouraging his interest in the affairs of rural cooperatives, both at the local and national levels.

Steve described what he considers to be the primary issues facing the cooperative. He pointed to DCEC's efforts to generate electricity from landfill gas at the Delaware County Solid Waste Management Center, the proposal to build hydroelectric generators at four area reservoirs, and a contract for power from a proposed wind generation project in eastern Delaware County as examples of the cooperative's work to fill the energy needs of its members. "The board of directors have worked hard to mitigate risks to the members. I hope that we would continue to look for opportunities," he said.

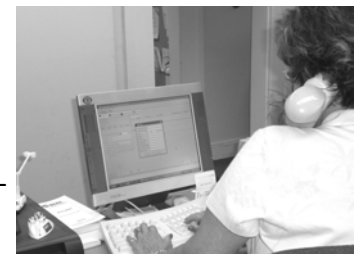
"In a world where rising demand for energy has led to smaller supplies and higher prices, DCEC needs to think ahead," says Oles.

"I like the fundamental makeup of a member-owned cooperative," Oles said. "We're all members. We're all owners. A different mentality comes with that. We're in it together. We're here to help each other."

Outage Management System Implemented

DCEC has initiated a new outage management system which will help cooperative employees respond to members faster and more efficiently. This system is integrated with DCEC's member database and gives us much needed information quickly, such as medical alerts and the number of members out of power. Upon receiving calls, the system detects which sections of lines are out and displays a map of the current outages.

This system will allow DCEC to dispatch crews more efficiently. This is another example of how DCEC is working to provide reliable, low cost service to its members.



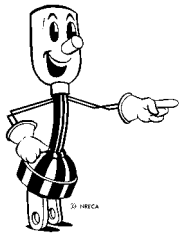
Note: There is no change as to how our members report outages. Continue to make your outage calls as you have done in the past.

Is Your Location Number in This Issue?

Your service location number begins with two letters and is located on your bill next to your account number. Keep your eyes peeled for the "hidden location number" in this newsletter! If you find the number, and it is your service location you will receive a DCEC fleece sweatshirt! *Good luck!*



DCEC Employees, Directors, and kids participated in the Stamford Flag Day Parade on Saturday, June 14, 2008



DCEC Annual Meeting Friday, September 12, 2008

Please join us at the Delaware Academy & Central School at 4:30 pm. Next month you will be receiving your Special "Annual Meeting" Edition of the Catskill Hi-Line

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The information contained herein is designed to promote action and discussion among members. Statements published do not necessarily reflect the official position of the cooperative. The information has been obtained from sources believed to be reliable, and the editor has exercised reasonable care to assure its accuracy.

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Delaware County Electric Coop., Inc.
39 Elm St.
PO Box 471
Delhi, New York 13753-0471
607-746-2341
Fax: 607-746-7548

Email:
office@dce.coop
Web Site: www.dce.coop

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