

Powering Our Rural Communities

DCEC Holds 64th Annual Meeting of Membership

On September 12, 2008, DCEC held its Annual Meeting of its Membership at the Delaware Academy & Central School in Delhi, NY. Consistent with the co-op's bylaws, this meeting is held annually for the purpose of conducting the business of the co-op and for the membership to hear about the "State of the Cooperative".

During the meeting, CEO & General Manager, Greg Starheim reported that DCEC was in strong financial shape but that the challenges of higher fuel and wholesale energy prices, along with unprecedented congestion charges relating to the delivery of wholesale power to DCEC substations, is of major concern. "Some of these challenges are totally outside our control" reported Starheim. "Those that we can influence, we are actively dealing with."

The Cooperative reported on the efforts to develop low-cost, clean power supply sources, including the Delaware County Waste-to-Energy Project. The project, which is nearing completion, is being developed in cooperation between DCEC and the Delaware County Dept of Public Works. Another project which was discussed was the Western Catskills Hydro Project, a new hydro-electric project that would use water released from area NYC reservoirs (see separate article). Last year, the cooperative entered an agreement to purchase low-cost power from the Moresville Wind Energy Project that is currently proposed in the Towns of Stamford and Roxbury. "The more low-cost renewable power we can secure, the less we are dependent on volatile electricity wholesale markets, grid congestion

and environmental risks relating to alternative sources of supply." reported DCEC President Frank Winkler.

In other updates, the co-op reported:

1. Being on-schedule in various construction projects to build new or renovate aging power lines as part of its 4-year, \$7M work plan.
2. Successfully completing over 100 miles of brush clearing from its "Right-of-Ways" to maintain high reliability of service.
3. Successful deployment of new engineering software systems to better track and manage outages and manage system operations.
4. The start of "hot gloving" by DCEC staff where linemen will work on energized power lines in certain circumstances without having to de-energize the lines, thereby avoiding outages to the members.

Also during the meeting, USDA Patrick Brennan, State Director for Rural Development, commended DCEC on its forward-thinking programs and presented a ceremonial check for \$5M representing the recent loan DCEC has secured from USDA supporting the co-op's investment in the 4-year Construction Work Plan.

The members voted to re-elect standing directors to the Board including Harry Peterson (District #2), Paul Menke (District #5) and Frank Winkler (District #9).

More information of the Annual Meeting can be found on the DCEC website at www.dce.coop.



Presentation of \$5M check from Patrick Brennan of the USDA supporting co-op's investment in the 4-year Construction Work Plan

NYC Blocks DCEC Efforts to Develop Local Hydro Power

As part of DCEC's efforts to secure a low-cost, stable power supply for its members, the co-op submitted an application in May 2008 for the Western Catskills Hydro Project. The project proposes to generate electricity using water released from four area NYC water-supply reservoirs. DCEC proposed to build modular, environmentally-friendly generation facilities at the Schoharie, Pepacton, Cannonsville and Neversink Reservoirs.

Since DCEC submitted the application to the Federal Energy Regulatory Commission (FERC) in May, the co-op has been engaged in discussions with New York City DEP over their concerns relating to dam safety and impact on water-supply operations. In addition, New York City DEP has requested compensation for "allowing" DCEC to develop such a project. Despite FERC having jurisdiction on the development and operations of all hydro-electric generating facilities in the U.S., DCEC has attempted to address DEP's

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concerns by submitting definitive proposals that provide the City with strong oversight and protection in the project.

Unfortunately, despite these efforts NYC DEP submitted their own application to FERC to develop and build such a project. The application is in direct competition with DCEC and inconsistent with DCEC's good-faith efforts to address their concerns over the last six months. DCEC believes that it is in the best-interest of our members and local communities for a non-profit, member-owned cooperative to develop and own a local renewable energy project such as this. DCEC will continue attempts to work on a mutually-acceptable solution with DEP while outlining to FERC the merits of our application relative to the one submitted by NYC. Members willing and interested in becoming involved in this initiative should call DCEC's office or visit www.dce.coop for further information.

Members Seek Assistance with Self-Generation



In the recent past, some DCEC members have expressed interest in installing generation systems using renewable energy technologies as a way of becoming more independent to DCEC electric purchases while also being environmentally responsible. The most common technologies considered are residential wind turbines or photovoltaic (PV) systems. While the cost of these systems can be very high (\$50k+) and not economic compared to DCEC rates, many members remain interested.

Residential generating systems can present new challenges to cooperatives and other utilities for several reasons. First, DCEC makes contractual commitments to purchase wholesale power (or construct new generating facilities) for its members based on a forecast of future needs. As members install wind or PV systems, it becomes more difficult and costly for DCEC to accurately predict demand and ensure secure power supply at the lowest possible cost, particularly with variability introduced with unpredictable wind and solar resources.

To be responsive to members, however, DCEC does support members interested in pursuing residential generating systems using renewable sources. To ensure protection of its line-man working on the power lines, these members will need to invest in the necessary protection and metering equipment to allow "grid-parallel" operation (i.e. system operation while still connected to DCEC power lines). These costs must be considered by members in addition to the costs of installing the generating system. In circumstances when a member's generator produces more electricity than the members consumes themselves, DCEC will provide a credit on their electric bill for the "avoided cost" to DCEC for purchasing the power from alternative sources.

Many members who have investigated these projects have found that financial grants for such projects may be eligible from the New York State Energy Research & Development Authority (NYSERDA). NYSEDA offers this program through funds (taxes) assessed to customers of investor-owned utilities (like NYSEG) called the "Systems Benefit Charge" or SBC. As a non-profit electric cooperative, DCEC has avoided subjecting our members to this tax. While this has helped keep rates as low as possible, it also has resulted in our members not being eligible for the NYSEDA grant programs.

DCEC has been addressing this issue on behalf of members interested in these programs. Ironically, DCEC's offices in Delhi are served by NYSEG and as a result we as a co-op pay an SBC charge which, as a non-profit, is built into our rates. Over the last year, DCEC has argued with NYSEDA that inherently our members are paying this charge albeit indirectly. Senators Bonacic, Assemblymen Crouch and Assemblyman Lopez all support legislation that would allow our members to qualify for this financial assistance on this basis. DCEC is also evaluating re-structuring our monthly bills so that the SBC charges that DCEC pays is assessed out on our members bills (instead of built into rates) as a line-item so that there is proof of eligibility. To date, the New York Power Authority (NYPA) has objected to this approach due to rate structure inflexibility. This is one example why DCEC is considering proposing to members that we become self-regulated in the future.

We commend our members' interest and commitment to renewable energy. This is consistent with our co-op's values of being environmentally responsible in providing low-cost electric service to our rural communities. DCEC must ensure that we maintain a safe and reliability system while projects such as this are contemplated. We will also continue to work on ways to get our members eligible for NYSEDA financial assistance while not penalizing the majority of our members with an unnecessary tax. If there are any questions, please contact the DCEC office or visit us at www.dce.coop.

Hot Water Heating...When to Convert to Electric

With skyrocketing gas and oil prices, many DCEC members are evaluating alternatives to reduce or contain their energy costs. One very legitimate option is to consider converting your residential hot water heating system to electric from oil or propane.

DCEC relies heavily on wholesale electric supply from renewable sources. This fact inherently makes DCEC electric rates more stable and less volatile than heating oil and propane prices. Often times, it is economic for a member to convert their hot water heating systems to electric thereby saving monthly and making these costs more predictable in the future.

Shown in the diagram is an example of the cost savings that a typical family of four would save based on today's prices for heating oil, propane and DCEC's electric rates. As shown, a member could save about \$300 per year by converting to electric. Considering the cost of a new electric hot water heater and installation, members could see a payback of their investment in 2-3 years while also being able to more accurately predict costs of water heating.

A further benefit to the co-op is having members participate in the electric Water Heater Load Control Program. For a modest credit on your monthly bill, DCEC can automatically regulate when the hot water heater is on and off thereby being able to control peak demand during times of high wholesale energy purchases helping the co-op keep rates down for all members.

For more information, contact the DCEC office at (607) 746-2341 or by visiting www.dce.coop.

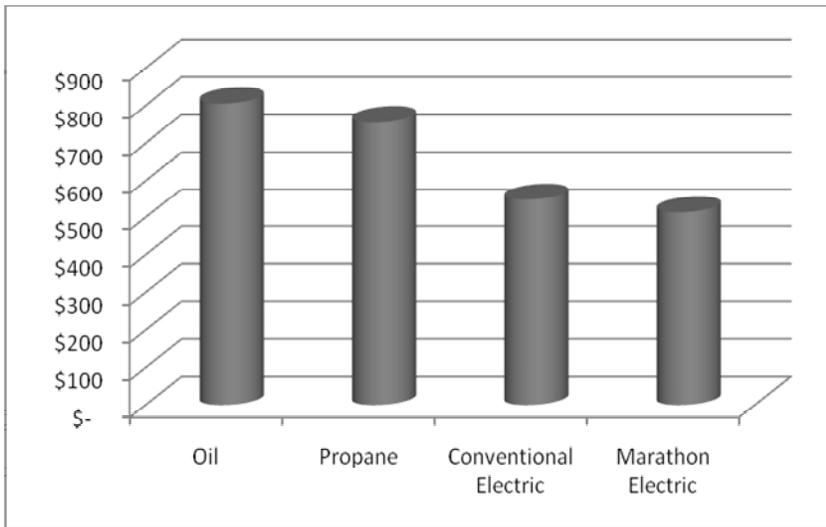


Chart provided by Water Heater Innovations, Inc.



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This Month: Harry Peterson

Meet The Board!



Harry Peterson of Harpersfield has served as a DCEC Director for 30 years, currently serving as Vice President. He became a member of the cooperative in 1971 and became the director for Harpersfield and the portion of Jefferson west of state Route 10 in 1978.

“After I quit dairy farming, I needed something to do,” he joked. He found plenty to do, he owns and operates Peterson’s Sawmill in Harpersfield, he has also been a Harpersfield town councilman, town supervisor and highway superintendent. Altogether, he served over 24 years in town government while also representing his area on DCEC’s Board of Directors. Peterson says he has enjoyed his time as a director and has particularly enjoyed the training and opportunities to learn. “It’s been a good thing, it’s interesting,” he said.

Looking ahead, he says DCEC continues to face the challenge of bringing enough lowcost power to its members. “You’ve got to have clean power, too,” he said. That’s why he likes DCEC’s new landfill gas project – turning methane produced by garbage at the Delaware County landfill. He also supports the Western Catskills Hydro Project, which would harness the waters spilling from New York City’s reservoirs to produce electricity. “It’s something that has to be looked into and done,” he said.

DCEC Employees Complete Training

The following DCEC employees will be completing training at the Pennsylvania Rural Electric Association for Advanced Rubber Gloving:

Mike Pietrantonio
1st Class Lineman

Jim Green
1st Class Lineman

Mike Sackett
1st Class Lineman

DCEC will also be sending the following employees for Pesticide Certification conducted by Cornell University:

Randy Tweedie
Brush Crew Foreman

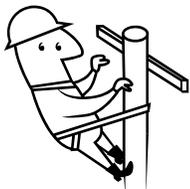
Don Buel
Saw Operator 2



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Pole Inspections

Attention cooperative members in the Towns of Franklin, Masonville, Sidney, Tompkins, and Walton areas:



Osmoste Utilities Service will be inspecting DCEC poles during the months of October and November. They will be identifying the poles that need replacing in the near future. This is one more commitment to a higher quality of service for you the member. If you have any questions, please call the DCEC office at (607) 746-9284 and speak to Wayne.

Community Calendar

Walton, NY

With the arrival of fall the Village of Walton will be having their Annual Christmas Parade Saturday, November 29, 2008. All area businesses and residents are invited to attend! Come with your family and enjoy the fun!

DCEC Office Closing Reminder:

DCEC's office will be closed on the following days:

- * Tuesday, November 11th for Veterans Day.
- * Thursday, November 27th, and Friday, November 28th for Thanksgiving.

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!**



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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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- Treasurer..... Stephen Oles
- Director..... Paul Menke
- Director..... Hartley Russell
- Director..... David Hartwell
- Director..... Thomas Lubbers
- Director..... Ernest Bartz
- CEO/General Manager..... Greg Starheim
- Asst. General Manager.. Wayne Marshfield

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