

DCEC Considers Self-Regulation

After much consideration, the DCEC Board of Directors is recommending a resolution be approved at the 2009 Annual Meeting to change the regulatory status of the cooperative. Although not legally required under New York State law, DCEC historically has chosen to have the New York Power Authority serve as regulatory authority over rates and operating procedures. Recent events that have occurred have led the DCEC Board to conclude that our membership would be better served if DCEC was in direct control over rate setting and policies.

Nationally, there are over 900 rural electric cooperatives and the vast majority of them are self-regulated, determining rules, policies, rates and other matters based on what they believe to be in the best interest of their membership. Directors which are elected by the membership to serve on the Board are directly responsible to the members and, as a not-for-profit, member-owned utility, DCEC's sole business objective is to serve the membership with low-cost, reliable electric service.

Directors serve under these principals without conflicting objectives of creating "shareholder value" like that which exists with "for-profit" utilities. For that reason, cooperatives are provided the ability to make decisions themselves without oversight from regulatory authorities.

While NYPA remains a vital business partner of DCEC, their regulatory oversight has created unnecessary issues (and costs) to DCEC in recent years. These issues include:

- Excessive delays in acting on rate reviews
- Disagreement over the basis of cost-of-service studies and rate structure
- Responsiveness relating to operating procedures and policies
- Uncertainty and timeliness of approval for DCEC renewable energy initiatives

DCEC will be scheduling "open houses" in future months for members to speak with directors and management about this resolution. In addition, members will be sent the proposed resolution as part of the "Official Notice of Annual Meeting" in the August 2009 newsletter. Members are encouraged to contact the DCEC office with any questions or comments.