

*Celebrating 75 Years of "Keeping the Lights On."*



DELAWARE ELECTRIC CO-OP  
"We Keep the Lights On"



# 2011 Annual Report

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# Delaware Electric Cooperative

# Cooperative Energy



DELAWARE ELECTRIC CO-OP  
*"We Keep the Lights On"*

Reliable || Affordable || Achievable || Sustainable

# 75 Years of Making a Difference!

## A Letter From DEC's President-CEO and Board Chairman

Dear Member Owners,

2011 marked the 75th anniversary of Delaware Electric Cooperative, a huge milestone for our member-owned utility. For three quarters of a century your cooperative has worked to “Keep the Lights On” and keep your electric rates as low as possible. Our commitment to our members is the driving force behind every decision we make, and it has been for 75 years.

We've learned a lot during the seven decades we have served southern Delaware and we are proud to offer among the lowest electric rates in the First State. Our electric rates are about 25 percent lower when compared to the other electric providers in Delaware. Our low rates are not the result of luck, but have instead been achieved through careful planning and the participation of our members in many of our energy saving programs, like “Beat the Peak.” Since “Beat the Peak” was launched back in 2008, the program has saved members more than \$14 million. The savings from the program have prevented rate increases, despite an unpredictable energy market. In fact, we have lowered rates the past two years, saving you money and helping businesses in our area remain competitive.

As a cooperative, we face an uncertain future as lawmakers consider stricter regulations on power plants and the cost of generating power continues to fluctuate. Still, all of us at your Co-op are prepared to face these challenges with the determination and work ethic, which have helped DEC earn its reputation as one of the most innovative electric cooperatives in the nation. We look forward to serving member-owners for another 75 years!



*Bill Andrew,  
President  
and CEO*



*Bill Wells,  
Chairman of  
the Board*



# Reliability: Getting the Lights Back on Faster

Employees at Delaware Electric Cooperative work every day to make your electric system as reliable as possible. Over the past decade DEC has spent \$110 million on improvements to the electrical system. We use the most advanced technology to monitor power lines and every year the entire electric system is checked for problems. When something goes wrong, our outage system manages the lines so fewer members lose power. Our system then helps our linemen pinpoint the location of the problem. When the power goes out, our main concern is for you, our members. That's why we don't just turn the power back on. We evaluate the cause, fix the problem and then work together to make sure it doesn't happen again. Technology is a huge help, but DEC employees make the biggest difference. They live in the same communities where they work, so when the power does go out, they're not just restoring power to members, they're turning the lights back on for their friends and family.



Scan this QR code with your smartphone to check out our outage preparation page at [www.delaware.coop](http://www.delaware.coop)



# Your Board of Directors

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*Bill Wells*  
*Chairman*  
*District 3*



*Bruce Henry*  
*Vice-Chairman*  
*District 5*



*Laura Phillips*  
*Secretary-Treasurer*  
*District 6*



*Patricia Dorey*  
*Asst. Sec.-Treasurer*  
*District 4*



*Charles Towles, Jr.*  
*District 1*



*Bruce Walton*  
*District 2*

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## *Neighbors Serving Neighbors*

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*Woody Noel, Jr.*  
*District 7*



*Bill Haughey, Jr.*  
*District 8*



*Dean Belt*  
*District 9*



*Howard Clendaniel*  
*District At-Large*



*Michael Brown*  
*District At-Large*

# Building for the Future; Our Solar Energy Farm

Delaware Electric Cooperative will break ground in 2012 on a four megawatt solar energy farm in Sussex County. Twenty acres of solar panels will be installed near Georgetown, capable of producing enough energy to power 500 homes. The energy farm could eventually be expanded to 40 acres with the ability to produce eight megawatts of power.

*Why?* The facility is being developed by SunEdison and will help DEC meet the state's renewable energy portfolio standards, which require utilities to generate or purchase 25 percent of their energy from renewable sources by 2025. The power generated by the facility will offset energy purchases from the wholesale market.

*What This Means for Members:* The construction of the solar project is expected to cost approximately \$14 million and could be completed by early 2013. The project is not expected to have an immediate impact on member rates.

*How it Will Help the Economy:* The Co-op is also proud to announce that Delaware labor and products manufactured in the First State will be used to build the solar energy farm. The solar panels will be purchased from Motech Americas in Newark, Delaware and the construction of the farm will create 40 temporary jobs.



Here are some quick facts about the project!

- Will cost approximately \$14 million
- No immediate impact on rates
- 15,255 solar panels will be used
- Will produce enough energy to power about 500 homes
- Project will create 40 temporary jobs
- Co-op will use Delaware labor for the construction of the farm.
- Panels will be manufactured by MOTECH in Newark, Delaware
- Project is being developed by SunEdison
- In the first year of operation the farm will prevent 12,640,747 lbs. of carbon dioxide from being released into the air, the equivalent of taking 1,239 cars off the road.

# New Programs To Help Delaware Farmers



***LED Poultry Lighting Program*** – Poultry farmers received a helping hand from Delaware Electric Cooperative this spring through a new LED Poultry Lighting Grant Program, designed to help farmers convert incandescent and CFL poultry lights to energy efficient LED lights. LED lights use about 80% less energy than traditional poultry lights. Delaware Electric Cooperative offered the bulbs to growers for only \$7 per bulb through the grant program. The high efficiency LED's usually cost \$35.



***Irrigation Grant Program*** - In January of 2012, DEC launched a new Irrigation Grant Pilot Program to help Delaware farmers install environmentally friendly irrigation systems. The program provides funding to farmers to replace diesel irrigation generators with electric generators and will offer financial help to farmers looking to install new irrigation systems. Under the program, Delaware Electric Co-op will pay up to \$15,000 of the installation costs. The Co-op has set aside more than \$1 million in 2012 and 2013 for the Irrigation Grant Pilot Program. Delaware's Department of Natural Resources and Environmental Control has also agreed to pump hundreds of thousands of dollars in additional funding into the program. Delaware officials will provide \$300,000 in grants to farmers, which will help farmers convert diesel irrigation pump generators to electric systems. The state grants will pay up to 30 percent of a farmer's non-utility costs for the conversion, such as labor and parts.



# Co-op Financial Report

	2011	2010
<b>Operating Revenue</b>	<b>\$137,081,062</b>	<b>\$141,763,355</b>
<b>Cost of Electric Service</b>		
Cost of Purchased Power	97,298,415	99,963,670
Distribution Expense	10,584,147	8,953,124
Consumer Account Expense	3,801,707	3,764,017
Administrative & General Expense	6,124,998	5,557,052
<b>Total Operating Expense</b>	<b>117,809,267</b>	<b>118,237,863</b>
<b>Depreciation</b>	<b>10,391,375</b>	<b>9,830,287</b>
<b>Interest on Long-term Debt</b>	<b>3,388,552</b>	<b>4,018,027</b>
<b>Other Deductions</b>	<b>225,356</b>	<b>276,236</b>
<b>Total Cost of Electric Service</b>	<b>131,814,550</b>	<b>132,362,413</b>
<b>Operating Margins</b>	<b>5,266,512</b>	<b>9,400,942</b>
<b>Non-Operating Margins</b>	<b>977,734</b>	<b>715,735</b>
<b>Patronage Allocations</b>	<b>1,298,369</b>	<b>8,468,707</b>
<b>Patronage Capital or Margins</b>	<b>7,542,615</b>	<b>18,585,384</b>

Delaware Electric Cooperative was audited for twelve months ending March 31, 2012, by Adams & Akin, an independent Certified Public Accounting firm. The financial position of DEC for the twelve month period ending March 31, 2012, was found to be in conformity with generally accepted accounting principles applied on a consistent basis. The complete Accountant's report is available for inspection at the Cooperative's office in Greenwood.

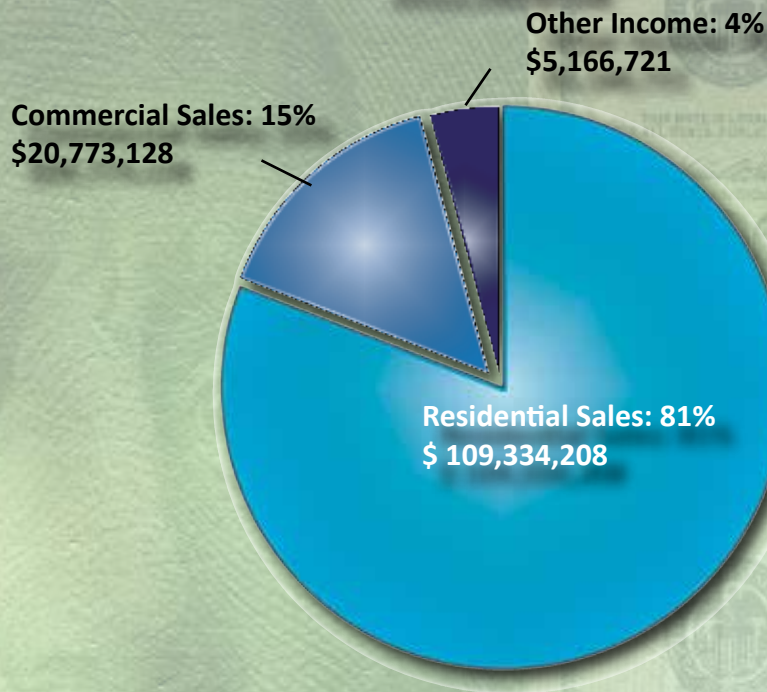


# Co-op Financial Report

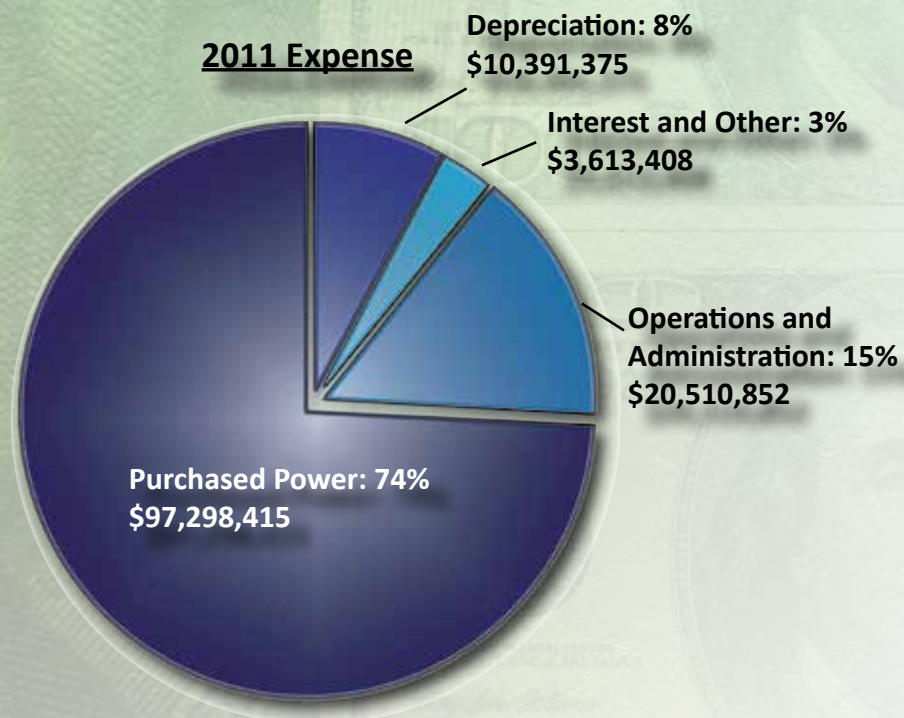
	2011	2010
<b>Assets</b>		
Utility Plant	\$271,882,552	\$261,510,779
Less Accumulated Depreciation	115,067,378	106,738,751
Net Utility Plant	156,815,174	154,772,028
<b>Other Property &amp; Investment</b>		
Non-Utility	161,254	161,255
Investments in Associated Organizations	58,608,607	57,186,395
	58,769,861	57,347,650
<b>Current Assets</b>		
Cash & Short-Term Investments	7,243,689	5,679,659
Accounts Receivable	14,374,581	19,924,220
Materials & Supplies	1,609,928	1,649,830
Other Current & Accrued Assets	432,894	513,767
Total Current & Accrued Assets	23,661,092	27,767,476
Deferred Charges	1,573,150	1,337,318
Total Assets	240,819,277	241,224,473
<b>Ownership &amp; Liabilities</b>		
Memberships	1,636,950	1,611,540
Equities & Margins	116,123,740	113,503,066
Total Equities & Margins	117,760,690	115,114,606
<b>Liabilities</b>		
Long-Term Debt, RUS & CFC & CoBank	78,578,384	81,295,379
Accumulated Operating Provisions	14,325,429	13,320,572
	92,903,813	94,615,951
<b>Current Liabilities</b>		
Notes Payable to Associated Organizations	0	0
Accounts Payable	10,022,157	10,824,795
Other Current & Accrued Liabilities	9,335,455	10,150,813
	19,357,612	20,975,608
Regulatory Liabilities	0	0
Deferred Credits	10,797,162	10,518,308
Total Ownership & Liabilities	\$240,819,277	\$241,224,473

# Co-op Financial Report

## 2011 Revenue



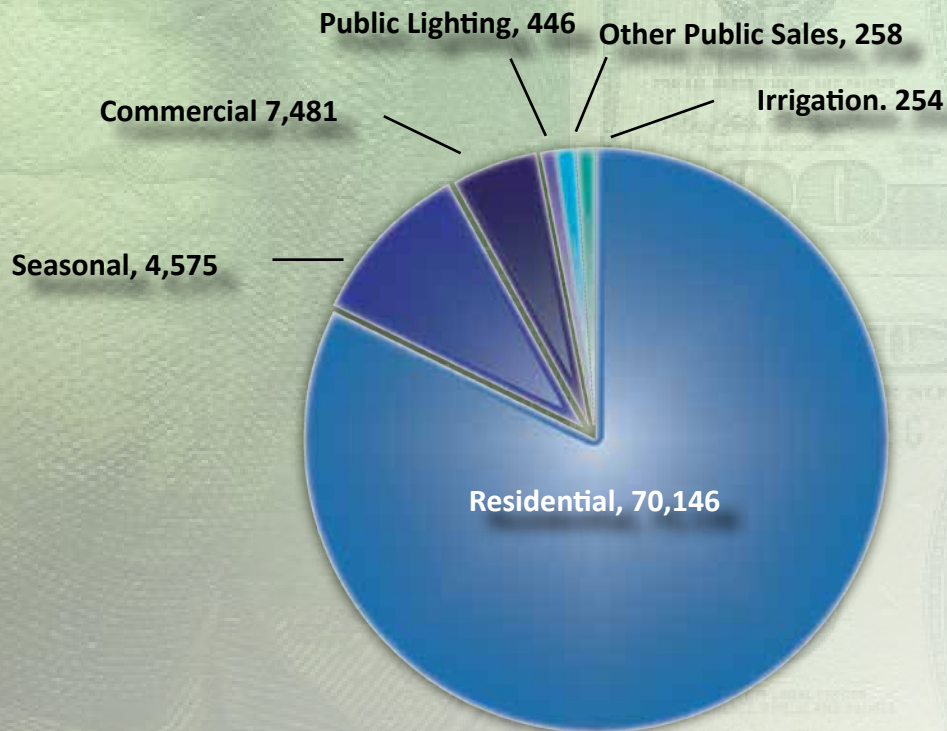
## 2011 Expense



# Co-op Financial Report

	Meters	kWh Sales	Revenue
Residential	70,146	999,999,616	\$109,334,208
Seasonal	4,575	24,033,994	2,970,180
Irrigation	254	3,645,847	461,457
Commercial	7,481	215,844,387	20,773,128
Public Lighting	446	5,815,880	1,370,213
Other Public Sales	258	3,268,951	364,871
Other Income			
	<b>83,160</b>	<b>1,252,608,675</b>	<b>\$135,274,057</b>

## 2011 Average Meters



# Co-op Financial Report

## Co-op Membership Pays!

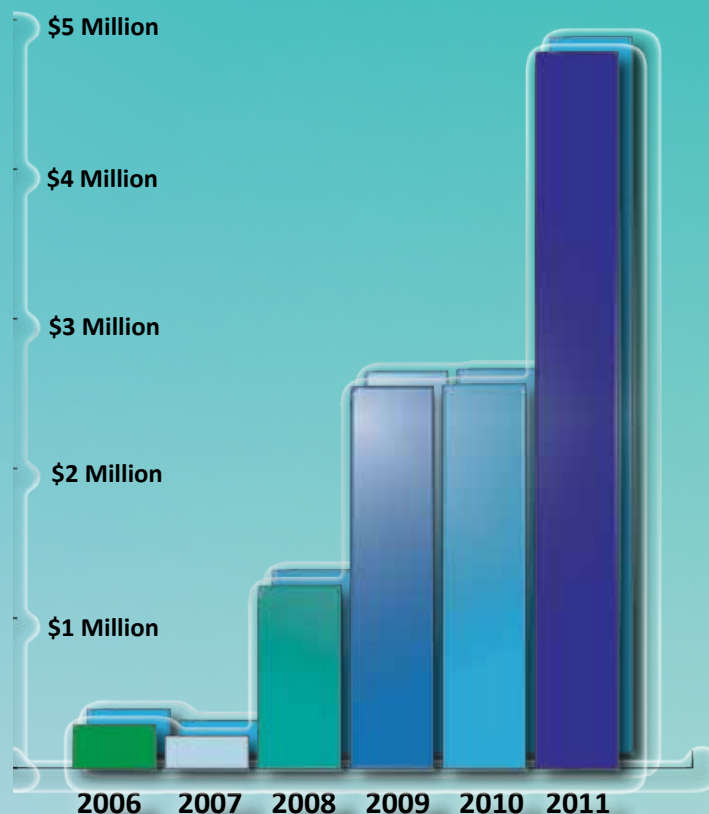
Did you know that you actually own Delaware Electric Cooperative? Because you are a member-owner, you are entitled to margins or the Co-op's profits. These margins are returned to you as capital credits and you receive these capital credits in the form of a check or a billing credit.

In 2011 we returned more than \$4 million to members, a record for DEC. Do you know any other organizations that give you money back? This is one of the great benefits of the cooperative business model!

Should you have any questions or desire information regarding capital credits, please contact:

Delaware Electric Cooperative  
P.O. Box 600, Greenwood, DE 19950.  
Phone: (302) 349-3128  
Email: [tgeorge@decoop.com](mailto:tgeorge@decoop.com)

## Capital Credits Returned



*"We Work For You!"*

# Programs to Help You!

**“Beat the Peak”:** During times of peak energy use your co-op pays a premium price for energy. The “Beat the Peak” program reminds members through emails or an in-home indicator to conserve energy during these times. By reducing how much energy you are using in your home, you can lower your co-op's energy costs. Because Delaware Electric Cooperative is member owned, those savings are passed on to you. To sign up, visit [www.delaware.coop](http://www.delaware.coop) or call 855-DEC-9090.



**“Switch and Save”:** Delaware Electric Cooperative's Switch and Save program can lower your energy usage and save you up to \$32 per year. When you sign up for the FREE program, an electrician will install a special switch on your electric water heater, AC unit or both. That switch will control how much energy those appliances use during peak demand periods. Members are not inconvenienced. Just like the "Beat the Peak" program, Switch and Save helps lower the Co-op's energy costs during times when DEC pays the most for power. And best of all, you'll receive a \$2 monthly credit on your bill for every controlled appliance in your home. To sign up visit [www.delaware.coop](http://www.delaware.coop) or call 855-DEC-9090.



**Surge:** Summer storms can strike southern Delaware at any time and electrical surges from lightning can damage or destroy household appliances. Delaware Electric Cooperative offers a comprehensive surge protection program to members. For under six dollars per month you can protect your appliances and sensitive electronics. When you sign up for our program, a DEC technician will install a surge suppression device on your meter. A starter kit of individual protectors is given to you to install on your electronic devices. Our surge protection program protects washers, dryers, dishwashers, refrigerators, AC systems, TV's, computers and much more. The equipment comes with a 15 year warranty and protecting your home only costs \$5.95 per month. To sign up, please call us at 855-DEC-9090.



# In Memoriam

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## Remembering Board Member Charles R. Sears, Sr.



Charles Sears of Hartly was a dedicated member of our Board of Directors for more than 17 years until retiring in 2011. “Charlie” passed away in December of 2011 surrounded by his loved ones.

An Army veteran and member of the American Legion, he worked as a pipefitter for a number of years. His passion though was flying and he owned the Flying C Airstrip and was a member of the International Flying Farmers until his passing.

Mr. Sears is survived by his wife Bonnie, two sons, three daughters, nine grandchildren and eight great-grandchildren.

He is gone, but will forever be remembered.

# Watch Co-op TV on YouTube and Follow us on Facebook and Twitter



You **Tube**



Scan the QR code and see how DEC linemen are helping ospreys along the Delaware coast.



Scan the QR code with your smart phone to watch a video about how to save energy in your home.

Do you know what to do during a “Beat the Peak” alert? Scan the code and watch the video to find out.





**Delaware Electric Cooperative**  
**P.O. Box 600**  
**14198 Sussex Highway**  
**Greenwood, DE 19950**  
**[www.delaware.coop](http://www.delaware.coop)**  
**855-DEC-9090**





# Board Candidates

## PROGRAM

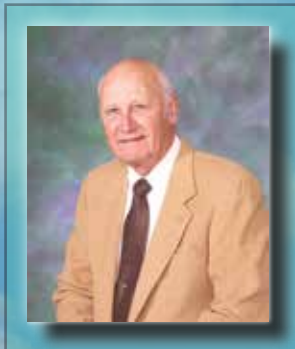
**DISTRICT 3 - William J. Wells:**  
District 3 incumbent and Board Chairman William J. Wells is a native Delawarean and owner of White Oak Farm, a dairy operation west of Felton. He belongs to several statewide organizations including the Delaware Dairy Herd Improvement Association and the Delaware Farm Bureau. A graduate of Milton High School, Bill is also the recipient of the Governor's 2012 Agricultural Award. Bill and his wife, Janet, have a daughter, Sharon and attend the Manship Chapel Church.



**DISTRICT 6 - Laura T. Phillips:**  
Laura T. Phillips is the incumbent in District 6 and the Board Secretary-Treasurer. She is a native Delawarean and has a Bachelor's Degree in Human Resource Management from Wilmington University. She is a Vice President with M&T Bank and is active in several local organizations. Mrs. Phillips resides near Seaford with her husband Ben and their son Cole.



**DISTRICT 9 - Dean C. Belt:**  
Dean C. Belt is the incumbent in District 9. After graduating from Penn State University, Dean worked for the GLF Farm Cooperative in New Jersey. Dean completed military service in the Army and then moved to Delaware in 1961 and earned a Master's Degree in horticulture. He then worked for the University of Delaware Cooperative Extension Service. Dean and his wife Peg are active in All Saints Episcopal Church.



**DISTRICT AT-LARGE**  
**Michael K. Brown:**  
Incumbent board member Michael Brown is a resident of Hartly and a veteran of state service, working for both the Delaware Department of Agriculture and the Division of Soil and Water Conservation, serving in management positions in both agencies. Michael has a Master's Degree in Organizational Leadership from Wilmington University and a Bachelor's Degree from West Virginia University.



The Centre  
3:00 P.M.

Registration  
Determination of Quorum  
Chicken Dinner  
Community Fair  
Entertainment: Junior Wilson

The Dover Building  
7:00 P.M.

Business Meeting  
Invocation  
Introduction of Guests  
Reading of Notice of Meeting  
Proof of Mailing  
Minutes of Last Annual Meeting  
Chairman's Report  
Treasurer's Report  
President and CEO's Report  
Election: Board of Directors  
Entertainment: The Jones Boys  
Unfinished Business  
New Business  
Q&A Session  
Drawing of Electric Bill Credits  
Adjournment



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