



DELAWARE ELECTRIC COOPERATIVE

# CO-OP ENERGY

Reliable | Affordable | Achievable | Sustainable

2010 ANNUAL REPORT

# A LETTER —

## FROM THE CHAIRMAN AND PRESIDENT & CHIEF EXECUTIVE OFFICER

Your Cooperative had another very successful year “Keeping the Lights On” for its members in 2010. However, “Keeping the Lights On” is a lot more involved than just making sure the lights come on when you turn the switch on.

Delaware Electric Cooperative continued to deliver power to you efficiently as a delivery company and also at the lowest supplier price in the state and region. The most frequently asked question of our Co-op was: “How can I become a member?” When members call their Cooperative for service they get a response.

Your Cooperative Staff focused its efforts on reducing our peak power requirements to help reduce the overall average cost of power to our members. The program is called “Beat the Peak” and it worked. We plan on growing our ability to control peak loads to keep your rates as low as possible, but we continue to need your help.

We have been able to reduce our rates to levels 36% less than the average rate for electrical energy in the State of Delaware. The secret is: How do we hold rates at that level.

Energy prices will rise in the future!

There is not one single way to keep rates stable but when we combine ownership of power plants, smart contract purchases and using electricity wisely we have a much better chance of maintaining stable rates.

By signing up to receive your “Beat the Peak” In-Home Indicator you can receive real time signals when your Cooperative needs you to cut back on your power

consumption. It is a proven practice which has allowed your Cooperative to keep your rates the lowest in the region.

In addition, by signing up to receive your free “Beat the Peak” In-Home Indicator you will also receive three (3) 100 watt equivalent CFL light bulbs which will provide you even more savings.

Delaware Electric Cooperative’s mission and goal is to provide high valued energy services to our members in a safe, reliable and competitively priced manner. Much of our focus is on the total cost of power we must charge our members because that is an important ingredient in the value formula.

We have positioned our Cooperative to minimize the cost of the supply of power by utilizing a managed supply portfolio concept which includes owning power plants which supply a portion of our needs, purchasing a portion of our needs through long-term contracts and buying some power from the market.

We are a member-owned, member-focused, not-for-profit Cooperative which provides high valued energy and service to our members at cost. Our rates are designed to recover our costs to provide electric energy and service to our members and nothing else. However, we must make a small margin to assure our suppliers and creditors that we can pay our bills and assure our members that we will be able to keep the lights on. Another good part about being a Cooperative is, if we do make a margin, we allocate it back to our members in the form of capital credits.



Looking ahead to 2011, our goal is to control the uncontrollable – energy costs. Through our team efforts on process improvements, technology advancements, and member support we can make a difference in the cost of power. Whether it is our Automated Metering Program, the successful “Beat-the-Peak” Program, or our steady oversight of the power supply markets, these little steps lead to great strides in reducing the overall cost of energy.

This is why your Cooperative is the lowest cost energy provider in Delaware, and perhaps the entire Mid-Atlantic Region.

Energy costs will continue their rise because of world market supply and demand issues. We can guarantee that

rates will increase, but we promise you that we will continue to keep your interests first in providing high value, reliable electric energy for your homes and businesses.

Everyone at your Co-op has the same job. “We Keep the Lights On”. This statement reinforces our member first focus which continually serves to remind each of us every day of why we are here.

Delaware Electric Cooperative is committed to “Keeping the Lights On” by providing safe, reliable and competitively priced energy services for our member-owners and communities.

We sincerely thank you for the opportunity to serve your energy needs now and in the future.



**BILL ANDREW**  
PRESIDENT & CEO



**BILL WELLS**  
BOARD CHAIRMAN

# BOARD OF DIRECTORS

MEMBERS FIRST



Bill Wells  
Chairman  
District 3



Bruce Henry  
Vice-Chairman  
District 5



Laura Phillips  
Secretary - Treasurer  
District 6



Patricia Dorey  
Asst. Secretary-Treasurer  
District 4



Charles Towles, Jr.  
District 1



Bruce Walton  
District 2

DELAWARE ELECTRIC COOPERATIVE IS MUCH MORE  
THAN AN ELECTRIC UTILITY.

WE ARE THE PEOPLE WE SERVE.

OUR STRENGTH AND ABILITY TO DEAL WITH THE  
NEXT CHALLENGE AND FUTURE OPPORTUNITIES WILL  
COME FROM HAVING INVOLVED MEMBER-OWNERS.



Woody Noel, Jr.  
District 7



Bill Haughey, Jr.  
District 8



Dean Belt  
District 9



Howard Clendaniel  
District At Large



Michael Brown  
District At Large

NEIGHBORS SERVING NEIGHBORS

# WORKING FOR YOU...

## THE COOPERATIVE BUSINESS MODEL

This past year has been very successful for our Cooperative membership! Delaware Electric Cooperative members had a good year when compared to other electric customers in our state and area.

January 1, 2010 our residential rates were reduced \$10 million dollars which resulted in your Co-op being approximately 36% less than other area utilities. In addition, our commercial rates are approximately 25% lower than the competition.

The “Beat the Peak” Program was in full swing saving members and encouraging them to be part of the process to keep their rates lower. The first of 20,000 “Beat the Peak” In-Home Indicators and free CFL bulbs were mailed but more members wanted to be part of the Team. Now we have over 40,000 In-Home Indicators in homes and businesses and counting.

The severe weather marked record snowfall in January and February and your Cooperative Employee Team worked countless hours to “Keep the Lights On” in a safe and efficient manner. Many farmers and contractors worked tirelessly pushing snow with large tractors and construction equipment so we could get to the troubled areas when no one else could. We received more than 250 emails and letters from our members thanking the employees, contractors and volunteers for their dedicated service to the Cooperative and “Keeping the Lights On”.

The hot summer weather, which topped 103 degrees, brought a high demand for electricity across the region.

But once again, the Cooperative Team including members and employees worked together to shave high energy usage during peak times and successfully saved everyone money, outages and discomfort. We “Beat the Peak!”

With the onset of cooler weather your Cooperative started preparing for 2011 but not before announcing a \$2 million dollar return of capital credits to our members during December of 2010. The Board of Directors decided to maximize the value of this retirement to our active members by including a portion of 2009 allocations in the retirement.

We will continue to call on our members to support our cost saving programs like “Beat the Peak” because they work best when everyone is focused on the goal of keeping rates as low as possible and value high.

The financial results for 2010 reflect the Cooperative’s emphasis on planning and focus on our mission. Operating Margins were robust, based largely on modest growth in variable costs and the impact of the “Beat the Peak” cost saving initiative embraced by many Cooperative Members.

The Cooperative’s Total Assets increased approximately \$16 million dollars in 2010. The greatest increase appears in Investments in Associated Organizations representing approximately \$8 million dollars of the total asset increase. This is due to the large Capital Credit allocation the Cooperative received from Old Dominion Electric Cooperative.



It is critical to understand that this is an increase in ownership interest in Old Dominion and is a non-cash accounting treatment. The remaining difference in Asset growth is found in Net Utility Plant representing approximately \$2 million dollars.

On the Statement of Operations, the Operating Margins were again strong for the year. An important factor in the strong operating margin performance relates to the minimal growth in variable and fixed costs, with most of the total cost of electric service coming from the cost of power. The Patronage Capital or Margins are 18 and a half million dollars, when compared to 17 and a half million the previous year.

Operationally, we improved service reliability. Along with service improvement, our Team members have continued implementation of new meters in support of our Automated Meter Reading/Smart Meter Program. We currently have all single phase residential metering converted to the new electronic meters and are now reading approximately 95 percent of these meters from the office.

During 2010, the Cooperative Team completed a conversion of our Customer Information System and our Accounting Business System. This critically important conversion provides greater agility in data management, more functionality, and keeps pace with technology advances. Current initiatives such as on-board computer capabilities in the trucks, online payment processing, paperless billing, and automated email notifications are

made possible and practical with the system conversions.

With 2010 documented, our financial reports lack one major component to the past year's success – you. Our members have embraced the Cooperative “Beat the Peak” campaign to reduce power consumption during peak load periods. Your efforts in joining us to curtail energy usage during heavy demand periods yields month over month savings that help everyone.

There will be challenges ahead. Our business is being re-defined on an almost daily basis; or so it seems. Whether it is renewal portfolio standards, energy efficiency, cap and trade, carbon footprint, smart grid, or the vast number of new words and lexicon created to describe what we do, we remain the only utility business model focused on you – the member-owner of your Delaware Electric Cooperative.



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*In Memory  
of  
Richard G. Frazer*

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Tuesday, April 12, 2011, the Cooperative suffered the loss of Mr. “Dick” Frazer, our District 8 Board Member who served on our Board with honor and distinction for 27 years.

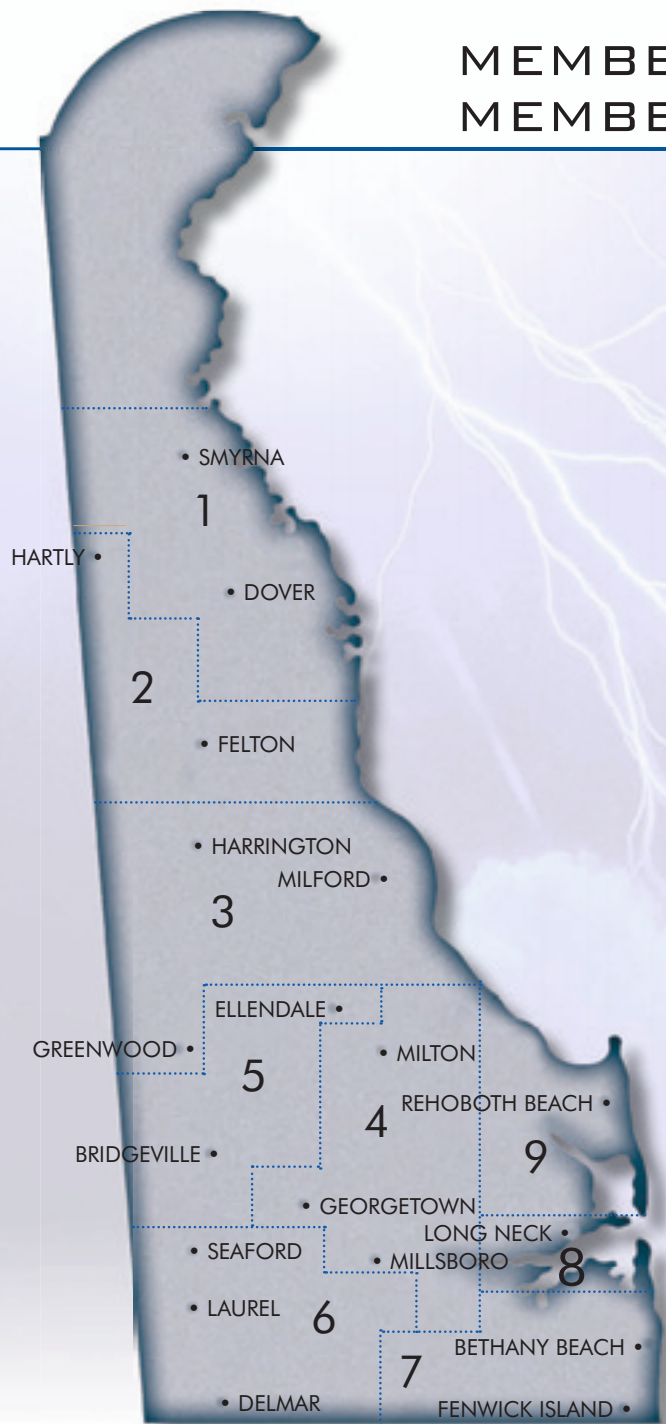
He was a positive influence on the Cooperative Staff and a trusted confidant in the Board room.

A retiree of the Diamond State Telephone Company after 33 years of service, he was a Manager at Tunnell Companies for 21 years where he was still working part-time as a consultant at the time of his death.

Our heartfelt condolences are offered to his many friends and especially his family. He is gone but will forever be remembered.

# DIRECTOR DISTRICTS

MEMBER OWNERSHIP MEANS  
MEMBER CONTROL



## COOPERATIVE PRINCIPLES

1. Voluntary and open membership
2. Democratic member control
3. Members' Economic Participation
4. Autonomy and Independence
5. Consumer education
6. Cooperation among cooperatives
7. Concern for community

# FISCAL OPERATIONS

## FINANCIAL STATEMENT

Statement of Operations	2010	2009
FOR YEARS ENDING		
DECEMBER 31, 2010 & 2009		
Operating Revenue . . . . .	\$141,763,355	\$142,429,511
Cost of Electric Service		
Cost of Purchased Power . . . . .	99,963,670	101,749,592
Distribution Expense . . . . .	8,953,124	8,538,513
Consumer Accounts Expense . . . . .	3,764,017	4,169,733
Administration & General Expense . . . . .	5,557,052	5,681,211
Total Operating Expense . . . . .	\$118,237,863	\$120,139,049
Depreciation . . . . .	9,830,287	9,239,978
Interest on Long-Term Debt . . . . .	4,018,027	4,520,387
Other Deductions . . . . .	276,236	371,852
Total Cost of Electric Service . . . . .	\$132,362,413	\$134,271,266
Operating Margins . . . . .	9,400,942	8,158,245
Non-Operating Margins . . . . .	715,735	507,118
Patronage Allocations . . . . .	8,468,707	8,892,622
Patronage Capital or Margins . . . . .	\$18,585,384	\$17,557,985

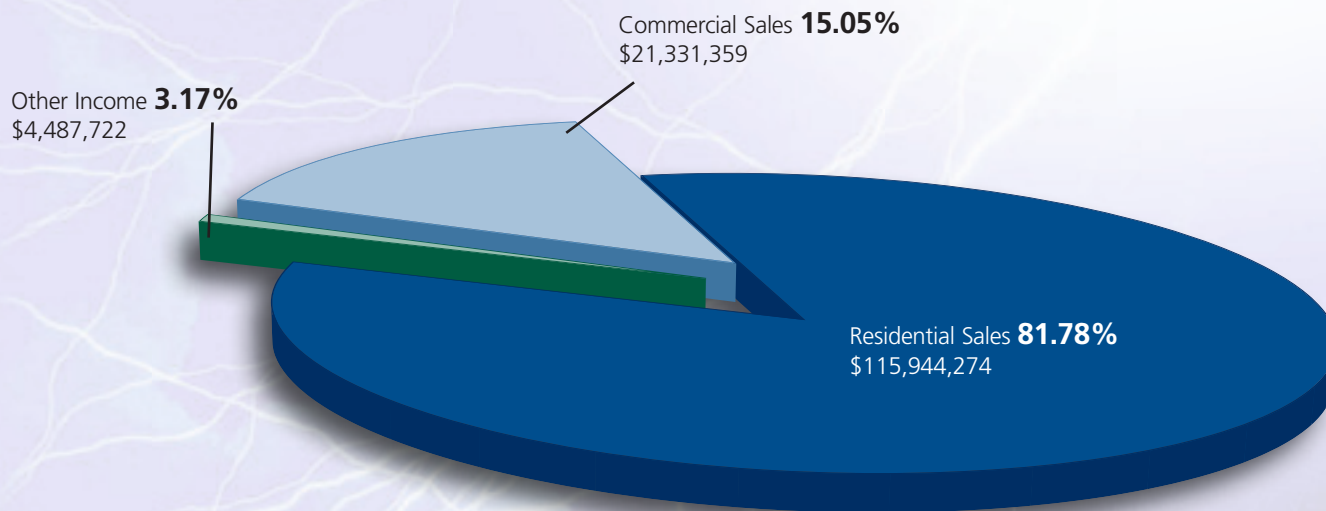
Delaware Electric Cooperative was audited for twelve months ending March 31, 2011, by Adams & Akin, an independent Certified Public Accounting firm. The financial position of DEC for the twelve month period ending March 31, 2011, was found to be in conformity with generally accepted accounting principles applied on a consistent basis. The complete Accountant's report is available for inspection at the Cooperative's office in Greenwood.

ADAMS & AKIN,  
Certified Public Accountants

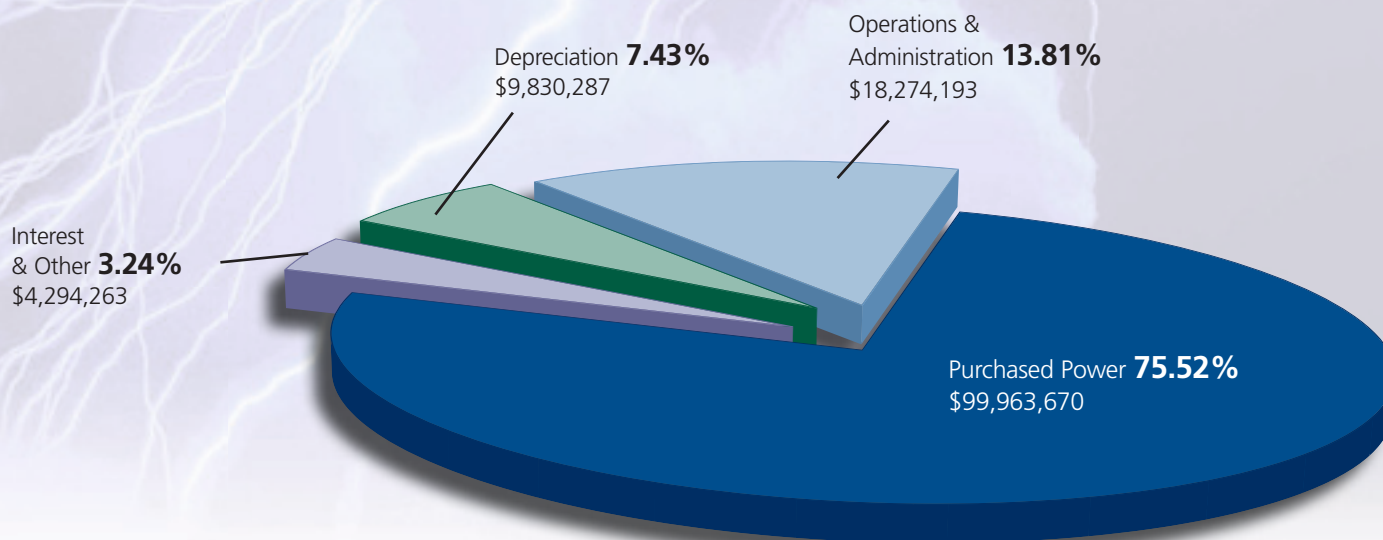
	2010	2009
<b>Balance Sheet</b>		
FOR YEARS ENDING		
DECEMBER 31, 2010 & 2009		
Assets		
Utility Plant . . . . .	\$261,510,779	\$259,965,507
Less Accumulated Depreciation . . . . .	(106,738,751)	(106,912,517)
Net Utility Plant . . . . .	154,772,028	153,052,990
Other Property & Investment		
Non-Utility . . . . .	161,254	161,254
Investments in Associated Organizations . . . . .	57,186,395	48,577,616
	\$57,347,649	\$48,738,870
Current Assets		
Cash & Short-Term Investments . . . . .	5,679,661	5,687,228
Accounts Receivable . . . . .	19,924,220	15,702,105
Materials & Supplies . . . . .	1,649,830	1,446,235
Other Current & Accrued Assets . . . . .	513,767	517,685
Total Current & Accrued Assets . . . . .	\$27,767,478	\$23,353,253
Deferred Charges . . . . .	1,337,318	54,825
Total Assets . . . . .	\$241,224,473	\$225,199,938
Ownership & Liabilities		
Memberships . . . . .	1,611,540	1,574,780
Equities & Margins . . . . .	113,503,066	97,483,000
Total Equities & Margins . . . . .	115,114,606	99,057,780
Liabilities		
Long-Term Debt, RUS & CFC . . . . .	81,295,379	84,737,809
Accumulated Operating Provisions . . . . .	13,320,572	11,524,145
	\$94,615,951	\$96,261,954
Current Liabilities		
Notes Payable to Associated Organizations . . . . .	0	0
Accounts Payable . . . . .	10,824,795	10,352,197
Other Current & Accrued Liabilities . . . . .	10,150,813	7,834,988
	\$20,975,608	\$18,187,185
Regulatory Liabilities . . . . .	0	0
Deferred Credits . . . . .	10,518,308	11,693,019
Total Ownership & Liabilities . . . . .	\$241,224,473	\$225,199,938

# DELAWARE ELECTRIC COOPERATIVE

## 2010 REVENUE

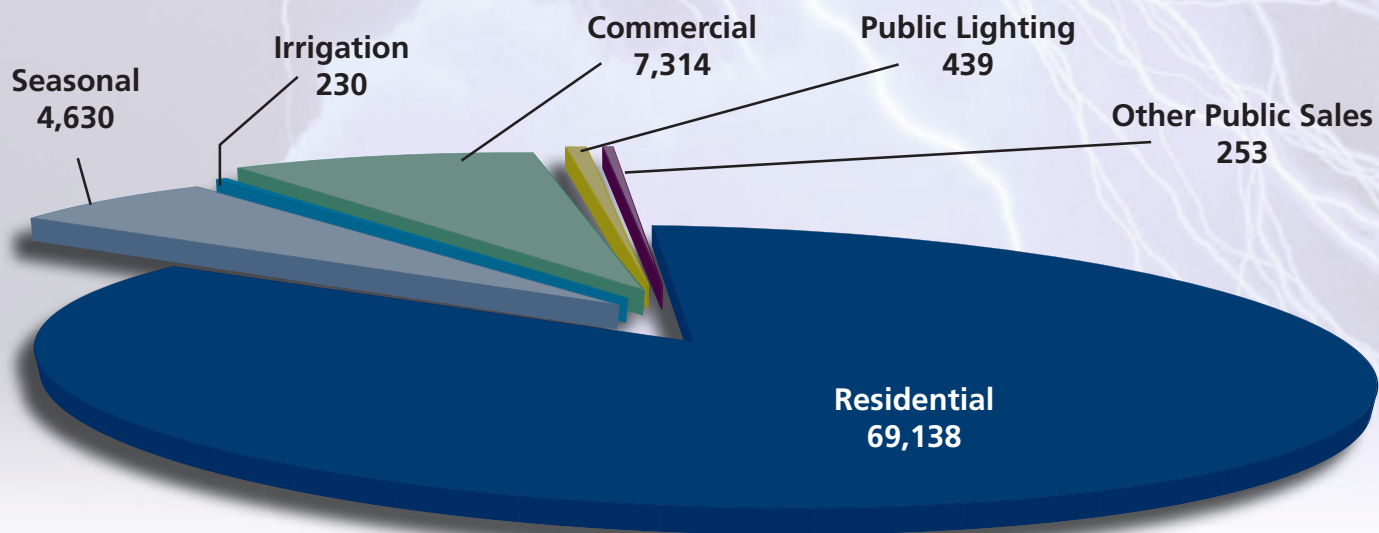


## 2010 EXPENSE



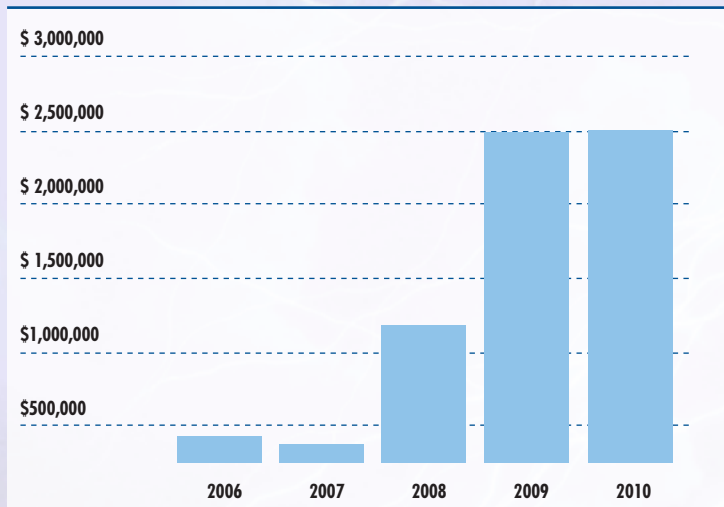
	METERS	KWH SALES	REVENUE
Residential	69,138	1,008,441,227	\$112,841,307
Seasonal	4,630	24,585,613	3,102,967
Irrigation	230	3,488,420	435,856
Commercial	7,314	216,873,127	21,331,359
Public Lighting	439	5,712,085	1,369,246
Other Public Sales	253	3,358,848	383,780
Other Income			2,298,840
	82,004	1,262,459,320	\$141,763,355

## 2010 AVERAGE METERS

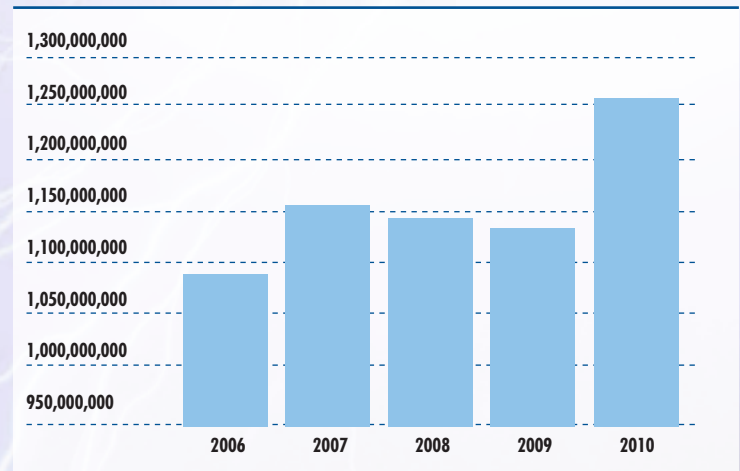


# WORKING FOR YOU!

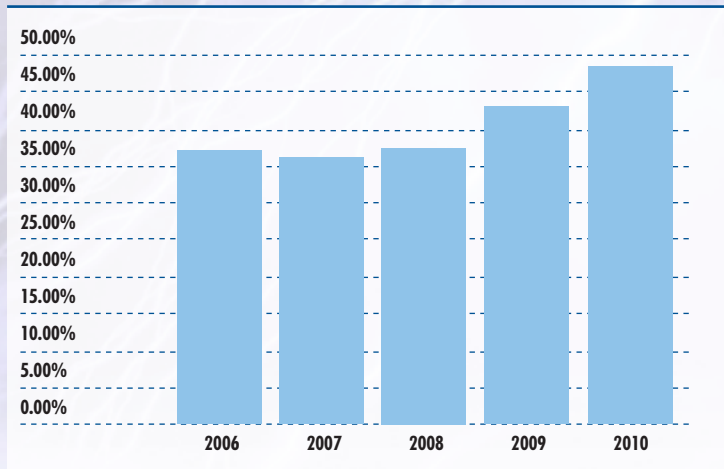
## CAPITAL CREDITS RETIRED



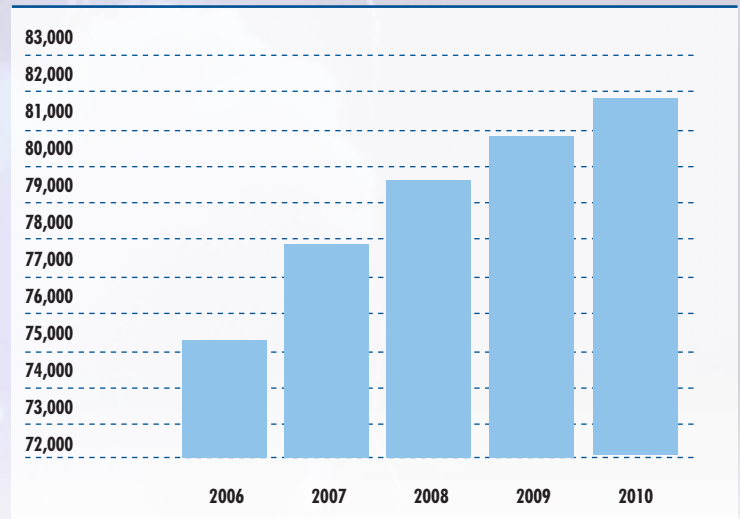
## KILOWATT HOURS SOLD



## MEMBER EQUITY



## AVERAGE METERS



# Co-op Energy

- **RELIABLE**
- **AFFORDABLE**
- **ACHIEVABLE**
- **SUSTAINABLE**

For your "FREE" In-Home Indicator and 3 "FREE" CFL bulbs please visit [www.beatthepeak.coop](http://www.beatthepeak.coop) and click on Sign Up.

Your Acceptance of Our "Beat the Peak" In-Home Indicator is Sincerely Appreciated.

Remember, when everyone saves a little, we all save a lot.



DELAWARE ELECTRIC COOP

[www.beatthepeak.coop](http://www.beatthepeak.coop) • 302.349.9090



# OUR MISSION

*We are committed to*

**“KEEPING THE LIGHTS ON”**

*by*

*providing safe, reliable and*

*competitively priced*

*energy services for our*

*member-owners and communities.*

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Should you have questions or desire information regarding Capital Credits please contact:

**Mrs. Debbie Davis**

P.O. Box 600, Greenwood, DE 19950

(302) 349-3103 • Email: [ddavis@decoop.com](mailto:ddavis@decoop.com)



HELP US  
CONTINUE TO  
KEEP OUR  
RATES LOW...

**Beat  
the  
Peak**



**Volunteers Wanted**  
**We need your e-mail address.**

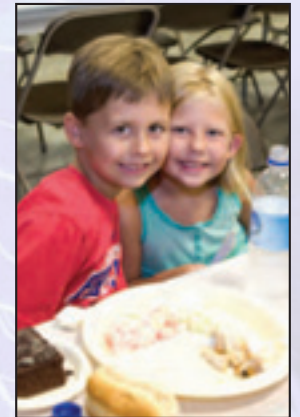
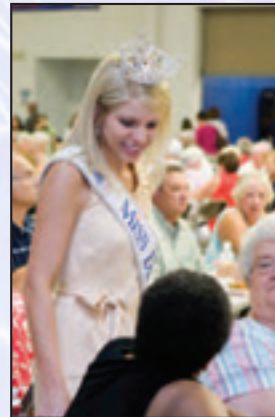
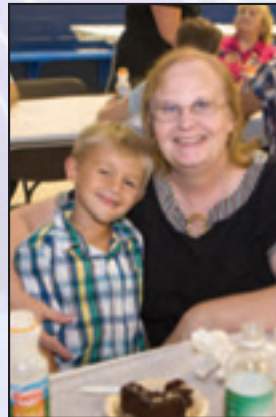
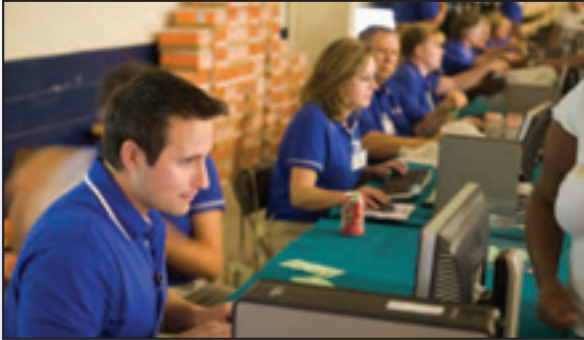
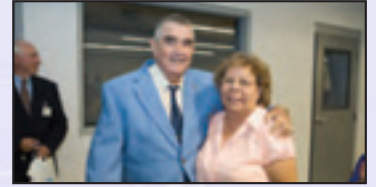
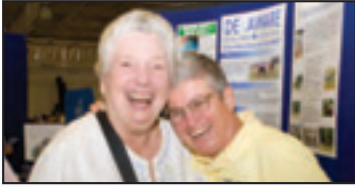
When we are attempting to “Beat the Peak” and you receive an e-mail from us or you see our ads on the television or hear them on the radio identifying “Peak” times we ask that you:

**Turn Off Any Unnecessary Lights**

**Delay Major Appliance Usage**

**Delay Hot Water Usage**

# SCENES FROM OUR 2010 ANNUAL MEETING





DELAWARE ELECTRIC COOPERATIVE