



***For Immediate Release***

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## **DMEA Will Hold the Line in 2009**

*Co-op board votes to squeeze operations and  
reduce equity to avoid rate increase*

(Montrose, CO) The board of directors of the Delta-Montrose Electric Association (DMEA) voted on November 25, 2008, to hold the line on rates in 2009. DMEA will do this by absorbing a \$1.8 million increase (4.1 percent) from its wholesale power supplier, Tri-State Generation and Transmission Association. The Tri-State wholesale rate increase will take effect in January 2009.

Board President Les Renfrow, in announcing the rate freeze, said two steps make it possible for DMEA to absorb the increase in wholesale power costs.

Due to these unsettled economic times, the proposed 2009 DMEA budget includes a freeze on hiring, leaving at least four positions unfilled, makes other cuts in operating expenses, and defers several capital investments.

But the big step has been to slightly draw down DMEA's equity. This is comparable to a homeowner borrowing against the equity in his or her home to meet current cash needs.

Such action is possible because DMEA has high equity for a rural electric cooperative. Sixty percent of the co-op's financing is provided by DMEA's member-owners, with the other forty percent financed by long-term debt. In normal times, DMEA would hold this equity level steady and also return approximately \$1 million in capital credits to member-owners who were on the DMEA system 20 years ago.

However, according to DMEA General Manager Dan McClendon , “In 2009 DMEA will not return, or rotate, capital credits, and will also let our equity level drop somewhat in order to avoid this rate increase.”

If DMEA had passed through the Tri-State increase, the average residential member would have seen a \$45 per year increase in their electric bills.

“We worked hard to control our operating costs in the upcoming year’s budget,” said McClendon, “but it is fundamentally the co-op’s overall strong equity position that enables us to avoid a rate increase.”

McClendon said that even after the equity drawdown, DMEA will still have a healthy equity level.

McClendon added that if Tri-State has an additional rate increase in 2009, it would have to be passed through to member-owners. He also said that DMEA would continue to retire capital credit to estates.

“Working together with our membership to keep our members’ bills affordable will be a primary focus for DMEA in 2009,” said McClendon.

### ***“Lean” Budget Notes:***

-Most of the electric utility industry across the country is raising rates. The Energy Information Administration (EIA) in the U.S. Department of Energy estimates that for the nation as a whole, consumers are likely to see a 6.4 percent increase in the price of electricity as compared to this year. In Colorado, the state’s largest investor-owned utility recently applied for an 8.4 percent increase in its electric rates.

-Energy efficiency and conservation are main objectives of DMEA. The compact fluorescent lamp (CFL) program last year serves as a good example. Each member that replaced their five most frequently used incandescent bulbs with CFLs should save \$30 a year on their electric bills.

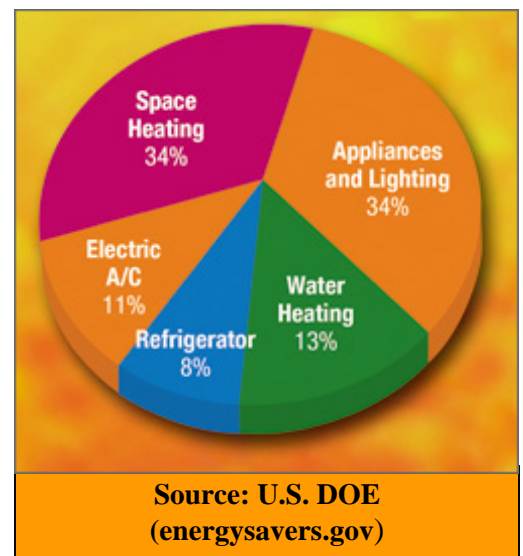
This translates into hundreds of thousands of dollars a year in monetary savings for our members as a whole, millions of dollars over the life of the CFLs. These savings, spent locally, are an important stimulus to our local economy, both directly and indirectly because of economic multiplier effects.

-DMEA's programs to encourage energy efficiency and help co-op members manage their energy bills in 2009 include:

- 1) Rebates for ENERGY STAR-qualified refrigerators.

Electricity to run refrigerators is eight percent of the average homeowners energy bill, according to the U.S. Department of Energy (See illustration);

- 2) Rebates for high efficiency "Marathon" Water heaters;
- 3) Rebates for high efficiency LED (light-emitting diode) Holiday lighting;
- 4) Ongoing efficiency education at seminars, conferences, and other public events;
- 5) A "Power Pay" program that helps members avoid fees for late payment.
- 6) A "Budget Billing" program that averages a member's monthly electric bills;
- 7) A "Time of Use" rate to encourage members to use electricity off peak, when possible;
- 8) Ongoing support of Energy Outreach Colorado and local entities that assist consumers struggling with winter heating costs.



-DMEA in 2009 hopes to expand funding for rebates for residential solar photovoltaic (PV) systems, with a match from the Governor's Energy Office (GEO). DMEA is also applying for matching funds from the Governor's Energy Office for PV rebates for community buildings, and residential solar water heating.