

| January Consumer

Given the current economic climate, I have decided to approach this message as Sergeant Joe Friday would—"Just the facts Ma'am, just the facts". Over the past few months, I have discussed the general outline of the Cost of Service Study results and the changes in the price of our wholesale power purchases. Together these items indicate a change is needed in both the rate levels and rate structures that will take effect starting with your May electric bill.

Our last general rate increase for our local operations occurred in May 2007. The Cost of Service Study indicates that a 3% annual increase in our total revenues is needed this year. Since we have invested more funds to maintain and improve our service to the residential members over the past three years than we have for the other rate classes, the residential rates will see a higher increase. For the average residential member that uses 15,043 kWh annually, the average annual increase will be 8%. This does not include any change in the wholesale power cost tracker. While that is probably not a welcome increase, it is the amount indicated by the Cost of Service Study completed by the Prime Group consulting firm.

The rate structure is also changing in response to the change in our wholesale rate structure. The new rate structure will reflect the higher energy costs in the summer and winter and the lower energy costs in the spring and fall months. During the spring and fall months, the lower cost coal fired generation meets our electrical requirements. During the peak summer and winter months, higher cost gas fired generation and wholesale market purchases are needed to meet our and in turn your electrical needs.

All of that being said, it is now time to get to the numbers. Our current residential rate was established in May 2007 and is:

Facility Charge	\$20.00 per month
First 300 kWh	\$0.093 per kWh
Next 700 kWh	\$0.083 per kWh
All kWh over 1,000 kWh	\$0.066 per kWh.

The 2007 Cost of Service Study showed the monthly facility cost was \$30.47. The difference between that cost and the \$20.00 facility charge is recovered in the higher rate for the first 300 kWh and the next 700 kWh.

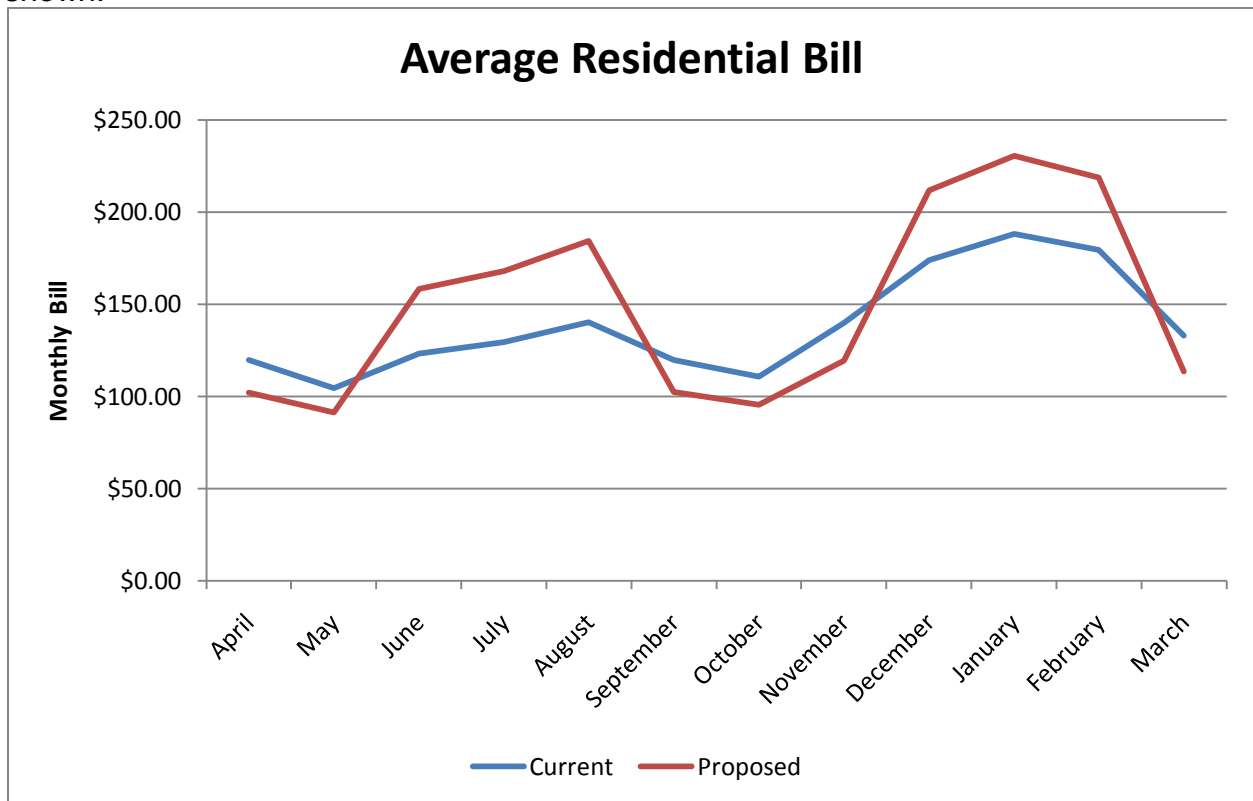
Since May 2007, our wholesale power rates have increased an additional 1.3 cents per kWh and that is reflected in the wholesale power cost tracker of \$0.012885 per kWh for the first quarter of 2010. Adding these numbers together the effective residential rate is now:

Facility Charge	\$20.00 per month
First 300 kWh	\$0.106 per kWh
Next 700 kWh	\$0.096 per kWh
All kWh over 1,000 kWh	\$0.079 per kWh

The new residential rate starting with the May 2010 bill reflects the difference in generation costs for each season and well as recovering the monthly facility cost completely in the monthly facility charge. That leads to a flat energy charge that varies by season. The new rate structure is:

Facility Charge	\$34.50 per month
Peak Season – Winter	\$0.10367 per kWh (December – February)
Peak Season – Summer	\$0.11697 per kWh (June – August)
Off Peak Season	\$0.06625 per kWh (March – May and September – November)

While this results in an 8% annual increase, not including the wholesale power cost tracker, the monthly variations are more pronounced. A chart showing the monthly bills for the average residential user for both the current rate and the new rates is shown.



During the off peak lower cost months, the monthly bill is lower while it is higher during the high cost peak months.

This is a long explanation of several different changes, but you need to know how your electric bill will be affected to allow you to more effectively manage your electrical usage. We will be happy to discuss with you the different ways that you can use electricity more efficiently. For another excellent resource to help manage your usage log on to our web site www.dcremc.com and follow the links to the Home Energy Calculator.

**At time of print the amount of wholesale power cost tracker for the 2nd quarter of 2010 was not yet available.