

DELAWARE MUNICIPAL ELECTRIC CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Delaware Municipal Electric Corporation
Smyrna, Delaware

We have audited the accompanying balance sheets of Delaware Municipal Electric Corporation as of December 31, 2008 and 2007, and the related statements of operations and fund balances, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Delaware Municipal Electric Corporation as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The statistical data listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of Delaware Municipal Electric Corporation. Such information has not been subject to the auditing procedures applied in the audit of the general purpose financial statements, and, accordingly, we express no opinion on it.

Papaleo, Rosen & Chelf, P.A.

Smyrna, Delaware
April 17, 2009

DELAWARE MUNICIPAL ELECTRIC CORPORATION

BALANCE SHEETS

DECEMBER 31, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>2007</u>
Current Assets		
Cash	\$ 2,547,673	\$ 4,137,851
Accounts receivable	8,176,131	7,736,973
Fuel oil on hand	461,002	-0-
Restricted cash - bond proceeds	<u>7,081,424</u>	<u>-0-</u>
Total Current Assets	<u>18,266,230</u>	<u>11,874,824</u>
Property and Equipment		
Generation facility	31,243,168	31,243,168
Buildings and improvements	711,041	-0-
Equipment	<u>126,602</u>	<u>37,537</u>
	32,080,811	31,280,705
Less: Accumulated depreciation	<u>4,182,125</u>	<u>3,549,354</u>
	27,898,686	27,731,351
Land	<u>407,248</u>	<u>144,748</u>
Total Property and Equipment	<u>28,305,934</u>	<u>27,876,099</u>
Revenue Bond Reserve Investments	<u>3,346,556</u>	<u>3,313,695</u>
Other Assets		
Deferred financing costs, net of accumulated amortization	<u>846,579</u>	<u>802,364</u>
Total Other Assets	<u>846,579</u>	<u>802,364</u>
Total Assets	<u>\$ 50,765,299</u>	<u>\$ 43,866,982</u>

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND FUND EQUITY

	<u>2008</u>	<u>2007</u>
Current Liabilities		
Current portion of long-term debt	\$ 1,318,981	\$ 1,063,000
Accounts payable	7,804,217	7,239,315
Accrued interest	698,525	728,868
Payroll taxes payable	895	860
Renewable Energy Fund	448,814	380,540
	<hr/>	<hr/>
Total Current Liabilities	10,271,432	9,412,583
Long-Term Debt – Less Current Portion	<hr/>	<hr/>
	35,896,559	29,254,804
	<hr/>	<hr/>
Total Liabilities	46,167,991	38,667,387
Fund Equity		
Fund balance – unreserved	<hr/>	<hr/>
	4,597,308	5,199,595
	<hr/>	<hr/>
Total Liabilities and Fund Equity	<hr/>	<hr/>
	\$ 50,765,299	\$ 43,866,982

DELAWARE MUNICIPAL ELECTRIC CORPORATION
STATEMENTS OF OPERATIONS AND FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>		<u>2007</u>	
Revenue	\$ 113,960,437	100.0	\$ 100,012,516	100.0
Cost of Revenue				
Power purchase	82,672,189	72.5	78,256,354	78.3
Capacity	14,654,279	12.9	6,519,649	6.5
Transmission charge	7,309,295	6.4	4,810,825	4.8
Plant fuel costs	2,330,907	2.1	3,844,142	3.8
Plant operation and maintenance	682,980	.6	867,274	.9
Total Cost of Revenue	<u>107,649,650</u>	<u>94.5</u>	<u>94,298,244</u>	<u>94.3</u>
Gross Profit From Revenue	<u>6,310,787</u>	<u>5.5</u>	<u>5,714,272</u>	<u>5.7</u>
General and Administrative Expenses				
Administration expense	31,496	.0	42,132	.0
Depreciation and amortization	689,758	.7	690,044	.7
Dues and subscriptions	41,912	.0	34,182	.0
Employee benefits	87,020	.1	73,104	.1
Insurance	10,384	.0	8,605	.0
Interest expense	1,415,036	1.3	1,458,786	1.5
Legal and accounting	117,615	.1	82,250	.1
Legislative representation	8,429	.0	16,434	.0
Salaries	275,004	.2	264,740	.3
Taxes – payroll	20,134	.0	19,306	.0
Technical consulting	228,108	.2	160,857	.2
Telephone	21,380	.0	29,282	.0
Travel/meetings	38,265	.0	33,584	.0
Total General and Administrative Expenses	<u>2,984,541</u>	<u>2.6</u>	<u>2,913,306</u>	<u>2.9</u>
Operating Income	<u>3,326,246</u>	<u>2.9</u>	<u>2,800,966</u>	<u>2.8</u>
Other Income				
Interest income	123,365	.1	250,727	.3
Gain on disposal of assets	-0-	.0	500	.0
Total Other Income	<u>123,365</u>	<u>.1</u>	<u>251,227</u>	<u>.3</u>
Net Income	<u>3,449,611</u>	<u>2.8</u>	<u>3,052,193</u>	<u>3.1</u>
Fund Balance – Beginning of Year	5,199,595		2,147,402	
Distributions to Members	(4,051,898)		-0-	
Fund Balance – End of Year	<u>\$ 4,597,308</u>		<u>\$ 5,199,595</u>	

The accompanying notes are an integral part of these financial statements.

DELAWARE MUNICIPAL ELECTRIC CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Cash Flows From Operating Activities		
Net Income	\$ 3,449,611	\$ 3,052,193
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	689,758	690,045
Amortization of bond premium	(18,042)	(18,042)
(Gain) Loss on disposal of assets	-0-	(500)
(Increase) decrease in:		
Accounts receivable	(439,158)	(352,748)
Revenue and reserves	(32,861)	(582,424)
Fuel oil on-hand	(461,002)	-0-
Deferred bond financing cost	(101,201)	-0-
Restricted cash	(7,081,424)	-0-
Increase (decrease) in:		
Accounts payable	564,902	(138,876)
Payroll taxes payable	35	(419)
Accrued interest	(30,343)	(19,413)
Net Cash Provided (Used) By Operating Activities	<u>(3,459,725)</u>	<u>2,629,816</u>
Cash Flows From Investing Activities		
Proceeds from disposal of assets	-0-	500
Purchase of fixed assets	(1,062,607)	(24,561)
Net Cash Provided (Used) By Investing Activities	<u>(1,062,607)</u>	<u>(24,061)</u>
Cash Flows From Financing Activities:		
Payments on long-term debt	(1,066,342)	(1,028,000)
Renewable Energy Fund	68,274	222,215
Proceeds from long-term debt	7,982,120	-0-
Distributions to members	(4,051,898)	-0-
Net Cash Provided (Used) by Financing Activities	<u>2,932,154</u>	<u>(805,785)</u>
Net Increase (Decrease) in Cash	(1,590,178)	1,799,970
Cash – Beginning of Year	<u>4,137,851</u>	<u>2,337,881</u>
Cash – End of Year	<u>\$ 2,547,673</u>	<u>\$ 4,137,851</u>

The accompanying notes are an integral part of these financial statements.

DELAWARE MUNICIPAL ELECTRIC CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

Note A - Summary of Significant Accounting Policies

The Reporting Entity

Delaware Municipal Electric Corporation was formed in 1979 by various municipalities of the State of Delaware to undertake the planning, financing, development, acquisition, construction, reconstruction, improvement, enlargement, betterment, operation and maintenance of a project or projects to supply electric power and energy for the present and future needs of its members and others.

Property and Equipment

Property and equipment are carried at cost. Depreciation is provided principally on the straight-line method over the estimated useful lives of the respective assets. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the results of operations.

Generation equipment consists of capitalized acquisition and construction costs of the generation facility located in Smyrna, Delaware. The facility was placed in service May 1, 2002.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures. Accordingly, actual results could differ from those estimates. Any adjustments to estimated amounts are recognized in the year in which such adjustments are determined.

Deferred Financing Costs

Costs incurred in connection with the issuance of bonds are amortized to expense over the life of the related bond issues.

Revenue Bond Reserve Investments

Revenue bond reserve investments consist of short-term investments and are recorded on the balance sheet at fair value. These assets represent amounts held by the trustee for the repayment of obligations under the outstanding bond indenture.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Corporation considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Note B – Concentrations of Credit Risk

The Corporation maintains its cash balances in two financial institutions. The balances at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2008, the Corporation's uninsured cash balance of \$2,297,674 and \$6,763,082 were 100% collateralized with securities held by Wilmington Trust Company and PNC Bank, respectively.

DELAWARE MUNICIPAL ELECTRIC CORPORATION
NOTES TO FINANCIAL STATEMENTS, CONTINUED
DECEMBER 31, 2008 AND 2007

Note C – Accounts Receivable

Accounts receivable consists of amounts due from the member municipalities and miscellaneous reimbursements as of December 31:

	<u>2008</u>	<u>2007</u>
Clayton	\$ 132,203	\$ 117,223
Middletown	1,116,607	1,027,563
Milford	1,651,547	1,596,864
Miscellaneous	158	183
Newark	3,056,992	2,874,992
New Castle	594,449	562,818
Seaford	892,203	885,097
Smyrna	731,972	672,233
	<u>\$ 8,176,131</u>	<u>\$ 7,736,973</u>

Note D – Long-Term Debt

Long-term debt at December 31 consisted of the following:

	<u>2008</u>	<u>2007</u>
Delaware Municipal Electric Corporation Electric Revenue Bonds, Series 2001	\$ 29,004,763	\$ 30,027,804
Delaware Municipal Electric Corporation Electric Revenue Bonds, Series 2002	232,000	290,000
Delaware Municipal Electric Corporation General Obligation Bonds, Series 2008-A	978,777	-0-
Delaware Municipal Electric Corporation Electric Revenue Bonds, Series 2008-B	7,000,000	-0-
	<u>37,215,540</u>	<u>30,317,804</u>
Less: current portion	<u>1,318,981</u>	<u>1,063,000</u>
	<u>\$ 35,896,559</u>	<u>\$ 29,254,804</u>

In September 2001, the Corporation issued Electrical Revenue Bonds, Series 2001 for \$35,241,059 to fund the cost of acquisition and construction of the initial facilities, including the reimbursement to the project participants, any amounts previously advanced and the payment of any bond anticipation note previously issued, the proceeds of which were applied to pay such costs. The bonds mature serially from 2002 through 2021 at fixed rates from 3.5% to 5.25%. Additionally, there are term bonds, which mature in 2026. Interest on the term bonds is paid at a fixed rate of 5%.

DELAWARE MUNICIPAL ELECTRIC CORPORATION
NOTES TO FINANCIAL STATEMENTS, CONTINUED
DECEMBER 31, 2008 AND 2007

Note D – Long-Term Debt, Continued

In December 2002, the Corporation issued Electrical Revenue Bonds, Series 2002 for \$580,000 pursuant to Sections 2.2(a) and 2.3(a) of the Original Indenture for the purpose of completing the cost of acquisition and construction of the initial facilities. Principal on the 2002 Bond is payable in ten equal annual payments beginning on July 1, 2006. The interest rate on the 2002 Bond is variable, based on the one-month London Interbank Offered Rate plus 2.25 percentage points. The interest rate as of December 31, 2008 was 4.15%.

Gross receipts and real and personal property of the Corporation have been pledged as collateral. The seven participants in the project are contractually bound to pay debt service and other costs through power sales contracts. Each participant has a share in the project corresponding to its share of load, which is also the amount of debt service for which the project participant is responsible. The power sales contracts run as long as the bonds are outstanding on the project. If a participant defaults in its payment obligation, the remaining participants must pay their respective pro rata share of the defaulted amounts, not to exceed 125% of its initial pro rata share.

<u>Participant</u>	<u>Share %</u>
Clayton	1.5
Middletown	6.8
Milford	20.8
New Castle	8.9
Newark	47.4
Seaford	7.1
Smyrna	7.5

The Corporation is required to meet a debt service reserve requirement that is the lesser of the maximum annual debt service on the bonds, 125% of average annual debt service, or 10% of the original principal amount of the bonds.

In October 2008, the Corporation issued General Obligation bonds, Series 2008-A for \$982,120 to fund the acquisition and renovation of Lot Three of the Smyrna Business Park. Principal and interest is payable in one hundred and twenty equal payments due on the first business day of each month beginning on November 1, 2008. The bond matures on October 1, 2018. The interest rate on the 2008 bond is fixed at 5.56%.

In December 2008, the Corporation issued Electric Revenue bonds, Series 2008-B for \$7,000,000 to fund the acquisition, development, construction, and equipping of a new electric substation in New Castle, Delaware, including certain improvements to the existing substation in connection with the development of the new substation. The bond is a special and limited obligation payable solely from amounts received from the Municipal Services Commission for the City of New Castle, Delaware, pursuant to an Amendment and Supplement, dated December 5, 2008. Interest-only payments are payable beginning January 2, 2009, and on the first business day of each month thereafter to and including June 1, 2009. Beginning on July 1, 2009, principal and interest of equal payments are payable on July 1, 2009, and continuing monthly on the first business day of each month. The bond matures on June 1, 2019. The interest rate on the 2008 bond is fixed at 2.92%.

DELAWARE MUNICIPAL ELECTRIC CORPORATION
NOTES TO FINANCIAL STATEMENTS, CONTINUED
DECEMBER 31, 2008 AND 2007

Note D – Long-Term Debt, Continued

The debt service requirements on the above bonds are as follows:

<u>December 31</u>	<u>Principal</u>	<u>Amortization Premium</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,318,981	\$ 18,042	\$ 1,675,314	\$ 3,012,337
2010	1,556,048	18,042	1,619,463	3,193,553
2011	1,613,523	18,042	1,562,637	3,194,202
2012	1,670,910	18,042	1,503,143	3,192,095
2013	1,676,673	18,042	1,439,880	3,134,595
Thereafter	<u>29,054,642</u>	<u>234,553</u>	<u>9,151,883</u>	<u>38,441,078</u>
	<u>\$ 36,890,777</u>	<u>\$ 324,763</u>	<u>\$ 16,952,320</u>	<u>\$ 54,167,860</u>

Note E – Cash Flow Information

Cash paid for interest for the years ended December 31, 2008 and 2007 was \$1,444,632 and \$1,496,242, respectively.

Note F – Revenue Bond Reserve Investments

The components of revenue bond reserve investments at December 31 are as follows:

	<u>2008</u>	<u>2007</u>
Debt Service Reserve	\$ 2,647,042	\$ 2,583,950
Debt Service Interest	698,566	728,871
Debt Service Principal	<u>948</u>	<u>874</u>
	<u>\$ 3,346,556</u>	<u>\$ 3,313,695</u>

Note G – Deferred Financing Costs

Amortization of deferred financing costs is calculated by the straight-line method over twenty-five years for the Electrical Revenue Bonds, Series 2001 and ten years for the Electrical Revenue Bonds, Series 2002 and 2008.

	<u>2008</u>	<u>2007</u>
Deferred Financing Costs	\$ 1,239,914	\$ 1,138,711
Less: accumulated amortization	<u>(393,335)</u>	<u>(336,347)</u>
	<u>\$ 846,579</u>	<u>\$ 802,364</u>

DELAWARE MUNICIPAL ELECTRIC CORPORATION
NOTES TO FINANCIAL STATEMENTS, CONTINUED
DECEMBER 31, 2008 AND 2007

Note H – Renewable Energy Fund

Delaware Municipal Electric Corporation is acting as administrator of the Delaware Municipal Utilities' Green Energy Fund Program for its members. This program was mandated by the State of Delaware to support renewable energy technologies, energy efficiency technologies, or demand side management programs. The members submit their required contributions to DEMEC who administers the grant program and releases funds for approved grants.

Funds held for participating members as of December 31, 2008 are as follows:

Town of Clayton	\$ 5,293
City of Dover	207,761
City of Lewes	19,052
Town of Middletown	34,676
City of Milford	47,508
City of New Castle	20,187
City of Newark	43,915
City of Seaford	47,272
Town of Smyrna	<u>23,150</u>
	<u>\$ 448,814</u>

Note I – Restricted Cash

Restricted cash as of December 31, 2008 consists of the following:

General Obligation Bonds, Series 2008-A	\$ 68,342
Electric Revenue Bonds, Series 2008-B	<u>7,013,082</u>
	<u>\$ 7,081,424</u>

STATISTICAL DATA

DELAWARE MUNICIPAL ELECTRIC CORPORATION

HISTORICAL ENERGY REQUIREMENTS

FISCAL YEARS ENDED 2007, 2006 AND 2005

<u>Participant</u>	<u>2007</u>		<u>2006</u>		<u>2005</u>	
	<u>Peak Demand KW</u>	<u>Total Demand MWH</u>	<u>Peak Demand KW</u>	<u>Total Demand MWH</u>	<u>Peak Demand KW</u>	<u>Total Demand MWH</u>
Milford	49,173	225,677	46,439	209,907	44,612	196,655
Newark	90,280	439,766	89,279	425,069	89,553	436,528
Others	111,152	417,764	103,814	417,764	103,928	422,407
	<u>250,605</u>	<u>1,083,207</u>	<u>239,532</u>	<u>1,052,740</u>	<u>238,093</u>	<u>1,055,590</u>

DELAWARE MUNICIPAL ELECTRIC CORPORATION
ELECTRIC SYSTEM SUMMARY OF OPERATING RESULTS
FISCAL YEARS ENDED 2007, 2006 AND 2005

CITY OF NEWARK

Fiscal Year Ended December 31	2007	2006	2005
Electricity Revenues	\$ 49,511,071	\$ 47,556,558	\$ 34,773,723
Operating Transfers In	3,755,232	2,403,017	22,299
Non-Operating Revenues	83,569	1,319	5,879
Total Revenues	53,349,872	49,960,894	34,801,901
Power Purchases	37,087,240	36,967,174	33,023,557
O & M Expenses	3,034,849	3,126,452	2,969,383
Operating Transfer Out	4,862,690	10,050,000	7,002,360
Total Expenses	44,984,779	50,143,626	42,995,300
Net Income (Loss)	\$ 8,365,093	(\$ 182,732)	(\$ 8,193,399)
Retained Earnings	\$ 18,301,240	\$ 9,936,147	\$ 10,118,879

CITY OF MILFORD

Fiscal Year Ended June 30	2007	2006	2005
Electricity Revenues	\$ 26,704,519	\$ 24,226,287	\$ 16,698,825
Operating Transfers In	-	1,500,000	477,551
Non-Operating Revenues (Expenses)	466,890	29,450	(93,540)
Total Revenues	27,171,409	25,755,737	17,082,836
Power Purchases	18,940,065	18,972,651	9,549,922
O & M Expenses	2,246,178	3,045,086	3,055,694
Operating Transfer Out	3,207,183	4,260,000	2,750,000
Total Expenses	24,393,426	26,277,737	15,355,616
Net Income (Loss)	\$ 2,777,983	(\$ 522,000)	\$ 1,727,220
Retained Earnings	\$ 13,855,920	\$ 11,077,937	\$ 11,599,937

DELAWARE MUNICIPAL ELECTRIC CORPORATION
CONDENSED BALANCE SHEET FOR THE ELECTRIC UTILITY
FISCAL YEARS ENDED 2007, 2006 AND 2005

CITY OF NEWARK

As of December 31	<u>2007</u>	<u>2006</u>	<u>2005</u>
Assets			
Net Property, Plant & Equipment	\$ 8,326,233	\$ 8,176,151	\$ 8,079,408
Current Assets	<u>13,676,092</u>	<u>7,779,060</u>	<u>6,297,853</u>
Total Assets	<u>\$ 22,002,325</u>	<u>\$ 15,955,211</u>	<u>\$ 14,377,261</u>
Liabilities and Equity			
Current Liabilities	\$ 3,667,985	\$ 5,981,033	\$ 4,231,574
Non Current Liabilities	33,100	38,031	26,808
Retained Earnings	<u>18,301,240</u>	<u>9,936,147</u>	<u>10,118,879</u>
Total Liabilities and Equity	<u>\$ 22,002,325</u>	<u>\$ 15,955,211</u>	<u>\$ 14,377,261</u>

CITY OF MILFORD

As of June 30	<u>2007</u>	<u>2006</u>	<u>2005</u>
Assets			
Current Assets	\$ 11,125,433	\$ 8,057,681	\$ 8,360,854
Net Fixed Assets	<u>8,559,874</u>	<u>8,618,770</u>	<u>8,385,603</u>
Total Assets	<u>\$ 19,685,307</u>	<u>\$ 16,676,451</u>	<u>\$ 16,746,457</u>
Liabilities and Equity			
Current Liabilities	\$ 2,232,542	\$ 1,858,990	\$ 1,420,658
Non Current Liabilities	3,596,845	3,739,524	3,725,862
Retained Earnings	<u>13,855,920</u>	<u>11,077,937</u>	<u>11,599,937</u>
Total Liabilities and Equity	<u>\$ 19,685,307</u>	<u>\$ 16,676,451</u>	<u>\$ 16,746,457</u>

DELAWARE MUNICIPAL ELECTRIC CORPORATION

PROJECT PARTICIPANTS' COVERAGE RATIOS

FISCAL YEAR DECEMBER 31, 2007

Participant Entitlement Share	Town of Clayton 1.50%	Town of Middletown 6.80%	City of Milford 20.80%	City of Newark 47.40%	City of Seaford 7.10%	Town of Smyrna 7.50%	City of New Castle 8.90%
Estimated Average Annual Debt Service* Revenues***	42,658	193,383	591,524	1,347,992	201,914	213,290	253,104
Power Purchase***	2,219,747	15,869,559	26,704,519	53,349,872	14,900,954	12,392,787	10,599,058
Expenditures***	1,344,581	10,883,461	18,940,065	37,087,240	10,570,878	8,231,998	6,785,489
Excess Revenues***	1,696,882	12,604,362	21,186,243	40,213,692	12,733,474	10,581,077	9,564,872
Retained Earnings***	204,948	91,173	2,777,983	8,365,093	2,361,028	1,264,848	1,038,186
	1,609,955	5,172,758	13,855,920	18,301,240	8,880,614	9,568,128	** 8,465,211
Debt Service Including 1.10 coverage as a % of:							
Revenues	1.92%	1.22%	2.22%	2.53%	1.36%	1.72%	2.39%
Power Purchase	3.17%	1.78%	3.12%	3.63%	1.91%	2.59%	3.73%
Expenditures	2.51%	1.53%	2.79%	3.35%	1.59%	2.02%	2.65%
Excess Revenues	20.81%	212.11%	21.29%	16.11%	8.55%	16.86%	24.38%
Retained Earnings	2.65%	3.74%	4.27%	7.37%	2.27%	2.23%	2.99%

* Includes 1.10 debt service requirements.

** Represents New Castle's combined utility retained earnings.

*** Source: Participants Audited Financial Statements and Participants.