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## Delaware Municipal Electric Corp. 2001 Electric Revenue Bonds Rating Raised To 'A' From 'A-' On Better Financial Metrics

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NEW YORK (Standard & Poor's) June 5, 2009--Standard & Poor's Rating Services has raised its long-term rating on Delaware Municipal Electric Corp.'s (DEMEC or the agency) series 2001 electric revenue bonds to 'A' from 'A-'. The outlook is stable.

"In our view, the higher rating reflects DEMEC's stronger financial metrics, and moderately improved financial metrics at several of the seven municipal electric distribution utilities that are co-owners of the 50-megawatt (MW) gas-fired peaking plant," said Standard & Poor's credit analyst Judith Waite. "The upgrade also reflects our opinion that the high degree of revenue concentration is not a significant credit risk, because the credit profile of Newark's electric utility, which owns 47.4% of the plant, is fairly strong," Ms. Waite added. The credit profiles of the other six municipal utilities are also reasonably strong, in our opinion.

We believe the rating also reflects strong take-or-pay contracts; adequate project debt service coverage; good project economics; steady electricity demand growth; and proactive management.

DEMEC is a joint action agency of nine Delaware municipalities. The agency's first and only project was a 50 MW gas-fired peaking facility in Smyrna, Del., which has been in full operation since mid-2002.

The stable outlook reflects our assessment of the predictable cash flow

under contracts that match the project debt's life, with the added protection of a step-up arrangement capped at 25% of current ownership; the project's strong economics; and the gradual approach of the agency's members in determining the most effective strategy for meeting the increasing electricity demand on Delmarva Peninsula.

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USPF Criteria: "Electric Utility Ratings," June 15, 2007

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