



CURRENT COMMUNICATOR

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MEMBER NEWSLETTER OF CENTRAL VIRGINIA ELECTRIC COOPERATIVE

Winter 2012

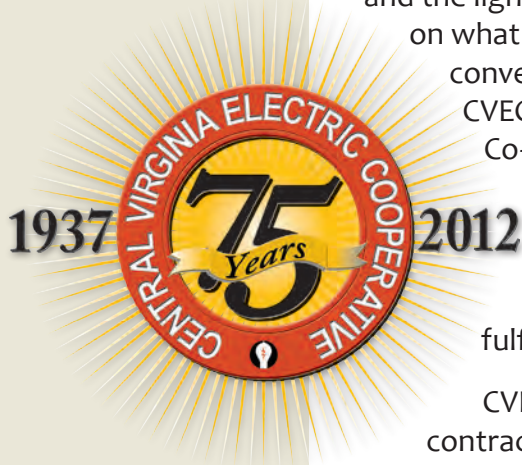
"Improving the quality of your life in a quietly impressive way."

Volume 21, Number 1

2012: MILESTONES AND TRADITIONS

Rural electric cooperatives are constantly changing and adapting in the pursuit of one goal: **providing reliable electric service to its members.**

This effort requires planning, adjustments, coordination, communications under normal circumstances and multi-day emergency responses when bad weather strikes and the lights go out. CVEC employees stay busy so that member-owners can focus on what is important at home and at work, using electricity for your comfort and convenience. On occasion we draw your attention to the organization that is CVEC, in order to keep you informed and aware of what is happening at your Co-op.



2012 will be a significant year for CVEC member-owners for a number of reasons.

The Cooperative will celebrate 75 years of service in rural central Virginia, fulfilling a mission that larger, more-established utilities declined to undertake.

CVEC will begin a new wholesale energy contract, converting from a 10-year contract that provided members with below market electric service to a contract that will increase the cost of electric service to slightly below the state average.

CVEC is training our employees and developing resources to help members who want to be more energy efficient, a good strategy to offset higher wholesale energy costs.

I hope that you will find the information in our member newsletter helpful and that you will let me, our employees, and the CVEC director representatives know if we serve you well and how we can improve.

Thank you for being a member of Central Virginia Electric Cooperative. ♥

Gary Wood
President & CEO



ONCE UNAVAILABLE ... NOW IRREPLACEABLE

Imagine a time and place where there was no electricity, no indoor plumbing, no running water; a time and place without refrigeration, microwaves or electric ovens; a time and place where clothes were scrubbed by hand, hung to dry, and ironed with heat from a fire. Most of us would guess the time was 75 or so years ago. Few of us would guess that the place included more than 75% of the land in America.

Consider that. 75 years ago, unless a person lived in the city, near the county seat, or near a mill with a water wheel, the odds are that life was very difficult. Light came by way of candles and kerosene. Water was hauled with buckets and people traveled a path to an outhouse. A woodstove provided heat and supper. Food was stored in a root cellar or spring house, or just covered with a cloth between the mid-day meal and supper.

So why does this history matter to us today? There are several reasons but most will agree that we celebrate a noble group effort, particularly when odds didn't favor success.

Taking Action: In 1937, a small group of people chose to confront a challenge. They came together and made decisions that delivered economic opportunities and personal freedoms for their families. Rural Electrification might be one of the greatest self-help projects ever attempted and the results changed lives, then and now.

Creating opportunities: In the years that followed, farms operated more efficiently, land was developed, business and industry arrived, and jobs were created. Electricity opened the door to a better way of life and rural development.

Upholding Expectations: Rural electrification transformed life in central Virginia to the point that we now tend to take it for granted, until of course, a blizzard or hurricane takes down power lines. When the lights go out, only then can we imagine how difficult life was for previous generations and why they worked so hard to establish CVEC.

In the span of one lifetime, residents of central Virginia have acquired greater comfort, convenience, and economic opportunity while retaining the quality of life that is only available in rural areas. Celebrating 75 years of CVEC service reminds us of how blessed we are.

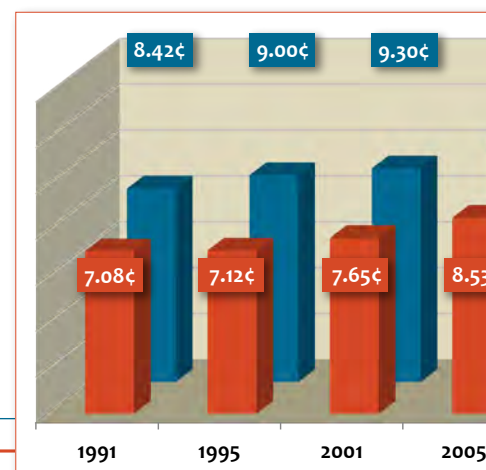
Note to Members: CVEC would appreciate the use of historical photos related to rural electrification. Send them to Member Services, P.O. Box 247, Lovingston, VA 22949 and let us know if the photo is a donation or if you would like to have it returned after scanning. 📍

NEW ENERGY CONTRACT BEGINS IN 2012

Unlike for-profit utilities that generate electricity and sell it to customers, CVEC operates as a membership-owned purchasing group, negotiating the best wholesale energy contract and then delivering electricity to members at cost. There is no mark-up or profit to pay to investors. Members enjoy the benefit of greater purchasing power and delivery of reliable service.

Over the past two decades CVEC has kept wholesale energy costs very low, operating generators to avoid extreme demand penalties during cold winter mornings and hot summer afternoon and negotiating very favorable energy contracts.

How successful has our Co-op been? The chart below demonstrates that CVEC has



been well below the average rate per kilowatt-hour for Virginia utilities, including those that operate in areas of greater population density.

That advantage will change on June 1, 2012, when a new wholesale energy contract will go into effect and rates to CVEC members will increase by about 2¢ per kilowatt-hour. The average CVEC member uses 1300 kilowatt-hours per month, which means that electric service will increase by a little less than \$1 per day.

Isn't there a better deal? CVEC has been exploring the wholesale energy market for the past 4-5 years, issuing requests for proposals and negotiating with the top 5-6 bidders during each round. If our Co-op had accepted the offers that we received several years ago, then member rates could have risen by 4-5¢ per kilowatt-hour. As it turns out a 2¢ increase in wholesale rates was the best deal available.

Why have wholesale costs risen? During previous contracts, CVEC would negotiate with other power companies that make more electricity than they could sell to their customers. Today, when CVEC issues a request for proposal many of the bids are submitted by investment banks and commodity traders. Electricity is no longer priced a bit higher than what it costs to make but is viewed as a commodity in a global economy. Fuel sources like coal fetch a higher price because countries such as China are bidding on carloads. Contracts are shorter. Prices are based upon calculations of projected future costs. The risk of price fluctuations has been shifted to buyers like CVEC and its members.

How will I know how much more I am paying for energy? If you look on your monthly electric bill you will find a line item that refers to the Power Cost Adjustment or PCA Charge. Most utilities have

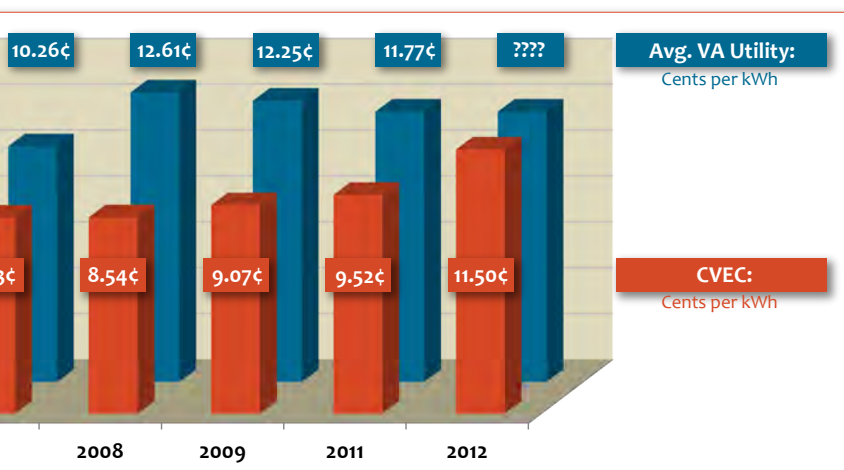
a similar line item on their bills. The PCA Charge is often used to pass fluctuations in energy costs through to consumers. In previous years, CVEC has had few fluctuations so the PCA charge has been fairly insignificant and stable. Starting in June of 2012, the price increase due to wholesale energy will be found on the PCA line item. That will be the difference in wholesale energy costs.

What about the future?

Here are two quick points to consider:

- » CVEC will file a rate case with the State Corporation Commission later in 2012. Once approved the additional costs of wholesale energy will be removed from the PCA line item and will be incorporated into a new rate structure for CVEC.
- » Regarding future sources of wholesale energy, CVEC is working to create a diversified wholesale energy portfolio, negotiating a variety of smaller contracts that overlap rather than one comprehensive (all-requirements) contract that has an abrupt ending. In addition to smaller contracts, CVEC is working with other utilities to acquire shares in fixed-generation assets, including a gas-fired plant at the Fremont Energy Center in Ohio. The goal is to develop more diverse, future sources of wholesale energy that will reduce price volatility to our members. **Rest assured that CVEC understands the bottom line.** Regardless of two decades of below-market prices and despite securing a relatively favorable energy contract that will place CVEC just below the state average, we are going to pay more for wholesale energy as a group and each member will see higher costs for heating, cooking, appliances, and all of the other daily conveniences that electricity affords.

Note: For updates on our power costs and energy efficiency tips visit www.mycvec.com and update your contact information including your e-mail address. 🔔



SAVING ENERGY WITH CVEC

Currently CVEC members pay about 9.5¢ per kilowatt-hour, enough energy to light ten 100-watt bulbs for an hour. Starting in June of 2012 wholesale energy costs will increase by about 2¢ per kilowatt-hour. Since CVEC passes energy through at cost to individual members, each of our bills will increase by about 2¢ per kilowatt-hour, meaning that members will pay about 11.5¢ per kilowatt-hour after June 1, 2012.

The average CVEC member uses about 1300 kilowatt-hours per month, meaning the average member will pay a little less than \$1 per day more as a result of higher wholesale energy costs.

While there is no answer to higher wholesale costs, there are options to keep our electric bills at their present amount. Some members will choose to conserve energy by looking for wasteful or unnecessary usage patterns. That could take the form of turning off lights in empty rooms, turning off appliances not in use, even turning down the thermostat a few degrees in winter.

Another way to offset higher energy costs is to implement energy efficiency strategies, meaning that members will accomplish the same amount of work and keep the same level of comfort and convenience but use less energy in the process. Energy efficiency strategies could take the form of converting to CFL light bulbs, installing a programmable thermostat, or adding more insulation to the attic floor. An effective energy efficiency strategy could offset the higher cost of wholesale energy.

CVEC has been training our employees to help members who want to consider energy efficiency strategies. The Co-op has also been acquiring resources to help members, including print and electronic materials.

For instance, if a member visits the CVEC website that member would find in part:

- ✓ A home energy audit program that will help analyze energy usage and identify opportunities for energy savings
- ✓ An appliance usage chart that will allow members to identify how much energy each appliance uses in the home
- ✓ A link to the CVEC Energy Sense e-newsletter, an

online resource that is delivered to CVEC members with helpful tips and advice as well as postings on the CVEC Facebook page.

- ✓ A link to Togetherwesave.com, a comprehensive website created by electric cooperatives to help Co-op members. Togetherwesave.com features an interactive energy savings home tour that allows a member to go room by room, complete energy efficiency projects, and add up the savings along the way. This site even has a home tour version for manufactured housing.

In addition to CVEC employees and resources, members have access to third-party local groups that promote energy efficiency and assist people with the process, including:

- ✓ An in-home energy assessment
- ✓ A report with recommendations that increase comfort and improve energy performance
- ✓ Referrals or access to financing resources for larger projects
- ✓ Coordination of local contractors
- ✓ Project inspection
- ✓ Measurement and verification of the project results



CVEC initiated a search for community-based entities that exist to promote energy efficiency and to assist those individuals who wish to improve their home and reduce energy consumption. If you know of a group, please share that information with us at ms@mycvec.com.

CVEC has identified a regional group, based in Charlottesville, named the **Local Energy Alliance Program (LEAP)**. LEAP provides comprehensive energy efficiency assistance to individuals who have an interest in energy efficiency. CVEC members can preview LEAP programs and services:

www.leap-va.org

Look for ongoing information about energy efficiency from CVEC. If a member has an interest in saving energy, CVEC would like to be of assistance. ♡



Maintaining the Rights of Way

Ever wonder about tree trimming along the power lines? Keeping trees away from electric lines is critically important for ensuring reliable electric service in our predominantly rural area. To do so, CVEC right of way crews travel under and along the edges of more than 800 miles of distribution line each and every year. These crews bush hog when possible, spot spray young saplings, cut larger trees with chainsaws, and even call in helicopters to trim the side growth from large trees outside of the 40-foot right of way.

CVEC will send you a notice when we are planning to work in your neighborhood. We also conduct surveys about how well we complete our tasks and several questions have come up during those surveys related to yard trees and cutting debris.

Regarding yard trees, CVEC clears growth along the main distribution lines but does not trim yard trees situated along the low voltage service line between the transformer pole and the member premises. Operating heavy equipment on cultivated lawns, over septic fields, and in areas occupied by children and animals is less than ideal. The Cooperative prefers that each member maintain yard trees adjacent to low voltage service lines.

When trimming along medium voltage distribution lines (7,200 or 14,400 volts), Co-op contract crews will move large tree sections out of the right of way, leaving smaller branch ends in the right of way. Bush hogging crews will return at a later date to cut the branch ends and other lower growing vegetation. CVEC does not have a wood chipping operation which would add significant cost to an already substantial \$1.3 million dollar annual right of way budget.

Have questions or comments, send them to ms@mycvec.com. Need to discuss a specific concern? ♡

Want to go Paperless?

CVEC recently implemented an e-bill option allowing you go paperless. Visit www.mycvec.com and click on “The Latest” to learn more. Once enrolled, your paper bill will be discontinued, unless a late notice becomes necessary.

Take note: The paperless option requires payment through a third-party service provider as CVEC does not process electronic payments at this point in time. ♡

Central Virginia Electric Cooperative
Member e-Billing Services

Create an Account

Name (Exactly as shown on your bill)

5 Digit Zip Code (Exactly as shown on your bill)

Account Number (Confirm)

Email Address (Must be greater than 8 characters)

Password (Confirm)

Code (Enter the code from the image below)

82984

* = required field



Meter Tampering

As an electric cooperative, CVEC strives for an equitable business process. Each member pays for the energy and service that he or she uses and nothing more. This basic principle permits the Co-op to keep costs as low as possible and ensures a basic fairness between members. As with any human endeavor, not all members will abide by fair and honest principles and on occasion CVEC will discover instances of meter tampering or other forms of “current diversion.” Current diversion involves a deliberate attempt to bypass or tamper with the electric meter, which is not only unfair but is illegal and punishable as a felony. More importantly, current diversion involves the manipulation of energized equipment which could prove to be fatal.

CVEC has a number of ways to detect current diversion. One of the low-tech methods is for CVEC to inspect meter seals. CVEC service people attach a small wire ring that has a plastic lock to the meter base and the service people are the only ones authorized to break the seal. Please alert CVEC if your meter seal is broken so that we can replace it.

One high-tech method to detect current diversion is through the use of our meter reading equipment. Physical disturbances to the meter, including interruptions in the readings, produce an exception report that allows CVEC to identify unauthorized meter activity.

While current diversion is an unfortunate reality, our Co-op is working to reduce this illegal and dangerous activity. Help us where you can and advise you friends and neighbors that current diversion is unfair at best, illegal, and can be deadly. 📍

Generators and Net Metering

Given the rural nature of our distribution system, some members have chosen to install generators that automatically operate when a power outage occurs. Backup generators, when properly installed, utilize a transfer switch that will isolate the energy output for use on the member premises and will prevent the energy from back feeding onto the CVEC distribution lines.

Other members choose to install solar, wind turbine, and other energy generators that are interconnected with the CVEC distribution system. The interconnection allows a “net-metering” process, where excess energy is stored on the electric grid when the output from the energy generator exceeds that usage at the member premises. The CVEC meter turns backward when output exceeds demand.

If you are considering installing either type of generation equipment, please visit www.mycvec.com or call **800-367-2832** to obtain the necessary guidelines and application forms to ensure that the equipment is properly installed to prevent damage to the CVEC distribution system or danger to electric linemen working in the field. 📍



IBEC Rural Broadband Announcement

CVEC has learned that International Broadband Electric Communications (IBEC) plans to terminate their rural broadband project. IBEC suffered severe tornado damage at a large installation in another state, earlier this year, and have yet to receive compensation from their insurance company for system repair and replacement.

CVEC chose to support the deployment of rural broadband by permitting IBEC to attach their equipment on CVEC distribution poles. Our Co-op will continue to review opportunities to support rural broadband in the future if a project would provide benefit to CVEC members and be compatible with our primary mission of providing electric distribution service. 📍

Serious Medical Condition Choices



Some of our Co-op members require oxygen and other life support mechanisms dependent on electricity. The Virginia State Corporation Commission recently issued an order regarding disconnection of service for non-payment as it relates to members with serious medical conditions. If you believe that you qualify, contact CVEC at 800-367-2832 to receive information and a certification form to be completed by your doctor and returned to the Co-op. The information and forms are also available at

www.my.cvec.com.

Once enrolled, you will qualify for a payment extension if you submit that request to CVEC. However, CVEC cannot guarantee that you will never lose power due to stormy weather or other events, and the duration of outages will vary. Our Co-op encourages all members with serious medical conditions to have an emergency plan in the event of a power outage. 📍

Collection of Overdue Accounts

Every month our Co-op has a small group of members who do not pay their electric bills on time. Those members receive a notice on the next bill that their account is overdue and that their service is subject to disconnection. In addition to that notice, CVEC attempts to contact those members by telephone, calling each day until we make contact or run out of attempts. In the past, our service people attempted to collect past due amounts in the field, at the member's home or business.

CVEC has discontinued the practice of collecting in the field for a number of reasons: safety, efficiency, and fairness between members.

As a non-profit utility, CVEC has a policy that each Co-op member should pay their fair share. Please help us and your fellow members by keeping your account current, paying for the services that you have received. If you are having difficulty, please let us know by calling [800-367-2832](tel:800-367-2832) to discuss your account. 📍

RELIABILITY DEPARTMENT

As a CVEC member, you have two primary expectations from our Cooperative: reasonably-priced energy and reliable service. CVEC has held energy costs well below the costs of other utilities for the past two decades. Even with the new energy contract, CVEC will continue to be below the average cost in Virginia.

In addition to keeping costs down, CVEC has been investing in the physical plant in order to increase reliability and to keep up with growth. To put the investment in perspective, our Co-op has doubled the value of the physical plant each decade over the past twenty years. Poles, wires, substation transformers, and other equipment have been replaced when necessary or capacity was added when needed.

Recently, CVEC reorganized our Engineering and Operations department to form a special group that focuses solely on service reliability. Preserving and improving electric service reliability requires a total effort ... beginning with system design with an eye toward enhanced capabilities over time, deploying protective and control equipment, executing an aggressive right-of-way maintenance program, and providing repair crews with the best tools and equipment, including new tools such as fault indicators and GPS handheld devices.

While the cost of wholesale energy is an important issue, the reliability of service will remain an ongoing challenge in a rural area with miles of line throughout wooded areas and over rugged terrain. Let us know where danger trees exist and where we can improve reliable service for you and your neighbors. 📍



www.forcvec.com

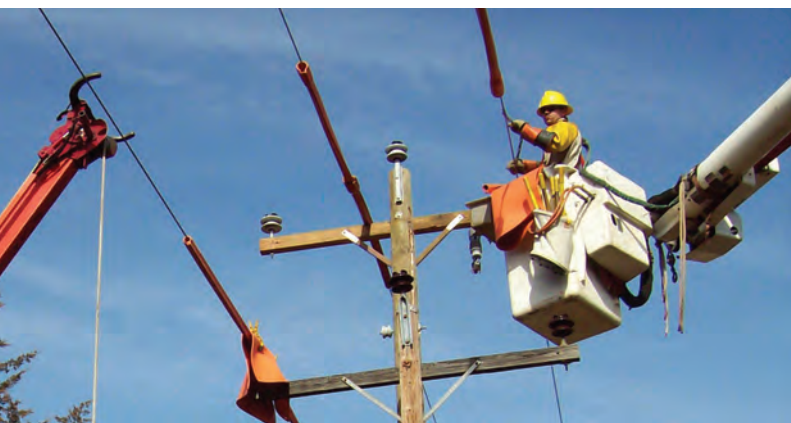


MEMBER SURVEY

Throughout 2011, CVEC has been surveying our members. Perhaps you received a call. If you did and participated, thank you for sharing your comments. It can only help improve service for all members.

Are you curious about the results?

CVEC utilizes the American Consumer Satisfaction Index, a survey that is used by a broad spectrum of industry groups, including banks, cable operators, telephone and cellular companies, and electric service providers to name a few.



CVEC has received high quarterly marks with an average score of 84, outpacing most other industries and ranking high among electric cooperatives. By way of comparison, Apple, Inc., has an ACSI score of 86.

In addition to the general survey, there are questions for members who recently had some form of contact with CVEC employees.

- It could have been when a new service was installed or you might have reported an outage and had a CVEC crew show up to get the lights back on.
- Maybe we did some right-of-way clearing work performed near your home or perhaps you called our Member Service Representatives to discuss your account.

Getting feedback on how well our Cooperative is serving the members is important and allows employees to evaluate our performance and make improvements whenever possible.

Thank you for helping CVEC strive to be the best! ♥