



CURRENT COMMUNICATOR

www.forcvec.com

MEMBER NEWSLETTER OF CENTRAL VIRGINIA ELECTRIC COOPERATIVE

"Improving the quality of your life in a quietly impressive way."
Annual Report 2010 Volume 19, Number 2

ANNUAL MEETING

June 23, 2010

Nelson County High School

AGENDA

7:00 PM

Registration & Refreshments

7:30 PM

Call to Order
Invocation

Pledge of Allegiance
Welcome Address
President's Address
Treasurer's Report
Election of Directors
Comments/Questions
Adjournment
Prize pick-up in lobby

CVEC Board Approves \$1.6 Million Refund

See page 5

WEATHERING THE STORM

The economic downturn of the national and state economy affected the electric utility industry just as it affected every industry. Fortunately, Central Virginia Electric Cooperative (CVEC) was not impacted as severely as many companies. Your cooperative weathered the storm of the 2009 recession in good financial condition. Now, the Cooperative is turning its eyes to the future where another great challenge is looming.

Last year the number of new services, as a percentage of the total services, was the lowest that CVEC has experienced in three decades. Your Cooperative was able to adapt to this slowdown by reducing costs. The first step was to reduce the use of outside line contractors that normally provide assistance during times of higher growth. The second step was in absorbing some positions that came open through normal attrition. A third step was offering an early retirement program which 10 employees accepted, all of whom had 30 or more years of service at CVEC.

Since the start of 2008, CVEC has reduced staff from 120 employees down to 100. We have reduced the number of vehicles in our fleet, and we have reduced the amount of equipment and material we are purchasing. As our members have had to tighten their

belts, CVEC has also cut back to help offset the slow growth.

Before the economy turned downward, the Cooperative was already seeing signs of an eroding financial position due to pressures from the costs of materials, benefits and outside services. Even with the savings from the significant steps CVEC took to rein in costs, the Cooperative asked for and received a rate increase last fall. The 4.63% increase was effective for billing starting May 1.

While CVEC took steps to cut costs where it was appropriate, the Cooperative did not stop doing the work necessary to continue serving the members in the future. We upgraded the capacity and equipment at three of our substations: Cunningham, Martins Store and Laurel Springs. We also completed system improvement projects to rebuild and upgrade older distribution circuits in all three divisions.

In December, CVEC purchased the Harris Bridge Hydroelectric Plant as one small step toward meeting the future power needs of CVEC members. Though the plant is small at 192 kW capacity, the purchase was important because the plant provides a renewable resource and because it is within the footprint of CVEC.

Continued on Page 2

Continued from cover page

As the year ended and the winter set in, December brought the coldest weather the area had seen in many years. The distribution system supported the high loading without issues.

The 2009 year presented challenges with a poor economy and severe weather, but together the members and the Cooperative met the challenges. Now we must look toward the future and prepare for the coming years.

In terms of technology and service, CVEC plans to continue moving forward with a new voice radio system to replace the one we have used since the 1950's. We will improve communications to our substations and meters also, allowing CVEC to offer new services to our members for outage monitoring and prepaid metering. We will continue to work on our distribution system as we add capacity in the areas that need it the most.

Finally, we will continue to work toward finding the best power supply solutions for the future. As we have said many times, our present power supply contract extends through May 2012. The terms of this contract have proven excellent, and today CVEC offers the lowest residential electric rates of any utility in the state of Virginia. The average cost of a kilowatt-hour at CVEC in 2009 was around 9 cents, while at many other utilities the average cost rose to 12 to 14 cents per kilowatt hour.

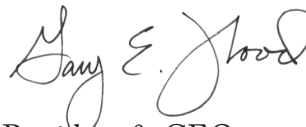
When the present contract runs out in 2012, CVEC members can expect that their cost will move up to what other electric utility customers in the state are already paying. It is very likely that CVEC will experience a total increase in rates of 40% to 50% by June 2012.

The Cooperative is actively seeking solutions to meet the power supply needs in the future. With an eye toward a balance of renewable energy and economical sources, CVEC is engaged in discussions with a number of parties for generation asset purchases, long term contracts, and market purchases. We are turning over every rock in the search for the best answers.

CVEC will also call upon the members to help with future power needs. The Cooperative will provide more information on the wisest use of electricity, and provide ideas for efficiency and conservation. We will alert our members to programs that can help offset cost for improved efficiency in home construction and appliance

purchases. As your not-for-profit Cooperative, we have no incentive to sell more electricity, but instead we want you to use only what you need. Knowing that rates are going to increase, each member should plan for how to reduce their use over the next several years.

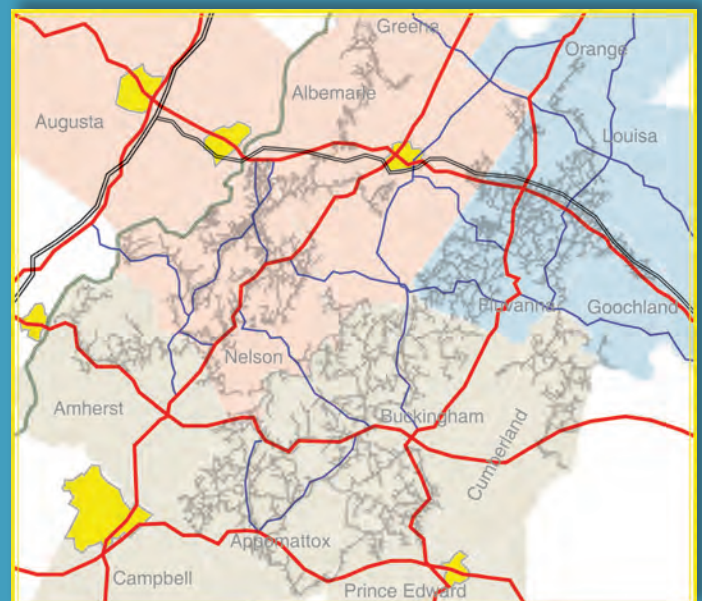
The Board of Directors and staff of CVEC have planned well and been very fortunate in power supply procurement for the last two decades. While we cannot always depend upon good fortune, we can depend on the experience we have gained to allow us to make the best decisions and put the Cooperative in the best position possible going forward. With our members helping to reduce consumption, and the Cooperative working to keep increases as low as practical, together we will weather this storm as well.



President & CEO



CVEC DISTRICTS

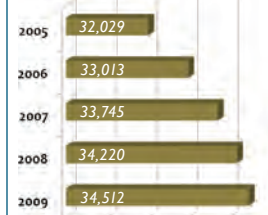
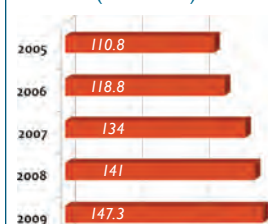
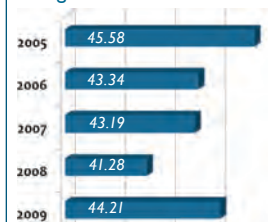


STATEMENT OF CONDITIONS:

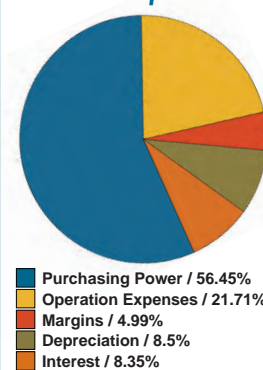
Balance Sheet as of December 31, 2009 & 2008

ASSETS (What we own)	2009	2008
Total Value of Our Plant:	\$173,807,005	\$165,961,665
Plant Depreciation Estimate:	\$49,144,853	\$45,561,938
Net Value of Our Utility Plant:	\$124,662,152	\$120,399,727
Cash in the Bank:	\$2,903,256	\$2,618,711
Value of Our Investments:	\$2,880,520	\$2,624,304
Notes & Accounts Due Us:	\$5,583,665	\$4,770,682
Value of Materials Stock & Supplies:	\$2,090,515	\$1,805,327
Value of Prepayments & Miscellaneous Assets:	\$9,181,334	\$8,712,555
TOTAL ASSETS	\$147,301,442	\$140,931,306
LIABILITIES (What we owe)	2009	2008
Owed to RUS & FFB:	\$67,863,776	\$70,722,917
Owed to CFC & Others:	\$13,994,324	\$15,942,903
Owed on Current Accounts:	\$22,164,009	\$13,973,554
Members' Equity in Co-op:	\$43,279,333	\$40,291,932
TOTAL LIABILITIES & CAPITAL	\$147,301,442	\$140,931,306
OUR INCOME	2009	2008
Electricity & Distribution Services Sold:	\$56,428,435	\$53,491,963
Received from Investments:	\$269,258	\$323,710
TOTAL INCOME	\$56,697,693	\$53,815,673
OUR EXPENSES	2009	2008
Cost of Electricity Purchased & Generated:	\$32,004,406	\$30,340,601
Expense of Operating & Maintaining Our System:	\$12,311,699	\$11,815,846
Annual Depreciation of System:	\$4,816,686	\$4,576,275
Interest on Long Term Loans:	\$4,611,875	\$4,657,247
Other Interest Expenses:	\$122,496	\$53,248
TOTAL EXPENSES	\$53,867,162	\$51,443,217
MARGINS AND PATRONS' CAPITAL	\$2,830,531	\$2,372,456

Growth in Accounts

Growth in Total Assets
(In millions)What Power Costs
Megawatt Hours in Dollars

How Revenue Was Spent



A DECADE'S GROWTH:	2009	1999	% Increase
Number of Accounts Served:	34,512	27,740	24.41%
Miles of Line in Service:	4,516	3,822	18.16%
Average Number of Accounts per Miles of Line:	7.64	7.26	5.23%
TOTAL ASSETS	\$147,301,442	\$75,805,978	94.31%

Financial statements are audited annually by an independent certified public accounting firm. Our financial statements present fairly, in all material respects, the Cooperative at December 31, 2009, and the results of the year conform with generally accepted accounting principles. Copies of our financial statements are available upon request.

PROPOSED BY-LAW CHANGES

The CVEC Board of Directors voted to modify Section 4.4 of the CVEC bylaws that pertains to how Director candidates can be placed on the ballot. Here is a summary of those changes.

Presently, Director candidates can be nominated:

- ▶ *By another member from the floor of the annual meeting*
- ▶ *By presenting a petition with at least 100 names of CVEC members*
- ▶ *By selection from a nomination committee composed of 5-11 CVEC members*

The Bylaws Changes:

1. *Eliminate floor nominations,*
2. *Standardize the petition process,*
3. *Eliminate the Nominating Committee process, and*
4. *Allow incumbent Directors to choose to place their names in nomination.*

Why the modifications? Transparency and simplification.

The changes eliminate special Nominating Committee meetings and assure that all candidates stand for election by the entire membership.

You can find a copy of the CVEC Bylaws at www.forcvec.com or at one the CVEC offices.

The first step in the change is to standardize and streamline the petition process. Any member may stand for election if they present a petition with 100 Cooperative member signatures. The petition must be complete 75 days prior to the Annual Meeting. All members will have equal opportunity to run for a Director seat. A standard petition form will be designed that will require minimal member information to simplify the process.

For a sitting Director who has already been elected once by the membership or their representatives, there is a presumption that there is sufficient member support for his or her candidacy. In recognition of the prior election, an incumbent Director may choose to be placed on the ballot by submitting his or her name for nomination to CVEC 75 days prior to the Annual Meeting.

These steps assure every member has a clear, simple method to be nominated as a Director. Having all nomination complete by 75 days prior to the Annual Meeting assures that all candidates will be on the proxy ballot mailed to all members.

The Board of Directors has made these changes to the Bylaws, which will become effective for the 2011 Board elections, upon ratification. As a member, you have the opportunity to ratify them with your vote on the proxy ballot or in person at the upcoming meeting.

DISTRICT MEETINGS PLANNED:

If you can't make it you're your Co-op's Annual Meeting on June 23, you might want to come to one of the CVEC District Meetings earlier in the month. As one of the owners of CVEC you likely have one or two questions, such as:

- How do my rates compare to other utilities in Virginia?
- What is on the horizon for the cost of energy?
- What does it take to keep the lights on?
- Can more be done to prevent outages when bad weather strikes?
- How can I save energy in my home?
- Does CVEC have renewable energy available?
- Can you answer a general question about a charge on my bill?

So, come visit with Gary Wood, the CEO of your Cooperative, other CVEC staff, and the Directors who represent your area.

- ▶ **West District:**
June 7 at 6:30 PM
Rockfish Elementary School
in Nelson County
- ▶ **South District:**
June 10 at 6:30 PM
Buckingham County Middle School
in Buckingham County
- ▶ **East District:**
June 15 at 6:30 PM
Central Elementary School
in Fluvanna County

Visit us on the CVEC Facebook page and let us know that you are coming to the meeting!

Bylaw Section	Summary of Amendment
SECTION 4.4	Director Nominations: Director candidates shall be nominated as follows:
A: Member Petition Nominations	<p>Members may nominate additional individuals to run for election for any Director position for which Members are scheduled to vote at any Member Meeting (“Member Petition Nominations”). Members may make Member Petition Nominations by delivering to the Cooperative, at least seventy-five days prior to the Member Meeting, a written Member Nomination Petition (“Member Petition”):</p> <ol style="list-style-type: none"> 1. Listing the name of the Member Petition Nominee; 2. Indicating the Director position for which the Member Petition Nominee will run; 3. Containing the printed names, addresses and original signatures, of at least one hundred of the Members; 4. Using a CVEC Member Petition Nomination Form, contained in the CVEC Director Candidate Packet and available from the Cooperative. <p>After verifying that a Member Petition complies with this Bylaw, the Cooperative shall post the Member Petition Nomination at the Cooperative’s principal office and publish the Member Petition Nomination in the Cooperative’s Member Meeting notice.</p>
B: Incumbent Director Nominations	<p>A Director candidate who is currently serving on the CVEC Board of Directors and who is nearing the expiration of their present term may deliver to the Cooperative, at least seventy-five days prior to the Member meeting, a written notice submitting their name for nomination. The Cooperative shall post the nomination at the Cooperative’s principal office and publish the nomination in the Cooperative’s Member Meeting notice.</p>
C: Notice of Director Nominations	<p>At least fifteen but no more than forty-five days prior to any Member Meeting at which Members are scheduled to elect Directors, the Cooperative shall notify Members of the:</p> <ol style="list-style-type: none"> 1. Director positions for which Members are scheduled to vote; 2. Names and corresponding Director positions of all incumbent Directors standing for re-election; and 3. Names and corresponding Director positions of all Member Petition Nominations.

ROW WORK:

CVEC spends about \$1.3 million each year to keep the 4000 mile corridor along and below the power lines open and safe. **During June and July, CVEC crews and contractors will be clearing the power line rights-of-way in the Cartersville, Crozet, Batesville, and Schuyler areas.**

In addition to bush hogging, **the Co-op will be spot spraying small saplings in the Curdsville, Andersonville, Concord, Columbia and Cartersville areas.** Crews directly apply a spray to the leaves of the saplings and the spray is then absorbed and transported to the sapling root system.

Right-of-way trimming also requires trimming of lateral branch growth from trees outside of the right-of-way boundary. The Co-op trims tree branches with a helicopter where the terrain is too steep (see the video on the CVEC Facebook page) and uses an all-terrain mechanical tree trimmer when possible.

CVEC Board Authorizes \$1.6 Million Capital Credit Refund

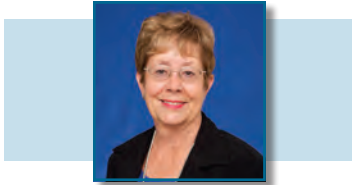
As a Cooperative member, you are allocated a share of any margins that remain at the end of each fiscal year. This is known as patronage capital. Remaining margins are typically invested in the physical plant for a period of time and then returned as a patronage refund.

The CVEC Board of Directors voted to return 100% of the patronage capital from fiscal year 1983 and 20% from 2009. You will either see a credit on your June bill if the refund amount is less than \$50. If the amount is greater than \$50, you will receive a check from CVEC.

Also, take a look at your May bill for the amount of your total 2009 patronage allocation. Visit www.forcvec.com for more information about this and other CVEC topics.

KNOW YOUR DIRECTOR:

The four members of the Central Virginia Electric Cooperative who have been nominated for election in 2009 are introduced here, each with a short biography.



Roberta I. Harlowe

East District / Representing the Counties of Fluvanna, Goochland, Louisa, and Orange

Roberta Harlowe and her husband Bill live in the northwest corner of Fluvanna County where they are active in numerous community and church activities. They have two children and four grandchildren.

Mrs. Harlowe attended Madison College in a two-year business program prior to working as an executive secretary and her marriage to Bill.

She and Bill formed and operated Harlowe-Powell Auction Ltd. for more than forty years, conducting on-site auctions throughout Central Virginia, donating many hours of community service auctions for organizations, as well as operating an auction gallery in Charlottesville.

Mrs. Harlowe has served as a Director for CVEC since 1983 and has earned a number of certificates as a Rural Electric Board Director from NRECA. Roberta also serves as chair on the Educational Services Committee and Educational Scholarship Foundation Board of the cooperative statewide association (VMDAEC).



K. M. Beasley, Jr.

South District / Representing the Counties of Amherst, Appomattox, Buckingham, Campbell, Cumberland, and Prince Edward

K. M. Beasley, Jr., has served on the Board of Directors since early 1995, when he was appointed by the Board and subsequently elected by the membership to fill a vacant board seat. K. M. became a Central Virginia Electric Cooperative member in 1969.

Mr. Beasley presently is a real estate broker and beef cattle farmer. He grew up on a farm producing grain, growing tobacco, and raising cattle. He has worked for the VA Department of Highways on a survey crew and as an inspector. K. M. has been employed by a commercial bank and the Farm Credit System.

K. M. Beasley brings experience to the CVEC Board of Directors from his work on the Board of Directors of the Farmville Farmer's Cooperative. He is also a member of the Virginia Farm Bureau and the Appomattox Beef Cattle Association.

K. M. lives in Dillwyn with his wife, Harriette. They have a son and a daughter.



Henry Chiles

West District / Representing the Counties of Augusta, Albemarle, Greene, Nelson

Henry Chiles has served as a Director for Central Virginia Electric Cooperative since August 1977.

Mr. Chiles helped his father set poles and extend the CVEC lines to their orchard in 1947. The business, which presently has 19 CVEC services, has been a member ever since. He was recently honored for his 30 years of service at CVEC, one of seven CVEC directors to reach that milestone. Henry has served as the Board Treasurer and he presently serves on the Audit Committee.

Mr. Chiles has been active in community and trade organizations, locally, nationally, and internationally, for many years. He presently is involved with the Ruritan Club and attends Tabor Presbyterian Church. He is the owner of Crown Orchard in Batesville, as well as Chiles Peach Orchard and Carter Mountain Orchard.

Mr. Chiles has spent his entire life in Batesville and resides there with his wife, Ruth. He has two daughters, a son, and three grandchildren.



Warren H. Raines

West District / Representing the Counties of Augusta, Albemarle, Greene, Nelson

Warren H. Raines is a life-long resident of Nelson County. He attended Staunton Military Academy in 1969-1970 and graduated from Nelson County High School in 1973.

He has been a CVEC member for 36 years and twice served on the Director Nominating Committee.

Mr. Raines is the Owner and President of Raines Electronics, Inc., since 1976.

Active in his church and community, Warren served with the Piney River Volunteer Fire Department for 21 years and has been an active member of the Massies Mill Rurtain Club for 33 years, holding the position of President three times, and now a club Trustee. Mr. Raines is a Deacon, Trustee, and former Sunday School Director of Jonesboro Baptist Church of Roseland.

Warren has been married to Sharon Raines for 36 years, and they have a son, Nicholas, daughter Kristina, and granddaughter, Hannah Grace.



Charlottesville

29

Lovingston



NELSON COUNTY HIGH SCHOOL

is approximately 1.5 miles South of Lovingston or 2.5 miles North of Colleen on the West side of US 29.

REMEMBER: Registration begins at 7 PM!

Colleen

56

29

Lynchburg

HOW TO VOTE:



If you do not attend the annual meeting in person, you may vote by proxy ballot. If you come to the meeting you are entitled to vote during the meeting; however, your proxy ballot will be canceled.

Proxy: *If there is doubt that you can attend the annual meeting, please execute and return the proxy ballot promptly so a person may be designated as your proxy. The proxy will act on your behalf for business matters and will ensure a quorum for the business meeting.*

The named person should be someone you expect to attend the annual meeting. The director from your area or a Co-op employee may be designated.

You may also leave the space blank and CVEC will appoint a person to act for you. **Please date and sign the proxy ballot.** Return it to the Co-op by folding the ballot together, sealing, and mailing. Returning the proxy ballot registers you for proxy prizes (see below).

Director Elections:

- You may choose to mark your proxy ballot for one director in each of the three districts. **NOTE:** There are two candidates in the West District this year.
- Your other options are to mark "abstain" if you do not wish to vote or to leave the proxy ballot blank and your proxy will cast your vote at the meeting.
- You may vote to ratify or not to ratify the proposed changes to the CVEC Bylaws.

BE SURE TO SIGN SECTION #3 ON YOUR PROXY BALLOT.

Tear at perforation, fold & seal

\$500



We will pick 11 proxy ballots from all received by 5 PM, Monday, June 21.

Ten winners will receive \$100 credit toward their electric bill.

ONE GRAND PRIZE WINNER WILL RECEIVE \$500 CASH!

Your proxy will not be valid if you attend the meeting, but you will be eligible for additional prizes given that evening.

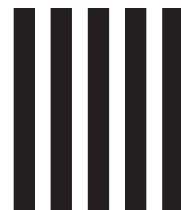
Fold here

mail scan here

BUSINESS REPLY MAIL

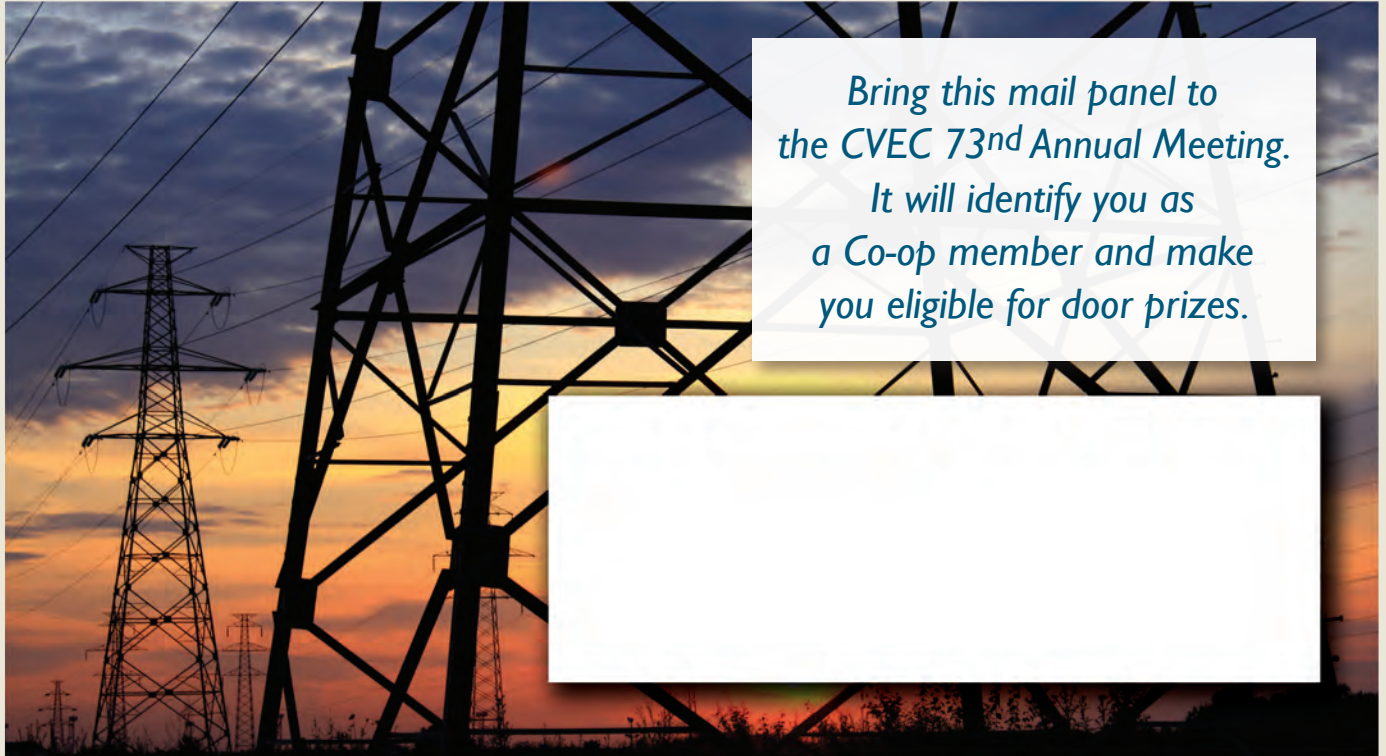
FIRST-CLASS MAIL PERMIT NO. 2 LOVINGSTON, VA
POSTAGE WILL BE PAID BY ADDRESSEE

CENTRAL VIRGINIA ELECTRIC COOPERATIVE
P.O. BOX 247
LOVINGSTON, VA 22949-0247

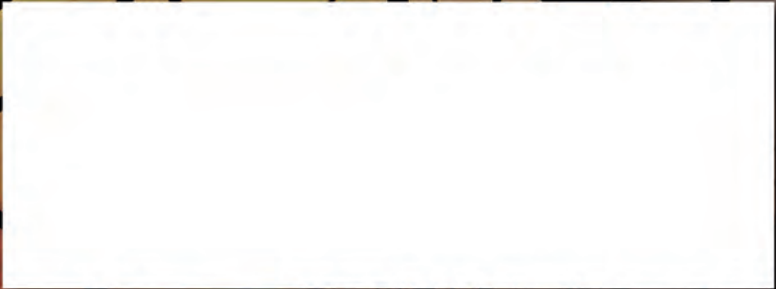


NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES

www.forcvec.com



Bring this mail panel to
the CVEC 73rd Annual Meeting.
It will identify you as
a Co-op member and make
you eligible for door prizes.



OFFICIAL 2010 CVEC PROXY BALLOT

The Board of Directors of Central Virginia Electric Cooperative solicits your Voting Instructions for the Annual Meeting, 7 PM, June 23, 2010.

1. Designate Your Proxy (Optional)

(Person attending the Meeting to vote on your behalf.)

PROXY NAME: _____

(This is optional. If left blank, the Board of Directors will appoint someone as your Proxy.)

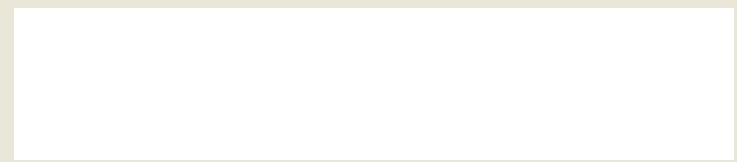
2. Voting Instructions: Check only one box in East District, one box in the South District and one box in the West District. (If left blank, your Proxy will choose on your behalf.)

East District	<input type="checkbox"/>	Roberta I. Harlowe (3 yr. term)	NOTE: VOTE FOR ONLY ONE (1) IN EACH DISTRICT
	<input type="checkbox"/>	or Abstain	
South District	<input type="checkbox"/>	K. M. Beasley, Jr. (3 yr. term)	
	<input type="checkbox"/>	or Abstain	
West District	<input type="checkbox"/>	Henry Chiles (3 yr. term)	
	<input type="checkbox"/>	Warren H. Raines (3 yr. term)	
	<input type="checkbox"/>	or Abstain	

I have reviewed the amendments to the Bylaws of the Cooperative that were approved by the CVEC Board of Directors.
(Check only one below; if left blank, your Proxy will choose on your behalf)

As a CVEC member:

<input type="checkbox"/>	I agree with the changes and vote to ratify them, or
<input type="checkbox"/>	I disagree with the changes and vote to not ratify them.



I acknowledge receipt of the Notice of Annual Meeting and Proxy Designation. In the event of my absence, I hereby designate a Proxy to vote on my behalf at the Annual Meeting.

This Proxy Ballot, when returned properly executed, will be voted as directed. If this Proxy Ballot is returned signed with no Voting Instructions, my Proxy will choose on my behalf. The Board of Directors will appoint my Proxy if I do not designate someone.

This Proxy Ballot must be signed to validate your vote.

All Voting Instructions will be kept confidential.

3. Sign here to validate Proxy Ballot

(Sign name as it appears on CVEC account)

X _____, _____ 2010
Member Signature Date

TITLE: _____

(If you are an officer or voting representative of the member organization)

4. Mail Proxy Ballot (Must be received by 5 PM, June 21, 2010.)