



CURRENT COMMUNICATOR

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MEMBER NEWSLETTER OF CENTRAL VIRGINIA ELECTRIC COOPERATIVE

Annual Report 2013

Volume 22, Number 2

76TH ANNUAL MEETING

June 26, 2013

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

LETTER FROM THE PRESIDENT

In 1937, the members formed Central Virginia Electric Cooperative with the intent to get electricity to their rural homes. They wanted:

- ☞ to buy electricity at a reasonable price,
- ☞ the electric supply to be reliable, and
- ☞ the operation to be efficient.

Today, CVEC still pursues these same goals.



Electricity at a reasonable price:

Last year, CVEC members saw big changes in the cost of electricity. As we have discussed many times, we began receiving service under a new power contract on 1 June 2012. The price for the wholesale electricity jumped almost 50% when our ten-year contract ran out.

In today's wholesale markets, electric suppliers will not sign similar contracts, with all electricity guaranteed for a fixed price for ten years. Instead, CVEC has moved toward a different model for purchasing electricity for its members. The Cooperative now buys smaller quantities of power from multiple suppliers, and the contracts are for varying lengths of time. CVEC also purchases some energy from specific power plants or projects when the energy fits into the portfolio of products and meets CVEC goals for price, timing, and diversity of resources.

Last year, CVEC entered into agreements to take output from a gas plant in Fremont,

Ohio, and from a wind farm near Toledo. In addition, work was done to slightly expand the use of the small local hydroelectric plant on the Rockfish River. Several contracts were also signed with multiple suppliers for 2015 and beyond.

By mixing these contracts and resources, CVEC intends to avoid the rate shock of all of the energy being bid into the market at a single time as it has been in the past. Even with the significant increase in rates last year, CVEC is about average among electric utilities in the state.

Reliability: We all learned the new term "derecho" in 2012. The June 29 wind storm caused widespread damage across the CVEC system, as well as across the mid-Atlantic region. The overall outage hours per account for the year were high due to that event.

Already in 2013, we have had wind storms in January and April, as well as two wet snows in March. Each of these weather

From the President / Continued from cover

events has resulted in loss of service to thousands of accounts, and each has taken more than a single day to complete restoration. The twelve-month period beginning April 2012 represents the worst period for outages on CVEC lines in more than thirty years, in large part due to the number of severe weather events.

These widespread outages due to severe weather have overshadowed the progress being made by CVEC in improving reliability. Outside of the major storms, CVEC members are seeing fewer outages and the outages that do occur are being restored faster. Statistics that exclude major storms indicate in each of the last three years the number of average hours of outage per member has gone down.

In addition to the focus on improving daily reliability, CVEC has undertaken a comprehensive review of our response efforts in major storms. Our staff will dissect the past several restoration efforts and make changes to our emergency response plan based on the lessons learned.

Efficiency and Cost Control: CVEC continues to maintain staffing levels much lower than in previous years. The Cooperative uses more technology than ever before to provide top quality service with our smaller staff. The Cooperative has slowed its rate of construction and line upgrades, resulting in a reduced need for loan funds. Last year CVEC also took advantage of low interest rates to refinance several loans, reducing the loan payments for the remainder of the term for those loans.

The result of the good financial stewardship will be another capital credit refund in 2013. This year will be the fourth year in a row for members to receive a refund. It is the first time in more than twenty years that we have had four consecutive years of capital credit refunds.

The last year included a number of obstacles for CVEC to overcome. Thanks to the patience of our members and the work of our employees, we have made it past those challenges. CVEC remains financially strong and committed more than ever to meeting the expectations of our members.



PROPOSED BYLAWS CHANGES

The CVEC Board of Directors voted to modify Section 3.8 of the CVEC Bylaws that pertains to how voting will be conducted at member meetings. Some members, when completing a mail ballot, opt to have a proxy vote on their behalf at the member meetings.

A proxy is a person authorized to act on behalf of another, particularly when a vote is being cast. The CVEC Board of Directors modified the Bylaws to require that a proxy also be a member of Central Virginia Electric Cooperative.

Please review the following proposed changes (in red) to Section 3.8 of the Bylaws and make your choice known on your proxy ballot (Section 3 on the back cover), whether to ratify or not ratify the proposed Bylaw changes.

RESOLVED: That the Board of Directors of Central Virginia Electric Cooperative, effective upon ratification by the members of Central Virginia Electric Cooperative, hereby adopts the Bylaws as edited and attached to the Minutes of this meeting and orders that the Cooperative's original Bylaws adopted on August 11, 1939, and last amended on April 28, 2010, are repealed.

Here's the revision:

SECTION 3.8 - Member Voting by Proxy Ballot. At all Member Meetings, a Member may vote by proxy executed in writing by the Member ("Proxy Ballot"). Such Proxy Ballot shall be delivered to the Cooperative no later than the close of business two business days before the date of the Member Meeting. No Proxy Ballot shall be voted at any Member Meeting or any adjournment of such meeting unless it shall designate the particular Member Meeting at which it is to be voted. Proxy Ballots may be completed and submitted in the following manner:

1. The Member may designate a proxy **name who is a member of Central Virginia Electric Cooperative and who** will act as the member's proxy at the Member Meeting; or
2. The Member may designate a proxy **name who is a member Central Virginia Electric Cooperative and may** provide voting instructions for the proxy to fulfill on the member's behalf at the Member Meeting;

(Additions in red.; deleted words **marked through**)



CAPITAL CREDITS: A Member's Benefits

As CVEC member-owners, we pay our fair share of the costs to operate a rural electric distribution system and to purchase energy, almost \$66 million in 2012. At the end of the year, if there is money remaining after we pay the bills, a percentage of the net operating margins are allocated to each member as patronage capital.

Patronage Allocations:

In 2012, CVEC had about \$3.6 million as net operating margins. All members will find a note on their May electric bill indicating the amount of patronage capital allocated to their account. Patronage capital is used to maintain and improve the distribution system and should be viewed as your equity in the physical plant. CVEC members have about a 30% equity level in the distribution system. The other 70% of the cost of the poles, wires, and transformers is funded by long-term loans.

Capital Credit Refunds:

Periodically, the CVEC Board of Directors considers capital credit refunds. When they approve refunds, it is often from one or two previous years that patronage capital was allocated to members. If the total of a capital credit refund is lower than an amount determined by the Board of Directors, then the refund will be applied as a credit on your electric bill. Larger refunds will be mailed to the address that we have on file for you.

The Board of Directors will take actions on this year's capital credit refund in May. Watch for information regarding the refund in the months ahead 📌

Unclaimed Capital Credits:

In 2012, CVEC issued a partial refund of capital credits allocated to those who were members in 2010. Members due a refund greater than \$25 were mailed checks. A portion of the checks were not deposited or were returned to CVEC as undeliverable. Following is a list of members who have not claimed their refund.

Anyone listed should contact the Co-op in writing for verification.

Please provide:

- When the service was disconnected
- The last address while a CVEC member
- Current address and phone number
- Signature 📝

Almond, Reuben D.
Anderson
Construction Co.
Anderson, Sandra L.
Antle, Kevin
B's Way Auto Repair
& Grocery
Baker, John R.
Beasley, Stephen B.
Bridge Hampton
Builders
Cermele, Anthony L.
Commercial Drapery
Services
Conway, Samuel B.
Craig, Hunter I.
Cross, Roy
Dinwiddie, Edward G.

Doubleday &
Company, Inc.
Ellis, Frank
Feliciano, Leoncio
Fersch, Richard T.
Goldstein, Jack
Gowin, Ruby M.
Greyer, Edsel R.
Hickory Ridge, Ltd.
Hill, H. T.
Jaray, Cornell
Johnson, Gove M.
Kennell, Austin C.
Kilpatrick, Faye H.
Magee, Robert W.
Martin Jr., Glenn S.
Martin, B. K.
Mason, Bernard H.
Maxey Jr., Harry C.
Or Ella M.
Maxey, Charles

McClanahan, Roy
McClellan, Martha S.
McDaniel, Virginia J.
Moneymaker Sr.,
James M.
Nold, Ralph J.
Norsen, Henry N.
Pace, Daniel W.
Patterson, Paul
Perry, Billy Dwight
Pipkins, Carl W.
Rainey Day Inn
Robey, James
Rodgers, Mrs. Robert
S. W. & J., Inc.
Scholle, Lewis F.
Selbe III, Frank S.
Shoemaker, Wynn C.
Silverman, Gabriel
Stevens, Ward W.
Sullivan, Annie J.
Super Dollar Store, Inc.
Thomas, Terri
Tucker, Karl A.
Turner III, Dr. U. G.
Vencil, Clarence C.
Wade, Frances G.
Watson, Marlene
West, E. Joseph
Wilkins, Robert C.
Wolfe Jr., John F.



KNOW YOUR DIRECTOR:

Introducing the Directors of the CVEC Board who have been nominated for election in 2013:



Roberta I. Harlowe

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

Roberta Harlowe has served as a Director for CVEC since 1983. She has earned a number of certificates as a Rural Electric Board Director from the National Rural Electric Cooperative Association.

She comments that “my approach to the opportunity to serve the members from the East District, and ultimately the entire membership, has been to devote myself to the Co-op’s mission of bringing safe, reliable, and affordable electricity to the consumer-members.” Roberta also serves as chair of the Educational Services Committee and the Educational Scholarship Foundation Board of the Virginia, Maryland, & Delaware Association of Electric Cooperatives.

Mrs. Harlowe and her husband Bill live in the northwest corner of Fluvanna County. They have two children, who also live in Fluvanna County along with their spouses and the Harlowes’ four grandchildren.

A lifelong resident of Albemarle and Fluvanna Counties, Mrs. Harlowe has served on the Charlottesville Albemarle Rescue Squad and participated in numerous community and church activities.

Along with her husband, Roberta founded, operated, and retired from Harlowe-Powell Auction Ltd. She attended Madison College (JMU) in a two-year business program prior to working at United States Instrument in Charlottesville. 📍



K. M. Beasley, Jr.

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

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 is the current Chairman of the Virginia, Maryland, and Delaware Association of Electric Cooperatives. In addition to those duties he 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 Transportation 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.

Mr. Beasley lives in Dillwyn with his wife, Harriette. They have a son and a daughter, and three grandchildren. 📍



Henry Chiles

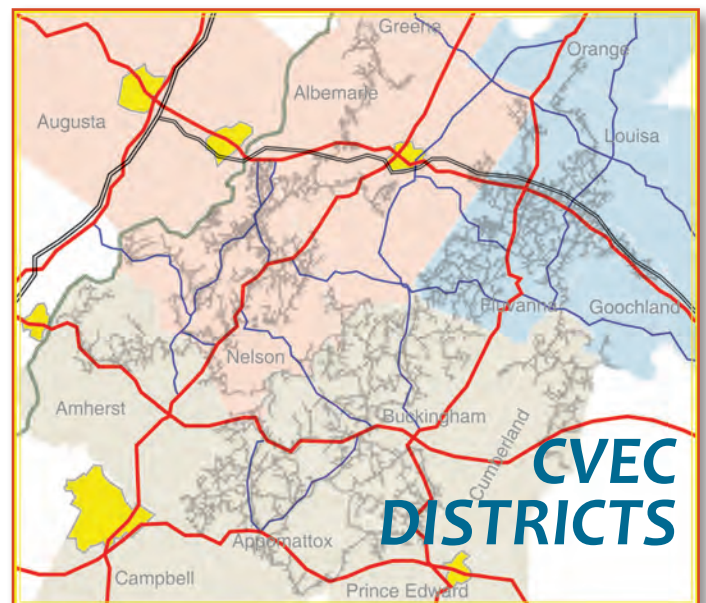
*West District /
Representing
the Counties
of Augusta,
Albemarle, Greene, and Nelson*

Albemarle, Greene, and Nelson

Henry Chiles has served as a Director for Central Virginia Electric Cooperative since August 1977. Mr. Chiles has been active in community and trade organizations 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. 📍



GREAT NEWS: Just In & On the Horizon

Free Online Payments!

As a CVEC member, you can now pay your electric bill online and over the telephone without paying a “convenience fee” to a third-party payment processor

How did we do it? CVEC found some great rates for credit card processing and negotiated a better deal.

- Now you can pay your monthly electric bill using your debit card or credit card or by entering your checking, savings or money market account information.
- Call 800-367-3832 to check your account balance and pay through the automated system
- Visit www.mycvec.com to check your bill and pay online.

For added convenience, sign up for **paperless billing** while visiting our website. You'll receive an e-bill every month and then you can click a link to pay ... no paper, checks, stamps or envelope required.

NOTE:

CVEC utilizes the Western Union SpeedPay system to receive Visa, MasterCard, Discover Cards, and E-check payments.

Make sure that you copy your CVEC account number i.e. 1234-001 and then enter it without the hyphen during payment i.e. 1234001. 📍

Access MyCVEC!

Your cooperative is adding an e-business solution to the www.mycvec.com website. It will allow you to sign into your account, update your records, view your daily and monthly energy consumption, view your billing and payment history, change your payment options, or complete any number of transactions online.

Access MyCVEC will provide members with 24x7 convenience. Look for news about this new upgrade along with a new design planned for:

www.mycvec.com



Pay as You Go!

CVEC has filed an application with the Virginia State Corporation Commission asking permission to offer a new optional payment choice for members, commonly referred to as **prepaid metering**.

For those members choosing to participate in **Pay as You Go**, CVEC will no longer send a bill at the end of each monthly billing period, but will allow members to add funds to their electric account, at any time and in any amount (over a \$25 minimum) ... like we add gasoline to our vehicles. There are a number of advantages:

- Members no longer receive one large bill at the end of the month but can track their daily energy use and add funds once a week, twice a month, or anytime that is convenient and complements your cash flow.
- Consumers tend to use 10-15% less energy when they track usage from day to day.
- CVEC does not require a security deposit from members who prepay. The Co-op will refund existing security deposits, which can be applied to an outstanding balance or to a prepaid account.
- If for some reason a member should be disconnected while on **Pay as You Go**, CVEC will not charge any disconnect or reconnect fees.

The Co-op will allow members to check your daily balance online and by telephone at any time, and will send a participating member a five-day notice by e-mail and by phone call when we project that you have less than five days of energy or less than \$25 remaining in your account... not unlike the “low-fuel” indicator on your car’s gas gauge.

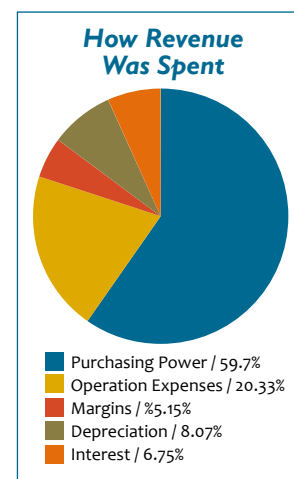
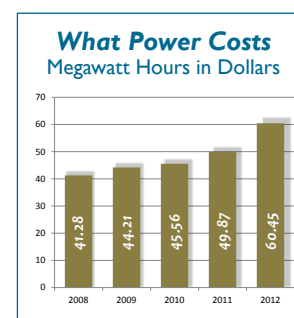
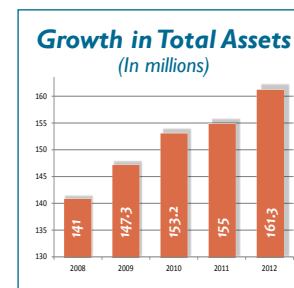
Look for more information in the future after the SCC has reviewed and approved **Pay as You Go** for CVEC members. 📍



STATEMENT OF CONDITIONS

Balance Sheet as of December 31, 2012 & 2011

ASSETS (What we own)	2012	2011	
Total Value of Our Plant:	\$196,669,494	\$188,617,068	
Plant Depreciation Estimate:	\$59,756,838	\$55,697,899	
Net Value of Our Utility Plant:	\$136,912,656	\$132,919,169	
Cash in the Bank:	\$3,934,222	\$2,592,563	
Value of Our Investments:	\$2,787,272	\$2,790,346	
Notes & Accounts Due Us:	\$8,007,595	\$5,619,913	
Value of Materials Stock & Supplies:	\$1,727,237	\$1,741,342	
Value of Prepayments & Miscellaneous Assets:	\$7,904,093	\$9,345,965	
TOTAL ASSETS	\$161,273,075	\$155,009,298	
LIABILITIES (What we owe)	2012	2011	
Owed to RUS & FFB:	\$80,707,562	\$76,523,066	
Owed to CFC & Others:	\$14,738,673	\$16,406,274	
Owed on Current Accounts:	\$16,865,608	\$14,754,808	
Members' Equity in Co-op:	\$48,961,232	\$47,325,150	
TOTAL LIABILITIES & CAPITAL	\$161,273,075	\$155,009,298	
OUR INCOME	2012	2011	
Electricity & Distribution Services Sold:	\$69,336,633	\$62,261,281	
Received from Investments:	\$171,626	\$249,802	
TOTAL INCOME	\$69,508,259	\$62,511,083	
OUR EXPENSES	2012	2011	
Cost of Electricity Purchased & Generated:	\$41,498,460	\$35,028,015	
Expense of Operating & Maintaining Our System:	\$14,128,119	\$13,653,893	
Annual Depreciation of System:	\$5,606,426	\$5,408,894	
Interest on Long Term Loans:	\$4,691,195	\$4,765,284	
Other Interest Expenses:	\$1,455	\$67,190	
TOTAL EXPENSES	\$65,925,655	\$58,923,276	
MARGINS AND PATRONS' CAPITAL	\$3,582,604	\$3,587,807	
A DECADE'S GROWTH:	2012	2002	% Increase
Number of Accounts Served:	35,040	29,822	17.5%
Miles of Line in Service:	4,589	4,049	13.33%
Average Number of Accounts per Miles of Line:	7.64	7.37	3.66%
TOTAL ASSETS	\$161,273,075	\$92,081,609	75.14%



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, 2012, and the results of the year conform with generally accepted accounting principles. Copies of our financial statements are available upon request.

Charlottesville

29

Lovington

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 meeting. The director from your area or a Co-op employee may be designated.

You may also leave the space blank and the CVEC Board will appoint a person to act for you.

Please date and sign the proxy ballot with your name as it appears on the CVEC account. Also, be sure to vote on bylaws changes this year. Return it to CVEC 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.
- 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. 📍

**NELSON COUNTY HIGH SCHOOL**

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

REMEMBER:
Registration begins at 7 PM!

56

Colleen

29

Lynchburg

Tear at perforation, fold & seal

HOW TO WIN**\$500**

- » We will pick 11 proxy ballots from all received by 5 PM, Monday, June 24.
- » Ten winners will receive a \$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

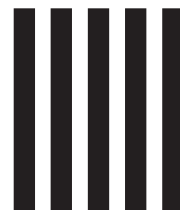
BUSINESS REPLY MAIL

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.mycvec.com



Bring this mail panel to the
CVEC 76th Annual Meeting.
It will identify you
as a Co-op member and make
you eligible for door prizes.

OFFICIAL 2013 CVEC PROXY BALLOT

The Board of Directors of Central Virginia Electric Cooperative solicits your Voting Instructions for the Annual Meeting, 7:30 PM, June 26, 2013.

1. Designate Your Proxy (Optional)

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

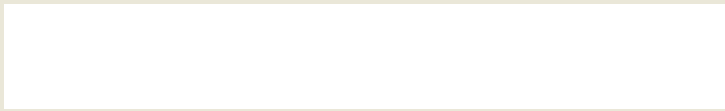
PROXY NAME: _____
(This is optional. If left blank, the Board of Directors will appoint someone as your Proxy.)

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) or Abstain
South District	<input type="checkbox"/>	K. M. Beasley, Jr. (3 yr. term) or Abstain
West District	<input type="checkbox"/>	Henry Chiles (3 yr. term) or Abstain

**NOTE:
VOTE
FOR
ONLY
ONE (1)
IN
EACH
DISTRICT**



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 _____ / _____, 2013
Member Signature Date

TITLE: _____
(If you are an officer or voting representative of the member organization.)

E-MAIL ADDRESS: _____

CELL PHONE #: _____

4. Mail Proxy Ballot: Must be received by 5 PM, June 24, 2013

I have reviewed the amendments (page 2) 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"/>	YES: I agree with the changes and vote to ratify them, or
<input type="checkbox"/>	NO: I disagree with the changes and vote to not ratify them.