



CURRENT COMMUNICATOR

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MEMBER NEWSLETTER OF CENTRAL VIRGINIA ELECTRIC COOPERATIVE

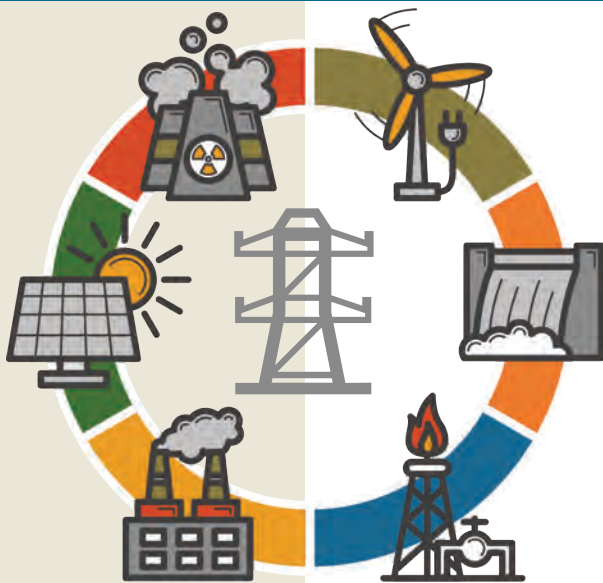
"Improving the quality of your life in a quietly impressive way."

December 2015

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News about Power Costs, a Retail Rate Increase and the PCA:

Following is an update on CVEC's efforts to keep rates stable and electric service reliable.



As you know, 61% of your energy dollar goes toward the cost of purchasing wholesale energy. As of June 2015, your Co-op moved from a single wholesale supplier to a variety of smaller sources, dropping the cost of wholesale energy by almost a penny per kilowatt-hour (kWh), which is good news.

Members have been seeing the savings from these lower costs passed through the PCA line item on the bill. On average, monthly Residential bills are \$14 lower with these savings.

Of the remaining portion of your monthly bill, 17% is dedicated to depreciation, interest, and margins. 22% is dedicated to operational costs and rights-of-way maintenance costs. In recent years, your Cooperative has been investing in equipment and maintenance to improve service reliability. We have expanded the vegetation management program to reduce outages, doubling the annual investment (\$2.8 million) for clearing the rights-of-way and removing nearby danger trees. We have also made a significant utility plant investment to install fuses

and reclosers to reduce the number of members impacted by a single outage.

In 2016, CVEC will increase its overall rates by 1.75% to keep pace with the greater investment in reliability and other operational costs. Residential and General Service accounts will see that increase under the Basic Distribution Charge on your monthly bill. For Residential accounts the increase will be \$3.03 per month. Even with the increase, your monthly bill will be lower than last year.

A third component of the electric bill is the Power Cost Adjustment (PCA), which allows CVEC to "true up" the actual cost of wholesale energy versus the projected cost from month to month. A number of factors including extreme weather events, such as the polar vortex, can cause the PCA to fluctuate significantly (by as much as 2¢ per kWh) from month to month. CVEC is planning to ask the State Corporation Commission for permission to establish an annual PCA in order to eliminate fluctuations and "smooth out" the charge.

Your Cooperative is working hard to acquire the most affordable energy available for our members and we project stable energy costs in the foreseeable future. In addition, members have high expectations for reliable service and CVEC has implemented an effective strategy to reduce outages and to minimize the impact of those that may occur. These top factors are important to you, the member, and a top priority for your Cooperative. ♡

RETAIL RATE INCREASE Q&A:

Q. *Why is there a rate increase for members?*

A. CVEC has made significant investments in vegetation management and added more fuses and reclosers to our power lines to improve reliability for our members. The annual investment in rights-of-way clearing alone has gone up over \$1.4 million in the last several years as we have added trimming crews as well as crews to remove trees that endanger the power lines. The rate increase will provide a little less than \$1.4 million annually.

Q. *Did CVEC do anything to reduce costs before the rates were increased?*

A. Yes, CVEC has taken numerous steps to create savings and control costs. CVEC has worked to find internal efficiencies, refinanced higher interest rate loans, and used overall conservative management to absorb all non-power supply cost increases since 2012, when rates were last adjusted.

Q. *Doesn't CVEC get more money each year since they have new accounts on the system yearly?*

A. CVEC has increased revenues when there are more sales of electricity. In 2014, CVEC sold almost the same total number of kWhs as it did five years earlier. For five years CVEC has had the same amount of money coming in to cover non-power supply costs while our expenses for materials, contract labor, equipment, health insurance and many other items have been increasing. CVEC has absorbed those increases internally since 2012.

Q. *Does the money from the rate increase all go to pay for the increased rights-of-way clearing?*

A. Revenues from rates are not earmarked for specific expenses. The increase is about equal to the increased vegetation management expenses. The funds will provide cash to allow CVEC to avoid borrowing \$1.4 million, limiting future interest expenses and helping fund overhead line replacements for the next year. The increase will also help CVEC maintain a strong financial position which allows the Cooperative to continue to provide annual patronage capital refunds.

Q. *If some CVEC expenses go down this year and you have more revenue, where does the rate increase money go?*

A. The short answer is the money goes back to the CVEC members. CVEC is a not-for-profit electric cooperative, and all revenues in excess of expenses are returned to our members through capital credits. The capital provides equity and helps pay for power line construction, and is eventually returned to the members through patronage refunds.

Q. *How much is the increase?*

A. The increase is 1.75% of total retail rates for CVEC members. It is the equivalent of 5% of the non-power supply portion of retail rates.

Q. *Where will it show up on our bill?*

A. The Basic Service Charge will be increased for Residential and General Service accounts. Residential accounts will go up \$3.03 per month and General Service accounts will go up \$2.69 per month.

Q. *When does it go into effect?*

A. All bills sent after the first of January 2016 will be based on the new rates.

Q. *Is CVEC doing anything to lower the bills instead of always increasing them?*

A. Yes. This past June, CVEC began delivering energy from its own power supply portfolio instead of a single, long-term contract. With that change, power costs dropped and the lower costs have been passed through since June through a lower PCA each month. The savings are about \$14 per month for the average Residential bill. While there is a need to increase the bills for non-power supply costs, the overall bills will still be less than members were paying up through May of 2015.

**Electronic payments are very convenient
... but please confirm that
your CVEC account number is accurate
to ensure that your payment
is applied to the correct account!**

BENEFITS OF MEMBERSHIP

CVEC is an electric cooperative owned by you and more than 30,000 other members.

As a group, we exercise our collective purchasing power to buy wholesale energy in bulk and then have it delivered to our homes and businesses in rural Virginia for individual use. Operating as a member-owned, not-for-profit utility has a number of benefits, including capital credits, which are funds returned to members that would otherwise go to investors and shareholders in a for-profit organization.

Another benefit of being a cooperative is that CVEC is part of a network of more than 800 electric cooperatives across the U.S., who work together for the good of all members. One national cooperative group, "Touchstone Energy", provides CVEC members and those of the other electric cooperatives with energy efficiency information, market research results, and even negotiated discounts from other businesses, through a program called **Cooperative Connections**.

Several years ago, CVEC sent each member a Cooperative Connections Card which can be

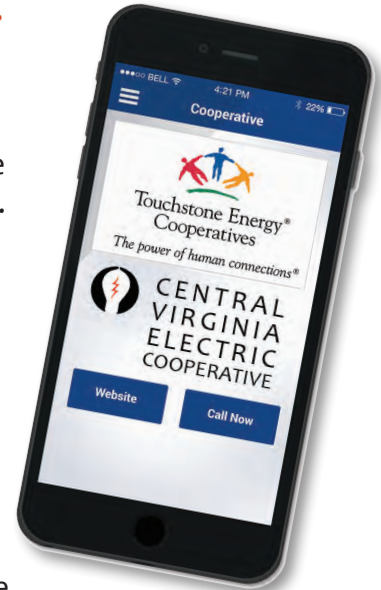


presented for discounts on food, travel, office and pet supplies, and even health and fitness purchases, including discounts on vision, dental, chiropractic and pharmacy purchases not covered by a health insurance plan. Our Cooperative members typically save \$25 per prescription purchase.

Now, it gets even better.

Touchstone Energy recently released a Cooperative Connections mobile app for smart phones, increasing the convenience of the program. You can download it from the Google or Apple Store. Once installed, you will find discounts for goods and services from national companies and from any local businesses who have signed on and submitted a proposed discount for Cooperative members. There are also printable coupons, online rebates, and cashback deals from well-known national chains.

Visit www.connections.coop for discounts and savings designed for you, one of the member-owners of CVEC. 📍



Scan these codes with your smart phone to access the apps:

Co-op
Connections



Google
Play



Apple
Store



PAY AHEAD ... & STAY AHEAD!

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ASK ABOUT
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800-367-2832



CVEC delivers COMFORT & CONVENIENCE



BEFORE YOU
PLANT THAT
HOLIDAY
TREE ...

CALL 811!



CVEC contract crews will be in these areas over the coming months.

Clearing rights-of-way:

- Andersonville
- Mount Rush
- Cartersville
- Batesville
- Crozet

Post-Construction/ Inspections:

- Cunningham
- Midway
- Piney River
- Rockfish Valley

Pole inspections:

- Amherst
- Appomattox

All crews who are NOT CVEC employees will have a sign identifying them as CVEC contractors.

Authorized Contractor for



CENTRAL
VIRGINIA
ELECTRIC
COOPERATIVE

(800) 367-2832

If you have any questions:

800-367-2832 | Option 0

ms@mycvec.com

SURVEY RESULTS AND TOP CO-OP GOALS:

Many of you sent in comment cards or filled out the online survey with suggestions on how CVEC can become a top tier Cooperative. Thank you for your thoughts and ideas! A number of themes emerged, and not surprisingly, service reliability was mentioned most often. Some commented on the need to replace aging poles and conductors, while others favored putting the whole system underground.

Whether you are the busy parent of a young family or a senior with medical needs, CVEC understands that reliability is a #1 priority. You will be pleased to know that your Cooperative invests more than \$10 million per year to test, maintain and upgrade the power lines, preserving and improving reliability and capacity. While CVEC works hard to maintain an updated and reliable distribution system, outages most often happen due to falling trees. That is why we have also doubled the right-of-way budget and will continue our efforts to improve reliability, including the selective cutting of diseased or dying “danger trees,” growing outside of the CVEC maintained right-of-way, when we find them or you alert us to their location.

While CVEC has less control when major storms arrive or the transmission companies drop power to the Cooperative substations, we have been reducing outage minutes caused by events along the distribution lines and will continue reducing the average outage minutes per member.

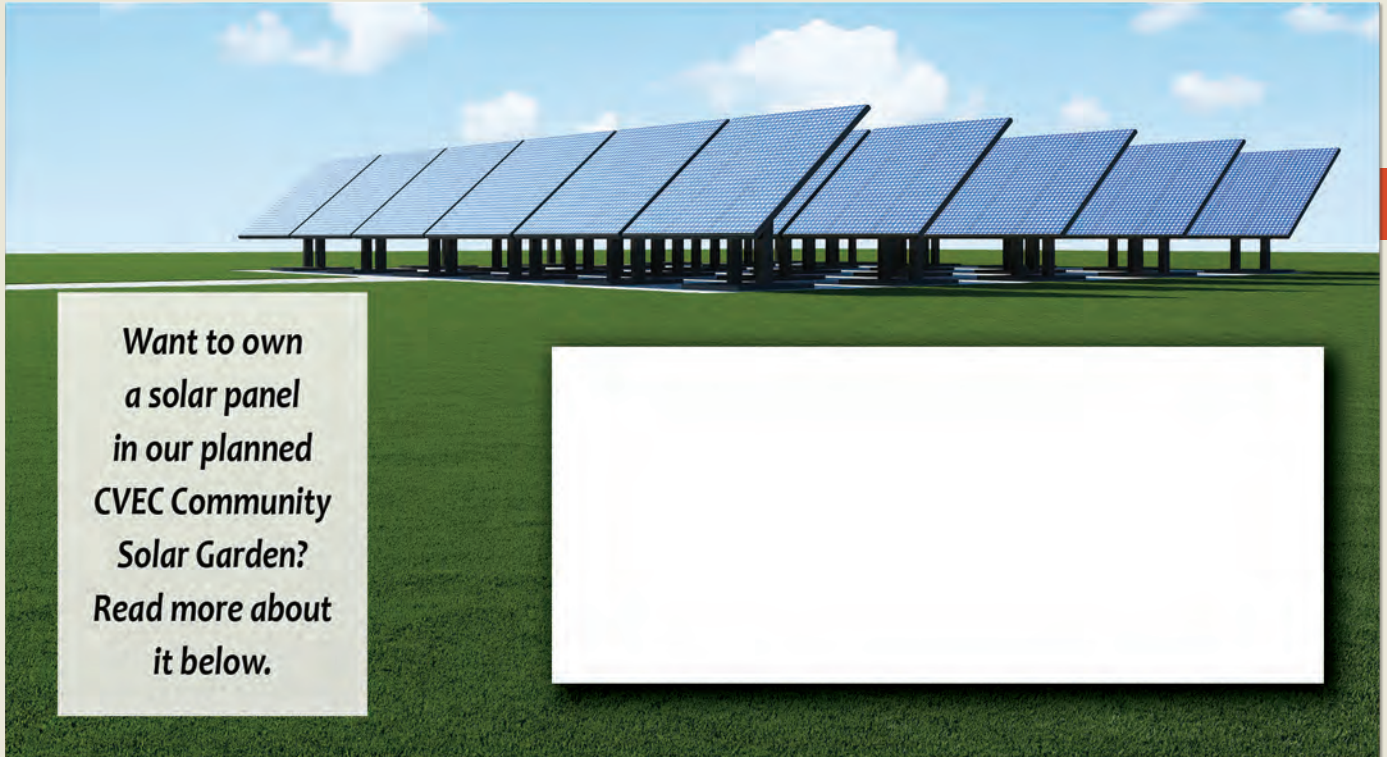
Reliability matters most to you, so it’s a top priority of your Cooperative. 📍



Other comments and responses:

Put lines underground.	We do this whenever possible and with new construction. However, tearing down more than 4000 miles of overhead line (<i>designed to last 30 years</i>) in order to bury cable would significantly increase rates.
Alert members about planned outages.	Depending on the number of members affected, CVEC does notify members via letters, post cards, and phone calls, as well as on Facebook and Twitter.
Strive to keep service affordable.	Along with service reliability, CVEC is focused on finding the most affordable power that is available for our members. CVEC was well below the retail market for decades, but changes in the wholesale market have caused our rates to rise and be comparable with other utilities in Virginia.
Respect members’ property.	When trimming right-of-ways, we will have a second contractor crew chip branches in a residential yard. CVEC will leave smaller branches where the lines run through a field or wooded area, returning next season with a bush hog.
Don’t estimate electric bills.	Your Cooperative has the ability to pull a daily meter read with our metering system, so estimating rarely would occur. You have access to your daily and monthly usage online at www.mycvec.com . Check it out!
Invest in wind, hydro, and solar energy.	<p>CVEC is working with private companies and plans to install a major solar project as soon as possible. This project will be very affordable and increase our renewable energy sources. We also conducted a survey for members who might be interested in investing in a “Community Solar Garden” and received a strong response. We are currently in discussions with groups that would install and operate the system.</p> <p>Be on the lookout as pricing and other details become available in the near future. (<i>See More About Solar on the back cover.</i>)</p>





**Want to own
a solar panel
in our planned
CVEC Community
Solar Garden?
Read more about
it below.**

More about solar!

Members participating in a CVEC Community Solar Garden would purchase one or more solar panels to be collectively located at a CVEC location.

The energy generated by the photovoltaic equipment would be measured and placed on the CVEC distribution system. Each month, members would get a credit for the energy that their panels generated. CVEC would **not** install panels on your roof.

We will provide info as the project moves ahead.

If you want us to stay in touch, send us an email:

ms@mycvec.com



SHORT BURSTS

Member Advisory Council

CVEC recently held three district meetings with our advisory council which is comprised of members willing to take a little time to share a meal, receive an update from CVEC staff and share their thoughts and suggestions about their Cooperative.

If you would like to join the MAC, send an email to ms@mycvec.com. Tell us a little about yourself and how you would like to contribute. 📍

Fuel Assistance Reminder:

Fuel Assistance for the winter season has been awarded by the Virginia Department of Social Services.

If you or someone you know is a recipient of Fuel Assistance to help pay a power bill, CVEC will credit funds to that account after it has been billed.

Please keep track of the amount allocated by Social Services to ensure that your account is kept current. You can check your balance by calling our automated system: **800-367-2832**. You can also visit our website mycvec.com (Search “fuel assistance”) to find a list of other local organizations that may be able to assist you with your energy bill. 📍