

WHAT IS THE COOPERATIVE DIFFERENCE



**IT'S A MATTER
OF PRINCIPLES**

Rappahannock Electric Cooperative (REC) serves **over 154,000 connections in 22 counties** throughout Virginia. Each day the Cooperative delivers power to our members' homes so they can enjoy the many luxuries that electricity provides. As a result of their usage of electricity during the month, our members receive an electric bill. Being a member of an electric cooperative means much more than using the power received and paying for it. Membership at REC is different because of these seven basic principles:

THE POWER OF MEMBERSHIP

While many Virginia electricity consumers pay power bills to companies that answer to faraway stockholders, who demand a healthy profit every quarter, **local members are involved at REC.** Cooperatives aren't under pressure to keep rates high enough to generate big profits. Instead, cooperatives try to keep your bill as low as possible while providing high-quality service. At REC we invest money in excess of operating costs back into the business locally or return the excess (known as margins) to you in the form of capital credits.

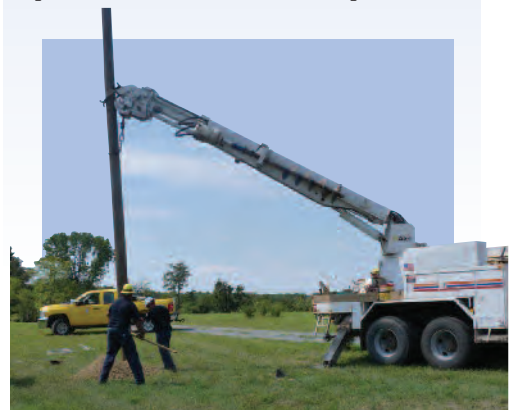


OUR FUTURE RESTS IN YOUR HANDS

As a member of REC, **you ultimately select who represents you** on the Cooperative's Board of Directors and who determines the strategic direction of our local, not-for-profit business. Directors must constantly consider policies affecting the Cooperative. For example, how much is spent on maintenance? If a new substation is needed, how will the Cooperative build it? How will it be financed? How often are technologies and facilities updated to stay efficient? Besides attending meetings every month to make important business decisions, directors must continuously educate themselves about the complex business of electricity production and distribution.

YOUR MONEY STAYS AT HOME

REC conducts business locally. Investments we make in infrastructure don't profit someone in an area far away — **benefits stay right here in our community.** REC is not-for-profit, so any funds left over after paying bills, building infrastructure, and establishing an emergency fund, go into a capital credits account for each member. When your Board of Directors determines the Cooperative is in good financial condition, this capital is returned to members. Capital credits are to you what dividends are to stockholders at for-profit companies. Only we don't aim to make a profit. Our goal is to provide you with electricity at a price that is as close to cost as possible.





THE POWER OF LOCAL CONTROL

Each locally owned and governed electric cooperative boasts its own history and serves a distinctive mix of residential, industrial, commercial and agricultural member-owners. Moreover, like REC, **all cooperatives make their own business decisions independently.** Electric cooperatives are generally subject to less oversight by federal and state utility regulators because of the healthy way in which you, our members, regulate us. This independence, enshrined in the laws of most states, rests on our historic commitment to the communities we serve. Remaining autonomous and independent allows us to best serve members' needs. That's because what might be a sound decision for one cooperative with a relatively small number of members spread out over an extremely rural area, might not work for another that has a larger number of members in a more urban setting. Service and attention to your unique needs explains why having local control is best for each cooperative.



ELECTRIC EDUCATION

Right now you're holding one of your Cooperative's **primary conduits of education and information**, *Cooperative Living* magazine. Through these pages, we communicate directly with you on important business such as changes to bylaws and director elections. We also

share energy-saving tips to help you save money, as well as safety information that could save your life. But we don't stop there. We sponsor programs to educate youth in our service area such as Read Across America and Arbor Day. We also support student education through our LEARN (Literacy, Education and Rural Networking) scholarship program, and we also send rising high school seniors to Washington, D.C., for a week every summer as part of the national Rural Electric Youth Tour. These students receive an all-expenses-paid trip to the nation's capital to visit historic sites, see important government buildings, meet lawmakers, and learn how our system of government works.



COOPERATIVE STRENGTH

You've probably heard the saying, "There's power in numbers." Cooperation is a key word for electric cooperatives, and a concept vital to our form of business. At the most basic level, **electric cooperatives support one another in times of crisis.** If a storm or other disaster affects another cooperative, we offer help to ensure that service is restored as quickly as possible. If we need help, our electric cooperative "family" will be there for us.

When it comes to local and statewide issues, electric cooperatives in Virginia, Maryland and Delaware combine forces through the Virginia, Maryland & Delaware Association of Electric Cooperatives, our statewide association. Nationally, we collaborate with other electric cooperatives through the National Rural Electric Cooperative Association, the Arlington, Va.-based national service organization representing more than 900 consumer-owned, not-for-profit electric cooperatives in the United States.

REC also belongs to Touchstone Energy® Cooperatives, a national

marketing and trade group for electric cooperatives. This group provides us with communications and advertising support including programs like the Co-op Connections® membership card, and tools like an online energy calculator. Our participation in Touchstone Energy extends the benefits of cooperation even further and delivers greater value to you, our member.



HOME IS WHERE OUR HEART IS

Your Cooperative has strong community roots. We have been in business for over 70 years. **Members just like you founded our business here,** and we are not going to pull up stakes to pursue greener pastures elsewhere. We pay our employees fair wages and that in turn helps strengthen the economy when they spend that money here. And by providing good-paying jobs, we keep our towns healthy because employees and their families don't have to move away to make a decent living. The more people we retain here paying taxes and contributing to their communities, the more vibrant those areas will be.

Benefits our communities reap from our presence aren't only financial. We open doors for our young people with scholarship programs and the Youth Tour to Washington, D.C. We teach children safety through programs in schools. We help members identify ways to save money by performing home energy audits. We also strengthen our communities by supporting local charities. We help members and neighbors in need by sponsoring charitable programs through Operation Round Up®. •

**THAT'S THE
COOPERATIVE
DIFFERENCE** !

REC Celebrates Opening of New Office



From left: Jenny Grooms, *Front Royal/Warren Chamber of Commerce*; Kent Farmer, *REC president and CEO*; John Crawford, *REC district manager*; Richard Oliver, *chairman, REC's Board of Directors*; Archie Fox, *chairman, Warren County Board of Supervisors*; Jennifer McDonald, *executive director, Warren County EDA*; Katie Tewell, *chairman, Front Royal/Warren Chamber of Commerce*; and Joe Cannarella, *diplomat, Front Royal/Warren Chamber of Commerce*

Rappahannock Electric Cooperative (REC) has officially opened the Blue Ridge office and operations center located near Front Royal, Va. The ribbon-cutting ceremony, held Aug. 18, marked the addition of the Cooperative's newest facility and service to more than 51,000 newly acquired members from Allegheny Power.

"You may not realize how this building will change the lives of the residents in the area, but it will," said REC's Blue Ridge district manager, John S. Crawford. "The opening of this building brought with it the Cooperative's presence to the counties of Warren, Clarke and Frederick. From this facility we will provide electric service, handle bill payments and questions, and work to become an integral part of the many communities we serve. It will be our mission to provide reliable service, dependable products and support to the communities we serve."

Representatives from Warren County, the Warren County Economic Development Authority and the Front Royal-Warren Chamber of Commerce were on hand to celebrate REC's new office along with many other special guests. Archie Fox, chairman of the

Warren County Board of Supervisors, made remarks as the event's keynote speaker.

Kent D. Farmer, REC's president and CEO, addressed those gathered. "REC is looking forward to bringing the same local ownership and value to our new service territory that our members have come to expect for over 70 years."

Crawford said it will be his job to make sure everything runs smoothly. "I look forward to working together with our employees and our members as we grow with the community." •



REC's Blue Ridge district manager, John Crawford, speaks to attendees at the Aug. 18 Blue Ridge district office ribbon-cutting ceremony.

PENNY POWER

A great way to help those in need in your community is to enroll in Operation Round Up® (ORU). By volunteering to have your electric bill automatically rounded up, the extra change goes to ORU and then back into the community. For more information and to participate, please visit www.myrec.coop or call 800-552-3904.



OVERHEAD VS. UNDERGROUND

High winds and icy conditions can cause tree limbs to fall on power lines, triggering outages. Although REC line workers are on call around the clock and respond quickly to problems, some members ask a simple question: Why keep power lines in harm's way?

There are two ways electricity can be delivered to a home: through overhead or underground power lines. Although underground lines may seem attractive during storms since the lines are not exposed to extreme weather, the technology doesn't always make sense for electric cooperatives focused on reliability and affordability.

When determining the most reliable way to deliver electricity to our members we evaluate the frequency a member sustains a power outage and the duration of the outages. Studies show that outages occur less frequently on underground power lines; however, the average amount of time a member is without power can be significantly longer due to the more complex nature of the repairs.

REC's vice president of engineering and operations, Robert Ellis, explains, "Repair times to underground power lines are typically longer than repair times for overhead power lines. Underground lines are not susceptible to wind and debris-blown damage, but they are at risk to water intrusion, local flood damage, lightning damage and dig-ins, which can make repairs more costly and time consuming. We want our members to understand the pros and cons of each type of service as it relates to performance, reliability and the cost of service."

Cooperatives, like REC, build to an overhead standard established by the Rural Utilities Service of the United States Department of Agriculture as the most cost-effective type of construction. REC, however, is open to putting lines underground provided the additional cost is covered by the user.

Installing power lines underground costs significantly more per foot compared to overhead. In mountainous or rocky areas, the price tag is even higher. In addition, the normal life of underground cable is half that of an overhead line.

Most underground lines are found in subdivisions where developers request and pay for the option for aesthetic reasons or to comply with local statutes. A high concentration of homes in these areas helps spread out the expense.

REC has over 15,900 miles of distribution lines serving its 150,000 meters in all or parts of 22 counties in Virginia. More than 43 percent of REC's system, or in excess of 6,700 miles, is underground. However, it is important to remember that lines eventually come above ground, so no system is completely underground.

For most cooperative consumers, affordable overhead lines will remain the norm, at least for now. To find out more about how REC is looking out for you, visit www.myrec.coop. •



Manage the Demand for Electricity

Members receive FREE water heater repairs



Demand Response

Program is not available in all areas.

Demand response programs allow environmentally conscious members of electric cooperatives to help the environment. At REC we offer members the opportunity to participate in the Water Heater Load Management program, just one of the demand response programs we offer. As a benefit for participating we provide free repairs on the electric components of their water heaters.

Since 1987, REC has made free water heater repairs available to over 30,000 members as a benefit for participating in our Water Heater Load Management program. As a member of the Cooperative, you may also qualify for this free benefit.

A trained REC technician comes to your home and installs a load management switch on your water heater. The switch detects signals sent from your Cooperative through the power lines. These signals tell the switch when to turn off the flow of electricity to the water heaters and when to return it to normal operation.

These types of programs are environmentally friendly because they can delay the need for new power generation, and they help your Cooperative manage the price it pays for the electricity you use. This is just one of the ways REC works to maintain affordable electric rates for you, our member-owners.

Each month, REC visits members' homes due to cold-water complaints and 98 percent of those complaints are directly related to a water heater problem. Our technicians are able to perform the free repairs to the electrical components of the water heater for our members enrolled in this program. This service can save them the cost of plumber services, which averages over \$100 per service call.

Doing your part is easy. To sign up for this free program, call us at 1-800-851-3275 or stop by any of our offices between 7:30 a.m. and 5:30 p.m. Monday through Friday. Let your Cooperative show you that some things in life really are free. •



1 every 19 hours
Person killed/injured due to house fires in 2009.

12,284
Total number of house fires in Virginia so far in 2010.

\$278 million
Total property loss due to house fires in Virginia in 2009.

Source: Virginia Dept. of Fire Programs

**Get the facts:
Monitored home security
systems save lives!**

www.RappahannockSecurity.com

800.392.2666

Not available in all areas.

Most insurance companies offer discounts for homes and businesses with monitored systems.

Subsidiary of:
 **Rappahannock
Electric Cooperative**

**ENERGY INNOVATIONS:
ASK THE ENERGY EXPERT**

HOME APPLIANCES
& ELECTRONICS



How do I save with my home appliances and electronics?

If you live in a typical home, your appliances and home electronics are responsible for about 20 percent of your energy bills. These appliances and electronics include everything from clothes washers and dryers, to computers, to water heaters. You can achieve real savings in your monthly energy bill by following these simple steps.

- **Air-dry dishes** instead of using your dishwasher's drying cycle.
- **Wash and dry full loads.** If you are washing a small load, use the appropriate water-level setting.
- **Clean the lint filter** in the dryer after every load to improve air circulation.
- **Consider air-drying clothes** on clothes lines or drying racks.
- **Don't over-dry your clothes.** If your machine has a moisture sensor, use it.
- **Dry towels and heavier cottons in a separate load** from lighter-weight clothes.
- **Periodically inspect your dryer vent** to ensure it is not blocked. This will save energy and may prevent a fire.
- **Use the cool-down cycle** to allow the clothes to finish drying with the residual heat in the dryer.
- **Turn off your computer and monitor** when not in use. Automatic switching to sleep mode or manually turning monitors off is always the better energy-saving strategy.
- **Consider buying a laptop** for your next computer upgrade; they use much less energy than desktop computers.
- To maximize savings with a laptop, **put the AC adapter on a power strip** that can be turned off; the transformer in the AC adapter draws power continuously, even when the laptop is not plugged into the adapter.
- **Unplug appliances** such as VCRs, televisions, stereos, computers, and kitchen appliances. In the average home, 75 percent of the electricity used to power home electronics and appliances is consumed while the products are turned off.
- **Plug home electronics, such as TVs and DVD players, into power strips;** turn the power strips off when the equipment is not in use (TVs and DVDs in standby mode still use several watts of power).
- **Unplug battery chargers** when the batteries are fully charged or the chargers are not in use.

Source: United States Department of Energy



President & Chief Executive Officer:
Kent D. Farmer



Board of Directors:
Chairman
Richard C. Oliver
Region VII



Vice Chair
Darlene H. Carpenter
Region III



Secretary
Linda R. Gray
Region VIII



Treasurer
William E. Lane
Region IX



William M. Alphin
Region I



A. Nash Johnston
Region IV



William C. Frazier
Region VI



Wickham B. Coleman
Director-at-Large



Thomas T. Grady
Region II



Frank B. Boxley, Jr.
Region V



Rappahannock Currents:

Local Pages Editor – Ann M. Lewis
Staff Writer – Casey M. Hollins

Contact Information:

P.O. Box 7388
Fredericksburg, VA 22404
540.898.8500 / 800.552.3904
office@myrec.coop