

## A Message from REC ...

For more than 80 years, Rappahannock Electric Cooperative (REC) has been providing safe, reliable and affordable energy to our member-owners. That mission guides everything we do, but how we achieve it is always evolving.

Continuous improvement is important to ensure that we are doing all that we can to meet our member-owners' changing expectations and be the energy provider that you can depend on. Those efforts have resulted in you, our member-owners, giving us compliments and high ratings for our customer service, reliability, and affordability. REC is well-managed and financially healthy and we are prepared to take on the challenges facing the industry.

As a energy provider, it's critical that we maintain a strong and resilient electric system and regularly evaluate our energy mix. We are increasing our use of renewable energy sources, such as solar, while ensuring adequate, affordable and reliable generation supplies are always available to meet your needs.

We wanted to take this opportunity to make you aware of progress we are making on several fronts to better serve you. We are modernizing our communications platforms to make information more accessible to you. As we implement new ways to communicate with you, we are also enhancing your ability to communicate with us.

We know that for most of you, simply having the lights come on when you flip a switch and being able to afford the monthly bill are your most important needs from REC. But we also believe that the more you understand how we make that happen, what we are doing to keep reliable power affordable, and all of the other ways we are serving



the community, the more you will appreciate being a member-owner of your cooperative. To help facilitate that deeper understanding, we are excited to announce our new campaign, "We Are REC." In the coming months and beyond, we will provide you with information about important issues such as Capital Credits, community involvement, renewable energy and so much more, and introduce you to some of the people at REC. It is part of our effort to keep you informed about how REC serves you, because we believe that an informed member-owner is a strong member-owner. This newsletter will get you started, but there will be much more to come throughout the year.

These are exciting times for your Cooperative. We appreciate the continued support of our member-owners and aim to make you proud to be part of this organization.

Sincerely,



**Kent D. Farmer**  
President & CEO



**Christopher G. Shipe**  
Board Chairman

## EXPANDING RENEWABLES

REC and Virginia's electric cooperatives are facilitating the expansion and use of renewable energy. We are balancing the need to meet energy demands of those we serve with providing renewable energy at an affordable rate. Recent changes that will lead to more use of renewables include:



- Expanding Net Metering - REC collaborated with solar installers, environmental groups, consumer advocates, and state government officials to propose consensus legislation. The potential for consumer-owned net metering increases by 500% on July 1, 2019, and could grow to even more within 10 years.
- Improved Financial Feasibility - Government entities and untaxed non-profits can contract with third parties to own and install on-site renewable generation through Power Purchase Agreements.
- Growing REC's wholesale power portfolio to 30 MW of solar energy.
- Cooperative Sunshare - allows member-owners wanting more solar power to purchase 50 kWh blocks at a fixed price.

As renewable sources of power continue to become a more economical and prominent part of our energy mix, REC will continue to pursue policies that benefit our member-owners and the environment.

## "WE ARE REC" CAMPAIGN

We are proud of the service we provide to you, and we want you to know as much about us as possible – about our mission, how we bring reliable power to your home, our plans for the future, and our people. We believe that the more you know about us, the more you'll appreciate being a member-owner of REC. Over the months and years ahead, we will utilize a number of communications tools to introduce you to employees and member-owners. We will share with you various aspects of their work and how REC is continuously improving to exceed expectations in providing reliable, affordable energy solutions to homes and businesses in our communities. Look for the "We Are REC" campaign in Cooperative Living, on bill inserts, in videos, on social media, and at REC events in your area.



## OPTIMIZING TECHNOLOGY

REC is investing in technologies that will improve operational efficiencies, increase resiliency of the electricity delivery system and provide additional options for member-owners to manage their energy use. REC has:

- Increased member access to and analysis of energy-use data through MyREC SmartHub and online tools.
- Expanded use of analytics to model and predict system operations and to facilitate demand response efforts that reduce wholesale power costs.
- Continued modernization of the system and increased physical and cyber security, and improved monitoring and control through deployment of a utility fiber optic network.



Use this technology to better manage your energy use, and potentially save money on your electric bill. Create a MyREC SmartHub profile at [myrec.smarthub.coop](http://myrec.smarthub.coop).



## UNDERSTANDING CAPITAL CREDITS

A fundamental principle of cooperatives is that member-owners own the business and benefit from its operation. As a not-for-profit cooperative, REC returns to its member-owners all money remaining at the end of the year after expenses are paid. These assignments are called Capital Credits, and the cumulative amount of Capital Credits assigned to you represents the value of your ownership in REC. To reduce interest expense incurred by borrowing money, Capital Credits are used to build and improve REC's electric system. As financial conditions allow, each year a portion of the Capital Credits is returned to you, similar to the way a stock-owned company pays dividends.

The exact amount each member-owner receives will vary. Those who use more electricity or have been with REC for a longer period of time, for instance, typically see a bigger credit. REC has returned nearly \$97 million in Capital Credits to its member-owners since 1980.

**Using Capital Credits as a source of financing for system improvements helps manage long-term costs for the Cooperative. Retiring some of the Capital Credits and reducing individual electric bills is a direct benefit to members. Best of all, Capital Credits stay right here in the local economy in communities served by REC.**

## CONNECTING WITH OUR COMMUNITY

Powering our community means more than just providing electricity. As part of REC's culture, our employees – and the organization as a whole – are proud to be an active part of the communities we serve. From providing academic scholarships to deserving students to giving demonstrations on electric safety and electric vehicles, REC donated tens of thousands of dollars and attended more than 300 events in 2018. Making connections with the community is a part of our culture and we are ready to have an even bigger impact in 2019!



## IMPROVING COMMUNICATIONS AND ACCESS

We are in the process of overhauling the myrec.coop website and expect to launch the revamped site later this year. We want this communications tool to be best-in-class and offer our member-owners easy access to everything about REC, from consumer information to governance. The goal is for it to be a single point of access for members. As more of our service territory gains the ability to access information and important documents electronically, we want to make sure the desired information can be easily found. We also plan to use the website to improve your ability to learn about Board of Director elections by using various features, including watching candidate videos. These efforts will help members learn more about their community leaders who are seeking important Board positions in REC.

While communicating with member-owners is a top priority, it is equally important to us that member-owners be able to communicate with REC. Our member service representatives are available to assist you and our website will soon provide access to communicate directly with the Board.

## STRENGTHENING THE ORGANIZATION

There are many measures of an organization's strength, but high customer satisfaction ratings by you – our member-owners – is the measurement of which we are most proud. Your high marks across all categories have earned REC strong ratings and your Cooperative ranks among the top electric utilities nationally. We are fortunate to have a strong management team that is involved in industry and community organizations and respected by industry peers. REC's financial footing is strong; we returned \$7.5 million back to our member-owners through Capital Credits on your November bills last year and have returned more than \$97 million since 1980. With continued strong leadership and the dedication of every member of the REC staff, we will continue to provide safe, reliable, affordable electricity that you can count on.

# MEET YOUR BOARD OF DIRECTORS



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