

**BOARD APPROVED**

**\$7.7  
MILLION**

**IN CAPITAL CREDITS  
RETURNED TO  
MEMBER-OWNERS**



**FOCUSED ON YOU**

It seems like everything today costs more. Yet for about \$6.36 a day, you can cool your home, power your laptops, enjoy a hot shower, watch your favorite shows and be sure the lights turn on when you need them.

As your power provider, Rappahannock Electric Cooperative (REC) is locked in on providing you with reliable electric service at the lowest possible price, making careful decisions that are **focused on you**.

Here's what that looked like in 2023.

Improving reliability takes a lot of work. Our field teams and contractors removed more than 27,000 hazard trees; replaced more than 4,000 poles; installed more than 2,200 new transformers; added 4,800 animal guards; added or replaced more than 300 miles of wire; and using drones checked the health of more than 28,000 power poles.

Whether it's sweltering or freezing, windy or snowing, our crews are out there, always **focused on you**.

We are also proud to support our communities. REC's employee-funded charity, Project Big Heart, donated more than \$70,000 to local organizations that support low-income residents, veterans groups and social services. Our employees also volunteer thousands of hours each year. Through The Power of Change, in which members round up their electric bill or donate in other ways, we supported 52 local nonprofits with another \$239,000 in contributions.

Supporting these nonprofits and charities is just one more way we are **focused on you**.

To help our members find ways to save money, we rolled out improved money-savings tools in our MyREC SmartHub web portal and app. Complete your Home Energy Profile to get savings tips tailored just for you.

We are proud to offer these new tools that are **focused on you**.

Many REC members are proud to call beautiful rural Virginia their home, yet lack reliable internet. That's why REC is proud to partner with internet service providers working to bring broadband to unserved and underserved members. Again, we are **focused on you**.

Over the past year, many communities served by REC have seen economic growth -- including large-scale data centers, the Kalahari water park and convention center, and other game-changing development projects and business expansions. Our counties count on these businesses to keep your taxes low, provide jobs where you live and to fund parks and schools.

Our economic development team is proud to partner with our communities. This is another way we stay **focused on you**.

In the coming years, you will see energy savings, improved reliability and increased value as a result of a \$38 million U.S. Department of Energy grant announced last October. This money will help fund the latest technology for REC to improve reliability without members bearing extra expense.

Working to secure those funds to improve your service is just one more way that your Cooperative remain **focused on you**.

In closing, we are so very proud of our employees' efforts to provide you with the affordable power you rely on at an affordable price. 2024 is already off to a strong start, and on behalf of your leadership team and the Board of Directors, we are so grateful for the opportunity to serve you.

Together with you, **#WeAreREC**.



**Christopher G. Shipe**  
Board Chairman



**John D. Hewa**  
President & CEO



**System Reliability Improvements**



**Pole Replacements for Broadband**



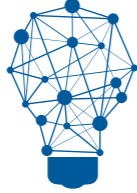
**Nighttime Substation Upgrades**

**Member Stories**  
Scan to Learn More!



## Innovative & Forward Thinking

Secured a **\$38M** federal grant allowing REC to use cutting-edge technology to improve reliability and provide enhanced services.



Constructing **3,470 miles** of fiber to support broadband internet connections for unserved and underserved parts of our service territory.



Harnessed drone technology to proactively inspect more than **28,000 poles** to improve grid resiliency.



Utilized satellite imagery and data to identify hazardous trees to proactively mitigate the risk of power outages.



## Care for the Community

**\$479,000 in grants**, donations and sponsorships to support local programs, non-profits initiatives and charitable organizations across the counties served by REC.

## 2023 FINANCIALS

### BALANCE SHEETS

	2023 (IN THOUSANDS)	2022 (IN THOUSANDS)
<b>ASSETS</b>		
Total Utility Plant	\$ 1,434,566	\$ 1,314,435
Accumulated Provision for Depreciation	(553,076)	(524,204)
Net Utility Plant	881,490	790,231
Investments	160,447	156,002
Current Assets	149,386	165,976
Deferred Charges	7,710	10,377
<b>Total Assets</b>	<b>\$ 1,199,033</b>	<b>\$ 1,122,586</b>
<b>EQUITY AND LIABILITIES</b>		
Total Equity	\$ 442,069	\$ 434,775
Long-Term Debt	597,963	586,854
Current Liabilities	144,853	86,935
Other Liabilities	14,148	14,022
<b>Total Equities and Liabilities</b>	<b>\$ 1,199,033</b>	<b>\$ 1,122,586</b>

### STATEMENT OF OPERATIONS & PATRONAGE CAPITAL

	2023 (IN THOUSANDS)	2022 (IN THOUSANDS)
<b>OPERATING REVENUE</b>		
Operating Revenue	\$ 507,005	\$ 479,216
<b>OPERATING EXPENSES</b>		
Cost of Power/Cost of Goods Sold	333,093	312,561
Transmission	1,004	805
Distribution – Operations	16,639	17,139
Distribution – Maintenance	39,717	42,415
Consumer Accounts	16,478	15,429
Consumer Service	3,202	2,964
Administrative and General	29,168	25,799
<b>Total Operating Expenses</b>	<b>439,301</b>	<b>417,112</b>
<b>OTHER EXPENSES</b>		
Depreciation	45,601	44,783
Interest on Long-term Debt	20,559	18,044
Other	1,588	1,502
<b>Total Other Expenses</b>	<b>67,748</b>	<b>64,329</b>
<b>Total Expenses</b>	<b>507,049</b>	<b>481,441</b>
<b>Operating Margins</b>	<b>(44)</b>	<b>(2,225)</b>
<b>NON-OPERATING MARGINS</b>		
Patronage Capital Assigned	5,329	5,166
Interest Income	3,236	1,723
Other	2,689	1,142
<b>Total Non-Operating Margins</b>	<b>11,254</b>	<b>8,031</b>
<b>Net Margins</b>	<b>\$ 11,210</b>	<b>\$ 5,806</b>
<b>Times Interest Earned Ratio</b>		
Times Interest Earned Ratio	1.5	1.3
<b>Debt Service Coverage Ratio</b>		
Debt Service Coverage Ratio	1.8	1.8
<b>PATRONAGE CAPITAL</b>		
Patronage Capital - Beginning of Year	\$ 435,255	\$ 438,404
Net Margins	11,210	5,806
Net Retired Patronage Capital	(3,417)	(8,955)
<b>Patronage Capital - End of Year</b>	<b>\$ 443,048</b>	<b>\$ 435,255</b>



# FOCUSED ON YOU



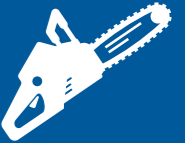
# 2023 ANNUAL REPORT

## Improving Reliability

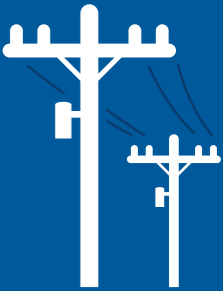
**REMOVED**  
27,000+  
hazard trees



**CLEARED**  
1,400+ miles of  
right-of-way



**REPLACED**  
4,000+ poles  
with Stronger, Taller,  
Sturdier Structures



**INSPECTED**  
28,000 poles

**INSTALLED**  
2,200+  
transformers



4,800  
animal guards



300+ miles  
of wire

