



Our 70th Year
1937-2007

CURRENT COMMUNICATOR

www.forcvec.com

MEMBER NEWSLETTER OF CENTRAL VIRGINIA ELECTRIC COOPERATIVE

"Improving the quality of your life in a quietly impressive way."
Winter 2007-2008

Volume 16, Number 4

FAREWELL MESSAGE FROM HOWARD SCARBORO:



reputation for delivering value to its members, providing a high level of service at very reasonable rates. As an owner of CVEC, you should know that your Cooperative continues to be recognized as a "best bargain," not only within the utility industry, but often by customers served by other utilities, and most importantly, by CVEC members.

Cooperative people are the backbone of the effort:

From the boardroom to the bucket truck, I have been surrounded by good people, motivated to give their best and focused on the needs of the Cooperative members. If you ever wonder where the good workers have gone, please know that many of them come to work every day at CVEC. They are the engine of our success. Over the past 16 years, we have focused on giving our employees the necessary tools and training to optimize their efficiency during each day of their career at the Cooperative.

Good ideas come from all quarters at CVEC:

A good portion of the workforce is actively engaged with the strategic planning process at CVEC and that often pays dividends. Early in the process, employees focused on the simple idea that CVEC should try to reduce the cost of wholesale power, which accounted for more than 75% of each member's monthly bill at that time. We put that idea into action, including a large scale generator program. In the end, CVEC reduced the cost of wholesale power by \$69 million over a 10-year period, saving each member over \$2000. People at CVEC are quick to take up a good idea and to try to make it work in your favor.



With Delegate Watkins Abbitt in Richmond

The time has come for me to bid you farewell. After sixteen years at CVEC, I will be retiring in January and I want to thank you and the other member-owners for allowing me to work on your behalf. I also want to take this opportunity to pass along my summary thoughts, outlining some of the important challenges

that we encountered on my watch and a few things that I have learned about your Cooperative.

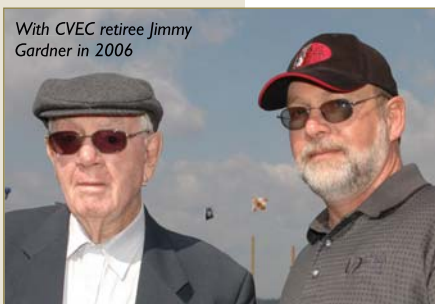
CVEC is a great bargain in electric service:

I came to the Cooperative after working for other electric utilities in Indiana and Colorado.

The move was both an opportunity to return to my native Virginia and a unique chance to lead a Cooperative that was already known for being efficient, independent and innovative. CVEC had a long and well-deserved



Welcoming teams at Gaff-n-Go Rodeo



With CVEC retiree Jimmy Gardner in 2006

SCARBORO (continued)

Bad ideas may know no bounds:

People at CVEC have also been good at spotting and rejecting bad ideas, including ones that may become briefly popular regardless of their cost. One example of where CVEC exercised good judgment and demonstrated its independent thinking was during the period when the General Assembly was promoting electric utility restructuring, otherwise known as retail competition. Unlike other utilities that spent millions of dollars preparing for a competitive market, CVEC accurately predicted that retail competition would not materialize and spent very little of its members' money on the newly required systems and processes that might never be used.

Cooperative members expect both good rates and reliable service:

When I arrived in 1991, CVEC had 22,500 member accounts served by 3333 miles of line. The total value of the distribution system and other assets was \$38 million. At that time, CVEC had the lowest residential rates among all the Virginia cooperatives. Also at that time, we faced the dual challenges of keeping up with anticipated growth (new members) and replacing aging equipment in order to improve service reliability. CVEC took up that challenge, replacing aging distribution equipment and expanding facilities over the past 16 years. By early 2007, CVEC membership had grown to more than 33,000 accounts spread over 4400 line miles. More impressively, the value of the distribution equipment and other assets more than tripled to \$119 million. In the past two decades, CVEC has caught up, kept up and

prepared the electric distribution system for the present and future needs of the membership, all the while keeping rates low for its members.

CVEC is living in an energy bubble:

The Cooperative has experienced good fortune many times over while managing our wholesale power supply. Currently, utilities throughout Virginia and most of the U.S. are struggling with double digit rate increases in the wholesale market, increases that are passed along to customers. CVEC, on the other hand, has and will remain relatively insulated from the rising costs of the wholesale energy market through the year 2012. How have we done this? Through the combination of a renegotiated wholesale energy contract in 1994, active control of energy purchases and energy load management during the 1991-2004 period, and a well-timed and low-cost energy contract that went into effect in 2002 and will continue through 2012. Two decades of work to reduce the cost of wholesale power has allowed CVEC to keep electric rates low while investing in its infrastructure.

The world is changing in rapid fashion:

Shortly after I arrived in 1991, CVEC purchased its first desktop computer. Today we have laptops available for our service trucks. While electric generation and distribution technology has not changed much in the past 70 years, the communications, information and business systems have changed drastically. We remotely read your meter and send the data back over the power lines. Every piece of equipment on our distribution system

has been electronically mapped utilizing GPS technology, and that information is being integrated with our inventory, work orders, outage management system and customer databases. When these systems are fully integrated, CVEC will be able to field hundreds of calls per hour during a major outage, then take that data and determine where our crews need to be dispatched to restore service as quickly as possible. These are a few of the recent technology upgrades. More are on the way.

Rapid changes bring new challenges:

New technology and a global economy have also created some challenges. Wholesale electric energy is now sold at market-based pricing rather than the regulated rate of actual cost plus a reasonable profit. Demand for energy is greater every day, driven in part by new electronic and consumer products. People also have greater and continuous access to information by way of everything from cell phones to 60-inch plasma screens, and there is a growing awareness, if not heightened concern, about greenhouse gas emissions and global warming. Rising costs and increasing energy demand combined with likely carbon reduction strategies point to a future where energy prices will be higher than what we have enjoyed for the past generation. To compound matters, emerging nations with vibrant economies are driving up the cost of metal, rubber and concrete, all material essential to building and maintaining the CVEC distribution system. Market-based energy pricing and competition for raw materials will be an ongoing and significant challenge to CVEC as it works to provide the best energy value to its members.

CVEC will continue on a steady course:

So there you have a brief summary of the course that we have traveled during my tenure and a few indications of what may lie ahead for the Cooperative.

While much is unknown, I am optimistic. The CVEC Directors are seasoned leaders who have been selected by their fellow member-owners. The CVEC employees are dedicated, well-trained and up to whatever challenge lies ahead. Most

Gary Wood currently serves as Senior Vice President, has effectively led our Engineering and Operations for the last eight years, and initiated or participated in many of the advancements occurring at CVEC since his arrival.

Gary Wood was the first person that I hired after I arrived at CVEC and it was one of my best decisions. Gary brings a triple play of talents to the Cooperative's table, with training and experience in three key areas; technology, business and leadership.

Gary is a licensed professional engineer, earning his Bachelor of Science degree from the University of Virginia. He is well qualified in all aspects of electric distribution system design and maintenance, including oversight of the people who make engineering and operations function.

In addition to his technical knowledge, Gary has a strong business sense and uncommonly pragmatic style of management. While he honed these skills at CVEC, he also obtained his Master's of Business Administration from Auburn University, in preparation for future opportunities.

importantly, the CVEC Directors have selected the ideal candidate to lead your Cooperative forward.

I am pleased to announce that the CVEC Board of Directors has selected Gary Wood as the Cooperative's new President and CEO.



Howard Scarboro and Gary Wood at CVEC company-wide meeting

Lastly, Gary is a leader and a communicator. Born and raised in Nelson County, he has served on both the Nelson County School Board and the Board of Supervisors, tackling tough issues, negotiating consensus when possible and clearly communicating the outcomes to his constituents.

Gary is creative and precise in his thinking, thoughtful and expressive during his encounters, energetic and tempered in his dealings with others.

Past Board Chairman **K. M. Beasley, Jr.**, expressed it well when he talked about Gary's contributions since he joined CVEC. He said, "Since that summer of 1991, Mr. Wood had key roles in virtually every aspect of the Cooperative's success story." I know that Gary Wood will continue in his able service, working with the Directors, to lead your Cooperative through challenges and toward opportunities for the benefit of the CVEC members.

2008 Scholarships Announced

High school seniors whose parents or legal guardians are members of CVEC are eligible to apply for college scholarships awarded by the *Virginia, Maryland & Delaware Association of Electric Cooperatives (VMDAEC) Education Scholarship Foundation*.

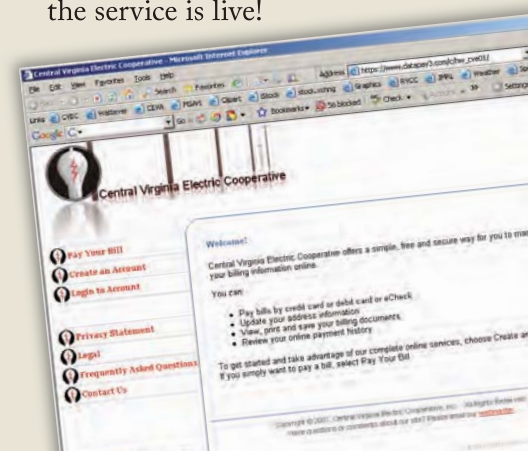
Scholarships of \$1000 and \$500 each will be awarded to recipients based on a competitive screening process. Applicants must provide evidence of acceptance in a post-high school education institution or program. The funds are sent directly to the educational institution, to be used to pay tuition, fees and/or books.

The deadline to apply for 2008 scholarships is April 1, 2008. Applications are available online at www.vmdaec.com.

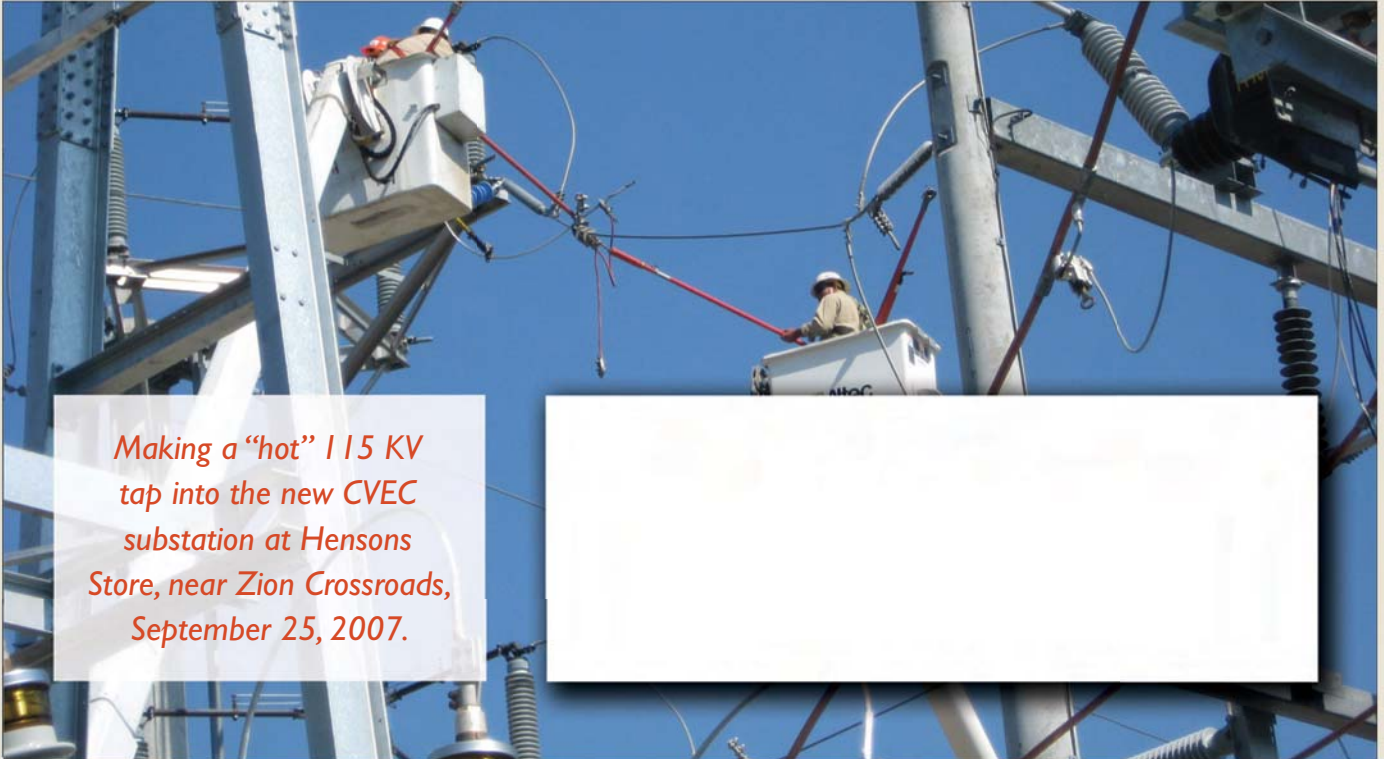
Online Power Bills Coming in 2008

CVEC is implementing an online bill presentation service on our Website. Members will be able to view their current bill, update address information, download or print their bill, and more.

Watch your monthly invoice in 2008 for a note telling you when the service is live!



www.forcvec.com



Making a "hot" 115 KV tap into the new CVEC substation at Hensons Store, near Zion Crossroads, September 25, 2007.



CVEC Directors Elected

During the business meeting portion of the 2007 Annual Meeting, CVEC members elected the following representatives to serve a three-year term on the Board of Directors:

- **K. M. Beasley, Jr.**, representing the South District.
- **Henry Chiles**, representing the West District.
- **Roberta Harlowe**, representing the East District.



CVEC Officers Elected

At the July meeting of the CVEC Board of Directors, officers were elected to serve a two-year term:

- **George Goin**, from the East District will serve as Chair.
- **Tom Bruguiera**, from the West District will serve as Vice Chair.
- **Roberta Harlowe**, from the East District will serve as Secretary.
- **Jace Goodling**, from the West District will serve as Treasurer.

Leaving the Executive Committee after several years of service are:

- **K.M. Beasley, Jr.**, (South District) as Chair.
- **Gloria Vest**, (East District) as Secretary.

Many thanks to all of the above for their invaluable service to the Cooperative.

CENTRAL VIRGINIA ELECTRIC COOPERATIVE IS AN EQUAL OPPORTUNITY EMPLOYER.

Rights-of-way work in March & April will be occurring in Coffeytown, Haydensville, Gladstone, Pedlar River, Red Hill, Shadwell, Shannon Hills, Trevillians, Tyro, and Zion Crossroads.

Call Anytime ... 24 / 7
800-FOR-CVEC
800-367-2832

