

REC returned

\$6.1 million

in Capital Credits



Started expansion of the Louisa Service Center to improve response and prepare for future growth



Started using drones to assess power line damage after storms and trained 14 licensed drone pilots



528 community events

Enhanced co-op transparency by expanding governance information on REC's website



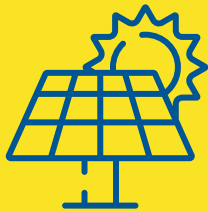
We Are REC



Began 6-year project to install 820 miles of fiber optic cable, supporting grid operations and future community broadband infrastructure



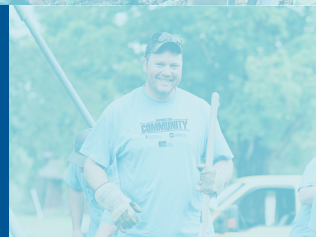
855 member-owners have connected solar panels totaling generation capacity of 9,400 kilowatts



Using sustainable practices, maintained over 2,200 miles of vegetation to improve reliability while earning Tree Line USA certification



56,000 members on paperless billing saving over \$415,000 per year



Project Big Heart, an employee volunteer organization, donated \$65,779 to our communities



Connected

3,329

new homes and businesses



25,983

member-owners donated to The Power of Change

\$177,553

awarded to

32

organizations



Proactively replaced about

2,000

aging poles across the service territory

6

employees travelled to Bolivia to help connect electricity

to



5

villages that never before had power

conversations and demonstrated the importance of community. Right now, we look forward to one day soon being able to share those same experiences with you again.

Another record we set last year was our number of new connections. The REC team worked hard to connect over 3,300 meters in new homes and businesses throughout our service territory.

This past year we began construction of our fiber utility network project to support grid operations. Through this effort, we offered partnerships with local governments and other third parties interested in expanding the network to bring fiber to the home. We are exploring new opportunities to fill a larger role in solving broadband needs throughout the territory.

Over the years, REC has weathered some unprecedented challenges. The way we work through the COVID-19 crisis will be no different. These challenges won't stop us from accomplishing some extraordinary things such as those outlined in this report. Your Cooperative continues to be a stable, member-owned \$1 billion corporation serving over a fifth of the state's counties. We remain strong, resilient and well-positioned to continue to serve our member-owners and communities.

This report highlights some of REC's accomplishments in 2019 and serves as a reminder that even in uncertain, challenging times you can count on us to be there when you need us. It's why, together with you, We Are REC.



Christopher G. Shipe
Board Chairman

Kent D. Farmer
President & CEO

2019 FINANCIALS

Balance Sheets

	2019 (in thousands)	2018 (in thousands)
Assets		
Total Utility Plant	\$ 1,142,590	\$ 1,095,878
Accumulated Provision for Depreciation	(440,690)	(415,131)
Net Utility Plant	701,900	680,747
Investments	143,778	139,237
Current Assets	71,180	102,647
Deferred Charges	14,919	13,367
Total Assets	\$ 931,777	\$ 935,998
Equity and Liabilities		
Total Equity	\$ 419,778	\$ 406,204
Long-Term Debt	432,430	443,717
Current Liabilities	67,909	63,517
Other Liabilities	11,660	22,560
Total Equities and Liabilities	\$ 931,777	\$ 935,998

Statement of Operations & Patronage Capital

	2019 (in thousands)	2018 (in thousands)
Operating Revenue	\$ 461,392	\$ 446,656
Operating Expenses		
Cost of Power/Cost of Goods Sold	307,394	293,833
Transmission	460	589
Distribution – Operations	15,728	14,796
Distribution – Maintenance	33,599	32,345
Consumer Accounts	14,064	13,863
Consumer Service	3,141	2,958
Administrative and General	19,943	17,014
Total Operating Expenses	394,329	375,398
Other Expenses		
Depreciation	39,519	37,120
Interest on Long-term Debt	17,895	17,638
Other	836	1,173
Total Other Expenses	58,250	55,931
Total Expenses	452,579	431,329
Operating Margins	8,813	15,327
Non-operating Margins		
Patronage Capital Assigned	6,640	5,705
Interest Income	1,772	1,171
Other	1,298	(868)
Total Non-Operating Margins	9,710	6,008
Net Margins	\$ 18,523	\$ 21,335
Time Interest Earned Ratio		
	2.0	2.2
Debt Service Coverage Ratio		
	2.3	2.4
Patronage Capital – Beginning of Year		
	\$ 406,629	\$ 391,670
Net Margins	18,523	21,335
Net Retired Patronage Capital	(5,055)	(6,376)
Patronage Capital – End of Year	\$ 420,097	\$ 406,629

2019 Annual REPORT



MESSAGE TO OUR MEMBER-OWNERS:

At the end of 2019, we would never have predicted the unique circumstances we would experience amid the COVID-19 global pandemic. As we have transitioned to practice safe, social distancing while delivering an essential service, we have come to value the many impressive accomplishments and rich experiences from 2019 even more.

We extend our heartfelt thoughts and concerns for everyone who has been impacted by COVID-19. As we write this at the beginning of May, there is a great deal of uncertainty in our world, and as your electric provider, we want to assure you that we are here for you. We're all in this together, and we will all get through this together. No matter what tomorrow looks like, we're dedicated to providing safe and reliable power, as well as outstanding service from caring people.

As a member-owned electric cooperative, REC has a deep appreciation for the communities it serves. Community members working together for a brighter future is what led to the establishment of electric cooperatives over 80 years ago. We take that legacy seriously, and we work daily to ensure you receive the power you need to stay connected whether at home or at work, attending school, or supporting local businesses. This is why our mission statement emphasizes just that – Connecting our members and communities with safe, reliable, affordable, and sustainable energy solutions.

Since we are now unable to connect with you in person, we are even more thankful for the more than 500 events many of our employees were able to enjoy with you last year. We surprised ourselves when we looked back over the year and discovered we had connected with you at 200 more events than we had the previous year. The fairs, street festivals, school presentations, safety demonstrations, tree plantings and our own member-owner appreciation events, just to name a few, provided us with memorable

