



**INVESTED  
\$70 MILLION**

to replace poles and wires,  
add substations and other infrastructure  
**TO HANDLE GROWTH AND RELIABILITY**

# #WEAREREC



**BOARD APPROVED  
\$13 MILLION  
IN CAPITAL CREDITS RETURNED  
TO MEMBER-OWNERS**

**CONNECTED 2,915 NEW HOMES AND BUSINESSES**

Thanks to  
**27,000+ MEMBERS  
OVER \$150,000**

was distributed back into  
communities through  
**THE POWER OF CHANGE**



★★★★★  
**RANKED 17TH IN OVERALL  
SATISFACTION**

OUT OF 143 UTILITIES IN THE J.D. POWER STUDY

Power cost rate decrease resulted in

**\$11 MILLION  
IN SAVINGS**



for members

One of the first electric cooperatives  
nationwide to **ADOPT**

**DIVERSITY, EQUITY & INCLUSION RESOLUTION**

Built **INNOVATIVE BATTERY STORAGE**  
facility providing  
**BACK-UP POWER  
TO 1,000 HOMES**

and businesses for up to 8 hours, and to  
help **REDUCE** wholesale power costs

Managed retirements  
by onboarding  
**27 NEW EMPLOYEES**



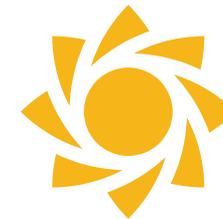
Enrolled **3,796 members**  
in paperless billing,  
resulting in a  
**SAVINGS OF  
MORE THAN \$14,000**

**ALLOCATED  
\$4.6 MILLION**  
in CARES ACT dollars  
to members



Signed up nearly  
**10,000 MEMBERS**  
for **MyREC SmartHub**

Supported  
**295 MEMBERS** in  
connecting solar  
installations in 2020



Supported nearly  
**800 SUBSCRIBERS** in  
**Cooperative Sunshare**  
solar program

**\$35,000**

IN EDUCATION  
SCHOLARSHIPS



awarded to 27 students

**LAUNCHED  
BRAND  
NEW  
MEMBER  
WEBSITE**

**RECORD-BREAKING**

**20,000+**

member-owners participated  
in the 2020 Director Elections



Implemented new aerial technology  
and cutting-edge imaging to  
**IMPROVE RELIABILITY**

**EMPLOYEES  
DONATED  
\$100,000+**  
to the United Way  
and other non-profits

Continued to build out  
**FIBER BACKBONE**  
to improve reliability  
and allow for  
broadband partnerships

We are guided by our core values, and those start with caring, respect, integrity and service. One of the hallmarks of what cooperatives do and what REC does is bring people together for a common cause.

Thanks to the generosity of the membership, The Power of Change program, which allows members to round up their electric bill, over \$150,000 was distributed back into the communities we serve. REC also contributed community support in the form of grants, scholarships and sponsorships.

In addition, our employees contributed over \$100,000 in 2020 to various efforts and caring impacts in the community. So we are not only bringing the co-op members together to make a difference, but support is also coming from the hearts of REC's employee team.

Our employees appreciate the opportunity to serve by participating in community events each year at schools, festivals, parades and other gatherings. Unfortunately, starting in mid-March 2020, virtually all of these activities had to be suspended. As health and safety restrictions are relaxed in the months ahead, you can be sure that REC will re-engage in those community events. We miss seeing you.

A billion-dollar company, REC continuously works to contain costs and keep rates affordable. At the beginning of 2021, REC was pleased to implement a net reduction in rates, which lowered bills in the range of \$6 to \$10 for a typical household. We look forward to numerous advancements in the year ahead, including announcing additional broadband partnerships, launching a pilot program that allows members to charge their electric vehicles at a reduced rate and continuing to modernize the grid.

REC's Board of Directors and leaders are committed to ensuring our members' interests always come first. We never lose sight of that responsibility

**That's because, together with you, #WeAreREC.**



**Christopher G. Shipe**  
Board Chairman



**John D. Hewa**  
President & CEO

## 2020 FINANCIALS

### Balance Sheets

	2020 (in thousands)	2019 (in thousands)
<b>Assets</b>		
Total Utility Plant	\$ 1,197,969	\$ 1,142,590
Accumulated Provision for Depreciation	(467,962)	(440,690)
Net Utility Plant	730,007	701,900
Investments	148,412	143,778
Current Assets	126,425	71,180
Deferred Charges	19,255	14,919
<b>Total Assets</b>	<b>\$ 1,024,099</b>	<b>\$ 931,777</b>
<b>Equity and Liabilities</b>		
Total Equity	\$ 426,654	\$ 419,778
Long-Term Debt	510,962	432,430
Current Liabilities	72,806	67,909
Other Liabilities	13,677	11,660
<b>Total Equities and Liabilities</b>	<b>\$ 1,024,099</b>	<b>\$ 931,777</b>

### Statement of Operations & Patronage Capital

	2020 (in thousands)	2019 (in thousands)
Operating Revenue	\$ 416,376	\$ 461,392
Operating Expenses		
Cost of Power/Cost of Goods Sold	266,170	307,394
Transmission	821	460
Distribution – Operations	13,716	15,728
Distribution – Maintenance	30,481	33,599
Consumer Accounts	13,976	14,064
Consumer Service	2,889	3,141
Administrative and General	18,774	19,943
<b>Total Operating Expenses</b>	<b>346,827</b>	<b>394,329</b>
Other Expenses		
Depreciation	41,143	39,519
Interest on Long-term Debt	17,818	17,895
Other	1,083	836
<b>Total Other Expenses</b>	<b>60,044</b>	<b>58,250</b>
<b>Total Expenses</b>	<b>406,871</b>	<b>452,579</b>
<b>Operating Margins</b>	<b>9,505</b>	<b>8,813</b>
Non-operating Margins		
Patronage Capital Assigned	5,190	6,640
Interest Income	1,193	1,772
Other	1,893	1,298
<b>Total Non-Operating Margins</b>	<b>8,276</b>	<b>9,710</b>
<b>Net Margins</b>	<b>\$ 17,781</b>	<b>\$ 18,523</b>
Times Interest Earned Ratio	2.0	2.0
Debt Service Coverage Ratio	2.3	2.3
Patronage Capital - Beginning of Year	\$ 420,097	\$ 406,629
Net Margins	17,781	18,523
Net Retired Patronage Capital	(10,706)	(5,055)
Patronage Capital - End of Year	\$ 427,172	\$ 420,097

# 2020 ANNUAL REPORT



## A Challenging Year, An Exciting Future

Looking back on 2020 and the ongoing impacts of the COVID-19 pandemic, few could have imagined how life would be disrupted. Our hearts are with so many who suffered devastating loss. At Rappahannock Electric Cooperative (REC), we understand how challenging this year was for the membership and we have continued to remain focused as a caring organization, always placing health, safety, and the well-being of our membership and employees as our top priority.

We are thankful for the REC employees and their families who carefully transitioned to new ways of doing work and interacting with the membership to ensure our critical services continued to support the region. Even with the major changes our employees faced, we safely maintained the grid and our member support systems, keeping trucks and crews rolling, both day to day and during major storm events.

Among all of the health and safety-related changes we implemented, one thing never changed: REC's culture of caring for members when they need us the most.

We worked closely with the families and businesses that encountered COVID-related financial hardship. This involved guiding them to available assistance, offering long-term flexible payment arrangements, waiving fees, and working to distribute \$4.8 million in federal CARES Act funds to members who needed assistance with their electric bills.

Through the 2020 challenges, REC not only continued its critical role of providing safe, reliable, affordable and sustainable energy solutions, but also leaned forward with new initiatives to strengthen our systems and prepare for the future.

Your Cooperative invested \$70 million in 2020 to support growth and reliability needs, including our work on the regional fiber utility network. Through the fiber efforts, REC began partnering with local governments and other solution providers to solve the broadband needs in portions of our territory. REC continues to seek additional partnerships to further this effort.