

NOVEC Overview

NOVEC is Among the Nation's Largest Electric Cooperatives and Most Reliable Electric Utilities Northern Virginia Electric Cooperative, the 11th largest electric cooperative in the United States, is a customer-owned and locally based distribution system that provides electricity to approximately 142,000 residents and businesses throughout Northern Virginia. NOVEC's service territory encompasses 651 square miles with more than 6,600 miles of electric lines and 53 substations over portions of Clarke, Fairfax, Fauquier, Loudoun, Prince William and Stafford Counties, the city of Manassas Park and the town of Clifton. Headquartered in Manassas, NOVEC maintains satellite offices in Gainesville, Leesburg, Minnieville and Stafford.

For the past nine years, NOVEC has had the best reliability record in the metro Washington, D.C. area compared to other utility companies. In 2008, NOVEC had an average reliability of 99.98 percent – this translates to outage time of just over one hour per customer per year. NOVEC's ability to provide quality services and reliable delivery of electricity depends on its 300 well-trained and highly productive employees.

NOVEC is Unique from Investor- and Municipal-Owned Utilities NOVEC is unlike most other utility companies as it is a not-for-profit, customer-owned and customer-focused corporation with local control and local accountability. As members of a cooperative, NOVEC customers have an ownership interest, and therefore share in any profits generated by the company. These profits are allocated annually in the form of patronage capital, which we return to current and former customer-owners as "CashBack."

In 2008, customers received CashBack distributions totaling more than \$26.5 million.

NOVEC is Committed to Achieving Excellence in the Following Priority Areas
Providing Safe Delivery of Electricity

Providing safe and reliable delivery of electricity is of paramount importance to NOVEC. Every three years the Rural Electric Safety Accreditation Program evaluates NOVEC's safety policies, procedures and performance, and in 2007 NOVEC tied its best score ever – 97 percent – one of the highest scores in the country. This score is significantly above the national average of 88 percent.

In addition, NOVEC has been a leader in its damage prevention efforts. NOVEC is a founding member of the Utility Industry Coalition of Virginia, which worked with industry, state regulators and legislators to propose and implement utility separation standards that are a model for the nation. The company has gone even further in setting a benchmark for protection of underground electric lines by proposing to enclose its lines in conduit.

Ensuring Reliability

NOVEC's ability to consistently provide customers with unsurpassed reliability is multi-faceted, with numerous programs and processes contributing to this superior service record. This includes a well-designed and -constructed distribution system, maintaining rights of ways with vigilance, and regularly planning to predict growth trends and identify service upgrades needed to meet the increased electricity demand.

For More Information

Call the NOVEC Public Relations Department at 703-392-1540 or 1-888-335-0500, ext. 1540 or send e-mail to vburginger@novec.com

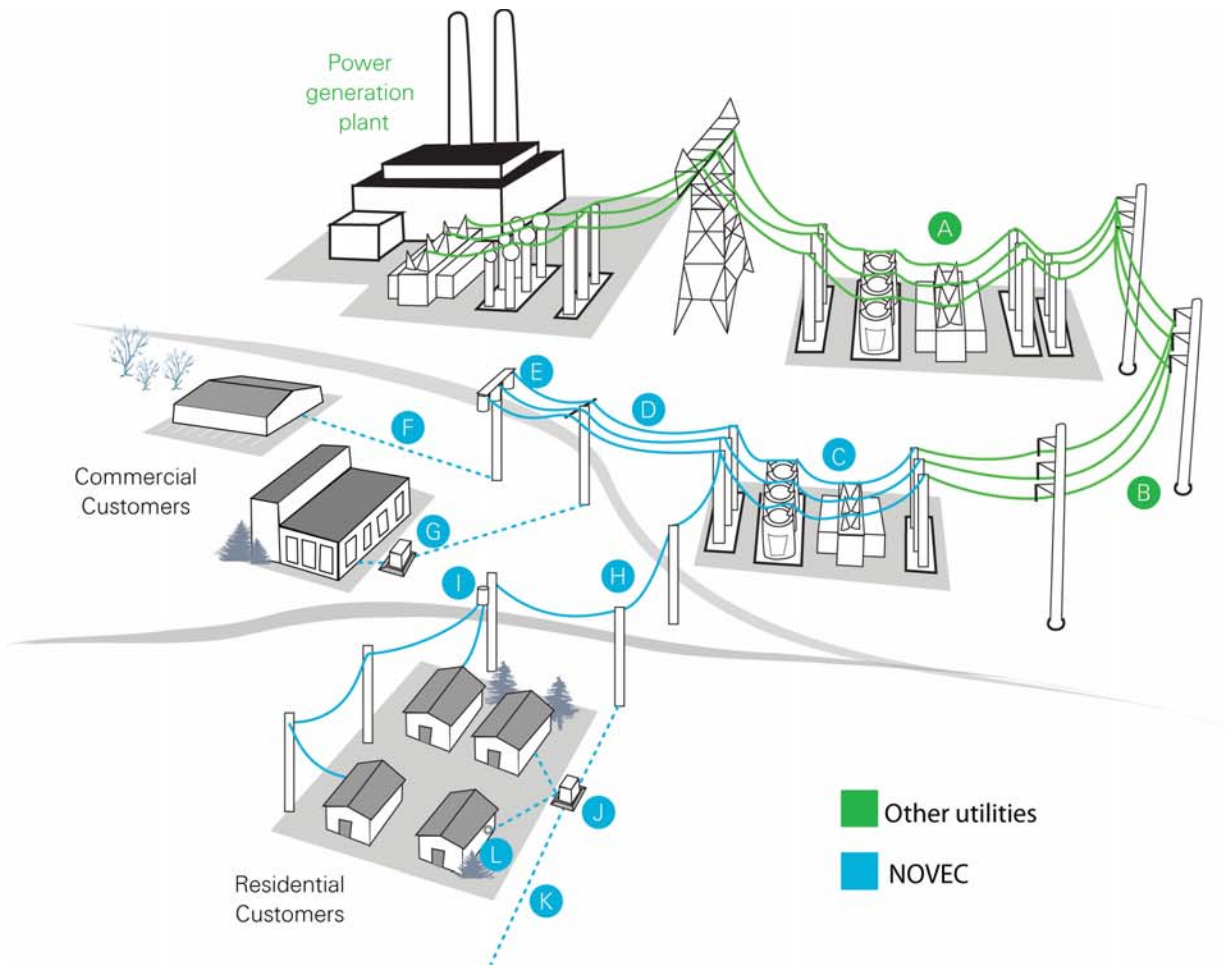
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NOVEC

Use It Wisely





- A** Transmission substation - Sometimes referred to as a “Switching Station”.
- B** Transmission lines - Voltages typically range from 115 kilovolts (115,000 volts) to 500kv (500,000 volts).
- C** Distribution substation - Steps the voltage down to either 12.5kv or 34.5kv on NOVEC’s system.
- D** Three-phase overhead primary distribution line - Provides power for residential and commercial transformers.
- E** Three-phase overhead transformer bank - Steps voltage down to service level ranging from 120 volts to 480 volts.
- F** Underground service cable - Typically buried 30 to 36 inches in the ground. Sometimes installed in conduits, other times buried directly in the ground.
- G** Three-phase pad-mount transformer - Same function as a three-phase overhead transformer bank but constructed and insulated to be installed directly on top of the ground.
- H** Single-phase overhead primary line - Provides power to residential transformers.
- I** Single-phase overhead transformer - Steps voltage down to service level ranging from 120 volts to 240 volts.
- J** Single-phase pad-mount transformer - Same function as a single-phase overhead transformer but constructed and insulated to be installed directly on top of the ground.
- K** Underground primary cable - Typically buried 36 to 42 inches in the ground. Sometimes installed in conduits, other times buried directly in the ground.
- L** Meter - NOVEC’s service includes the meter. Everything past the meter is the customer’s responsibility.

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Exceeding Customers' Service Expectations

Providing top-notch customer service is a high priority for NOVEC, and is a major component in its overall business strategy. An Electric Utility Residential Customer Satisfaction Study conducted by J.D. Power and Associates in 2008 ranked NOVEC third in the Midsize South Region and sixth in the nation, in Overall Customer Satisfaction. NOVEC scored 693, well above the region average of 614. Customers are surveyed on a regular basis to gain insight into their service expectations and to measure NOVEC's performance. NOVEC remains committed to expanding and improving its services to exceed customer expectations.

Investing in State-of-the-Art Technology

Technology investment has been essential in enabling NOVEC to provide top-notch customer service. NOVEC's Web site (www.novec.com) is an important tool that provides up-to-date information and resources to help customers manage their electricity usage. This includes a new Home Energy Calculator which allows customers to analyze their energy consumption and receive a list of customized energy improvements and estimated savings. The Web site also features an award-winning, state-of-the-art outage map that is a valuable real-time resource for customers, employees and the news media.

Technology upgrades have been implemented over the past year in several important areas to improve both NOVEC's customer service and service restoration efforts. This includes upgrades to NOVEC's outage management system, which not only improves service restoration, but is also integrated with NOVEC's online outage map. The company's interactive voice response phone system has also been upgraded to provide customers with faster and more effective outage reporting options.

NOVEC recently implemented the Polaris Workforce System, a wireless internet technology that utilizes mobile laptops to give field workers immediate access to Miss Utility locate requests, meter connect and disconnect orders, automated meter readings, and other electric meter service requirements. The Polaris system saves at least 30 work hours per day and a minimum of \$540 per day compared to the previous paper-based process, and has reduced data errors and virtually eliminated lost paperwork.

Fiber-optics technology helps operators find a circuit fault before it causes an outage and pinpoints the precise location when on-site repairs are required. Through April 2009, 33 of NOVEC's 53 substations were connected via fiber-optic cable, transmitting data through infrared laser light along 143 miles of fiber to NOVEC's six offices. NOVEC plans to connect all of its substations through fiber.

Distributed Network Protocol 3 technology was installed at a number of our substations in 2008 and more installations are planned in the coming years. DNP3 improves system reliability and reduces expenses.

Nearly 55,000 NOVEC customers — almost 40 percent — now use electronic billing services. These services provide added options and convenience for customers, and also allow NOVEC to lower costs and increase efficiency.

NOVEC seized an opportunity to partner with Milestone Communications to market the property surrounding our substations and poles to companies needing cell towers, co-locating cell antennas on existing structures wherever possible. With the demand for cellular service continuing to grow, NOVEC's customer-owners benefit by sharing the revenue stream received from cellular companies leasing the facilities. Staying up-to-date on this and other cutting-edge technology is an important priority to NOVEC.

Maintaining Financial Strength and Operational Efficiency

Classic business fundamentals provide the framework for NOVEC's success. The company currently is in the strongest financial position in its history, with **\$591 million in assets** and **operating revenue of \$393 million**, and **showing a net operating margin of \$53 million in 2008**. NOVEC will continue the necessary investments in its facilities to meet the growing needs of its residential and commercial customers.



Emphasizing Environmental Stewardship

Being environmentally “green” is not new and trendy for NOVEC, nor a bandwagon jumped on in light of current climate change concerns. For most of its history, NOVEC’s recycling programs have generated cost-savings that are passed along to customers, and reduced natural materials consumption to help preserve the environment. In 2008, NOVEC recycled large quantities of wooden reels, metal wire and cable, used transformer oil, and obsolete transformers themselves. Chipped holiday greens and right-of-way trimmings were recycled into mulch and given to customers free of charge.

In 1979 NOVEC was one of the first electric utilities in the United States to embrace an energy- and money-saving load management program that reduces the amount of electricity it must supply – and thus reduces its carbon footprint. The program allows the utility to remotely turn off participants’ water heaters and air conditioners when electricity demand is at its highest. The shut-off cycles are so short that customers hardly notice a difference, but over the last decade the program saved customers nearly \$40 million in total wholesale power costs. Today, NOVEC has more than 43,000 radio controlled load management switches on its system.

Planning, Investing and Diversifying to Meet Growing Needs

NOVEC’s geographic location presents the company with significant challenges as its service area continues to grow despite a nationwide new-housing slow-down. In 2008, 2,536 new customers were added and more than 115 miles of new power lines were installed.

Strategic short- and long-term planning is critical to successfully manage growth while maintaining reliability. NOVEC utilizes innovation, modern technology and efficient resource management to meet the growing needs of our thriving economy. This includes collaborating with county officials and economic development professionals so NOVEC is prepared to serve as an active partner in attracting a blend of businesses that will bring jobs and added value to the region. Collaborative efforts with large commercial customers and residential developments enable NOVEC to more effectively plan for the future.

NOVEC has two affiliates that offer additional services that, by law, NOVEC is not allowed to offer as a regulated electric utility. NOVEC Energy Solutions and NOVEC Solutions are growing in their businesses in natural gas marketing, telecommunications, and sales of water heaters, standby generators and related products.

Continuing its Tradition of Commitment to the Community

As NOVEC continues to grow, the company remains firm in its commitment to supporting the community. For NOVEC and its employees, customers are their neighbors, friends and families and the concept of service goes far beyond delivering energy with unsurpassed reliability. In 2008, NOVEC **contributed to more than 100 local organizations and local chapters of national organizations**, supporting a wide variety of educational programs, civic groups, health causes, the performing arts, youth sports and charitable organizations across the region. As part of its community commitment, NOVEC also sponsors a cause-based marketing campaign that adds value and enriches the lives of children and others in our community by raising the profiles of various service and non-profit agencies. NOVEC employees have also played a major role in demonstrating the meaning of commitment – both on the job and through their many volunteer activities.

The company’s community service assistance program, **Operation Round Up**, allows customers to provide community grants and heating assistance funds to qualified low-income applicants. In the 2008-09 winter heating season, **\$50,000** was donated by NOVEC customers and distributed by independent community agencies to help those in need. NOVEC plans to continue to pursue opportunities to give back to the communities it serves.

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