

NOVEC Overview

NOVEC is Among the Nation's Largest Electric Cooperatives

Northern Virginia Electric Cooperative, the 12th largest electric cooperative in the United States, is a customer-owned and locally based distribution system that provides electricity to more than 148,000 residents and businesses throughout Northern Virginia. NOVEC's service territory encompasses 651 square miles with more than 6,742 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, Woodbridge, and Stafford.

NOVEC Differs from Investor- and Municipal-Owned Utilities

As a cooperative, NOVEC is unlike investor-owned and municipal-owned utility companies. That's because its members, who are 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 is returned to current and former customer-owners as "CashBack."

NOVEC is Committed to Achieving Excellence

Safety

Working around electricity is a dangerous job, even for well-trained and experienced professionals. NOVEC employees attend regularly scheduled safety meetings and training sessions throughout the year to reinforce safety practices. Equipment and work processes are frequently reviewed to ensure that safety is always the top priority.

NOVEC also takes its responsibility to inform customers about electrical safety very seriously. The Co-op's website and publications stress the importance of safety around electricity. Whether in the home or outside, at work or at play, electrical safety awareness prevents accidents and saves lives.

Customer Satisfaction

Providing excellent customer service is another high priority for NOVEC and a major component of its business strategy. The 2012 Electric Utility Residential Customer Satisfaction Study conducted by J.D. Power and Associates ranked NOVEC "Highest in Customer Satisfaction Among Midsize Utilities in the South." NOVEC's outstanding performance ranked the Cooperative among the very best in the nation and reflects the commitment of its employees to customer service excellence.

Technology

NOVEC's website, www.novec.com, provides customers with useful information to assist them with managing their electricity use. The HomeEnergySuite feature allows customers to analyze their energy consumption and receive a list of customized energy improvements and estimated savings. The website also features an award-winning, state-of-the-art outage map, which is a valuable information resource for customers, employees, and the news media. Key information and functionality is available on NOVEC's mobile site for customer convenience.

The deployment of proven technology improves employee efficiency and productivity. Customers are able to transact normal business securely and report outages faster than ever before thanks to modern technology.

For More Information

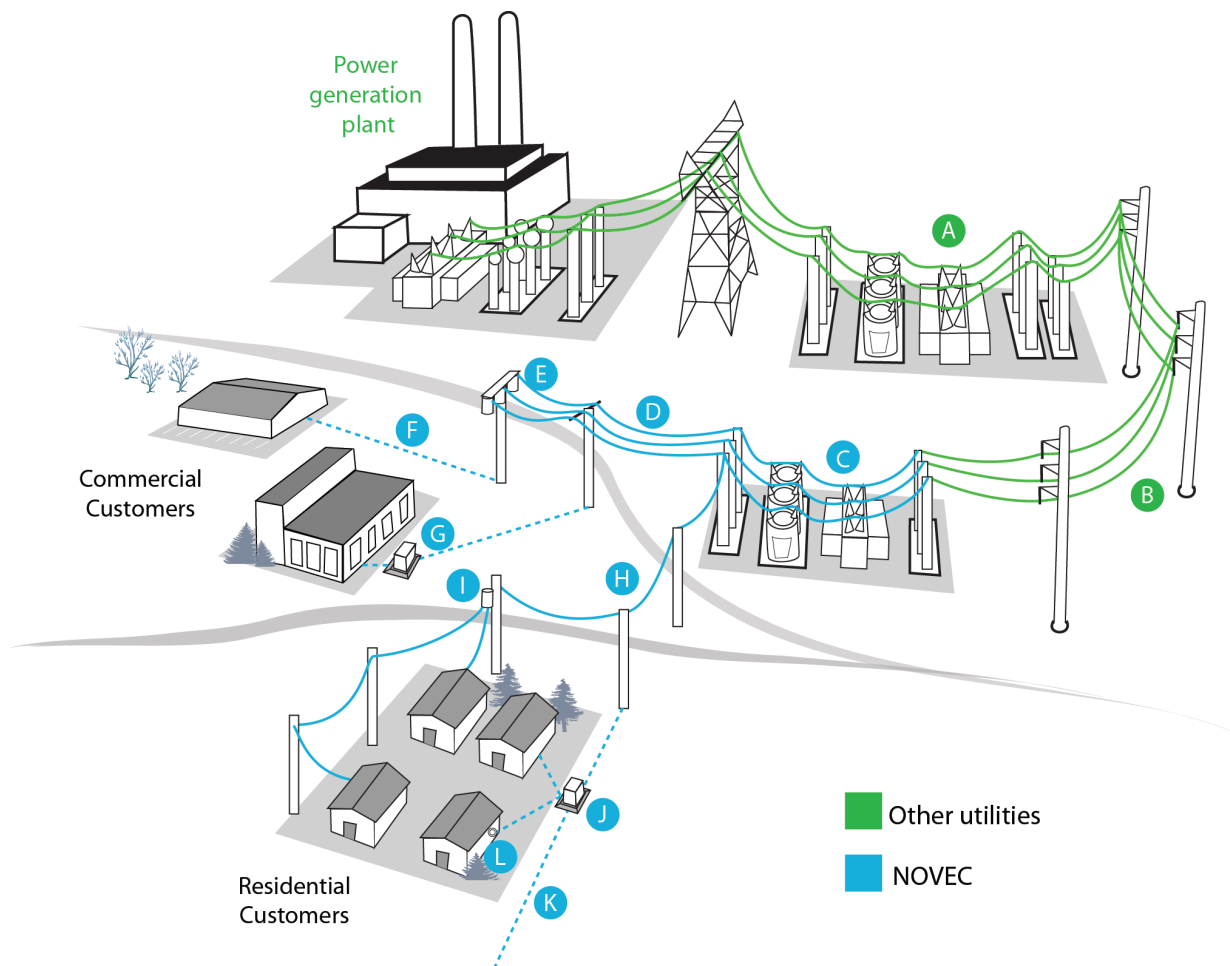
Call the NOVEC Public Relations division at 703-335-0500 or 1-888-335-0500, or send email to pr@novec.com

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- 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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NOVEC uses wireless internet technology with mobile laptops to give field workers immediate access to Miss Utility underground-line-location requests, meter connect and disconnect orders, automated meter readings, and other electric meter service requirements. The system saves at least 30 work hours per day. It also has reduced data errors and virtually eliminated lost paperwork.

Fiber-optic telecommunications technology assists system operators in finding electrical system problems quickly. Often, adjustments or repairs can be made before a sustained outage occurs. The technology also helps pinpoint the precise location when on-site repairs are required. By the end of 2011, 40 of NOVEC's 53 substations were connected via fiber-optic cable. Through this network, equipment installed in substations transmits data through infrared laser light along the more than 200 miles of fiber cable, which also connects NOVEC's offices. Expansion of the fiber optics system continues and will eventually include all substations.

NOVEC installed substation automation devices that use a utility standard communications protocol at a number of substations in 2011 and more installations are planned in the coming years. Substation automation improves system reliability and reduces expenses — particularly by providing enhanced remote control and monitoring capability, and by reducing the number of vehicle trips to NOVEC sites.

Nearly 78,000 NOVEC customers — more than half — now use electronic billing services. These services provide added options and convenience for customers, and they also allow NOVEC to lower costs and improve efficiency.

NOVEC seized an opportunity to partner with Milestone Communications to market the property surrounding our substations and poles to companies that need cell towers. The companies co-locate cell antennas on existing structures wherever possible. With the demand for cellular service continuing to grow, NOVEC's customer-owners will continue to benefit from the revenue stream received from cellular companies that lease space from NOVEC.

Financial Strength

A sound financial strategy provides the framework for NOVEC's success. The company currently is in the strongest financial position in its history, with \$677 million in assets and \$438 million in operating revenue. It had a net operating margin of \$41 million in 2010. NOVEC will continue to invest wisely in electric plants, office facilities, computer and communication networks, and all other business operations to preserve the Cooperative's outstanding financial position.

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 have been passed along to customers, and reduced natural materials consumption to help preserve the environment. In 2011, 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, which reduces peak electrical consumption. Today, almost one-third of Co-op members participate in the program. By doing so, they allow NOVEC to remotely turn off their water heaters and/or air conditioners when electricity demand is at its highest. The shut-off cycles are so short that participants hardly notice a difference. Over the last decade the program has saved customers more than \$25 million in total wholesale power costs. Today, NOVEC has more than 54,000 radio-controlled load management switches on its system.

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Planning, Investing, and Diversifying to Meet Growing Needs

Despite a slowed economy in recent years, residential and commercial growth continues within NOVEC's service area, presenting challenges to the distribution system.

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 growing needs. Collaboration with county officials and economic development professionals ensures that NOVEC is prepared to be an active partner in attracting a blend of businesses that bring jobs and added value to the region.

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 provides competitively priced natural gas and satellite internet service. NOVEC Solutions provides telecommunication services along with energy-efficient water heaters, standby generators, surge protection, and other energy-related products.

Community Involvement and Investment

As NOVEC continues to grow, the company remains firm in its commitment to supporting the communities it serves. In 2011, NOVEC contributed to more than 100 local organizations and local chapters of national organizations. It supported 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. Giving back to the community took a giant step forward in 2008 when NOVEC established NOVEC HELPS — Hands Engaged in Local Public Service. HELPS is a certified 501(c)(3) organization and provides a conduit for employees to volunteer their time, money and skills in ways that add lasting value to communities throughout the NOVEC service area.

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 2011-2012 winter heating season, approximately \$41,000 was donated by NOVEC customers and distributed by independent community agencies to help neighbors in need.

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