



VEC
VOLUNTEER ENERGY COOPERATIVE
www.vec.org

**ANNUAL REPORT
2012-2013**

Technology with a Human Touch Helps Volunteer Energy Cooperative Connect with Member-Owners



In many ways a cooperative is like any other business. But an important difference is that a cooperative operates solely for the benefit of its members.

There are no outside owners or stockholders to demand a return on their investment or a profit. That gives Volunteer Energy Cooperative the opportunity to direct all our efforts on providing the best possible service to our members at the lowest possible price. That provides the Cooperative with a single focus.

Most businesses want to stay connected with their customers. But at VEC, where our customers are the owners of the business, it isn't just important to stay connected – it's essential. These days so many of our customers carry their technology with them. They hold a telephone, an internet connection, and access to emails and text messages right in the palm of their hand.

Staying connected isn't just a catch-phrase anymore. It's a daily reality. Our member-owners are growing accustomed to immediate access and immediate connections to the people they do business with. During this year we have worked hard to use technology and innovation to meet those needs and expectations. And we've tried very hard to do that without ever losing sight of the fact that no matter what type of technology is used, good communication will always be a personal exchange.

In offering a variety of contact points and a variety of programs, services, and options for our diverse group of member owners, we try to always remember that one size doesn't fit all. And when our customers connect with us, there are no two situations that are exactly the same. No matter how impersonal the technology may seem, we know that what makes it all work is the professionalism, expertise, and empathy of our people.

The board of directors you have elected, as well as the management and staff at Volunteer Energy Cooperative, are grateful for the trust you have placed in us. We are committed to being good stewards of your Cooperative. That means offering a wealth of options in order to meet the individual needs of our member-owners. It also means looking for innovative ways to keep electric bills as low as possible. We believe it also means providing personalized service - even if we are using technology to provide that service.

We are pleased to present our 2012-13 Annual Report. In the report you will see how we are working to meet the challenge of today's demanding environment.

At VEC we've been committed to using new technologies and innovative techniques to cut costs and keep rates as low as possible for years - so this is nothing new. The current environment just makes it that much more important that we stay committed to the task.

In this annual report we are pleased to highlight some of the ways we are using technology, innovation, and system improvements to provide the best possible service at the lowest possible price.

Roddy Blewins
President/CEO
Volunteer Energy Cooperative

Cover: VEC's Ten Mile Substation

Inside Front: VEC's Corporate Offices and Decatur Customer Service Center are centrally located in Meigs County.

(Photos Courtesy of TVA)



VEC'S ENERGYRIGHT SOLUTIONS PROGRAM

In High Gear in 2012

In FY2012, Volunteer Energy Cooperative (VEC) achieved approximately:

9 GWh + \$766,057

ENERGY SAVED

EEDR INCENTIVES TO VEC CUSTOMERS

through its EEDR programs.

RESIDENTIAL



In FY2012, VEC achieved:

624 + 222

IN-HOME ENERGY EVALUATIONS PERFORMED

SELF AUDIT PARTICIPANTS

VEC ranked seventh among all local power companies for In-Home Energy Evaluations

VEC ranked eighth among all local power companies for Self Audit participants

through its EnergyRight Solutions program.

BUSINESS



In FY2012, VEC achieved:

1,802,929 kWh

ENERGY SAVED

through its EnergyRight Solutions for Business program. There were 37 participants in the program.

INDUSTRY



In FY2012, VEC achieved:

4,188,641 kWh

ENERGY SAVED

through its EnergyRight Solutions for Industry program.

RENEWABLES



Green Power Switch

At the end of FY2012, VEC had sold (program-to-date):

3,405

BLOCKS OF GREEN POWER SWITCH

and had 102 total Green Power Switch customers.

Green Power Providers/Generation Partners

621 KW operating total name plate capacity
67 total number of participants

kWh savings reported represent estimated first year savings potential.

VEC Helps Member-Owners Save Energy and Money

Energy Efficiency and Demand Reduction (EEDR) programs are a joint effort between Volunteer Energy Cooperative and the Tennessee Valley Authority (TVA) with a two-fold objective.

Firstly, the programs are designed to save VEC's member-owners money through using less electricity. While for-profit businesses are spending their money on advertising to get customers to use more of their product (and therefore spend more money); VEC is making a big effort to help member-owners use less electricity (and therefore spend LESS money).

The second goal of the programs is to reduce the peak-time demand for electricity. That saves TVA the expense of building new generation plants or purchasing electricity on the open market to meet a higher peak-time demand. That also translates into lower electric bills for VEC's member-owners.

These EEDR programs offer a third benefit to VEC's member-owners in that most of the programs offer incentives to participating customers that go above and beyond the savings on their electric bills.

A good example is the In-Home Energy Evaluation program. In this program VEC will send an energy efficiency expert to a member-owners home to conduct an inspection and suggest improvements that will save energy and money. If the homeowner chooses to make any of the suggested improvements they can receive half of what they spend on improvements (up to \$500) in rebates.

The member-owner receives free expert advice with absolutely no obligation, lower energy bills, and rebates of up to \$500.

In Fiscal Year 2012 a total of 624 VEC member-owners took advantage of the

program. VEC ranked seventh among TVA's 155 distributors in the number of inspections conducted.

VEC had 37 businesses participate in the EnergyRight Solutions for Businesses program. In addition, more than 4 million kilowatt hours were saved through the EnergyRight Solutions for Industry program.

VEC also has 111 member-owners who received incentives for generating their own renewable-source electricity through the Green Power Providers/Generation Partners program in FY 2012.

When you add up all the different programs offered, TVA estimates that VEC provided more than a quarter of a million dollars in incentives to member-owners who saved nine gigawatt hours (a unit of electrical energy equal to one billion watt hours or one thousand megawatt hours) of electricity through EEDR programs during the year. (See the graphic on page 4 for a breakdown of program results in 2012).

VEC's participation in EEDR programs are a good example of the benefits of being a member-owner of an electric cooperative rather than just being a customer of a for-profit electric company.

Average Residential Cost of Electricity by State As of June 2013

(Shown in Cents per Kilowatt Hour)

Alabama	11.66	Nebraska	11.69
Alaska	18.51	Nevada	11.56
Arizona	12.18	New Hampshire	16.73
Arkansas	10.05	New Jersey	16.03
California	17.50	New Mexico	12.48
Colorado	12.42	New York	19.31
Connecticut	17.77	North Carolina	11.04
Delaware	13.18	North Dakota	10.94
District of Columbia	12.65	Ohio	12.95
Florida	11.29	Oklahoma	10.18
Georgia	12.17	Oregon	10.16
Hawaii	37.04	Pennsylvania	13.09
Idaho	10.19	Rhode Island	16.90
Illinois	10.12	South Carolina	12.02
Indiana	11.15	South Dakota	11.29
Iowa	12.03	Tennessee	10.46
Kansas	12.11	Texas	11.45
Kentucky	10.04	Utah	10.83
Louisiana	9.64	Vermont	17.77
Maine	14.16	Virginia	11.51
Maryland	13.97	Washington	8.82
Massachusetts	15.86	West Virginia	9.74
Michigan	15.47	Wisconsin	14.39
Minnesota	12.83	Wyoming	10.77
Mississippi	11.14	U.S. Total	12.54
Missouri	12.34	VEC	9.55*
Montana	11.06		

*Average residential rate with June 2013 TVA Fuel Cost added

State and U.S. figures courtesy of U.S. Energy Information Administration



Southern Alliance for Clean Energy Recognizes VEC Says "Volunteer Energy Leads the Way"

The Southern Alliance for Clean Energy says members of Volunteer Energy Cooperative should be pleased with their efforts, as their Cooperative is leading the way on energy efficiency among the power distributors served by TVA. Late last year VEC, at the urging of their members, sent a letter to the Tennessee Valley Authority supporting a goal to reduce residential load by 1% with energy efficiency.

The letter asks TVA to reexamine its energy efficiency programs with an eye towards reducing program costs and making the programs easier for power distributors, such as VEC, to implement. VEC pointed out that power distributors have a wealth of experience in offering efficiency programs at the grass roots level. We hope that TVA can make use of this expertise at VEC and at other distributors to improve TVA's portfolio of energy efficiency programs.

VEC members who are also members of the Sierra Club's Tennessee Healthy Energy Campaign members are asking for the 1% energy reduction. SACE supports and participates in the Tennessee Healthy Energy Campaign. The campaign encourages members of cooperative and municipal utilities to speak up about energy efficiency. The goal is to motivate municipal and cooperative utility members to tell their utility to urge TVA to set a 1% annual energy efficiency target and to invest energy dollars in efficiency. This will create jobs, lower energy prices, and it will be an important step in protecting our climate.

VEC Revamps Surge Protection Program

The typical American home contains many thousands of dollars worth of electronics and devices. In the spring of 2013 VEC introduced a new surge protection program for member-owners.

VEC's previous supplier stopped producing surge suppression equipment and VEC worked for several months to find a new vendor. After an extensive search VEC opted to team up with Kenick to offer VEC's new Surge Guard program.

Customers who expressed an interest in surge protection during the period VEC was unable to accept new applications were the first to be contacted and given an opportunity to enroll in the new program.

Surges in electricity can happen at any time, but they are more prevalent during stormy weather. Lightning strikes, animals, and tree limbs falling on electric lines are the most common causes. They can cause sudden, powerful increases in voltage. They may last only a millisecond, but they can damage or destroy household appliances and electronic equipment.

The first line of defense in VEC's Surge Sentry protection system is a Meter Socket Adapter (MSA). The MSA is installed between the electric meter and the electric meter base. It protects the service line entering the home from major high-voltage spikes coming from the power line.

Plug-in suppressors supply the second line of defense. These come in a variety of sizes and configurations. The contain plugs and ports for plugging in a variety of appliances and electronic equipment. Plug-in suppressors are available with ports for power outlets, coaxial connections, and telephone connections.

VEC's Surge Guard customers receive a free 8-outlet plug in suppressor when they enroll in the Surge Guard program.

The final line of defense is having your home properly grounded.

When VEC technicians install Surge Guard equipment, they perform a visual inspection to make sure the home is properly grounded. The purpose of grounding the home is to prevent shocks, fires, damage to appliances and electronic equipment, and to minimize damage from lightning.

When all three of these lines of defense are in place, one more line of defense is automatically installed. That defense is the warranties that will repair or replace your appliances and/or electronic equipment. The warranties vary depending on which Surge Guard products are in place, so check with a customer service representative at your local VEC customer service center for all the details or visit www.vec.org.



VEC crews and contract crews inspected 12,755 poles during the year.



FAST FACTS

- Is a member-owned electric distribution cooperative
- Originated in 1935 with 55 Meigs County residents
- Serves about 112,000 member-owners in all or part of 17 counties
- Maintains about 190,000 utility poles and 9,000 miles of line
- Operates 33 substations where power is received from TVA
- Is the second largest electric cooperative in the nation in square miles served
- Inspected 12,755 poles during the year as a part of its preventative maintenance program
- Trimmed 2,029 miles of right-of-way in the past 12 months as a part of its preventative maintenance program
- Conducted 624 free In-Home Energy Evaluations
- Has 111 member-owners who operate renewable energy generating systems
- Spends 83 cents of every dollar collected to purchase electricity from TVA
- Provided \$766,057 in Energy Efficiency and Demand Reduction (EEDR) incentives to member owners during the year
- Sprayed 4,027 acres of right-of-way during the year as a part of its preventative maintenance program

In Memory



MARVIN STINNETT

Marvin Stinnett, who served on the Volunteer Energy Cooperative Board of Directors for 23 years, passed away Friday, December 14, 2012.

"Marvin Stinnett's dedication and leadership will be sorely missed," said VEC President/CEO Rody Blevins. "And not just at VEC – he will be missed throughout the community he served."

He is survived by his wife of 58 years, Evelyn Liner Stinnett; son, Mike (Kim) Stinnett; daughter Ann (Ronnie) German both of Old Fort.



BILLIE ORVILLE SPARKMAN

Billie Orville Sparkman, 79, of Cleveland, a charter member of the VECustomers Share Board of Directors, passed away October 29, 2012.

"Mr. Sparkman was a tireless supporter of cooperatives and of our VECustomers Share program," said VEC President/CEO Rody Blevins. "It was my privilege to work along with him to identify and meet the needs of the less fortunate in Bradley County."

"Our thoughts and prayers are with his wife of almost 49 years, Mildred, and his sons Jimmy, and Jon. Mr. Sparkman will be deeply missed by all of us."

VECcustomers Share Benefits a Wide Range of Community Projects

The VECustomers Share program was founded in October of 2001 and, at the close of Fiscal Year 2012-2013, the program donated more than \$4.6 million to community-service organizations across VEC's 17-county service area.

During the year the VECustomers Share program donated about \$370,000 to a variety of programs to benefit local communities. School booster groups, the arts, hunger relief efforts, recreation, volunteer fire and rescue, under-privileged children, education, and healthcare support for the needy are among the many areas of needs addressed by the program.

VECcustomers Share funds are provided by VEC customers who allow their bills to be rounded up to the nearest dollar. The difference between the actual bills and the rounded up amounts is placed into a fund that is distributed monthly to community agencies in the form of grants. The grants are determined by an all-volunteer Board of Directors.

VECcustomers Share is a non-profit, tax-exempt charitable organization covering VEC's 17-county service area. The foundation's funds come from VEC members who have opted to allow VEC to round their electric bills up to the next whole dollar. VECcustomers Share contributions average 50 cents per month per customer. The extra change is pooled with that of other members and distributed by the foundation's Board of Directors, who all serve as volunteers.

Board members include the Board Chairman Harold Reno - Bradley County; Board Vice Chair and Secretary Holly Neal - Cumberland County-East; Pauline Sherrer - Cumberland County-West; Barry Narramore - Roane and Loudon counties; Sharon Parrott - White, Putnam, and Overton counties; Galen Rector - Pickett County; Erbin Baumgardner - McMinn County; Bobby Scott - Hamilton County; Jim Taylor - Fentress County; Pete Williams - Bledsoe and Rhea counties; Gloria Schouggins - Meigs County; and Bill Womac - Polk County.

Three members of the VECcustomers Share Board of Directors who also served during the fiscal year are Jim Purcell - Cumberland County, Doug Ford - McMinn County, and JoAnne Woolbright - Putnam County.



VEC President/CEO Rody Blevins (left) and the late Bill Sparkman (right) make one of the many grant presentations to community service organizations.

Call Center Adds the Human Touch to Customer Service

VEC's Interactive Voice Response (IVR) telephone system is a fast and efficient way to serve member-owners. During severe weather events, when outages are extensive, the IVR system is able to take 2,000 outage calls, and get that information to dispatchers, in an hour.

That means faster power restoration for VEC's member-owners.

The IVR is the best tool for the job when customers need to conduct many types of transactions with VEC. But there are times when a member-owner needs the knowledge and the experience of a VEC employee. When that happens, VEC's Call Center and customer service representatives are here to answer the call – literally.

When the IVR system answers an incoming call, member-owners can press 8 on their telephone keypad and they will be directed to VEC's Call Center. If all the call center employees are already engaged with customers during business hours, the call is automatically switched to a customer service representative in one of VEC's nine local offices.

When severe weather strikes and outages are extensive, customers who want to report their outage to an employee rather than through the IVR may experience longer wait times. But the vast majority of the time, VEC's call center is able to answer customer's calls quickly.

For example, in July of this year 15,727 customers opted to contact a VEC employee for a customer service call. Of those calls VEC's Call Center answered 14,387 (92%). The remaining 1,340 calls were forwarded to customer service representatives in VEC's customer service centers.

VEC's Call Center employees receive extensive training so they can respond to a wide range of questions and situations that may arise in any of the 17 counties VEC serves.

More and more VEC customers are comfortable conducting business on the internet and through automated telephone systems. VEC is happy to accommodate the preference of these member-owners with our website and IVR telephone system. And some VEC member-owners feel more comfortable conducting their business face-to-face in one of our nine local customer service centers. We enjoy meeting the needs of these customers as well.

And for those who want to conduct business with an employee over the telephone, VEC's Call Center and customer service representatives are ready to meet their needs with courtesy and professionalism.

Customer Service Representatives in VEC's Call Center receive extensive training so they can respond to a wide range of questions and situations that may arise.



Substation Improvements Increase Capacity and Improve Reliability

Keeping each of VEC's 33 substations in peak operating order is an important part of providing reliable electric service.

During this fiscal year VEC worked toward completing three new substations and made major upgrades at two other substations.

Byrdstown

VEC energized the newly completed Byrdstown substation at 1549 Moodyville Road in Pickett County on September 14, 2012. The \$2.2 million project includes all new equipment that will help VEC improve system reliability in the area.

In addition to the new substation, system reliability into the Byrdstown area is also enhanced by a new 161-kV transmission line that TVA has put into service to feed the new VEC substation. The new line is fed through TVA's Kelsey Road substation in Kentucky. In addition to the increased voltage, the new line features wider rights-of-way, steel poles, higher ground clearance, and all new hardware.

The combination of new equipment is expected to provide for fewer outages and much faster restoration of power when outages do occur.



The newly completed Byrdstown substation in Pickett County was energized on September 14, 2012.

In addition to the benefits of the new substation, VEC also expects to further improve reliability in the area by connecting the new substation to TVA's 161-kV transmission system.



VEC's new Grimsley substation is scheduled for completion in the summer of 2014.



Work is progressing on VEC's new Georgetown substation which is scheduled for completion in the fall of 2014.

Georgetown

VEC began construction of a new 42-MVA substation to serve the Georgetown area in the fall of 2013. The new substation on Highway 60, about two miles west of Highway 58 in Hamilton County, will have approximately double the capacity of the existing Georgetown substation and will increase system reliability in the area. The two 42-MVA transformers are expected to be delivered in December and VEC anticipates energizing the new substation in the fall of 2014.

Grimsley

Construction is moving forward on a new 20-MV substation in Grimsley to serve south Fentress County.

Located at 5023 Wilder Road next to the existing Grimsley substation, the new substation will represent a major upgrade for the area. Two 20-MVA transformers were moved to the location this summer and VEC expects to energize the new substation in the fall of 2014.

The new substation will nearly double the capacity and improve reliability in the area.



VEC completed a major upgrade of the Lantana substation in Cumberland County in June.

Lantana

VEC completed a major upgrade of the Lantana substation at 68 Dunbar Road in Cumberland County in June.



Fiber Optics Network Provides High-Speed Communications

Communication is vital to offering top-notch customer service. In order to provide first-rate service to our member-owners VEC needs fast and efficient internal communications as well.

In order to upgrade internal communications VEC added about 18 miles of fiber optic lines in 2012-13 linking the Tasso and Ocoee substations to the Benton Customer Service Center in Polk County. The fiber lines are used to transmit meter-reading data, Supervisory Control and Data Acquisition (SCADA) information, and inter-office communications.

The upgrades bring VEC's fiber network up to a total of 275 miles. Approximately 175 miles of the network is owned solely by VEC and another 100 miles of line is jointly owned by VEC and Windstream.

VEC plans to further improve the network next year by linking the Jamestown Customer Service Center in Fentress County and the Byrdstown Customer Service Center in Pickett County to the VEC network.

Two 20-MVA transformers were replaced with a pair of 50-MVA transformers. The first was placed in service in May and the second was energized in June. The upgrade has more than doubled the capacity of this substation.

In addition to the transformers, VEC installed a new breaker bay to further enhance the reliability of the substation.

North Athens

In McMinn County VEC made two major upgrades to equipment at the North Athens substation on Engleside Avenue. In July of 2012 older equipment at the substation was upgraded with a new vacuum breaker with digital relay. In September of 2013 VEC replaced switches at the substation and added remote communications and control. The improvements are increasing reliability.



VEC made two major upgrades to equipment at the North Athens substation in McMinn County in July 2012 and September 2013.

VEC Engineers Honored for Research, Development

Volunteer Energy Cooperative President/CEO Rody Blevins and Engineer Matthew Teague were recognized this year by the Electric Power Research Institute (EPRI) for their outstanding work in research and development. Representatives from seven local power companies were honored, while 13 engineers and technical experts from TVA were recognized.

Local power company representatives were chosen for their work in the category of Power Delivery & Utilization, specifically the collection and analysis of data involving power transformer and circuit breaker fleet management.

"The winners have shown exceptional application of EPRI research and technology to solve a problem of size and significance, champion a technology both within their companies and across the industry, drive progress in the electricity sector, and provide meaningful benefits for their stakeholders and society," said Tom Alley, vice president of Generation at EPRI.



Matthew Teague



Rody Blevins



Abigale Dye
Cleveland
High School
(VEC's Robert
McCarthy
presenting
the award)



Alison Dyke
McMinn Central High School



VEC's 2013 Lillard-Shadow Scholarship Award Winners



Mary Gordon
York Agricultural
Institute



Fiona Retzer
Cumberland County High School



VEC crew members rig a pole for an outdoor lighting application.

Pre-Paid Billing Option Gaining Popularity

More than 1,100 VEC member-owners are enjoying the flexibility and lack of deposits that are features of the PayMyWay pre-paid billing option.

VEC launched the program about 18 months ago in order to help member-owners avoid security deposits, credit checks, late fees, and reconnection fees. Under the program member-owners can schedule payments that meet the needs of their household budgets.

Once customers establish a PayMyWay account with a credit balance, his or her home's energy use is recorded and charged daily to the account. The credit balance is reduced by the amount charged until either the balance is exhausted or additional payments are made to the account.

VEC's Vice President of Marketing and Economic Development Patty Hurley said the program was never designed to appeal to all customers, but as an option for a few.

"We've never set a goal for the number of member-owners we want to participate in the program," Hurley said. "It's not about a number of customers served; it's about meeting the needs of those who prefer it."

Hurley said she expected the program to appeal to a few hundred member-owners when the program was designed.

"It has been far more popular than we ever imagined," she said.

PayMyWay customers schedule payments that are convenient for them. It's that flexibility and convenience that John M, a VEC member-owner, says he enjoys.

"I'm self employed and I don't always get paid on a routine schedule," John said. "Now I can pay my electric bill on my own schedule."

John said being able to pay when his customers pay him has taken a lot of the stress out of being self employed. "It's very easy for me to check my balance by phone whenever I need to and schedule my payments when it is convenient for me. I think it has also helped me to be a wiser consumer. If I know I'm going to have to make my last payment stretch a little longer, I can adjust my electric use accordingly."



"I'm self employed and I don't always get paid on a routine schedule," John said. "Now I can pay my electric bill on my own schedule."

- VEC member-owner John M.

VEC member-owners Jacob and Leslie agreed that scheduling payments according to their budget and not VEC's billing cycle has proven helpful, but the main reason they opted for PayMyWay was to avoid paying a big deposit to get their electric service started.

"When you are just starting out and just getting started in a new home, there are so many expenses," Leslie said. "We could have paid the deposit, but that would have meant doing without other things. We were able to use that money to get some things we really needed for our new home."

Julie J, a single mother, said PayMyWay helped

her break out of a cycle of late fees and reconnection fees that were keeping her in a constant uphill battle to keep her electric account current.

"While I was working so hard to pay the past due charges and the late fees and the reconnection fees, I was still running up new charges. It was a never-ending cycle," Julie said. "This really helped me get a new, clean start. I can pay a little bit extra and get those past due amounts paid off without worrying about getting my service shut off."

The program wasn't designed to meet every member-owners needs, but if you are interested in PayMyWay, contact your local VEC Customer Service Center.

"Keeping an Eye on the Weather" Goes High-Tech at VEC



There's an old joke that goes "Everybody talks about the weather, but no one ever does anything about it." At VEC, that's not altogether true.

While VEC can't do anything to change the weather, the Cooperative is using some cutting-edge technology developed in Crossville, Tennessee to closely monitor the weather in order to anticipate potential problems and respond as quickly as possible.

By utilizing weatherTAPpro's Radar Lab HD, dispatchers in VEC's state-of-the-art Dispatch Control Center can look at the regional weather patterns or drill down to very specific locations and monitor wind speed, direction, and rotation; precipitation; lightning strikes; barometric pressure; and the altitude of weather cells within seconds.

"We can watch a storm that's approaching our service area, monitor the intensity, and accurately anticipate exactly where and when it could start affecting any spot within our service area," said VEC dispatcher David Baxter. "That means we know when and where we need to position our resources."

The web-based system was even customized to meet VEC's needs.

VEC's dispatchers can view the system's display on a regular computer monitor or, during times of intense activity that need to be monitored more closely, they can switch the display to one of the monitors on the control center's massive 12 feet by 22 feet display wall.

Baxter and other VEC dispatchers have been working with the new system for about four months. The sheer volume, accuracy, and immediacy of the information at their disposal are helping them coordinate the restoration of weather-related outages faster than was previously possible.

Baxter said the system was developed by a pilot and that explains much of the detail.

For example, when dispatchers want information about wind, they don't just get the speed and direction. The system monitors rotation which could mean a possible tornado. And it also monitors the altitude so dispatchers know if the rotation is high up or if it is a tornado on the ground.

When dispatchers monitor precipitation, they don't just know a location and an amount. They can tell what type of precipitation it is. And if it is hail, they know the severity and the maximum size of the hail. Dispatchers can also monitor the number of lightning strikes in a given area during several different time periods. The system is also tied into the national weather service's alert system.

This cutting-edge system is just one of the ways that VEC is using technology to give member-owners the best possible service at the lowest price possible.



VEC Dispatcher David Baxter uses VEC's advanced weather tracking system to prepare for possible outages.

VEC Introducing New, Mobile-Friendly Website

Connecting with our member-owners is a constantly evolving process.

The days when a business could open an office and sit back and wait for their customers to come to them are rapidly disappearing. Today customers want to do business in a way that is fast and convenient – a way that fits into their lifestyle. They want the people they do business with to come to them.

More and more people are finding e-business a quick and efficient way to do just that.

The way people access the internet is changing. For example, in July of 2013 VEC's website at www.vec.org had more than 20,000 distinct visits from more than 14,000 unique visitors.

More and more people are finding it convenient to take care of their business while waiting to pick up their children from school, while they sit in a doctor's waiting room, or anywhere and anytime they find themselves with a few minutes to spare.

In July about 13,000 members opted to pay their electric bill through VE-Bill – VEC's internet bill payment option.

Being able to connect with Volunteer Energy Cooperative 24/7 via a website is convenient. But these days, that's just not enough.

About 25% of those visits to VEC's website came from mobile devices.

If you've ever tried to navigate a traditional website on your phone, you are probably well aware of the drawbacks. Small text links are often hard to use and if the links are close together, it's easy to hit the wrong link.

In order to respond to this trend and to make our website more user-friendly for those accessing it with a mobile device, VEC is working with Apogee Interactive to produce VEC's new, mobile-friendly website.

In addition to being more convenient for mobile users, the website is being designed to be more useful for desktop and tablet users as well.



VEC's new website is being designed to fit the needs of those who use mobile devices to visit the site.

So how can a website be designed to meet the needs of this wide variety of users?

VEC's website is being designed to detect the type of device that a unique visitor is using and to respond with a display that is designed specifically for that type of device.

"When it comes to websites, we've found that one size does not fit all," said VEC Vice President of Marketing and Economic Development Patty Hurley. "We're using technology to make our website more useful, but behind all the technology we have to remember it's still a personal relationship. We need to meet our member-owners when and where it is convenient for them."

Being easy to use isn't enough either.

To meet the needs of a diverse group of member-owners, Hurley said the website must contain a wide variety of functions and information.

"As a member-owned organization, it is essential that we provide a wealth of information to our members about their cooperative. Our website is one avenue we can use to connect with our members and keep them up to date on VEC's activities," Hurley said.

In keeping with that goal the new website provides extensive information about all of VEC's services, programs, and products. It also contains comprehensive data about VEC's history, structure, and policies.

In fact, the abundance of material presents yet another challenge.

"The volume of information is impressive, but it is only as useful as it is accessible," Hurley said. "That means the structure of the website must be easy to navigate. All of the information and functionality is only useful if it is easy for our members to get to. I think we've worked with Apogee Interactive to meet those needs."

Hurley added that she believes members will enjoy the look, the functionality, and the effortless navigation of the new site.

The site is expected to be active in the fall of 2013.

VEC Sponsors Students on Washington Youth Tour

VEC's delegation to the 2013 Washington, D.C. Youth Tour included (from left) Robert McCarty (chaperone), Ivy Adams (Ooltewah High School), Greg Choate (York Agricultural Institute), Ana Villa (McMinn County High School), Lexi Cantrell (Monterey High School), and Kristy Kelly (chaperone).



Interactive Telephone System: Speed and Efficiency in Action

Sometimes you just want to get to the point and take care of business. VEC's Interactive Voice Response (IVR) telephone system is designed to meet that need.

For those who prefer the human touch, VEC can accommodate their needs, too. (Please see Call Center article on page 10).

During a major weather event when outages are widespread, the fastest and most efficient way to report your outage is through the IVR. But the system is also a quick and efficient way to check the status of an outage that has already been reported, to inquire about your bill or make a payment, and to update your account information. The IVR is also very useful in contacting a specific VEC employee through the company directory and to check office hours.

In response to input from members-owners VEC has streamlined and simplified the IVR menu in order to make it easy for members to use.

The IVR's voice prompts will guide callers quickly and efficiently through the steps to complete their business accurately.

In July of this year for example, more than 13,000 VEC member-owners used the IVR system to inquire about their bill or to make a payment, 377 updated the phone number VEC has on file for their account, more than 800 accessed the company directory to phone a specific employee, and 258 checked on hours of office operation.

In total the IVR system handled 36,820 in-coming calls in July. Industry analysts say each phone call handled by a live customer service representative costs utility companies about \$5.50. At that rate the IVR system saved VEC member-owners more than \$202,000 on in-coming call costs in July alone. That translates into a savings of \$1.81 on every VEC member-owner's July electric bill.

But the IVR phone system isn't just a one-way street. VEC uses the system to make outgoing calls as well. When member-owners need to be contacted about maintenance outages, critical account issues, or to verify power restoration, the IVR can make these calls quickly and efficiently.

In July VEC used the IVR to make more than 20,000 outgoing calls. By using the IVR to make these calls VEC saved member owners an additional \$113,000 in July.

That adds up to a total savings of about \$2.81 on every member-owner's electric bill in July of 2013.

Not every issue lends itself to automation. There will always be instances that call for the knowledge, the expertise, and the intuition of a well-trained VEC employee. The IVR system was designed to accommodate these situations as well. The press of a single number (see IVR menu article on page) can put callers in touch with a VEC employee who can address issues that go beyond the routine and provide the best customer service possible.

Good communication is essential to providing good service. Being able to reap the benefits of good communication while saving money for member-owners provides real value for VEC customers.

IVR Menu Guides Callers Efficiently

VEC understands that when you call your electric company, you want to be able to get right to the point and get your business taken care of quickly and accurately. To meet that need VEC recently streamlined the IVR menu to help callers get where they want to go easily and quickly.

When calling VEC, member-owners are first invited to dial the four-digit extension number of the person they are contacting. The caller is immediately switched to that employee's phone.

If there is not a specific employee the caller needs to speak to or if the caller doesn't know the employee's extension, there are eight options on the IVR menu. Below is the list of options:

Press In Order to

- 1 Report an Outage
- 2 Check the Status of an Existing Outage
- 3 Inquire About Your Bill or Make a Payment
- 4 Update Your Phone Number
- 5 Access the Company Directory
- 6 Get Office Hours
- 8 To Hold for a Customer Service Representative
- 9 Repeat the Menu



Tennessee Governor Bill Haslam, left, meets with VEC President/CEO Rody Blevins and Sammy Norton, the Meigs County representative on the VEC Board of Directors. The governor visited VEC's Corporate Offices in Decatur to present a grant of \$500,000 to the Meigs County Water and Sewer Department. VEC supported a wide variety of community development efforts across the cooperative's 17-county service area during the year.



State Representative John Mark Windle, left, met with Ethan Davidson and Michaela Clark who are juniors at York Agricultural Institute and VEC's Robert McCarty during the Tennessee Electric Cooperative Association's 2013 Youth Leadership Summit in March.



Members of VEC's management and Board of Directors meet with State Senator Mike Bell during the Tennessee Electric Cooperative Association's "Day on the Hill" in April.

Financial Statements for VEC

For the Fiscal Year Ended June 30, 2013

Volunteer Energy Cooperative Balance Sheet as of June 30, 2013

Assets	
Electric plant in service	\$ 389,213,071
Less depreciation	<u>162,322,793</u>
Total	226,890,278
Other property and investments	3,275,023
Current and accrued assets	
Cash and temporary cash investments	31,068,120
Accounts receivable	15,982,954
Materials and supplies	2,987,479
Prepayments	-0-
Other current assets	<u>1,334,971</u>
Total	51,373,524
Deferred debits	
Receivables-conservation	5,947,687
Other deferred debits	<u>333,099</u>
Total	5,280,786
Total assets	<u>\$ 287,819,610</u>
Capital and Liabilities	
Capital	
Membership certificates	\$427,015
Earnings reinvested in system assets	<u>206,268,613</u>
Total	<u>206,695,628</u>
Long term debt	38,483,590
Other noncurrent liabilities	9,433,232
Current and accrued liabilities	
Other notes payable	-0-
Accounts payable	15,254,526
Customer deposits	44,873,908
Taxes and interest	1,125,403
Other current liabilities	<u>713,419</u>
Total	21,979,272
Deferred credits	11,227,888
Total capital and liabilities	<u>\$287,819,610</u>

Volunteer Energy Cooperative Statements of Income and Earnings Reinvested in System Assets Fiscal Year Ended June 30, 2013

Operating Revenue	
Sale of electric energy	
Residential	\$152,348,674
Commercial	20,952,697
Industrial	51,020,114
Street and other lighting	<u>3,784,550</u>
Total sale of electric energy	228,020,928
Other revenue	<u>5,923,379</u>
Total operating revenue	<u>233,944,307</u>
Operating Expenses	
Cost of power purchased from TVA	<u>\$176,591,693</u>
Distribution and transmission expense	12,892,920
Customer accounts expense	3,958,310
Customer service, sales and information expense	705,570
Administrative and general expense	7,153,955
Depreciation	12,541,094
Taxes	2,837,650
Interest expense	<u>2,287,963</u>
Total operating expense and interest	218,969,156
Operating Income	14,975,150
Other income	<u>1,250,162</u>
Net Income	<u>\$16,225,312</u>
Earnings Reinvested in System Assets	
Beginning of fiscal year	\$190,043,301
End of fiscal year	<u>\$206,268,613</u>



Volunteer Energy Cooperative Board of Directors



Laney Colvard
Chairman
Cumberland County – West



Randy Bond
Cumberland County – East



Jerry Henley
Rhea and Bledsoe
counties



Larry Storie
Vice Chairman
Pickett County



William J. Campbell
Fentress, Morgan,
and Scott counties



Scott Humberd
Bradley County



Sammy Norton
Secretary/Treasurer
Meigs County



Mike Frazier
McMinn County



David J. Milen
Polk County



Aubie Smith
Assistant Secretary/Treasurer
Hamilton County



Tim Handler
Roane and Loudon counties



Keith Phillips
Putnam, White,
and Overton counties



Corporate Office
18359 Highway 58 North
Decatur, TN 37322
423-334-1020

Benton
2178 Parksville Road
Benton, TN 37307
423-338-2569

Byrdstown
1109 Olympus Drive
Byrdstown, TN 38549
931-864-3685

Cleveland
5335 Georgetown Road NW
Cleveland, TN 37312
423-476-6571

Crossville
235 O'Brien Drive
Crossville, TN 38555
931-484-3527

Decatur
18359 Highway 58 N
Decatur, TN 37322
423-334-5721

Georgetown (Hamilton County)
8212 Mahan Gap Road
Georgetown, TN 37363
423-344-9368

Jamestown
1023 Old Highway 127-S
Jamestown, TN 38556
931-879-5853

Monterey
213 Stratton Drive
Monterey, TN 38574
931-839-2217

Spring City
425 Wassom Memorial Highway
Spring City, TN 37381
423-365-5220

www.vec.org