

# How will the Rate Increase Affect My Electricity Bill?

No two households, and no two electricity bills, are exactly the same.

But in order to give customers a clearer idea on how TVA’s rate increase and VEC’s rate increase may affect the amount they spend on electricity service each month, we’ve calculated a few bills using some common levels of electricity use with the new rate structure. The totals in these examples won’t include some optional items such as Green Power Switch, electric heat pump loans, VECustomers Share, Project Deserve, or other additional charges that may apply to a customer’s individual bill.

| Residential                                 | Old Charge                  | New Charge                  |
|---|-----------------------------|-----------------------------|
| <i>Using 750 kilowatt hours per month</i>   |                             |                             |
| Energy Charge                               | \$47.15 (@ .06286 per kwh)  | \$51.74 (@ .06895 per kwh)  |
| Customer Charge                             | \$ 9.27                     | \$11.60                     |
| Total Electricity Charge                    | \$56.42                     | \$63.31                     |
| <i>Using 1,000 kilowatt hours per month</i> |                             |                             |
| Energy Charge                               | \$62.86 (@ .06286 per kwh)  | \$68.95 (@ .06895 per kwh)  |
| Customer Charge                             | \$ 9.27                     | \$11.60                     |
| Total Electricity Charge                    | \$72.13                     | \$80.55                     |
| <i>Using 1,500 kilowatt hours per month</i> |                             |                             |
| Energy Charge                               | \$ 94.29 (@ .06286 per kwh) | \$103.43 (@ .06895 per kwh) |
| Customer Charge                             | \$ 9.27                     | \$ 11.60                    |
| Total Electricity Charge                    | \$103.56                    | \$115.03                    |

## Soldier’s Thank You Note Takes the Long Way Home from Iraq

Sgt. Albert Howard of the 278th Regimental Combat Team received one of the free phone cards distributed through Volunteer Energy Cooperative’s VECustomers Share program. He wanted to thank VEC for the card but his email was misrouted to another company. But the person in charge of receiving and routing that company’s email recognized the mistake and forwarded the message to Linda McClanahan, VEC’s human resources supervisor. He also sent along his own compliments.

Following is the text of both messages:

*I think this was misaddressed to vec.com, instead of being sent to vec.org. In any case I figured that you should get it. I definitely support the effort that you guys in the field are doing and for us! Kudos from me to Volunteer Energy as well!*

*Thanks,  
George Burgyan  
Postmaster at vec.com*

*Mrs. McClanahan:*

*I want to thank Volunteer Energy and your customers for the telephone cards you recently sent to us soldiers here in Iraq. Being able to communicate regularly with our families at home makes our job less stressful.*

*Thanks again for your very generous and patriotic support. God bless you and God Bless our great America.*

*SGT. Albert Howard /Medic  
278th Regimental Combat Team  
United States Army  
Iraq*



**SGT. Albert Howard**, a medic serving with the 278th Regimental Combat Team in Iraq shows the phone card he received through Volunteer Energy Cooperative’s VECustomers Share program.



## TVA Rate Hike, Higher Costs Force VEC to Raise Rates

*By Rody Blevins President/CEO*

Tennessee Valley Authority (TVA) recently announced an increase in the rates it will charge distributors for electricity. Volunteer Energy Cooperative (VEC) has no choice but to pass this increase along to our customers.

The higher costs we are encountering in delivering service to our customers will also mean that VEC has been forced to add our own increase that went into effect October 1. This is the first rate increase VEC has implemented since October of 2001. Over the last 23 years VEC has raised rates just three times. In October of 1983 we raised rates by 4.85%, in May of 1992 rates increased 2.94% and the October of 2001 increase was 3.6%.

TVA last raised rates in October of 2003 when they increased most residential rates by about 8%. Many other utilities across the state chose to add their own increases to rates at that time. VEC did not.

This October TVA will increase wholesale rates by about 7.6% across all classes of customers. That will translate into about a 6% increase for VEC customers. VEC’s rate increase will be about 4%. That will mean a combined increase to our residential and commercial customers of about 10%.

The residential rate per kilowatt hour will rise from 6.286 cents to 6.835 cents, an increase of 61 one-hundredths of a cent. The majority of that increase reflects the TVA rate increase.

Most of the VEC rate increase will be in the customer charge which will rise from \$9.27 to \$11.60 per month.

The exact impact on a residential customer’s monthly bill will depend on that customer’s usage. We are including figures on how the rate increase would affect customers at usage levels in another part of this issue.

The customer charge partially covers expenses related to maintaining the customer’s VEC account. Items such as meters and meter reading, line drops to the house, service costs, billing expenses such as computers, software, postage, etc., and salaries of the customer service staff are included in this item. This is not a new charge. VEC began itemizing this charge on our bills in April in an effort to better show what charges make up the electric bill.

To foster economic development and assist companies in staying competitive, VEC’s new structure includes the TVA increase and a small increase from VEC in the commercial customer rates. Although TVA did increase demand charges for commercial customers slightly, VEC added no demand increase of its own. Both small and large commercial customer rates show only a slight increase in the energy charge.

We’ve managed to hold the line on our rates since November of 2001 when we increased rates by 3.6%. But since that time the costs associated with serving our customers has increased dramatically.

I’m sure many of us have felt the pinch from rising gasoline costs. At VEC, the sharp rise in gasoline prices has had a tremendous effect on what it costs to keep our service vehicles on the roads and responding to customers’ needs. These higher fuel costs have also had a significant ripple effect. Higher gasoline prices result in higher shipping costs. And that translates into higher costs for most of the components necessary to serve customers as well. Essential materials such as steel, aluminum and

*(continued inside)*

Powerlines is produced by the Volunteer Energy Cooperative’s Marketing & Economic Development Department as a service to customers. Comments and suggestions can be e-mailed to vec@vec.org or mailed to VEC Marketing & Economic Development Department, P.O. Box 277, Decatur, TN 37322.

## VEC Crews Join Hurricane Relief Effort



(From left) **Doug Price, Scott Dulaney, Mark Pirkle, Paul Killian, Jason Wade, Tony Winningham, Jeff Campbell,** and **James Allen** were in the first group of VEC volunteers to leave for southern Mississippi to assist with hurricane relief efforts.



The second wave of VEC volunteers who assisted with hurricane relief efforts included (from left) **Don McCoy, Scottie Peels, Danny Williams, Stacey Hill, Roger Martin, Billy Ray Gideon,** and **Ty Ratcliff.**

Volunteer Energy Cooperative employees pitched in to assist victims of hurricane Katrina. As of September 14, VEC had sent 15 linemen; six trucks loaded with parts, supplies and bottled water, and had released two, 4-man contract construction crews and 10 tree-trimming crews to assist with relief efforts in Taylorsville, Mississippi.

The bottled water was supplied by CG Roxanne in Benton.

“There is a staggering amount of work to be done in these areas that have been hit so hard,” said VEC President/CEO Rody Blevins. “We are glad to help anyway we can.”

Assisting with relief efforts are Scottie Peels who works out of VEC’s Benton Customer Service Center, Mark Pirkle, Ty Ratcliff, Don McCoy, and Scott Dulaney who work out of VEC’s Cleveland Customer Service Center, Doug Price, Roger Martin, Stacey Hill, Billy Ray Gideon, and Paul Killian from the Decatur Customer Service Center, James Allen and Jason Wade from VEC’s Crossville Customer Service Center, and Andy Winningham, Danny Williams, and Jeff Campbell from VEC’s Jamestown Customer Service Center.

The crews stayed in a motel that suffered extensive water damage during the hurricane which was still a category two storm when it passed through the area.

The VEC crews worked 16 hour shifts.

“These are a good group of men,” said John Selvidge of VEC’s Operations Department. “They really wanted to go and help.”

Patty Hurley, VEC vice president of Marketing and Economic Development said loaning out the men was the right thing to do even if it stretches VEC’s abilities here at home.

“It’s a logistical balancing act,” Hurley said. “Our managers are working hard to ensure customers in our local area are not affected by the absence of the crews in Mississippi.”

She said VEC’s ability to respond to power problems will not be affected but short delays could occur with connecting service to new homes.

“We can’t just turn our backs to the enormous scope of the Gulf Coast devastation and the tremendous needs of our neighbors to the south,” Hurley said. “But we are also going to make sure we continue to offer reliable service in a timely manner to our customers here at home.”

# VECcustomers *Share*

*Neighbors Helping Neighbors*

Volunteer Energy Cooperative (VEC) customers funded grants totaling \$32,885 in August. Since the inception of the program in October 2001, a total of \$1,537,350.20 in grants has been awarded. The deadline for grant applications is the last day of each month. For additional information, contact the office of Marketing and Economic Development, at 423-334-7051. Applications are also available online, at [www.vec.org](http://www.vec.org).

*Organizations receiving grants in August include:*

Old Fort Community Club - \$9,548; Helping Hands Ministry - \$2,400; Tennessee Jaycees Foundation - \$2,000; Luminary United Methodist Boy Scout Troop 304 - \$2,000; Pickett County Pee Wee Football - \$1,767; Hands Extended, Inc., - \$1,200; Bradley Health Care and Rehabilitation - \$1,200; Friends of the Spring City Library - \$1,200; Greater Chattanooga Public Television, Corp., - \$1,200; Jim Wright Cemetery - \$1,000; McMinn County Senior Citizens, Inc., - \$1,000; Meigs County Citizens for Arts and Crafts - \$1,000; Meigs County Chamber of Commerce: Imagination Library - \$1,000; Mediation Services of Putnam County - \$1,000; Wolf Creek Fire Association - \$600; TEAM Kids Fall Festival - \$600; Camp Lookout: Holston Conference - \$570; Tench Cemetery Fund - \$500; Neighbors Together - \$500; Calhoun Elementary School Booster Club - \$500; Fairview Cemetery - \$500; McMinn County Living Heritage Museum - \$500; CPL: Summer Reading Program - \$300; Polk County Dizzy Dean Baseball - \$200; Chilhowee Middle School Women's Fastpitch Softball Boosters - \$200; Polk County High School Women's Fastpitch Softball Boosters - \$200; and Chilhowee Youth Girls Softball - \$200.



VECcustomers Share Board Member Bill Sparkman presents a grant check to (from left) **Jessica Andrus, Teresa Cox, and April Norwood** of Bradley Healthcare and Rehabilitation.

## Save Money While Doing Your Laundry



In the typical American home, doing laundry accounts for about 14% of that household's annual energy costs. And about 80% to 85% of that cost is typically spent heating the water. So three of the best ways to cut costs is to use less water, use cooler water, and use an efficient water heater.

**Make the most of your water-heating system:**

If you are in the market for a water heater, check the model's energy rating before you buy. More energy efficient water heaters may cost a little more on the front end, but a little investment now can save you significant amounts of money in the long run. A very efficient water heater will not only save you money while doing laundry, it will also pay dividends with bathing, washing dishes, and all the other times you use hot water.

If you are not looking to buy a new water heater, insulate the one you have to prevent heat loss. But do not cover the top, bottom, or the thermostat. This simple step can save you up to \$50 per year.

Set the temperature on your water heater to between 110 and 120 degrees Fahrenheit.

**The wash cycle:**

When you buy your next washing machine read the EnergyGuide label carefully. Your appliances have two costs. One cost you pay when you purchase it, the second cost is what you pay in energy expenses for the life of the appliance.

Wash your clothes using warm or cold water whenever possible. Unless you're dealing with oily stains, the warm or cold water setting will generally do a good job of cleaning your clothes. Just switching from the hot water setting to the warm water setting can cut your energy cost per load in half.

Wash and dry full loads. Even when you use the appropriate water-level setting, it is more expensive to do several small loads than to do one large load. This can save you up to \$125 per year.

**The dry cycle:**

When shopping for a new clothes dryer look for one that has a moisture sensor that will automatically shut the dryer off when your clothes are dry. This will save on energy and it will also save wear and tear on your clothes caused by over-drying. If your dryer doesn't have this feature, try to avoid over-drying.

Dry towels and heavy cottons in a separate load from lighter-weight materials.

Clean the lint filter in your dryer after every load to improve air circulation. Occasionally wash the filter in the sink with dish detergent. The filter may look clean, but run some water into it. You may be surprised to see that the filter is holding water which indicates that air is not circulating through it efficiently.

If you dry several loads of laundry right after each other, the dryer will already be warm and it will dry clothes faster and with less energy use.

If you are only drying one load or if you are drying the last load of the day, use the cool down cycle to allow the clothes to finish drying with the dryer's residual heat.

Consider drying light-weight clothes on a rack or line.



Electricity is a safe and economical source of energy. Without it, our lives would be dramatically different and more difficult. But when handled improperly, electricity can be very dangerous – even deadly.

Whether it comes from Volunteer Energy Cooperative (VEC), lightning, or from any our source, electricity must be treated with respect.

VEC wants you to know how to stay safe around electricity. Here are some important things you should know about staying safe around electricity.

**Indoors**

- Never turn on a light switch or electrical appliance when you are wet or when you are in the bathtub.
- Don't run electrical cords where someone may trip over them.
- If you see an electrical cord that is broken or frayed, show it to an adult.
- Never put anything except an electrical plug into an electrical outlet.
- Always turn lamps off before changing the light bulb.
- Never put water on an electrical fire. In case of a fire get out of the house, then call the fire department and tell an adult.

**Outdoors**

- Never climb on utility poles or fences around substations. If you see anyone else doing these things, tell an adult you trust right away.
- Stay away from things marked with signs that read "Danger: High Voltage."
- Never touch an electrical line or pole that has fallen to the ground.
- If you see lightning or hear thunder, go inside. Never swim during storms. Many people are struck by lightning every year and most are badly hurt or killed.
- Call 911 if you see someone who has been or is being electrocuted. Do not touch the person.

*If you would like a Volunteer Energy Cooperative representative to speak to your class or group on electrical safety, just call your local VEC Customer Service Center and dial extension 7052 to reach Communications Coordinator Robert McCarty. Or you can e-mail Robert McCarty at [rmccarty@vec.org](mailto:rmccarty@vec.org).*

*(Rody Blevins article continued)*

copper are costing more and it costs us more to have these materials shipped in as well. Rising medical costs have also forced up labor costs.

We've also been spending an average of \$14 million each year just to keep pace with growth in the VEC service area. Our system is adding about 2,000 new customers per year, which requires us to update facilities and build more substation points to ensure that all customers receive reliable electric service.

The members of your VEC Board of Directors have worked diligently to get the most out of your energy dollar. We are proud of our record in keeping our rates at or below the average charged by rural electric cooperatives. And, across the nation, customers served by rural electric cooperatives enjoy lower electricity costs than customers served by other types of distributors.

During the last few years, we have avoided the need to raise rates by operating more efficiently and cutting costs. The Interactive Voice Response (IVR) telecommunications system, accepting credit cards, promoting bank draft payments, and other means have allowed us to keep rates at a constant level.

No one likes to see a rate increase. Your VEC Board of Directors, as well as the management and staff at VEC are also VEC customers. We pay the same rates that other VEC customers pay. So it's easy to see that we have a real interest in keeping rates as low as possible. Over the past 70 years VEC has established a reputation for holding costs down, for making sure our customers get the most from their dollar, and for raising rates only when necessary.

We are proud of that track record and we will continue to work hard to protect that reputation.



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**Save Five Dollars**

First time dial-up subscribers can save \$5 off the first month's service. Sign up between Sept. 1 and Dec. 31, 2005.

Call your local Volunteer Energy Cooperative Customer Service Center or phone 866-234-9539 to sign up today.

