

Continued on flap...

October is Cooperative Month, Cont'd

Since cooperatives have no outside owners or investors who demand a profit or return on their investment, electric cooperative members enjoy rates that are comparable and in most cases lower than customers of investor-owned utilities. They accomplish this in spite of the fact that they have fewer customers per mile of line and receive less in federal subsidies than municipal and investor-owned utilities.

In addition to enjoying the lowest rates possible, electric cooperative members also enjoy a higher level of service and a greater commitment to the community from their cooperative.

Since a cooperative is owned and operated by the customers in the community it serves, cooperatives are more responsive to the needs of its members and to the community as a whole.

Volunteer Energy Cooperative members elect a board of directors who represent their interests in setting the cooperative's rates, policies, procedures, and priorities.

VEC members are also invited to participate in the cooperative's annual meeting and stay informed on cooperative activities through a monthly newsletter and via the VEC website.

Lower rates, responsive customer service, community service, economic development, and democratic control are some of the benefits that go hand in hand with being a member of an electric cooperative.

Tree Trimming Notifications Not Always Possible

One of the great things about this part of Tennessee is the abundance and variety of trees that beautify the area. But when tree limbs grow to the point of threatening power lines, Volunteer Energy Cooperative has no choice – the tree must be trimmed.

VEC's certified arborist Jim Runyan says that before VEC crews or contract crews trim a tree every effort is made to notify the property owner. In some cases when the property owner cannot be notified, crews will still be forced to trim.

"We won't do a tree removal without notifying the property owner but sometimes, when the tree is a considerable threat to the power lines and when we've tried and failed to talk to the property owner, we will be forced to trim without the notification," Runyan said. "We would prefer to be able to speak with the property owners first, but that is just not always possible."

www.vec.org

VEC

VOLUNTEER ENERGY COOPERATIVE

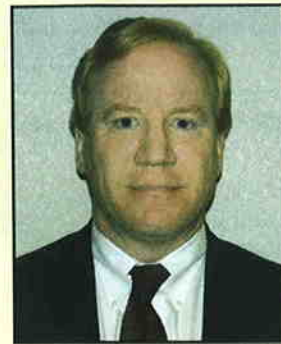
vec@vec.org

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.

October 2006

POWERLINES

Newsletter of Volunteer Energy Cooperative



Encouraging Signals Coming From New TVA Board

By Rody Blevins President/CEO

There are some encouraging signs coming from Tennessee Valley Authority (TVA) Chairman Bill Sansom and the new TVA Board. Those served by TVA distributors such as Volunteer Energy Cooperative (VEC) can take heart that two proposals Sansom and the TVA Board have considered recently will likely translate into lower electric rates for customers of

VEC and other TVA distributors. Following a year in which the previous TVA officials opted to raise rates twice, it appears the new board is starting out with a responsiveness to rate concerns that is cause for cautious optimism.

TVA Board Announces Rate Decrease, Fuel Adjustment

In late July the TVA Board voted to decrease the rate it charges distributors. This is the first rate decrease TVA has enacted in 18 years.

As I write this, we are awaiting the final details on the rate decrease and when we receive the details, the VEC Board of Directors and I will be able to determine exactly what impact it will have on VEC customers. At this time, I can't say exactly how much lower a bill the typical VEC customer will see – but the vast majority will be getting some relief.

The TVA rate decrease is coming with a fuel rate adjustment charge that will allow TVA to adjust their rates based on what they have to pay for fuel and purchased power. The adjustment will take effect in October and could allow TVA to adjust their rates every three months. We do not expect to see any change in rates due to the fuel cost adjustment until January or April of 2007.

We have decided to make the fuel adjustment a line item on the bill each VEC customers receives. As I have said since TVA officials first began talking about the fuel rate adjustment, we will continue to keep a close eye on the details of how the adjustment is calculated and applied.

Sansom: 'Debt Reduction Should Proceed at Moderate Pace'

The previous TVA Board had set debt reduction as a major strategic goal. I agree that as a general rule maintaining a manageable level of debt is an important business practice. But I have been concerned that TVA has been moving too aggressively to reduce debt to the detriment of electricity consumers and with no real benefit.

The amount of debt a privately held utility carries can impact its bond rating and drive up costs for capital improvements. But TVA is a federally operated utility with an excellent bond rating, low cost of capital, and a need for additional generation to serve the growing needs of the Tennessee Valley. It is not an investor-owned utility with shareholders to please and high-cost debt to manage.

In a recent newspaper interview Sansom echoed these sentiments and indicated that TVA should move ahead with debt reduction at a more moderate pace. Some board members have expressed agreement with this assessment and I'm optimistic that electricity customers in the Tennessee Valley will not be saddled with the expense of an overly aggressive debt reduction strategy.

TVA's challenge for the future is to provide its customers, the distributors, with reliable, low-cost power in sufficient quantities that promote growth throughout the Tennessee Valley in an environmentally-friendly way. Effectively managing financial resources certainly makes these goals more attainable.

October is Cooperative Month Electric Cooperative Members Enjoy Many Benefits

As late as the mid-1930s, nine out of ten rural homes were without electric service. The farmer milked his cows by hand in the dim light of a kerosene lantern. His wife was a slave to the wood range and washboard.

The unavailability of electricity in rural areas limited their economies entirely and exclusively to agriculture. Factories and businesses, of course, preferred to locate in cities where electric power was easily acquired.

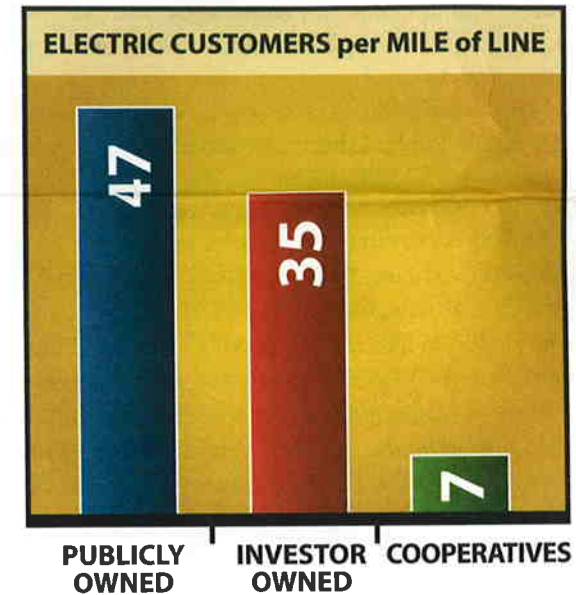
On May 11, 1935, President Franklin Roosevelt signed Executive Order No. 7037 establishing the REA. A year later the Rural Electrification Act was passed.

Within four years following the close of World War II, the number of rural electric systems in operation doubled, the number of consumers connected more than tripled, and the miles of energized line grew more than five fold. By 1953, more than 90 percent of U.S. farms had electricity.

Today about 99 percent of the nation's farms have electric service. Most rural electrification is the product of locally owned rural electric cooperatives that got their start by borrowing funds from REA to build lines and provide service on a nonprofit basis.

Electric cooperatives such as Volunteer Energy Cooperative are private, independent electric utilities, owned by the members they serve. Democratically governed businesses, electric cooperatives are organized under the Cooperative Principles, anchoring them firmly in the communities they serve and ensuring that they are closely regulated by their consumers.

Today more than 900 electric cooperatives power Alaskan fishing villages, dairy farms in Vermont and the suburbs and rural areas in between. They provide reliable and technologically advanced service to 39 million Americans while maintaining a unique consumer-focused approach to business.



Continued on flap...

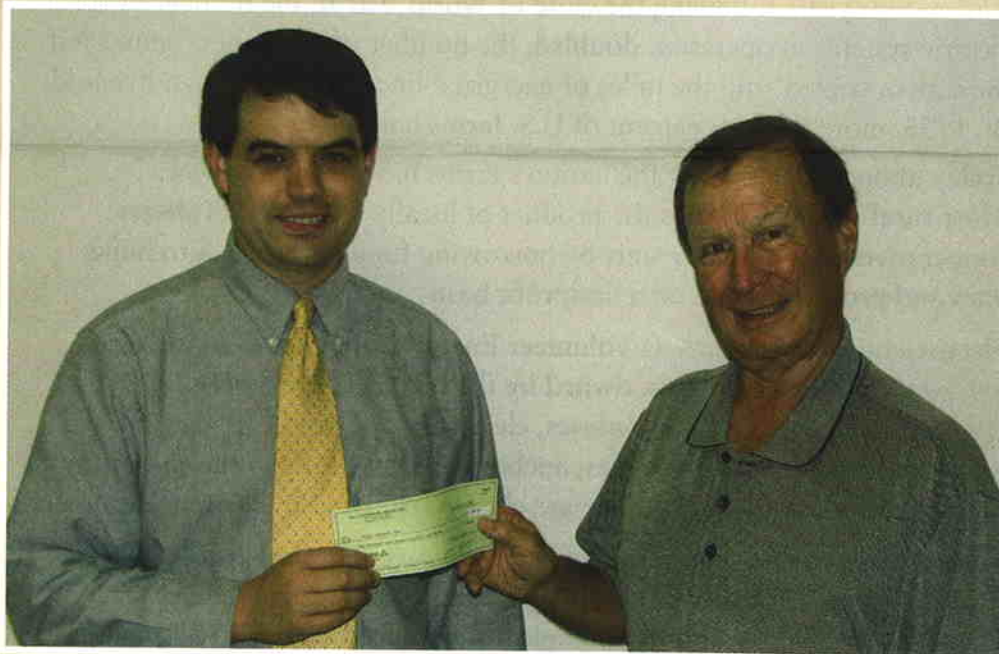
VEC Customers Share

Your Change Changes Things

With total donations nearing the \$2 million mark, the VECustomers Share program is making a big difference in VEC-served communities. By allowing their electric bills to be rounded up to the next dollar Volunteer Energy Cooperative customers funded \$30,000 in community service grants in July. Since the inception of the program in October 2001, a total of \$1,895,951 in grants has been awarded to numerous community service projects. 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.

Organizations receiving grants in July include:

Art Circle Public Library, Crossville - \$2,000; Make a Wish Foundation of East Tennessee - \$2,000; Picket County High School Student Council - \$1,675; Polk County Youth Football - \$1,500; Signal Centers, Inc. - \$1,500; Kiwanis Club of Spring City - \$1,500; Coordinated Charities of Athens - \$1,500; Cumberland County Emergency Medical Services - \$1,025; Meigs Ministries - \$1,000; Midway Athletic Club - \$1,000; Azalea Gardens, Crossville - \$1,000; American Legion Post 68, Athens - \$1,000; Hands Extended, Inc., Crossville - \$1,000; Pine Haven 4th Grade Reading Club, Jamestown - \$1,000; Bradley County Supervised Visitation and Safe Exchange Center - \$1,000; Midway Quarterback Club - \$1,000; Fentress County Children's Center of the Cumberlands - \$1,000; Veterans Honor Guard, Monterey - \$1,000; Miracle Lake, Etowah - \$1,000; Fentress County Cal Ripkin Baseball League - \$1,000; Spring City Elementary School PTO - \$800; Meigs County Historical Society - \$700; Twinton Community Park, Crawford - \$500; Cumberland Trail Conference - \$500; Lindale Community Services, Delano - \$500; Mountain First Responders, Wilder - \$500; Cumberland Homesteads Tower Association, Crossville - \$500; Hopewell Cemetery, Cleveland - \$500; Sons of the American Revolution, Cleveland - \$300; Decatur-Meigs County Fire and Rescue - \$300; and Cleveland Public Library Summer Reading Program - \$200.



VECcustomers Share Board Member Carlton Norris, right, presents a grant check to Brian Stewart, manager of Families First Services in Rural Counties with Signal Centers, Inc.

Internet Bill Payment Proving Popular Option

Volunteer Energy Cooperative's new, improved website is easy to navigate, contains a wealth of information and offers a quick and convenient way to check your account and even pay your electricity bill online.

The new website is located at www.vec.org and it includes the latest VEC news, product and service information, a community calendar of events, money saving tips, safety information, a host of related links that are designed to save you money and make your life easier.

One of the most popular features of the new VEC website is electronic bill presentment and online bill payment.

Thousands of customers are using the site each month to access their account, view their electric use and payment history, and paying their current bill from the convenience of their computer.

"We've listened to what our member/customers wanted most on our website and we've worked hard to provide it," said VEC's Vice President of Marketing and Economic Development Patty Hurlley. "From the response we've been getting, it appears online bill payment is a tremendous success."

VEC's Vice President of Information Technology Duell Grubb said linking software systems in a way that provides the maximum amount of security was the first priority in implementing online bill payment.

Electronic Check Payments are Welcome on VEC Website

For those who don't want to use a credit or debit card but would still like to take advantage of the convenience of online bill payment, VEC allows payment by check over the internet.

Paying by electronic check is quick and easy on the VE-Bill link on the VEC website. But to make sure your payment is processed correctly please make sure you complete the online form correctly.

If you fail to enter your financial institution, the routing number, or your checking account number correctly, it could delay the credit to your account.

To make sure your payment will be properly credited, enter your financial institution in the first field. Enter the routing number from your check in the second field and enter your account number in the third field.

The routing number is a nine digit number typically on the bottom left corner of your check. It is usually followed by the account number and the last numbers in the series on the bottom of the check is the check number.

If you are in doubt as to which number is the routing number and which is the account number, check a bank statement or other document that contains your checking account number.

Once you are sure you have entered all the information correctly, click on the "submit" icon. Once you've clicked on the submit button, the process cannot be stopped. Clicking "cancel" or "back" will not stop the transaction.

Take the Hassle Out of Paying Your Electric Bill

At Volunteer Energy Cooperative we understand that paying your electric bill is not the highlight of anyone's day. But we have developed a number of bill payment alternatives to make the process and as quick, easy, and painless as possible.

Ranking at the top of the no-hassle bill payment methods we employ is our Automatic Bank Draft program.

With VEC's bank draft program, you don't have to worry about writing a check and sending your payment to us each month. There are no user names or passwords to remember and if you are away from home for any reason, there's no need to worry about your power bill.

The convenient **Bank Draft Program** can automatically draft your payment from your checking account. You save time, worry, and the cost of stamps and checks.

Customers with accounts in good standing are eligible. Each month you will continue to receive your bill. However, your bill will be marked "Paid by Bank Draft". When you see this message on your bill, you can rest assured that your electric bill will be taken care of automatically!

No checks, no stamps, no passwords, NO HASSLES!

The amount will be drafted from your account approximately two days before the actual due date.

Joining the program is as easy as one... two... three. Here's all you need to do:

1. Stop by your VEC service center and complete two bank draft authorization cards.
2. Forward one of the cards to your bank.
3. Return the other card, along with a check with the word "Void" written on it to your service center.

It's that quick and easy. For more information, or to sign up, just contact your local Volunteer Energy Cooperative service center.

Having Your Correct Phone Number on File is Crucial to Getting Power Restored Quickly

Volunteer Energy Cooperative is putting new technologies to work to help speed up the power restoration process when outages occur.

Duell Grubb, vice president of VEC's Information Technology Department, said VEC's Interactive Voice Response system is helping get customers power back on quickly, especially during extensive outages.

"The IVR system can take up to 1,400 calls per hour," Grubb said. "It helps us record and group outages very quickly and efficiently. That allows us to get crews to where they are needed most quickly and that means power is restored much faster."

But for that system to work efficiently, it is critical that VEC have a correct phone number on file for every customer.

"We will be including inserts in our bills and asking customers to fill them out to verify the phone number we have on file for their account. The phone number we have on file for each customer's account is printed on the bill, just below the address," Grubb said. "Then they can mail it back in with their bill."

Grubb urged customers to take the minute or two necessary to complete the form and return it to insure VEC can take full advantage of the IVR capabilities in helping us restore power as quickly as possible.

Without a correct phone number on file, customers will be forced to enter their account number or wait for the next available representative. That slows down the system for everyone.

"I understand that many people want that reassurance of speaking to a representative, but it ties up the phone lines. In the event of a major outage, that can mean very long waits. That's stressful for the customer and it takes us much longer to get the information we need to get power restored," Grubb said.

Make Sure VEC has your Correct Phone Number

When a power outage happens - Volunteer Energy Cooperative employees want to restore your power as quickly as possible. And we know you want power restored quickly also.

To streamline the outage reporting system and speed up the power restoration process, VEC is using an Interactive Voice Response (IVR). The IVR system helps receive and organize outage reports so VEC crews can get power restored in the fastest and most efficient way possible.

The key to allowing the system to operate as efficiently as possible is having your correct phone number on file with VEC.

Please fill out this form and mail it in with your bill payment or drop it off at your local VEC Customer Service Center.



Name: _____

VEC Account Number: _____

Address: _____

Phone Number: _____