

Scholarship Deadline Nears

Volunteer Energy Cooperative wants to reward students who have used their time and talents to benefit their local communities. VEC's

Lillard-Shadow scholarship program rewards academic and community service achievements by awarding four \$2,000 scholarships to students who will graduate from high schools in VEC's service area in the spring of 2009.

Willis A. Shadow was the University of Tennessee Agricultural Extension Agent for Meigs County in 1933. He saw the great potential in bringing electricity to the Decatur/Meigs County area. His leadership helped to create Meigs County Power Association, the organization that would become the Meigs County Electric Membership Corporation and ultimately, Volunteer Energy Cooperative. J.W. Lillard's roots ran deep in the county; he lived and practiced law in Decatur for many years.

As a gift to the community he loved, Mr. Lillard volunteered his time and expertise to assist Mr. Shadow in his efforts. Mr. Lillard was the cooperative's first president, providing the necessary consistency of leadership for the first seven years. Because of their vision and commitment to the community, Mr. Shadow and Mr. Lillard were instrumental in improving the lives and livelihood of thousands of residents through electric power. This scholarship honors the community spirit of Willis A. Shadow and J. W. Lillard.

Because of this history, Volunteer Energy Cooperative is committed to the strength of individuals and organizations in its service area and recognizes the importance of volunteerism and community activities to a young person's growth. This scholarship program will reward students who have "given back" to their communities by assisting the students with college costs.

A total of four awards of \$500 per semester will be distributed for Fall Semester 2009. These awards are renewable for up to four semesters, with a \$2,000 maximum award per student. To receive each semester's award, the student must maintain a GPA of at least 2.5.

All application materials must be completed and delivered to VEC's Cooperate Office in Decatur no later than 5 p.m. Eastern Time on March 2, 2009.

The **MOST** Dangerous Cake Recipe in the world...

5 MINUTE CHOCOLATE MUG CAKE

Add dry ingredients to mug, and mix well. Add the egg and mix thoroughly. Pour in the milk and oil and mix well. Add the chocolate chips (if using) and vanilla extract, and mix again. Put your mug in the microwave and cook for 3 minutes at 1000 watts. The cake will rise over the top of the mug, but don't be alarmed! Allow to cool a little, and tip out onto a plate if desired. EAT! (This can serve 2 if you want to feel slightly more virtuous).

Dee in VEC's **Corporate Offices** calls this the most dangerous cake recipe in the world. Why? Because now we are all only 5 minutes away from chocolate cake at any time of the day or night!

For even more great recipes, check out the VEC website at www.vec.org.

Ingredients

- 4 tablespoons flour
- 4 tablespoons sugar
- 2 tablespoons cocoa
- 1 egg
- 3 tablespoons milk
- 3 tablespoons oil
- 3 tablespoons chocolate chips (optional)
- A small splash of vanilla extract
- 1 large coffee mug

VEC Operates on a Thin Margin

Bringing electricity to the rural parts of East-Central Tennessee was a big job. We accomplished that job by coming together. We didn't wait around for one of the big investor-owned utilities to finally decide that they could make enough of a profit to run electric lines. We all got together and formed our own electric cooperative to get the job done.

We didn't form that cooperative to make anyone rich, or to provide profits for some outside investors. We did it to provide the best possible electric service and the lowest possible price. Those were the marching orders we received back in the mid-1930s and that is still VEC's guiding principle. Out of every dollar that VEC collects from customers 81 cents goes straight to TVA to pay for electricity. And 100% of TVA's Fuel Cost Adjustment goes straight to TVA. VEC receives no revenue from this charge.

The 19 cents out of every dollar is the amount on which VEC operates. It's a pretty thin margin and those are the funds we use to build substations, put up poles and run line, install meters, clear rights-of-way, respond to outages, build and staff nine customer service offices and corporate headquarters, replace and repair equipment, and do all the other work necessary to make sure the lights come on when you flip the switch.

By law and by our own charter we are not allowed to make a profit we can collect only what is necessary to keep the system going. That's why we have no choice but to pass along TVA rate increases and Fuel Cost Adjustment charges. Our margin is just not big enough to absorb those expenses without significant cuts in service.

At Volunteer Energy Cooperative we try very hard to never lose sight of who owns and operates the cooperative – you, our customers. And it's never hard to keep our customers' interests in the front of our mind because we are VEC customers too.

I am confident that we will get through tough economic times in the same way we tackled the job of bringing electricity to the region – together.



Rody Blevins is Volunteer Energy Cooperative's President and Chief Executive Officer.

VEC's Efforts to Save Money for Customers Recognized

The rising cost of electricity is prompting more and more interest in efforts to lower monthly electric bills by conserving electricity and using electricity as efficiently as possible. Now, there aren't many businesses that will go out of their way to help customers spend LESS money on their product. But Volunteer Energy Cooperative (VEC) was recently recognized as among the regions leaders in helping customers spend less on electricity.

The energy right® program is a partnership between VEC and TVA to encourage, communicate, and support the wise and efficient use of electricity. The energy right® program includes promotions to finance heat pump purchases in existing and mobile homes; promote energy efficient construction in new homes; the Generation Partners and Green Power Switch programs to promote alternative methods for electricity generation; and promoting high efficiency water heating.

VEC won first place in promoting energy efficiency in new manufactured homes and second place in Green Power Switch, promoting conversions to high efficiency heat pumps, and promoting conversions to high efficiency water heaters.

"VEC is committed to helping our customers use energy as efficiently as possible," said VEC Vice President of Marketing and Economic Development Patty Hurley. "These awards are the result of our employees working hard to save our customers every dime they can on their electric bills."

VEC's first place award, in the New Manufactured Homes category, was awarded for encouraging the installation of energy efficient manufactured housing in the VEC service area.

The second place award for promotion of the Green Power Switch program was awarded for VEC's effort in promoting this program that encourages electricity generation through wind, solar, and other non-traditional methods.

VEC also won second place in the New Homes category. VEC's efforts to promoting energy efficient construction techniques in new homes includes seminars for local builders, real estate professions, and homeowners, as well as incentives that go beyond lower monthly electric bills.

VEC's second place award in the Heat Pump Loan Program was awarded based on VEC's efforts to help customers purchase and install high efficiency heat pumps. Since heating and cooling costs represent more than half of the typical monthly electric bill, heating and cooling as efficiently as possible helps customers get the most bang for their buck.

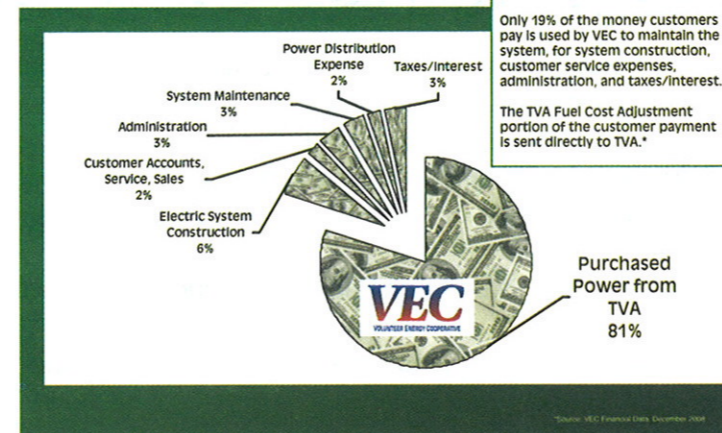
"These kinds of awards don't just happen," Hurley said. "It takes a lot of effort from our employees and a real commitment to help our customers save as much money as possible."

If you'd like to find out more about how VEC is working to help you save as much money as possible on your next electric bill, visit the VEC website at www.vec.org or contact your local VEC Customer Service Center.



Tracey Allen, left, and Kristy Kelly, right, picked up four awards for VEC at TVA's energy right® awards presentations.

Where do VEC customer payments go?



A vast majority (81%) of the money that VEC collects from its customers is spent to purchase power from TVA.

Only 19% of the money customers pay is used by VEC to maintain the system, for system construction, customer service expenses, administration, and taxes/interest.

The TVA Fuel Cost Adjustment portion of the customer payment is sent directly to TVA.

*Source: VEC Financial Data, December 2008

VEC Customers Share

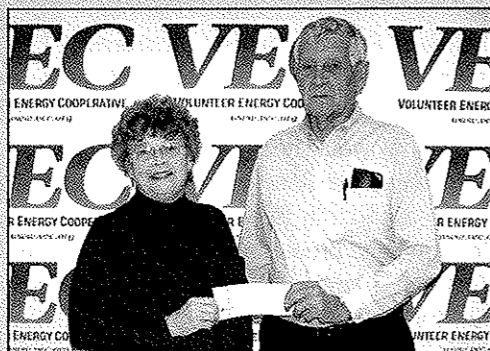
A Little Change Can Go a Long Way

Through the generosity of Volunteer Energy Cooperative (VEC) customers who allowed their electric bills to be rounded up to the next whole dollar, the VEC Customers Share program funded \$33,100 in community service grants in December. Since the inception of the program in October 2001, more than \$2.8 million 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.

Organizations receiving grants in December include: Monterey Lions Club - \$2,500; Kids Christmas, Inc., Crossville - \$2,205; Cumberland County Imagination Library \$2,000; Cumberland County Vietnam

Veterans - \$2,000; Chilhowee Youth Girls Softball, Benton \$1,500; Children's Advocacy Center of Hamilton County - \$1,500; Pickett County High School Softball Boosters - \$1,500; Big Spring Baptist Church Crisis Ministry, Cleveland - \$1,500; Fentress County Ministerial Association - \$1,500; Pilot Club of Athens

\$1,500; Chilhowee Middle School Basketball Booster Club, Benton - \$1,500; Rhea County Imagination Library - \$1,300; Greater Cleveland Soccer Association - \$1,000; Polk County K-8 D.A.R.E. Club - \$1,000; Mt. Carmel Ladies of Action, Decatur - \$1,000; Meigs County High School Health Occupation Students of America Club - \$1,000; Luminary United Methodist Church Health Fair Committee - \$1,000; Roane County Imagination Library - \$1,000; Manna House Ministries, Jamestown - \$1,000; Pickett County K-8 8th Grade Language Arts/English Club - \$695; Pickett County High School Beta Club - \$600; Infusion Solutions, Crossville - \$600; Meigs County Show Teams - \$500; Kingston Public Library - \$500; Wilson Elementary School Eighth Grade Group, Crawford - \$500; Lady Jets Softball Boosters, Crossville - \$500; Tennessee Valley Theatre, Spring City - \$500; Spring City Middle School PTO - \$500; Toys for Children, Spring City - \$400; and Cumberland County High School Cheerleader Boosters - \$300.



VEC Customers Share Board Member H.B. Rankin, right, presents a grant check to Erna Tipps, coordinator of the Luminary Health Fair.

Surge Sentry Helps Provide Peace of Mind

The typical American home contains many thousands of dollars worth of electronic devices. And thunderstorm season is just around the corner. That's why now is the time to consider affordable surge protection products backed by a solid warranty. Volunteer Energy Cooperative's Surge Sentry products are also backed by a local company with 70 years experience and a real commitment to customer satisfaction.

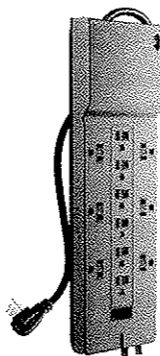
Surges in electricity can happen at any time, but they are more prevalent during stormy weather. Lightning strikes and tree limbs falling on electric lines are two of the most common causes. They can cause sudden, powerful increases in voltage. They may last only a millisecond, but they can damage or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

The final line of defense is having your home properly grounded. When VEC technicians install Surge Sentry equipment, they check 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 Sentry 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.



ELECTRICITY SAFETY DEMONSTRATIONS AVAILABLE

Electricity has helped bring prosperity and convenience to the Tennessee Valley and Volunteer Energy Cooperative (VEC) is proud to be a part of that. But electricity is also a power source that demands respect.

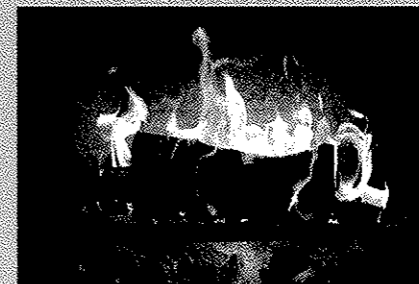
VEC offers free electricity safety demonstrations to teach groups of all ages how we can enjoy the benefits of electricity while avoiding some of the most common dangers.

Presentations can be tailored to any age group and to fit almost any time requirements.

To schedule a free safety demonstration for your group, phone Robert McCarty at 423-334-7052. You can also email a request to: rmccarty@vec.org.

Don't Let Your Fireplace Burn Your Budget

Your fireplace may be great to warm up by on a cold winter night, but be careful that it doesn't burn a hole in your wallet. Whether you use it or not, your fireplace can be a pipeline of energy waste.



When in use, your fireplace may actually have a reverse effect on your home heating. Older fireplaces are generally quite inefficient and only heat the immediate area. The convection of the fire can also suck conditioned air out of the rest of your home and cause your furnace to work harder.

When a fire is not burning there is usually only a thin metal damper to

keep warm air from flowing out the chimney. The damper is 100-year-old technology and does little to insulate your home.

Fortunately there are steps you can take to keep from getting burned by your fireplace:

- **Install a top-sealing damper.** These dampers are installed on the top of your chimney and act as a storm door, keeping conditioned air in regardless of the season.
- If your **fireplace is never used, consider sealing it** with insulation or an insulating inflatable damper. Be sure to remove all insulation if you plan on using the fireplace again.
- **Consider installing a fireplace heater.** These units draw fresh air from the room, circulate it through a heating chamber and blow it back into the room. They are a sealed system, so no smoke ever enters the room. Fireplace heaters will dramatically increase the efficiency of your fireplace.
- **Install glass fireplace doors.** This improvement will help the efficiency, safety and aesthetics of your fireplace. Glass doors allow for better sealing of the fireplace so less air is lost to convection and to simple drafts. The doors will also protect children from flames, and can prevent embers from escaping into the room. Consider installing doors in conjunction with a fireplace heater for maximum efficiency.

There are a wide variety of products on the market to help improve the efficiency of your fireplace or simply seal off an unused chimney. Shop around or ask an expert to determine what is best to keep your energy dollars from going up in smoke.