

# VEC Protects Personal Information

## Policy Regarding Privacy of Customer Information

Volunteer Energy Cooperative values you as an owner and as a customer and understands how important it is to protect the personal information that you have entrusted to us. We, therefore, treat such personal information in accordance with applicable law and the provisions of this policy.

### Information We May Collect

We only collect information that is needed to serve you and administer your cooperative's business. We may collect nonpublic personal information about you from the following sources:

- Information we receive from you on applications or other forms;
- Information about your business transactions with us or others;
- Information we receive from a consumer reporting agency.

### Protection of Your Information

We are committed to upholding our pledge to maintain security of our customers' personal and accounting information. To ensure such information is used only in the manner we have described in this notice, we restrict access to your personal and account information to those employees who need to know that information to provide products or services to you. We maintain physical, electronic and procedural safeguards to maintain the confidentiality of the

information we collect and to guard against its unauthorized access.

### Information We May Disclose

All of the information that we collect, as described above, may be disclosed when necessary to assist us in servicing your accounts to third parties as designated by you, in response to subpoenas or court orders, and to a credit bureau or similar information reporting agency. We do not disclose any nonpublic personal information about our customers to anyone, except as permitted by law.

We may disclose the information that we collect, as described above, to companies that perform marketing services on our behalf. This information may be shared with our affiliates so they can market their services. However, Volunteer Energy Cooperative does not share personal customer information with unaffiliated third parties for any reason.

If you decide to terminate your relationship with us, we will continue to adhere to the privacy policies and practices described in this notice.

### More Information

Questions regarding this policy can be directed to:

The Office of the President/CEO,  
Volunteer Energy Cooperative,  
P.O. Box 277  
Decatur, TN 37322  
or to your local VEC service center.



VEC Crossville Service District manager Bobby Randolph, left, and VEC Board of Directors member Keith Phillips, right, met with U.S. Rep. Bart Gordon recently as cooperative board members and employees met with their elected representatives in Washington, D.C. to discuss legislative issues facing VEC.

Volunteer Energy Cooperative and Seelbach line clearing contractors recently marked the 50th anniversary of their business relationship. Seelbach contractors have been helping VEC keep powerlines and R.O.W.s clear for a half century. On hand to mark the occasion were (from left): Robert Williams, Warren Kendall, and Becky Kendall of Seelbach and Rody Blevins, Clyde Jolley, and Steve Scott of VEC.



www.vec.org

VEC  
VOLUNTEER ENERGY COOPERATIVE

vec@vec.org

## Tax Incentives are Creating More Interest in Generation Partners Program

It seems like "Green Power" is the most popular buzzword around town these days – and for good reason. Federal tax incentives as well as a growing desire to protect our environment from some of the harmful side effects of many traditional forms of electricity generation has sparked interest in wind and solar electricity generation.

At VEC we welcome that interest and are very pleased to participate in TVA's Generation Partners program that provides incentives for customers who want to produce their own green power. But there has been a lot of misinformation spread around about wind and solar power generation and that has fueled a lot of unrealistic expectations about how much energy we can produce and what we can expect to pay for that energy.

One source of the misinformation is that the issue has become a political football. Too many people are interested in scoring political points rather than honestly discussing our options and costs. And secondly, there are always plenty of pie-in-the-sky predictions from some of those folks who are selling these systems.

At VEC we don't sell or endorse any of these systems, but we are always pleased to help our customers who want to look into the Generation Partners program. Federal tax incentives have made solar generation more cost effective than it was, but if you think you can generate enough electricity to supply all your own needs and then sell electricity back to TVA and make money on the deal – I'm afraid you will be disappointed.

Existing technology as well as the prevailing climate throughout the Tennessee Valley makes this highly unlikely. Let's take a look at a typical residential solar application as an example:

If you pay your power company 10 cents per kWh for the electricity you use to power your home each month, then TVA will pay you 22 cents (the 10 cents you will be paying your power company plus a 12 cent guaranteed premium) per kWh for all the green energy generated from your solar system.

A 2 kW solar system in the Valley averages 200 kWh per month or roughly

\$44 per month Generation Credit during the summer months. For an average size residential solar system (1.5 kilowatts to 2 kilowatts) a customer can expect to pay an average of \$8 to \$10 per watt for parts and installation. That's \$12,000 to \$20,000 on average.



Rody Blevins is Volunteer Energy Cooperative's President/CEO

That means it could take as much as 38 years for your system to pay for itself. Unfortunately that same poor cost-to-benefit ratio also applies to TVA trying to build large solar generation facilities.

Tax incentives and TVA installation incentives can help shorten that payback period significantly for Generation Partner participants, but it's easy to see that making money isn't a big incentive for folks who are participating in the project. But reducing your personal carbon footprint and helping to support and push the technology are very good reasons to participate.

At VEC we don't often endorse wind projects for the Generation Partner project because there just aren't many places in our service area where winds are strong enough or consistent enough to make wind generation feasible. You need very consistent sustained winds of at least 10 mph to operate a wind generation system. A good rule of thumb is the flag tree rule: If you have a tree on your property with limbs that have been shaped by the wind so that they are all oriented in one direction, then you may have winds that are strong enough and consistent enough to generate electricity. The very geography of our region severely limits the feasibility of residential wind generation systems.

VEC is a not-for-profit cooperative so we really have no incentive to mislead people about these issues at all. TVA's Generation Partners program to promote renewable and environmentally friendly electricity generation is a terrific idea and a good program in which we are very pleased to participate. But don't let political operatives and those who are motivated by personal profit rather than the public good lead you astray.

Realistic expectations and common sense is what we need to rely on – as individual electricity consumers and as a nation that is grappling with energy issues.

July 2009  
**POWERLINES**  
Newsletter of Volunteer Energy Cooperative

## VEC Customers Share Programs Marks \$3 Million Milestone in Local Community Grants

Volunteer Energy Cooperative's VEC Customers Share program has now donated more than \$3 million in community service grants to local non-profit organizations.

The program is operated by an independent board of directors who fund grants to support communities throughout VEC's 17-county customer service area. The funds are donated by VEC customers who allow their electric bills to be rounded up to the next whole dollar amount each month – and the spare change goes to fund the grants.

"Each customer who participates donates an average of \$6 per year to the program. But those nickels, dimes, and quarters can add up fast," said VEC President/CEO

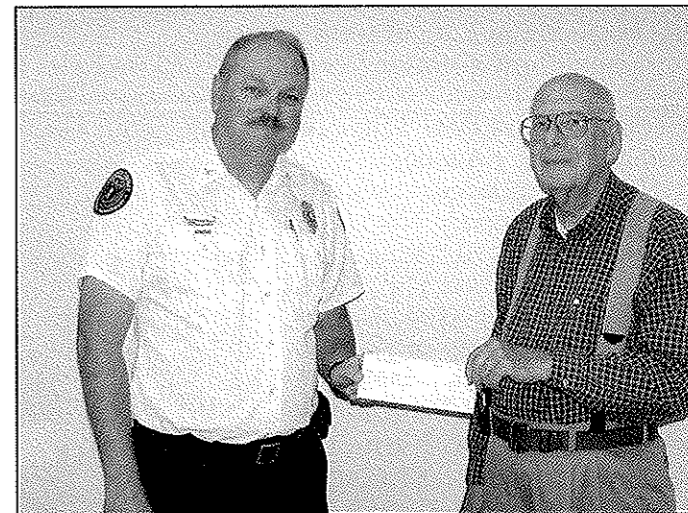
Rody Blevins. "The program began in October of 2001 and over these eight years we are very pleased to have supported so many genuinely worthwhile causes that have made a big impact in our local communities."

Each month the program funds about \$30,000 in grants that are distributed across VEC's 17-county service area. The grants are typically distributed proportionately by county. But on rare occasions board members have voted to use an entire month's donations for a single cause. Board members opted to do that to assist with rebuilding efforts after tornadoes swept through Cumberland County and again when floods ravaged parts of Rhea County.

But typically grants are smaller and have gone to fund a wide variety of community service efforts such as hunger relief, adult literacy, emergency response, historic preservation, the arts, recreation, education support, healthcare support, and a

wide variety of other community support efforts.

The grant that pushed the program over the \$3 million mark was a \$1,500 grant that was awarded



VEC Customers Share Board Member Don Padget, right, who represents Fentress County, presents a grant check to Jeff Galloway, the director of Fentress County Emergency Management Agency. The grant put VEC Customers Share over the \$3 million mark in grants funded to date.

to the Fentress County Emergency Management Agency. Jeff Galloway, the agency's director was on hand to receive the check.

"Fentress County is a very rural and very under-funded county. We depend heavily on grants like these to provide emergency services," Galloway said. "Federal grants are almost impossible to get. We just feel very grateful and very blessed to have received this grant."

Don Padget is the volunteer board member who represents Fentress County on the VEC Customers Share Board of Directors.

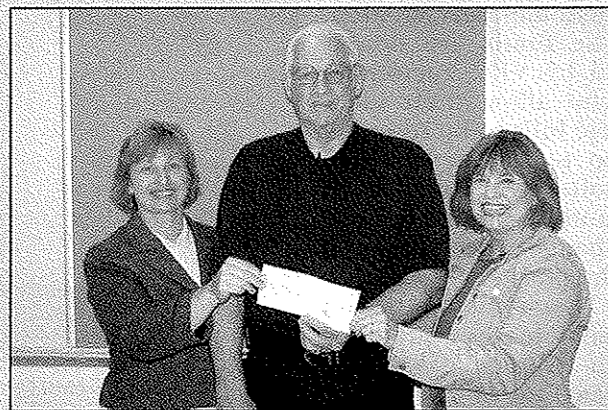
"I'm very pleased to be a part of this program," Padget said. "It is the best program I've seen. It puts more money back into the community than any other program. I think we have a board that is very dedicated and contentious and I'm impressed with how the money is used throughout the VEC service area."

# VEC Customers Share

## Your Spare Change Makes a Difference

Through the generosity of Volunteer Energy Cooperative (VEC) customers who allowed their electric bills to be rounded up to the next whole dollar, the VECustomers Share program funded \$33,300 in community service grants in April. Since the inception of the program in October 2001, more than \$3 million in grants have been awarded. (See the related story in this issue of Powerlines) 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 April include: Fair Park Senior Center, Crossville - \$2,000; Art Circle Public Library, Crossville - \$2,000; Veterans of Foreign Wars Post 5146, Athens - \$1,500; Fentress County Emergency Management Agency - \$1,500 (see related story); Chilhowee Support Group, Delano - \$1,450; Pickett County Relay for Life - \$1,200; Rebuilding Together, Sparta - \$1,200; Pickett County K-8 8th Grade Language Arts/English Club - \$1,000; Tri-County Ruritan Club, Birchwood - \$1,000; Cumberland GAP Mission, Jamestown - \$1,000; Meigs County High School Mu Alpha Theta Math Club - \$1,000; Museum Center at Five Points, Cleveland - \$1,000; Monterey High School Project Graduation - \$1,000; Cherokee Too Foothills County Fair, Cleveland - \$1,000; Midway Middle School Beta Club - \$1,000; Meigs County Middle School PTO/ Seventh Grade Class - \$1,000; Visually Impaired Support Group of Cumberland County - \$800; Delano Lions Club - \$800; McMinn County 4-H Club - \$750; Tennessee Valley Theatre, Spring City - \$600; Rhea County Veterans Coordinating Committee - \$500; Dorton Family Community Education Club - \$500; Snow Hill Recreation League Cheetahs - \$500; Monterey Boy Scout Troop 18 - \$500; Oak Grove Mission Team, Ocoee - \$500; Rhea County High School Track and Field Booster Club - \$500; Meigs County Senior Center - \$500; Cumberland County Fire Department, Mayland Station - \$500; Midway High School Cheerleader Booster Club - \$500; Armathwaite Fire Department - \$500; Midway FFA Alumni - \$500; Meigs County High School Future Teachers of America Club - \$500; Polk County High School Lady Wildcats Softball Booster Club - \$500; Ooltewah High School Wrestling Booster Club - \$500; Chattanooga Rock City Fraternal Order of Police #22 - \$500; Rhea Medical Healthcare Foundation, Inc., - \$475; Cleveland State Community College Foundation - \$400; Blue Springs Elementary School PTO, Cleveland - \$400; Wilson Elementary School AR Book Club, Crawford - \$300; Luminary Children's Community Spring Fling, Midway - \$300; United Way of McMinn and Meigs Counties - \$250; American Cancer Society of Rhea County - \$225; Helping Paws Healing Hearts, Cleveland - \$200; Midway Elementary School PTA - \$200; Senior Servants, Cleveland - \$200; and McMinn County High School Baseball Boosters - \$50.



VECustomers Share Board Member Jerry Stephens, center, presents a grant check to Evette Strickland and Sandra Hostetter of the Chilhowee Support Group.

## Lillard-Shadow Scholarships Honor Students' Commitment to Community Service

Volunteer Energy Cooperative rewarded four exceptional young adults for their commitment to community service and their academic achievements by awarding them with VEC's 2009 Lillard-Shadow Scholarships.

Each of the four students was awarded a \$2,000 scholarship to attend the college of his or her choice.

The Lillard-Shadow Scholarship program was endowed to honor the lives and community service of J.W. Lillard and Willis A. Shadow. Lillard and Shadow were dedicated to improving the lives and livelihoods of community residents through electric power. And the two were instrumental in the organization of the Meigs County Electric Membership Corporation in 1933 - the organization that eventually evolved into Volunteer Energy Cooperative.

To honor this history, an independent panel of education professionals judged applications for Lillard-Shadow Scholarships based largely on students' demonstrated commitment to community service.

Robert Taylor Deaton, a 2009 graduate of York Agricultural Institute in Jamestown; Amanda Nicole Whittle, a 2009 graduate of Cumberland County High School in Crossville; Edward Taylor King, a 2009 graduate of McMinn County High School in Athens, and Mark D. Straussberger, a 2009 graduate of Walker Valley High School in Cleveland were winners of this year's VEC Lillard-Shadow Scholarships.

VEC awards four Lillard-Shadow Scholarships annually. One is awarded in each of VEC's four service districts. Deaton was the winner in VEC's Jamestown Service District, Whittle was the winner in VEC's Crossville Service District, King was selected from VEC's Decatur Service District, and Straussberger was the Cleveland Service District winner.

Deaton, the son of Catherine and Ronnie Crabtree, has an extensive record of community service that

includes volunteer work in recycling and environmental clean-up projects in and around Jamestown.

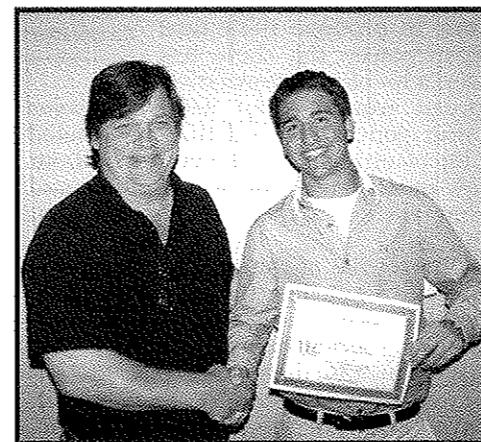
He is planning to attend Tennessee Technological University where he plans to wildlife/fisheries science.

Whittle, the daughter of Thomas and Debra Whittle, has demonstrated her commitment to her community through numerous projects with the National Beta Club, Interact Club, Renaissance Club, and her student government.

She plans to attend Tennessee Technological University and study mechanical engineering.

King, son of Ralph and Jamie King, has served his community with volunteer work with the Gem Players, the Living Heritage Museum, Ingleside School for Kids Connection, his local rescue squad and tutoring his fellow students in geometry.

He plans to attend Bryan College and study music and mathematics.



Volunteer Energy Cooperative's Robert McCarty, left, presents one of the Lillard-Shadow Scholarships to Mark D. Straussberger of Cleveland.

Straussberger, the son of Jeff and Jean Straussberger, also has an impressive record of community service that includes volunteer work at Cleveland Emergency Shelter, Cleveland Junior Bass Club's Casting Kids program, Angel Tree, and local food drives.

He plans to attend Tennessee Technological University and study mechanical engineering.

VEC President/CEO Roddy Blevins said VEC is proud to honor students, like these, who have shown a real commitment to serving others through community service.

"Our scholarship winners are the types of students who can look beyond their own individual wants and needs and focus on the needs of those around them," Blevins said. "We are very pleased to offer them our support and best wishes."

## VEC Helping to Test Tomorrow's Technologies Today

Volunteer Energy Cooperative, TVA, and the Electric Power Research Institute (EPRI) are joining forces to see if new technologies can help put TVA's soaring peak summer demand on ice.

In the Tennessee Valley the demand for electricity reaches its highest during the hottest summer days. On these days the demand for electricity is so high TVA typically has to purchase power on the open market. That's very expensive. TVA could build enough generation capacity to meet the peak demands but that's expensive too. And since that peak demand is only needed a few days a year, TVA would essentially be building generation capacity that would sit idle for the vast majority of the year.

In an effort to address this dilemma, TVA is exploring ways to shift the demand for electricity away from the peak hours to the hours during which there is a significantly lower demand for electricity.

VEC and EPRI have joined in the effort by participating in an experiment using alternative cooling technology. A company called ICE Energy has developed a cooling support system called the Ice Bear. The Ice Bear produces ice during the nighttime when the demand for electricity is low and then uses fans to blow air over that ice during the day when the demand for electricity is high.

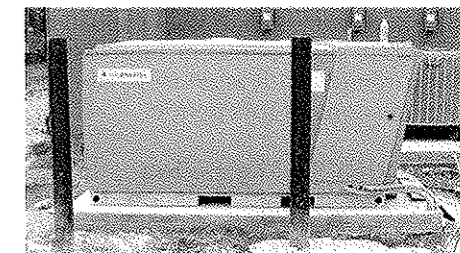
That means the air conditioning compressor rarely has to run during the day, reducing the system's need for electricity significantly.

VEC has installed one of these units at the new central dispatch center at VEC's Corporate Headquarters in Decatur. In the joint project TVA purchased the unit, VEC is paying for the installation, and

EPRI is providing equipment they can use to monitor the efficiency and benefits of the system.

VEC's project manager Scott Woodlee says this one unit probably won't have a significant impact on shifting peak summer loads yet, but the data provided could help determine whether the units could be economically beneficial to customers.

"We're looking down the road. This is a long-term look into the future," Woodlee said. "We want to see if this could be valu-



The Ice Bear that was recently installed at VEC Corporate Offices in Decatur looks very similar to a traditional central air conditioning unit - but it operates very differently.

able technology for our customers and others."

Some large commercial and small industrial tests with the Ice Bear technology are under way, but this is the first time TVA has joined with an electricity distributor like VEC for these types of tests. Woodlee said the partnership is a particularly good fit since VEC President/CEO Roddy Blevins serves on the Tennessee Valley Public Power Association's Research and Development Committee.

"We hope to find out just what kind of return on their investment our customers can expect if they employ this type of technology," Woodlee said. "That's going to make a big difference in whether we can expect to see this technology make a significant impact on our peak demand."

## TVA To Reduce Fuel Cost Adjustment in July

TVA recently announced that the quarterly fuel cost adjustment will decrease for the third straight quarter for meters read beginning July 1.

This decrease, in addition to reductions on Jan. 1 and April 1, will offset most of the 17-percent FCA increase in October 2008. Overall, the decrease for the fourth quarter of the 2009 fiscal year will be a 4.1% reduction on total average wholesale rates, which is a reduction of approximately 35% from the current quarter's fuel cost adjustment amount, bringing it to the lowest level in more than a year.

Because the FCA is a per kilowatt-hour charge, amounts that consumers save will depend on how much energy they use. Savings will vary across the Tennessee Valley, but residential consumers can expect a decrease that ranges from about \$2 to \$5 in their monthly power bills.

"With the reduction in July, we will roll back the fuel cost adjustment increase from last fall, which is good news for ratepayers," TVA President and CEO Tom Kilgore said. "Fortunately for all of us, the price of coal and natural gas that are used as fuels in TVA power plants has declined in recent months. In addition, current economic conditions have resulted in lower power sales for TVA and that reduces our fuel and purchased power costs, as well."

Beginning with July 1 meter readings, the FCA for VEC residential customers will be .057¢ per kilowatt-hour, down from the current .0878¢ per kilowatt-hour and last October's 1.441¢ per kilowatt-hour.

Like utilities around the country, TVA uses a fuel cost adjustment to recover costs of the fuel to generate electricity and the cost of electricity bought from other suppliers. The adjustment is part of consumers' power bills and goes up or down, depending on those costs.

Volunteer Energy Cooperative does not receive any of the revenue generated through the FCA. It is a pass-through charge that goes directly to TVA. VEC itemizes this charge on power bills.