

## VEC Has the Holidays Covered

### Weather Radios, Toy Trucks Make Great Holiday Gifts

If you're looking to get a head start on your holiday shopping, VEC has a couple of suggestions. Weather radios can help keep your loved ones prepared for approaching storms and toy VEC trucks make a great gift or stocking stuffer.

WR-300 Midland weather radios are available for \$74.95 plus tax and toy trucks are available for \$5 plus tax at your local VEC Customer Service Center.



## FTC Enacts Regulations for New Utility Accounts

The Federal Trade Commission is requiring utilities such as VEC to follow new regulations when opening a residential electric account or adding customers to an existing residential electric account. The new "Red Flag Rules" identity theft guidelines that require utilities, among other institutions, to implement programs to identify, detect, and respond to warning signs that could indicate identity theft.

VEC is responding to these new rules by enhancing the VEC "Privacy Policy" which is also described in this edition of Powerlines.

The enhancements include more stringent identification requirements for customers opening new residential electric accounts with VEC.

VEC now requires two forms of identification to open a new residential account and one of those forms of identification must be a government issued photo ID such as a driver's license, military ID, or passport. VEC must also verify the Social Security number

of the customer requesting new service so the preferred second form of identification is a Social Security card. In order to verify the customer's address VEC also required verification of homeownership or a rental agreement.

Customers who wish to get account information over the telephone are also being asked to provide some verification of their identity before any account information can be shared.

Customers who want to add someone to their electric account should call their local VEC Customer Service Center. A form will be mailed to the customer. That form will need to be returned with the signatures of both parties. VEC does not charge for this service.

To avoid delays customers who want to set up a new residential account or who want to add someone to their existing account are requested to call their local VEC Customer Service Center so they can be prepared to bring the necessary identification forms and address verifications.

## VEC Responded to Challenges of FY 2008-09

VEC distributed our Annual Report for Fiscal Year 2008-2009 at our Annual Meeting in Decatur on October 3rd. If you were unable to attend the meeting, but would like a copy of the report, they are available at your local VEC Customer Service Center.

In the report we discuss the challenges that VEC faced during the year and how we worked to meet those challenges without ever losing sight of our mission – to provide the best possible service at the lowest possible price. Here are a few of the highlights:



Rody Blevins is Volunteer Energy Cooperative's President/CEO

### Right-of-Way and Pole Inspections

About four years ago we began an aggressive right-of-way clearing and pole inspection program with the goal of correcting potential problems before they turn into power outages. With 9,000 miles of powerlines and about 180,000 poles to cover, it's a daunting task.

The program is paying off. Especially over the past two years we've seen some very good results and we're seeing fewer outages. We plan to continue this aggressive approach.

### VEC Customers Share Program Tops \$3 Million Donated to Local Communities

During the year, the VEC Customers Share program, which is funded by those of us who have elected to round our bill up to the nearest whole dollar, surpassed \$3 million in grants funded. The grants go to a variety of local non-profit organizations such as hunger relief, literacy, disaster relief, emergency responders, school and educational organizations, historic preservation, the arts, recreation, and the list goes on and on.

I'm very grateful to all our customers who participate and I'm proud of the work this program is accomplishing in our local communities.

### VEC Using Technology to Work Smarter

During the year, we've continued to put the latest proven technologies to work in order to work more efficiently and more cost-effectively.

Our Automated Meter Reading (AMR) project reached the halfway point and we are now reading more than half of our meters using this technology. It's proven to be accurate, cost-effective, and it reduces VEC's carbon footprint considerably.

We've made improvements to our Interactive Voice

Response (IVR) system to make it more user-friendly and we are able to handle phone calls and restore power during outages much more efficiently.

Our new Central Dispatch Center in Decatur went online this year. This center incorporates several technologies under one roof to reduce the number and the length of power outages.

### Substation Projects Increase our Capacity and Reliability

By the end of the 2009 calendar year VEC will have two new substations online. We have also completed major renovations and upgrades at three other VEC substations during the year. In each instance we managed to increase our capacity and enhance system reliability. But keeping up with the demand for electricity is an on-going effort and we are planning additional projects for next year as well.

There's a copy of our Financial Statements in this edition of *Powerlines* and more information about our year in our Annual Report. I encourage you to pick up a copy of our Annual Report at your local VEC Customer Service Center.

## If YOU Are Ready to Get Serious About Energy Conservation, WE are Ready to Help

Volunteer Energy Cooperative (VEC) customers who have been considering spending \$150 or more on money-saving improvements to their homes, can get rebates and free in-home energy evaluations to help choose the improvements that will get the biggest possible return on their investment.

VEC and TVA are teaming up for the free program which has been extended. A trained energy-efficiency evaluator will come to your home and recommend steps you can take to save money on your energy bills. If you spend at least \$150 on recommended improvements, VEC and TVA will rebate up to 50% of the cost of qualifying improvements up to a maximum of \$500. (Some restrictions and limits may apply. Call for details.)

Owners of manufactured or stick-built homes who have had

permanent VEC electric service for at least one year and who have not participated in the *energy right*® heat pump program at the same address for at least six months are eligible to participate. Homeowners must agree to a free in-home energy evaluation by a VEC-approved evaluator, must read and sign an agreement to proceed, and must use TVA/VEC-approved contractors. (Some improvements can be completed by the homeowner with pre-approval from VEC.)

For more information or to request a free in-home energy evaluation, contact Kristy Kelly in VEC's Marketing and Economic Development Department at 423-334-7055. You can also call your local VEC Customer Service Center and, when prompted, enter extension 7055.

## TVA Announces Rate Increase Fuel Cost Adjustment Credit will Offset Increase in October

TVA has announced an 8% rate increase that will go into effect October 1, 2009. But during October TVA's Fuel Cost Adjustment (FCA) will be a negative amount, so the net effect will be a reduction in the per-kWh charge a customer pays for October.

Starting in November our members will see the full effect of the rate increase. Also, beginning in October TVA will re-calculate the FCA on a monthly basis.

Residential rates will increase from \$.08001 per kWh to \$.08613 per kWh. The customer charge will remain the same. The FCA per kWh for residential will be \$-.00221. The FCA for all rate classes will be

a negative number, resulting in a credit on customers' bills.

Beginning October 1, TVA will begin adjusting the FCA monthly rather than quarterly as they have done previously. VEC will publish the most current FCA rates each month in *Powerlines*, although the rate published will reflect the most current FCA rate at the time of printing which is normally three to six weeks prior to the distribution of *Powerlines*.

The most up-to-date FCA rate information will be available at VEC's website at [www.vec.org](http://www.vec.org). Click on the TVA Fuel Cost Adjustment link on the left of the homepage.

# 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 \$33,100 in community service grants in August. Since the inception of the program in October 2001, more than \$3 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](http://www.vec.org).

Organizations receiving grants in August include: Monterey Senior Citizens Center - \$1,500; Byrdstown Lions Club - \$1,500; Fentress County Food Bank - \$1,000; Polk County Education Foundation - \$1,000; Senior Lighthouse Center, Spring

City - \$1,000; Cleveland Express AAU Track Club - \$1,000; Chilhowee Middle School Girls Softball Booster Club, Benton - \$1,000; Tri-County Center, Athens - \$1,000; Polk County Girls Volleyball Club - \$1,000; American Legion Post 137, Jamestown - \$1,000; Fentress County Fair Association - \$1,000; Cumberland County Vietnam Veterans - \$1,000;

Nocatala Civitan Club, Riceville - \$1,000; Friendship Baptist Church Youth Group, Delano - \$1,000; Midway Middle School Beta Club - \$1,000; Safe Haven Light, Spring City - \$1,000; Avalon Center: Domestic Violence and Sexual Assault Program, Crossville - \$1,000; American Red Cross of Bradley County - \$990; Cub Scout Pack 3077, Ooltewah - \$910; Mended Hearts Chapter 127, Cookeville - \$900; Southeast Street Toys Car Club, Birchwood - \$832; Midway Music Club - \$800; Hamilton County 4-H - \$668; Meigs County Literacy Council, Inc., - \$500; Boy Scouts of America Troop 616, Calhoun - \$500; Frank P. Brown Elementary School PTO, Crossville - \$500; Meigs County-Decatur Chamber of Commerce - \$500; TN Hemophilia & Bleeding Disorders Foundation - \$500; Midway Athletic Club - \$500; Meigs County Historical Society - \$500; Senior Citizens of Cumberland County \$500; Meigs County Archery Club - \$500; Cedar Valley Giants, Decatur - \$500; Cumberland County High School Cheer Boosters - \$500; Midway Quarterback Club - \$500; Cumberland County Drug Alliance - \$500; Star Point Fire Station, Byrdstown - \$500; Plateau Longbeards Chapter of the National Wild Turkey Federation, Crossville - \$500; Sierra Hull Bluegrass Festival, Byrdstown - \$500; Peavine Care Center, Crossville - \$500; Cumberland County Football Boosters - \$300; Trinity Tabernacle Helping Hands Food Bank, Crossville - \$300; Hebbertsburg Community Center, Crab Orchard - \$300; Stone Memorial High School Cheer Boosters - \$300; and North Cumberland Elementary Boosters - \$300.



VECustomers Share Board Member Bill Sparkman, center, presents a check to Larry Cotton and Jeremy Rogers of the Cleveland Express Track Club.

## Financial Statements for Volunteer Energy Cooperative For the Fiscal Year Ended June 30, 2009

### VEC Balance Sheet as of June 30, 2009

<b>Assets</b>	
Electric plant in service	\$ 341,527,312
Less depreciation	<u>129,297,265</u>
Total	212,230,047
<b>Other property and investments</b>	
	2,408,237
<b>Current and accrued assets</b>	
Cash and temporary cash investments	5,588,114
Accounts receivable	15,021,704
Materials and supplies	3,124,397
Prepayments	706,503
Other current assets	<u>876,000</u>
Total	25,316,718
<b>Deferred debits</b>	
Receivables-conservation	4,203,386
Other deferred debits	<u>563,722</u>
Total	4,767,108
<b>Total assets</b>	<u>\$ 244,722,110</u>
<b>Capital and Liabilities</b>	
<b>Capital</b>	
Membership certificates	\$ 420,680
Earnings reinvested in system assets	<u>152,910,163</u>
Total	<u>153,330,843</u>
<b>Long term debt</b>	
	56,190,105
<b>Other noncurrent liabilities</b>	
	8,805,436
<b>Current and accrued liabilities</b>	
Other notes payable	-0-
Accounts payable	14,350,101
Customer deposits	3,706,024
Taxes and interest	936,964
Other current liabilities	<u>824,692</u>
Total	19,817,781
<b>Deferred credits</b>	6,577,945
<b>Total capital and liabilities</b>	<u>\$ 244,722,110</u>

## Financial Statements for Volunteer Energy Cooperative For the Fiscal Year Ended June 30, 2009

### Volunteer Energy Cooperative Statements of Income and Earnings Reinvested in System Assets Fiscal Year Ended June 30, 2009

<b>Operating Revenue</b>	
Sale of electric energy	
Residential	\$ 141,551,496
Commercial	20,751,553
Industrial	49,230,416
Street and other lighting	<u>3,750,493</u>
Total sale of electric energy	215,283,958
Other revenue	<u>4,943,374</u>
Total operating revenue	<u>220,227,332</u>
<b>Operating Expenses</b>	
Cost of power purchased from TVA	\$ 168,619,880
Distribution and transmission expense	10,626,042
Customer accounts expense	5,213,289
Customer service, sales and information expense	630,753
Administrative and general expense	7,404,062
Depreciation	10,912,816
Taxes	2,257,711
Interest expense	<u>3,186,893</u>
Total operating expense and interest	<u>208,851,445</u>
<b>Operating Income</b>	11,375,887
Other income	<u>1,480,308</u>
<b>Net Income</b>	<u>\$ 12,856,195</u>
<b>Earnings Reinvested in System Assets</b>	
Beginning of fiscal year	\$ 140,053,968
End of fiscal year	\$ 152,910,163

## 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; and

- 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.