

Make Sure Your Automatic Payments are Really Automatic

Signing up for VEC's Automated Bank Draft payment program takes the stress and the hassle out of paying your electric bill. VEC can draft payments automatically from a checking account or a credit card account.

If you take advantage of this program, however, it is essential that you notify VEC of any changes that might affect your payment.

Failing to notify VEC if there are changes in your bank routing number, credit card number, or other account information could result in delays and late charges. Don't let little oversights offset the benefits of this simple, hassle-free program.

If you haven't yet signed up for the Bank Draft program, instructions and a sign-up form are on the VEC website - www.vec.org.

Planting the Right Trees in the Right Place Helps Prevent Power Outages

In this part of Tennessee we are blessed with an abundance and a variety of trees that many climates can only dream about. It is just one of the many things that make this a wonderful place to live. But it can also be quite a challenge for Volunteer Energy Cooperative in meeting our responsibility to deliver a reliable flow of power to 110,000 customers in all or part of 17 counties.

Trees can be a power company's worst enemy. Strong winds, saturated ground, and heavy icing can topple trees or break branches that pull down power lines and cause power outages. Sometimes even heavily damaged power lines can remain energized and can potentially cause a serious safety risk.

Arcing and flashovers between power lines and nearby branches - branches that may not even be coming into contact with power lines - can cause serious safety risks as well. For those reasons VEC has undertaken an aggressive right-of-way clearing program to reduce power outages and to minimize safety risks.

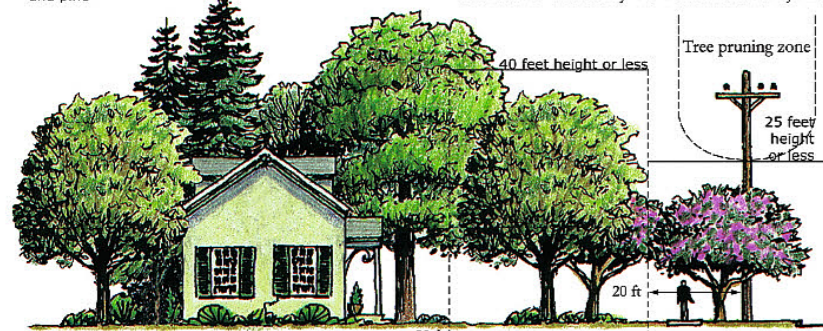
To prevent having a tree trimmed extensively or removed, the best solution is to plant the right tree in the right place. The University of Tennessee Agriculture Extension office prepared the following guidelines for power line-friendly tree planting:

- Small trees - 30 feet or less in height - should be planted at least 10 feet from buildings and 20 to 25 feet away from power lines.
- Medium trees - 30 to 70 feet in height - should be planted at least 15 feet from buildings and 30 to 35 feet from power lines.
- Large trees - those reaching 70 feet or more in height - should be planted at least 25 feet from buildings and 40 to 45 feet from power lines.
- No tree trunk, no matter how small the tree, should be within 10 feet of a utility pole.

Tall trees, such as:
maple, oak, spruce,
and pine

Plant the right tree in the right place

Plant taller trees away from overhead utility lines



Arbor Day Foundation
arborday.org

Medium trees, such as:
Washington hawthorn
and goldenrain tree

Small trees, such as:
redbud, dogwood,
and crabapple

Do You Have An Old Refrigerator In Your Garage?

Have you recently purchased a new refrigerator?

If you have, that's great. New Energy Star-rated refrigerators use about half the energy that older (pre-1993) models use. So that purchase will pay off in the form of lower electric bills. Or will it?

That depends on what you did with that old refrigerator.

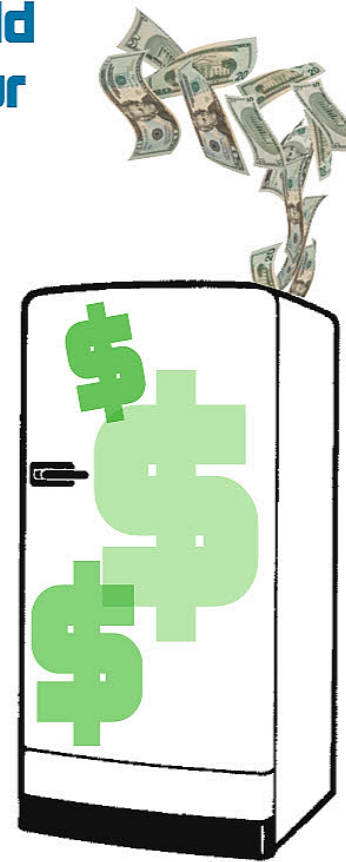
If you moved that old refrigerator out into the garage and use to store some drinks and maybe some extra food items, then you're probably spending all that you save ... and maybe even more.

When you put a refrigerator into an area that is not insulated - such as a garage - it will use even more energy during hot weather. A refrigerator in an area with a temperature of 90 degrees or more will use about 50 percent more energy than it would in an area with a temperature of 70 degrees. And during colder weather when the temperature drops below 40 degrees the refrigerator's thermostat may not trigger its cooling and defrost cycles correctly.

Add the fact that many older refrigerators lose a lot of their energy efficiency as refrigerants weaken and door seals start to leak and you may be spending up to \$150 per year.

You have to ask yourself, is keeping some extra drinks and food refrigerated worth an electric bill that is \$10 to \$13 higher each month?

For more tips on how you can save energy and money visit www.vec.org



Tennessee Valley Authority (TVA)
Residential & Outdoor Lighting Fuel Cost Adjustment
Effective March 1, 2011

\$0.00664

For the most current FCA information, visit www.vec.org

VEC is Holding Unclaimed Property

Volunteer Energy Cooperative (VEC) is holding unclaimed property of at least \$50 due to the persons listed below.

The owner may claim this property by contacting VEC at the address and/or telephone number listed below:

Volunteer Energy Cooperative,
18359 Highway 58 N. P.O. Box 277,
Decatur, TN 37322 (423) 334 - 7017

If an owner has not contacted us by May 1, 2011 the law requires us to submit this property to the Tennessee Treasury Department Unclaimed Property Division.

Allardt, TN: Raymond Rogers
Athens, TN: Jessica K Grady, Ryan Shamblin, Sandra R Deal, Summer L Ketchersid
Birchwood, TN: Jesse C Manis, Rodney Duvall
Calhoun, TN: Roy D Roberts
Charleston, TN: Halia Kurochka, Riverside Marine Service
Cleveland, TN: Abigale Umphrey, Alethia Hayes, Alonso Diaz, Bobby Simpson, Georgia M Snow, Gerald L Mizell Jr, Ionian Construction, Jason Cash, Jeremy Beard, Joseph M Shelton, Linda Ensley, Linda Maney, Sherry E Harris, Talor S Armstrong, Tammy Goodner
Crab Orchard, TN: Kathy Odonnell
Crossville, TN: Allen Sutton, Angela Haynes, Angela L Brady, April Tomlin, Cain M Demumbra, Carol Bratton, Christie Roysdon, Clifton Hubbard II, Clyde Starling, Connie Emberton, Dayna Hodge, Fernando P Manuel, Gary Lewis, John Fosco, Joshua E Ashworth, Justin C Custer, Martha L Vest, Roscoe V Emery, Suk Bang, Terry Lowe, Timothy Jordan, Timothy Lee, Valerie D Roberts, Vickie Williams, Wayne Ufken, Whitney Gunter, William H Hooker, Zuri Mayse.

Dayton, TN: Dustin McCarty

Decatur, TN: Albright Johnson, Dana L Rider, Faye Hawkins, Regions Bank, Stacey D Willoughby
Etowah TN: James R Long, Sabrina L Riden
Evansville, TN: Angela Dennis, Billy J Clark, Lavioris Donegan, Robert W Morgan Jr, Landon J Dawson
Fairfield Glade TN: Carl Darling, Richard Galos
Grandview, TN: Jason James Grimsley
Jamestown, TN: Billy J Gunter, Gary N Campbell, Jalonda Davis, Laura Smedes, Tommy D Delk Jr
Kingston TN: Clonis L Prine Jr
McDonald, TN: Cliff A Haney, Fred Renfro, Jason F Rogers, Rodney O Conner
Monterey, TN: Anna A Maxwell, David R Lopez, Jose L Ramirez
Old Fort, TN: Henry A Rumpel
Oneida, TN: Rustic Design Construction
Ooltewah, TN: Showplace Homes LLC.

Pall Mall, TN: Bryan Nicholas
Pleasant Hill, TN: Daniel Mercure
Reliance, TN: Ruth M Koehl
Riceville TN: Amber D Hiefnar, Mick A Boyd
Rockford TN: Victor Jaske
Sparta, TN: Cynthia M Brown, Wayne Cottrell
Spring City, TN: Perez Noe, Rosemary J Inman, Scott Reed
Ten Mile, TN: Andrew Veach, H F Reaves, Robert L Wyatt
United Kingdom: Christopher Camp
Virginia Beach, VA: Jacqueline Thibeault
Cape Coral, FL: Alan Ogden
Fort Lauderdale, FL: Lorne Progosh
Indianapolis IN: Brooke Cunningham
Louisville, KY: Charter Communications
Fostoria, MI: John A Fessler
Ofallon, MO: Mary Teague
Concord, NH: Carolyn J King
Depew, NY: HSBC Mortgage Corp
Latrobe, Pa: Kimberly L Campbell.

VEC Customers Share

VEC Members Make a Difference in their Communities

The VEC Customers Share program funded \$32,500 in community service grants in January. Since the inception of the program in October 2001, more than \$3.7 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.



VEC Customers Share Board Member Gloria Schouggins, front-center, presents a grant check to representatives of the Meigs County High School Spanish Club. On hand representing the club are: Vincent Castellani, Tami Elrod, Kayley Denton, Sarah McMahan, C.J. Locicero, Kayla Brown, Baylee Nunley, Hope Elrod, and Destiny Brown.

Organizations receiving grants in January

Pickett County High School Softball Boosters - \$2,190	National Center for Youth Issues, Hamilton County - \$1,000
Midway Middle School Beta Club - \$2,000	Cumberland County Vietnam Veterans - \$1,000
Pine Grove Fire District Association - \$1,500	The Caring Place, Cleveland - \$1,000
Fair Park Senior Citizens Center, Crossville - \$1,500	Midway Music Club - \$1,000
Fentress County Senior Citizens Center - \$1,500	Polk County Education Foundation - \$1,000
McMinn County Education Foundation - \$1,500	Tri-County Ruritan Club, Birchwood - \$1,000
SpiritHorse Therapeutic Riding at Black Fox - \$1,500	Juvenile Character Program, Calhoun - \$900
Cumberland County Drug Alliance: Teens Against Drugs Activity Center - \$1,500	Stone Memorial High School Football Booster Club, Crossville - \$750
Amazing Race Renaissance Program, Athens - \$1,500	Wyndridge Health and Rehabilitation Center, Crossville - \$750
Meigs County High School Spanish Club - \$1,310	Meigs County Relay for Life - \$750
Monterey Lions Club - \$1,250	Decatur Tigers Baseball - \$650
Jamestown Rotary Club - \$1,250	Wilson Cheerleading Group, Crawford - \$600
Monterey Senior Citizens Center - \$1,150	Fellowship of Christian Athletes, Crossville - \$500
Polk County Retired Teachers - \$1,100	Mt. Carmel Ladies of Action, Decatur - \$450



TVA's New Rate Structure Shifts Costs from Rate to FCA

Rody Blevins is President/CEO of Volunteer Energy Cooperative

In the last several issues of Powerlines I've been discussing Tennessee Valley Authority's (TVA) decision to change their rate structure to more accurately reflect the actual costs they incur in generating electricity. I have previously written about how it costs TVA more to supply power during peak periods and how their new rate structure will reflect those costs.

Beginning in April, TVA will begin charging Volunteer Energy Cooperative (VEC) under a new formula that includes energy and demand charges and a higher seasonal rate for summer when TVA experiences the highest demand for electricity. The new formula also shifts a significant portion of the charges away from the base rate and into the Fuel Cost Adjustment (FCA).

In the past TVA has moved the FCA up or down based on whether their actual fuel costs were more than or less than the amount they had budgeted for these expenses. In most months the FCA added additional costs to electric bills and in a few months the FCA deducted costs. Beginning in April TVA will move all their fuel costs into the FCA – not just the portion that differs from their fuel costs budget.

The results will be that the FCA charge you see on your bill will reflect a much higher percentage of your total electric costs.

TVA has announced that they intend this shift to be "revenue neutral" for TVA in that they believe it will not increase nor decrease the amount of total revenue they collect from the 158 electricity distributors (like VEC) they serve.

But that doesn't mean that each individual distributor will be charged the same. It simply means that some distributors wind up paying a little less and that will be offset by other distributors paying a little bit more.

VEC has conducted an extensive cost of service study that incorporates TVA's new Seasonal Demand and Energy rate structure and our distribution data for the past several years and we have determined that the new rate structure from TVA will cost VEC an additional \$5 to \$6 million per year.

The reason for this is because under the new rate structure distributors that serve a higher percentage of commercial and industrial customers will be paying a little less under the new structure. Distributors like VEC that serve a higher percentage of residential customers will pay more.

This is because commercial and industrial demand for electricity is not as closely tied to weather as residential demand. In the typical home about 50% of all energy costs are tied to heating and cooling costs. In most industrial and manufacturing locations operation of machinery and large electric equipment represents a much higher percentage of their demand for electricity and heating and cooling represents a smaller percentage of their overall demand.

That's why rates that vary according to season have a greater impact on residential customers.

TVA officials explain the reasoning behind this cost shift saying that they want to encourage economic development and job creation by keeping commercial and industrial rates as low as possible and by saying that they want to provide an incentive for conservation and efficiency.

Given the new TVA rate structure it appears that VEC will have no choice except to pass along some of these additional costs to our customers. VEC is a not-for-profit, customer-owned cooperative and we do not have any profits that we can dip into to offset these additional costs that we will be incurring.

VEC operating margin has been shrinking significantly over the past decade. In the not-too-distant past VEC sent \$0.78 out of every dollar we collect directly to TVA to purchase electricity. Now VEC sends more than \$0.82 out of every dollar to TVA.

Across the nation other customer-owned electric cooperatives retain an average of 34% of their billing to operate. VEC retains only 18% - almost half the national average.

We've managed to trim our budget, to work more efficiently, and use the technology available to keep our costs down even while we've increased our commitment to Right of Way clearing, pole inspections, and system maintenance to increase our system reliability.

We are determined to fulfill our mission to provide the best possible service at the lowest possible price and we will continue to help our customers pay as little as possible for their electric service.

The VEC Board of Directors voted to further tighten our belts and absorb at least a portion of TVA's increased billing. For that reason the increase for VEC's residential customers will be less than 3%.

VEC Works With Local Contractors To Help Lower Your Electric Bill

Not many companies work as hard as Volunteer Energy Cooperative (VEC) does to help customers spend LESS money on our product. One way VEC works to help customers use less electricity – and lower their electric bills – is by participating in energy efficiency and energy conservation programs with local contractors and TVA.

VEC recently hosted seminars with local contractors who specialize in heat pumps, home insulation, and other energy-saving home improvement products to help them stay abreast of the most-up-to-date techniques and products and to show them how to help customers receive financing and rebates through VEC/TVA programs.

The two seminars – one in Decatur and one in Crossville – focused on VEC's heat pump financing and In-Home Energy Evaluation programs. The programs offer VEC customers attractive financing rates, expert advice and inspections, and rebates for qualifying home improvements that save energy and money.

VEC contract inspector and energy efficiency expert John Proffitt also took contractors through some of the latest innovations in energy-efficiency technology and products during the seminars.

Heat Pump Financing

One of the programs contractors got an update on was VEC/TVA's heat pump financing program which offers customers the opportunity to finance the purchase and installation of a new, energy-efficient heat pump with interest rates as low as 6%.

Payments are added to customer's monthly electric bill. In January alone 31 VEC customers took advantage of this program.

In-Home Energy Evaluations

About 1,000 VEC customers have taken advantage of VEC's In-Home Energy Evaluation program and gotten expert advice on how to save money on their monthly electric bill. Of those

customers, almost 700 have received rebates for qualifying energy efficiency home improvements. For more information on how to take advantage of these or other VEC programs, for energy-saving tips, or for information about Quality Contractor Network members, visit www.vec.org or call 423-334-7051



VEC Contractor John Proffitt updates area contractors on energy-efficiency products and techniques during a contractors' seminar hosted by VEC.