

## Fentress County Board Of Education Receives Energy Efficiency Incentives Through The VEC/TVA CEAI Program

The Fentress County Board of Education recently received energy efficiency incentives of over \$20,000 from Volunteer Energy Cooperative (VEC) and the Tennessee Valley Authority (TVA). The incentives are based on efficiency improvements implemented at schools in the county. The incentives are offered through TVA's Commercial Efficiency Advice and Incentive (CEAI) program.

Mr. Mike Jones, director of the Fentress County schools, said that the incentives were attractive to get the ball rolling to purchase more energy efficient equipment, but the greatest benefit will be realized as monthly energy usage is reduced. "These are long-term improvements that will reduce our energy usage for many years to come," he said.

In addition to these \$20,730 one-time incentives, estimates are that the school system could additionally save approximately \$25,000 per year on energy costs due to more efficient equipment and lighting installations at the schools.

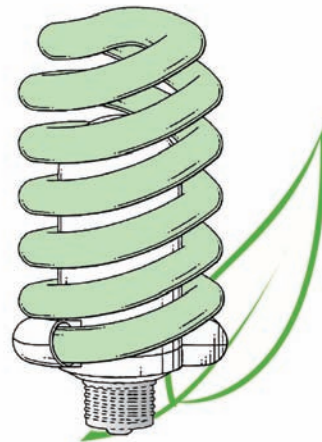
In order to take advantage of the incentives, the school system's buildings first underwent an evaluation to determine the most cost-effective means to conserve energy. Incentives were based on the estimated savings that will be realized during the peak times of load for TVA after the efficiency improvements were installed.

Six improvement projects were installed as part of this program. Five included upgrading lighting to more energy efficient equipment; one project involved installing a newer, more energy efficient cooling system.

Rody Blevins, President and CEO of VEC, said that this program is a win-win for both the school system and VEC. "In April," he said, "TVA will change their rate structure. This will increase the cost that VEC pays to TVA for our power. Customers who implement projects like these help to hold down costs for all VEC customers. Peak load will be a major factor in the future."

### Fentress County CEAI improvements include:

Location	Improvement	Demand Savings	Energy Savings
Clarkrange High School	Installed a more efficient cooling unit	2.42 KW	765 kWh
Clarkrange High School	Installed more efficient gym lighting	2.37 KW	5,085 kWh
Allardt Elementary School	Installed more efficient school lighting	39.55 KW	85,028 kWh
Pine Haven Elementary School	Installed more efficient school lighting	30.75 KW	65,368 kWh
South Fentress Elementary School	Installed more efficient gym lighting	12.57 KW	27,017 kWh
York Elementary School	Installed more efficient school lighting	38.56 KW	82,904 kWh
<b>Total Savings</b>		<b>126.22 KW</b>	<b>266,167 kWh</b>



## Notice of Election

In compliance with the bylaws of Volunteer Energy Cooperative, Article IV, Directors; Section 4.05, Notice of Directors to be Elected, I hereby give written notice that the following Directors' terms will expire this year:

District No. 10 – White, Putnam, and Overton counties

District No. 11 – Fentress, Morgan, and Scott counties

District No. 12 – Pickett County

As set forth in Article IV, Section 4.06, in order for a member to become a qualified candidate for Director, he shall file with the Secretary of the Cooperative or with a duly appointed representative, a written petition nominating such person as a candidate and signed by the candidate and not less than fifty (50) other members in good standing whose premises served by the Cooperative are located in the directorate district of the candidate.

Qualifying petitions and other information pertaining to the elections can be obtained on or after May 26, 2011 by contacting Patty Hurley, Vice President of Marketing and Economic Development, P.O. Box 277, Decatur, TN 37322, or by calling 423-334-7050.

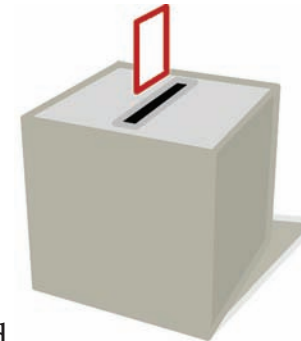
Qualifying petitions must be filed with the Secretary of the Cooperative or his designee at the VEC Corporate Office in Decatur, Tennessee by 5 p.m. EDT, June 2, 2011.

**Sammy Norton**  
Secretary-Treasurer

**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](http://www.vec.org)



## Ad Valorem Taxes

These are taxes assessed based upon an appraisal of the assets owned by Volunteer Energy Cooperative in each of the counties and cities served by the cooperative. The table below lists the ad valorem taxes paid to counties and cities for the taxable year 2010.



County	Tax Rate	Counties	
		Assessment	Total Due
Bledsoe	\$ 1.8608	\$ 906,980	\$ 16,877.00
Bradley	2.102	17,028,842	357,932.17
Cumberland	1.43	26,016,642	370,736.00
Fentress	1.99	9,607,397	191,188.00
Hamilton	2.7652	7,087,610	195,986.59
McMinn	1.56	7,333,482	114,058.00
Meigs	1.83	11,838,712	216,068.00
Overton	1.80	879,999	15,839.98
Pickett	1.42	3,317,924	47,114.52
Polk	2.18	6,827,542	148,840.41
Putnam	2.75	2,908,029	79,971.00
Rhea	1.75	7,963,999	139,339.00
Roane	2.191	3,041,653	66,627.00
Scott	2.22	28,112	624.09
White	1.85	1,393,252	25,775.00
<b>Counties Total</b>			<b>\$1,986,976.76</b>

City	Tax Rate	Cities	
		Assessment	Total Due
Athens	\$ 1.11	\$ 21,224	\$ 237.00
Benton	0.70	1,582,185	11,075.00
Byrdstown	0.48	595,543	2,844.00
Calhoun	0.50	218,725	1,094.00
Charleston	0.42	250,769	1,060.75
Cleveland	1.49	229,852	3,426.00
Crossville	0.55	5,206,055	28,633.30
Decatur	0.39	6,004,517	23,592.00
Jamestown	0.54	780,388	4,214.10
Monterey	0.94	1,101,538	10,340.00
Spring City	0.96	1,925,790	18,488.00

**Cities Total** \$ **105,004.15**

**Grand Total** \$ **2,091,980.91**

# VEC Customers Share

## YOUR CHANGE CHANGES THINGS

The VECustomers Share program funded \$32,600 in community service grants in February. 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](http://www.vec.org).



VECustomers Share Board Member Joyce Callahan, center, presents a grant check to Barbara Sapp, right, and Taylor Sapp of the Wilson Elementary 8<sup>th</sup> Grade Booster Club.

## Organizations receiving grants in February

Senior Citizens of Cumberland County .....	\$2,500	McMeigleysoe 4-H Honor Club Coalition .....	\$800
Rhea County Rescue Squad .....	\$2,500	Meigs County High School Spanish Club .....	\$750
Midway High School PTO .....	\$2,000	Polk County Youth Football .....	\$750
Pickett County Horseman's Association .....	\$2,000	Women at the Well, Athens .....	\$700
Muscular Dystrophy Association of Hamilton County .....	\$1,750	Brown Middle School PTO, Harrison .....	\$600
Springtown Community Support Group .....	\$1,500	Bradley/Cleveland Public Education Foundation .....	\$500
Cumberland County 4-H All-Stars .....	\$1,500	Mended Hearts Chapter 127, Cookeville .....	\$500
Knights of Columbus Council 8153, Crossville .....	\$1,500	Hamilton County FOP #22 .....	\$500
Hunter Middle School PTSA, Ooltewah .....	\$1,100	Welcome Valley Teen Group, Benton .....	\$500
Helping Hands of Providence, Jamestown .....	\$1,000	Midway High School Cheerleader Booster Club .....	\$500
Wilson Elementary School 8 <sup>th</sup> Grade Booster Club, Monterey .....	\$1,000	Polk County Youth Basketball .....	\$500
Monterey High School Project Graduation .....	\$1,000	Rhea Medical Healthcare Foundation .....	\$500
Clarkrange High School Softball Boosters .....	\$1,000	Meigs County Historical Society .....	\$400
Charleston Elementary School PTO .....	\$1,000	Meigs County High School Baseball Booster Club .....	\$300
Fentress County Agricultural Fair .....	\$1,000	Meigs County High School Archery Team .....	\$250
Tennessee Wonders Senior Olympics Volleyball Team, Cleveland .....	\$850	Southeast Powerstrokes, Decatur .....	\$200
Meigs County High School Health Occupations Students of America Club .....	\$800	AmVets Post 90, Decatur .....	\$200
		Polk County Food Bank .....	\$200



## Understanding Electric Rates is Easier When You Understand the Terminology

Rody Blevins is President/CEO of Volunteer Energy Cooperative

Late last year TVA announced that they are restructuring the way they charge distributors for electricity and that they will mandate that distributors such as VEC change the way we charge our customers. Since that time, I've written several articles talking about the issues and the impact of this rate restructuring. Now I'd like to offer some information on the terminology and basic ideas behind electric rates.

### How Your Bill is Calculated

The first thing that most people consider when they think about electric rates is the bottom line – How much do I owe? For VEC's residential customers their bill is:

$(\text{kWh used} \times \text{VEC's rate}) + (\text{kWh used} \times \text{FCA}) + \text{Customer Charge} = \text{Your bill}$

Some customers have additional items such as outdoor lighting, surge protection, etc. added to their bills and some customers opt for Levelized Billing which changes the formula used to calculate their bill. Let's look at some of those elements:

**Customer Charge** - The price you pay for energy is only part of the cost of operating an electric system. It is necessary to add a customer charge to pay for meters and meter reading, right-of-way clearing, system maintenance, and other fixed costs involved in bringing power to your home. The customer charge has always been included in the bills of VEC customers. Some folks claim that other electricity distributors do not charge a customer charge – but they really do in that they recover these costs one way or another. Many utilities bundle their customer charge with the energy charge on the customer bill and some choose to recover these costs in the form of higher rates. However, in the interest of full disclosure, we have made the decision to itemize this charge on the bills.

**FCA** - TVA calculates and applies the Fuel Cost Adjustment (FCA) monthly as a charge to recover the costs of fuels used to generate electricity. In the past TVA only used the FCA to recover unbudgeted fuel costs, but under their new rate structure they will recover all of their fuel costs using the FCA. The FCA DOES NOT recover costs for gasoline or the energy used to operate vehicles and VEC DOES NOT receive any of this money. The entire FCA cost on your bill goes straight to TVA.

### Rates

When we use the term "Rate" we either refer to the "Wholesale Rate" or the "Retail Rate." The Wholesale Rate is the rate that TVA charges VEC for electricity. The rate that applies to VEC's customers (you) is our Retail Rate.

VEC and all other TVA distributors are regulated by TVA and TVA must approve VEC's retail rate. The difference between what TVA charges VEC for electricity and what VEC charges our customers for electricity is VEC's Operating Margin. The operating margin is what VEC uses to perform day-to-day operations.

It is worth noting that VEC's operating margin has been shrinking. In the not-too-distant past VEC sent \$0.78 out of every dollar we collected 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.

### Seasonal Rates

TVA's new rate structure requires VEC to adopt seasonal adjustments. This means that our customers will pay a slightly higher rate in the summer. TVA says these rates are necessary because the demand for electricity is highest in the summer throughout the entire region TVA supplies. During these Peak Demand periods, TVA is forced to put their most expensive power generation plants into service and sometimes they are forced to purchase power from other electricity generation companies on the open market. TVA says summer rates should reflect these higher costs. Summer rates will be in effect from June through September.

Some may wonder why TVA doesn't just build enough power generation to supply the peak demand rather than resorting to these more expensive methods. The answer is that building power generation plants is extremely expensive and building this generation capacity only to have it sitting idle the majority of the time would be even more expensive and much more inefficient.

### Time of Use Rates

An extension of this approach to charge more for electricity during periods when generating electricity is more expensive and to charge less for electricity during periods when electricity is cheaper to generate is TVA's goal to eventually adopt (and to mandate that distributors such as VEC adopt) Time of Use Rates.

Under this type of rate structure customers would pay a higher rate for electricity during periods of Peak Demand. Time of use rates would charge more for electricity during morning hours in the winter and during afternoon hours in the summer.

Although TVA is pushing for distributors to put these time of use rates into effect as soon as possible, many distributors don't have the metering technology in place that is necessary to charge time of use rates. Currently VEC has advanced metering installed for about 85% of our residential customers.

Since TVA announced this significant change in their rate structure many customers have expressed apprehension about these changes. That's very understandable – change of any kind is often met with apprehension. But I'd like to help by providing you with all the information I can to help you understand the issues and the terminology that are involved. I plan to continue this series of columns in the hope that they will help ease some of your concerns about rates and what the changes will mean for VEC customers.

## VEC and Other Tennessee Electric Cooperatives Visit Capital Hill

Directors and employees from Volunteer Energy Cooperative (VEC) joined with officials from electric cooperatives across Tennessee in traveling to Nashville in February to meet with their legislators at the State Capitol. The Tennessee Electric Cooperative Association's (TECA) Legislative Conference was held to educate and inform Tennessee's elected representatives and senators, many of whom were newly elected to their posts in the fall, about electric co-ops.

Board members, managers and other employees were briefed at an update on Monday, February 21, on the legislative issues facing their co-ops. Senator Jim Tracy of Shelbyville gave attendees an overview of the topics that will likely dominate this session of the General Assembly, with the state budget and job creation efforts at the top of the list. Staff from TECA gave detailed information about several bills that could directly affect electric cooperatives across the state. And Montee Wynn from the National Rural Electric Cooperative Association (NRECA) discussed how changes in Congress would affect the legislative priorities in Washington, D.C.

On Tuesday, February 22, the co-op delegations made their rounds throughout the halls of the Legislative Plaza. Each paid visits to the House and Senate members who represent the districts in its service area. Every year, the co-op visitors came not just as constituents but also as representatives of their member-owned utilities.

With so many new faces in Tennessee's General Assembly, legislative visits began by introducing elected representatives to the important role of member-owned, not-for-profit electric cooperatives in communities across the state. Co-op representatives also discussed pending bills that will affect Tennessee's rural electric cooperatives.

As of press time, this is the status of pending legislation that is likely to have an impact on electricity consumers:

**The following bills are supported by our electric cooperatives:**

SB09418/HB1657, by Sen. Brian Kelsey of Germantown and Rep. Harry Tindell of Knoxville, marks the return of the perennial pole-attachment debate with cable television providers who want to lower the rate co-ops charge them to connect their lines to co-op utility poles. This bill is similar to a compromise proposed by electric cooperatives and municipal electric systems last year. The compromise was overwhelmingly passed by the House Commerce Committee and recommends a set of "Best Practices" first developed by our electric cooperatives and the municipal electric systems. The compromise addresses areas of disagreement, creates a working group to



VEC President/CEO Rody Blevins and VEC Board Members met with State Senator Ken Yager during this year's TECA Legislative Conference.



VEC President/CEO Rody Blevins and VEC Board Members met with State Senator Charlotte Burks during this year's TECA Legislative Conference.

discuss pole attachment issues and provides for dispute resolution in local chancery courts after first appealing to local co-op boards. Tennessee's electric cooperatives can support this bill as it is written, without amendment.

SB 1497/HB1654, by Sen. Steve Southerland of Morristown and Rep. Phillip Johnson of Pegram, adds utility service vehicles to the list covered by Tennessee's "Move Over" law, which requires motorists passing emergency vehicles that are on the shoulder of the road to "move over" one lane (when safe to do so) — creating a safety zone to protect emergency personnel — or alternatively to slow down.

SB 1500/HB 1681, by Sen. Southerland and Rep. Jimmy Matlock of Lenoir City, recognizes the existing federal requirement of maintaining a 10-foot separation between machinery and overhead power lines.

**Bills opposed by electric cooperatives:**

SB 0328/HB 0720, by Sen. Andy Berke of Chattanooga and Rep. Vince Dean of East Ridge, restricts electric cooperatives (and other utilities) from collecting outstanding underpaid fees that result from billing or metering errors beyond six months from the date of erroneous bill.

SB 1581/HB 1879, by Sen. Ketron and Rep. Johnson, seeks to prevent electric cooperatives from offering incentives that effectively exclude or limit the use of alternative fuel sources. As distributors of electric power, cooperatives should be free to offer incentives that make sound business sense for the benefit of their members. Arbitrarily limiting those incentives does nothing to limit or lower cost of providing power.

"Tennessee's electric co-ops have long been among the most respected voices on Capitol Hill," said Mike Knotts, TECA director of government affairs. "Legislators, many electric cooperative member-owners themselves, know that co-op members are their neighbors. When so many people take the time from their busy lives to talk with their representatives, it has a tremendous effect."

TECA represents VEC and 21 other electric co-ops and one municipal electric system in Tennessee. Tennessee's electric cooperatives provide electricity and other services to more than 2 million residents of the state. Electric cooperatives are not-for-profit utilities governed by their members. You can see current legislative news by going to [www.tnelectric.org](http://www.tnelectric.org).