

# Peak Load Reduction Pilot

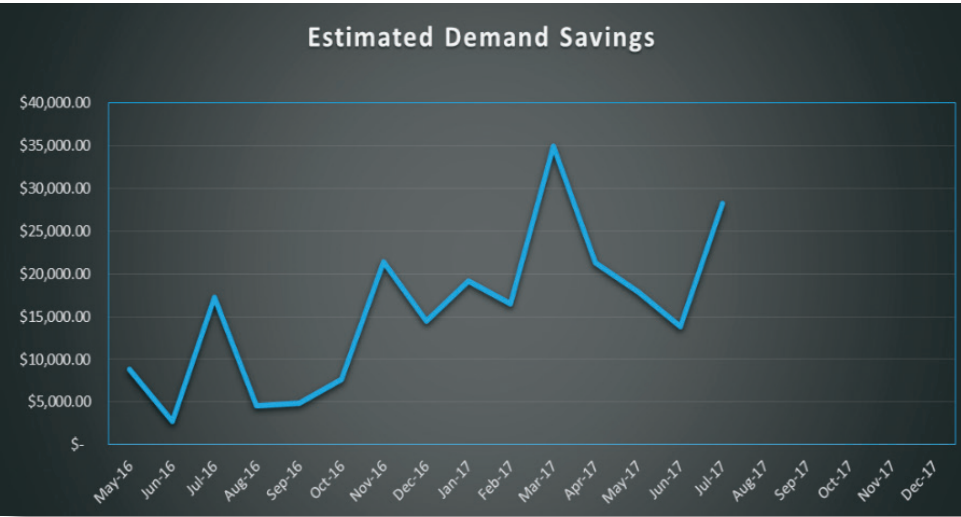
Volunteer Energy Cooperative (VEC) is committed to keeping our member's cost as low as possible while providing reliable power. Out of every dollar our members pay, \$0.81 goes to pay for electricity. VEC purchases the power we distribute from the Tennessee Valley Authority (TVA). VEC charges our customers a set rate per Kwh for power consumption dependent upon the type of service (residential, commercial, etc). TVA charges according to the load demand and Kwh consumption.

Each month, during the peak usage time, there is a significantly higher charge for electricity than during other times of the month. VEC does not pass this on directly to our customers but we are actively working to reduce the usage during this very expensive time. One of the methods we are using is the Peak Load Reduction Pilot Program.

Load Reduction is a voluntary VEC pilot program that compensates end-use commercial customers for reducing their electricity in real time, when requested by VEC, during periods of expected monthly peak loads at high demand prices. Participants of the pilot receive credits from VEC on their bill and all VEC customers benefit through the cost savings received by VEC for reducing power consumption during peak cost periods.

The Load Reduction Pilot kicked off in May of 2016 with 8 commercial customers and saw a gradual increase. As of July 2017 there were 53 participating customers. Over this 15-month period participating accounts received a total of \$79,742 for reducing their power consumption upon request during the peak periods. Volunteer Energy was able to save \$233,641.28 during this same period of time, which will help keep our costs low. The pilot program will continue and we expect even more savings and credits for the participating commercial accounts.

Recently we used social media to notify residential customers of a peak usage time in an effort to further reduce cost. While this is not a credit based program like the commercial customer's Load Reduction Pilot, it invites our membership to reduce their usage and help save cost. Being a cooperative, we are all in this together. When we reduce the amount of energy we have to purchase at the higher peak cost, then our overall cost stay low. Working together is very important as we face future rate increases from TVA.



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The situation only grows worse. Not only has TVA increased rates with plans to continue increasing rates, TVA has also suggested a change to the rate structure. TVA wants to add a fixed cost recovery charge, which means you will pay a similar amount each month regardless of how much electricity you use. TVA also wants to lower the large commercial rates and move the difference onto the residential rate to recover the loss.

So what does all of this mean? It means over the next 2 to 3 years, the VEC residential customer could see a significant rate increase, to the magnitude of 8% or more. This is not good news. However, I also want to tell you that the leadership of VEC has debated TVA at every turn concerning their plans to increase the rate. Our goal truly is to keep rates low. And as president of the cooperative, I pledge to you that VEC will continue challenging TVA on their plan to increase and alter the residential rate. For us, nothing is a higher priority.

TVA may have the ultimate authority, but together, we will continue to push back on the un-needed rate increases that TVA has proposed, so that our rates can remain low.

## Tips to Slay the Energy Vampires in Your Home



The little vampires who ring your doorbell on Halloween night aren't the only ones you should be afraid of. Electricity vampires are all over your house—all year long.

Electrical vampires are appliances and electronics that continue to pull electricity, even when they are turned off.

According to the US Department of Energy, vampires account for up to 5 percent of the energy in your house. To save you from a witch hunt, Volunteer Energy Cooperative (VEC) offers a list of the most likely vampires in your house:

1. Computers, modems, routers, printers and other related equipment.
2. Your flat-screen TV. The larger it is, the more energy it uses, even when turned off.
3. Home theater equipment, including surround-sound devices.
4. Your cable or satellite TV box.
5. Anything with a digital time display, like your microwave oven or DVD player.

If an electrical device has a continuous display, like a digital clock, if it charges batteries, like your mobile phone charger, or if it has a remote control, like your TV—it's a vampire.

The best way to stop these vampires is to unplug them when you're not using them. You may also consider purchasing power strips so you have to pull just one plug to stop a group of electronics from using vampire electricity.



## How the VEC Electric Rate is Determined

Have you ever wondered how VEC determines what electric rate to charge? During my time as president of the cooperative, the cost of electricity has been a frequent concern, among both our rate payers as well as those working here at the cooperative. You may wonder, why would anyone at the cooperative complain about the amount of the electric rate? There is a very good reason for that, so please let me explain.

During the early 1930's, President Franklin D. Roosevelt signed the TVA Act. This act created the Tennessee Valley Authority (TVA) and subsequent federal laws made it almost prohibitive for VEC to buy wholesale power from anyone but TVA. In other words, a federal law created a power generation company and then made that company into a monopoly. The same law also affords TVA the principal authority on the determination of electric rates. VEC cannot implement a rate without TVA's approval. Not to mention, TVA also has the sole discretion to set the base rate. The base rate is the amount TVA charges VEC for the purchase of electricity. This amount is ultimately passed along to our members on the monthly electric bill.

So how much does TVA charge? Out of each dollar you spend on your monthly electric bill, TVA takes approximately \$0.81 of that dollar. That means, in other words, VEC's charge is only 19 cents out of every dollar you spend. As a non-profit organization, VEC strives to keep electric rates low. But compared to other cooperatives operating outside of the



Tennessee Valley, we are at a disadvantage. Cooperatives who buy their electricity elsewhere spend on average around \$0.65 out of every dollar on the purchase of electricity. What does this mean? It means TVA's rates are too high compared to other electric power suppliers.

Not only is the TVA rate too high, it keeps getting higher. TVA has raised rates each year since 2013, including this year. On October 1st, TVA increased the electric rate yet again. To make matters worse, TVA has plans to continue increasing the rate each year for up to five more years. The proposed annual base rate increase is 1.6% annually, which means over a 5 year period an increase of 8.0% compounded.



Rody Blevins  
President/CEO  
Volunteer Energy  
Cooperative

The VECustomers Share program funded \$29,000 in community service grants in September. Since the inception of the program in October 2001, more than \$6.1 million in grants has been awarded. The deadline for grant applications is the last working 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).



VEC Marketing and Economic Development Vice President David Murphy presents a grant check to Carolyn Franklin, Chairman of the Town of Byrdstown 5K Run and Sam Gibson, Mayor of Byrdstown.

### Organizations receiving grants in September

Cumberland Children's Center - House of Hope	\$2,500	Clarkrange Volunteer Fire Department	\$500
Monterey High School Band	\$1,750	Downtown Summer Nights as Downtown	
Hospice of Cumberland County Inc	\$1,550	Halloween Night	\$400
Brown Middle School PTO	\$1,500	American Red Cross of Southeast Tennessee	\$400
Friends of Pickett County Library		American Red Cross of Southeast Tennessee	\$400
Christmas Market	\$1,250	Rhea County 4-H	\$400
Pickett County Historical & Geneology Society	\$1,250	Eagle Dugout Club	\$400
New Life Community Kitchen	\$1,000	Cumberland County High School Culinary Arts	\$400
American Red Cross of Southeast Tennessee	\$1,000	Rhea County High School Soccer	\$400
Fentress County Children's Center	\$1,000	Chilhowee Middle School Softball Booster Club	\$400
Better Living Center	\$1,000	Family Cornerstones	\$300
Chilhowee Middle Cross Country	\$700	American Red Cross of Southeast Tennessee	\$300
Ooltewah High School Band Boosters	\$700	American Red Cross of Southeast Tennessee	\$300
Decatur Civitan Club	\$600	Lake Forest Wrestling	\$300
Meigs County FFA Alumni	\$600	TN Immigrant & Refugee Rights Coalition	\$300
Meigs County Baseball Boosters	\$600	Benton United Methodist Women, Feed My Sheep	\$300
Wesley Sack Pack Program - WUMC	\$500	Polk County High School Volleyball Club	\$300
Manna House Ministries	\$500	Benton Fall Festival Boost Club	\$300
Midway Middle School Football Boosters	\$500	Agape Preschool at Monterey United Methodist Church (UMC)	\$250
Midway Middle School Wave Serve Club	\$500	TN 4-H Club Foundation Inc - Cumberland Cty	\$250
Midway Youth Cheerleading Organization	\$500	Mended Hearts Chapter 127	\$250
Midway Quarterback Club	\$500	Monterey High School Volleyball Parent Group	\$250
Clarkrange High School Boys Basketball	\$500	American Red Cross of Southeast Tennessee	\$200
Paint Rock Baptist Church-Outreach Committee	\$500	Boys & Girls Club of the Ocoee Region,	
Monterey FCCLA-(Family Community Career Leaders of America)	\$500	Andor Division	\$200

## Take Time to Reap Safe Harvest

It is an exciting and exhausting time, the culmination of a season of hard work. However, the rush to harvest can also yield tragic outcomes. Each year, dozens of farm workers are killed and hundreds are injured in accidents involving power lines and electrical equipment.

"Things get very busy this time of year on the farm, and it is all too easy to forget the danger that may be just overhead," says Tyson Ratcliff, Superintendent of Safety and Construction.

Review with all workers the farm activities that take place around power lines. Inspect the height of farm equipment to determine clearance. Keep equipment at least 10 feet away from power lines – above, below and to the side – a 360-degree rule.

"Take the time to lower grain augers before moving them, even if it's only a few feet," says Ratcliff, "Also use extreme caution when raising booms or buckets on equipment."

VEC encourages farm workers to take these steps to ensure a safer harvest season:

- Use care when raising augers or the bed of grain trucks around power lines.
- Use a spotter when operating large machinery near power lines. Do not let the spotter touch the machinery while it is being moved anywhere near power lines.
- As with any outdoor work, be careful not to raise any equipment such as ladders, poles or rods into power lines. Remember, non-metallic materials such as lumber, tree limbs, ropes and hay will conduct electricity depending on dampness, dust and dirt contamination.
- Never attempt to raise or move a power line to clear a path!
- Don't use metal poles to break up bridged grain inside bins. Know where and how to shut off the power in an emergency.
- Use qualified electricians for work on drying equipment and other farm electrical systems.

Operators of farm equipment or vehicles must also know what to do if the vehicle comes in contact with a power line: Stay on the equipment, warn others to stay away and call 911. Do not get off the equipment until the utility crew says it is safe to do so.

"If the power line is energized and you step outside, high-voltage could flow through your body," Ratcliff said. "Stay inside the vehicle unless there's fire or imminent risk of fire."

If this is the case, jump off the equipment with your feet together, without touching the ground and vehicle at the same time. Then, still keeping your feet together, hop to safety as you leave the area.

Once you get away from the equipment, never attempt to get back on or even touch the equipment. Some electrocutions have occurred after the operator dismounts and, realizing nothing has happened, tries to get back on the equipment.

It is very important that all farm workers and seasonal employees are informed of electrical hazards and trained in proper procedures to avoid injury.

For other tips on how to be safe around electricity visit [VEC.org](http://VEC.org) or [www.everydaysafe.org](http://www.everydaysafe.org).



## Financial Statements for VEC

For the Fiscal Year Ended June 30, 2017

### Volunteer Energy Cooperative Balance Sheet as of June 30, 2017

#### Assets

<b>Electric plant in service</b>	\$ 445,854,120
Less depreciation	<u>209,520,102</u>

Total	236,334,018
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<b>Other property and investments</b>	8,784,964
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#### Current and accrued assets

Cash and temporary cash investments	47,380,463
Accounts receivable	14,246,740
Materials and supplies	2,933,584
Prepayments	766,706
Other current assets	<u>1,691,424</u>

Total	67,018,917
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#### Deferred debits

Receivables-conservation	5,160,960
Other deferred debits	<u>801,219</u>

Total	5,962,179
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<b>Total assets</b>	\$ 318,100,078
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### Capital and Liabilities

#### Capital

Membership certificates	\$ 444,225
Earnings reinvested in system assets	<u>249,527,238</u>

Total	<u>249,971,463</u>
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<b>Long term debt</b>	19,722,305
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<b>Other noncurrent liabilities</b>	8,617,850
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#### Current and accrued liabilities

Other notes payable	-0-
Accounts payable	16,441,248
Customer deposits	4,571,225
Taxes and interest	1,232,690
Other current liabilities	<u>1,022,103</u>

Total	23,267,266
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<b>Deferred credits</b>	16,521,194
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<b>Total capital and liabilities</b>	\$ 318,100,078
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### Volunteer Energy Cooperative Statements of Income and Earnings Reinvested in System Assets Fiscal Year Ended June 30, 2017

#### Operating Revenue

Sale of electric energy	
Residential	\$ 147,735,407
Commercial	23,045,969
Industrial	57,845,922
Street and other lighting	<u>4,149,287</u>

Total sale of electric energy	232,776,585
Other revenue	<u>5,693,781</u>

Total operating revenue	<u>238,743,366</u>
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#### Operating Expenses

Cost of power purchased from TVA	\$ 181,499,704
Distribution and transmission expense	13,642,791
Customer accounts expense	3,809,090
Customer service, sales and information expense	693,885
Administrative and general expense	8,878,993
Depreciation	15,373,953
Taxes	3,041,053
Interest expense	<u>1,272,096</u>

Total operating expense and interest	228,211,565
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<b>Operating Income</b>	10,531,801
Other income	<u>1,204,162</u>

<b>Net Income</b>	\$ 11,735,963
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#### Earnings Reinvested in System Assets

Beginning of fiscal year	\$ 234,972,957
End of fiscal year	\$ 249,527,238



## Tennessee Valley Authority (TVA)

Residential & Outdoor Lighting Fuel Cost Adjustment

Effective October 1, 2017

**1.850¢**

**For the most current FCA information, visit [www.vec.org](http://www.vec.org)**

*Volunteer Energy Cooperative is an Equal Opportunity provider and employer.*