

Connecting Communities



ANNUAL REPORT
2017-2018

Connecting Communities



Rody Blevins
President/CEO
Volunteer Energy Cooperative

I would like to present the Volunteer Energy Cooperative Annual Report for the fiscal year 2017-2018. We have chosen to focus this annual report on connecting the communities we serve.

Over the years, connecting both residential and industrial community members, we have been privileged

to be a part of ordinary hero's lives, as well as companies founded on respect, integrity, and courage. We have witnessed VEC employees rise to the challenges in the communities where they live, and generations of VEC families work to impact their service areas.

Connecting communities to electricity has been our business for the last 82 years, and now we are faced with the same desire for connection to broadband internet services. We will apply the cooperative principals that have guided our company historically to meet this need in our rural communities while remaining fiscally responsible to our co-op consumer members.

I hope you enjoy both the look back into the history of connecting communities to electricity as well as the plans for the future through our support of youth leaders, the Vision 2020 Plan and the broadband initiative.

Rody Blevins

Rody Blevins
President/CEO

Volunteer Energy Cooperative Board of Directors



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County - West



Aubie Smith
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Jerry Henley
Rhea & Bledsoe
Counties



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Putnam, White,
& Overton Counties

Connecting Communities at the Speed of Light



VEC Broadband

Since the mid-1990s, the internet has had a revolutionary impact on culture, commerce, and technology, including the rise of near-instant communication. The research and education communities

have continued to develop and use advanced networks, increasing the amounts of data that can be transmitted. Today's data transmission speeds can exceed 10 Gigabits per second.

In 1993, the internet represented only 1 percent of the information flowing through two-way networks, but by the year 2000 it represented 51 percent, and by the year 2007, 97 percent. Today, over 3.2 billion people are connected to the internet, representing over half of the world's population. Sadly that figure also means that about half of the world's population does not have access to the internet. In the United States, about 76 percent of American's have internet access. The majority of those who do not, live in rural communities.

That brings us to the original mission of Volunteer Energy Cooperative, to provide access to a service that others are unable or unwilling to provide. With the vast majority of VEC members living in rural Tennessee communities, the VEC board of directors made the decision that we should be the vehicle that connects internet accessibility to the unserved VEC community. The passage of the Tennessee Broadband Accessibility Act in 2017 finally allowed the idea to become a reality.

In December 2017, VEC installed fiber optic cable in North Bradley County and initiated its broadband service, partnering with Twin Lakes Telephone Cooperative to provide access to 137 homes. In early 2018, the broadband service was expanded to include an additional 228 homes. Moreover, ongoing construction will extend the service again to add another 251 homes.

As the service continues to grow, VEC looks for ways to fund the cooperative's broadband efforts, not only to make it more financially feasible but to expedite its expansion to those who continue to wait. In September 2018, VEC was awarded a \$1 million matching grant from the Appalachian Regional Commission (ARC). This grant will be utilized to provide access to 730 homes in the Birchwood Community of Hamilton and Meigs counties.

While we understand that there are many of our members who are in desperate need of internet connectivity, we must approach the task responsibly. VEC has established a crowd fiber website, which is being used to coordinate our efforts. The site tabulates the locations of those members awaiting service and helps determine which areas to build into next. If you have not signed up on the crowd fiber site, please visit www.vec-twinlakes.com.

For those who continue to wait for service, please remember that we are working as quickly and efficiently as we can. The installation of fiber costs the cooperative over \$22,000 per mile of line and requires weeks of time to install for each mile. We are working diligently, and we continue to look for every opportunity to attain funding to expedite the spread of our broadband service.



First Broadband Customers from Bradley County

Connecting Communities - Industrial

Lhoist: Respect, Integrity, and Courage

East Tennessee is known for the beautiful Smoky Mountains and tree covered vistas. Those mountains are not only beautiful but full of natural resources including limestone. Over a hundred years ago a small company began in Crab Orchard utilizing this natural limestone. While it started as a surface mining operation, it soon moved underground.

In the 1950s, Mr. Battle Rhodes operated the company under the name Southern States Limestone. In the late 60s Southern States was bought by Rhodes Hart and renamed Franklin Industrial Minerals. It remained Franklin until 2006 when the privately held Belgium Company, Lhoist purchased the company.



Lhoist core values of respect, integrity, and courage fit perfectly into the East Tennessee community of Crab Orchard. The limestone plant has 60 employees in Crab Orchard. This site produces multiple types of products made of high purity ground limestone including industrial mineral filler for glass, fiberglass, and asphalt shingles, as well as a calcium supplement for animal feed. They also produce the limestone for the scrubbers in flue gas desulfurization; flue gas desulfurization is the process to remove sulfur dioxide from the exhaust flue gases of coal-fired power plants.

Kris Scarbrough, Lhoist plant manager, shared that having a diverse but stable product market has helped reinforce the community atmosphere for their employees. Many of their employees are generational with parents and grandparents who worked for Franklin Industrial Minerals. Also, the stability creates a challenge to find ways to reduce cost while maintaining consistency.

Scarborough shared that electrical consumption is the No. 1 variable cost affecting their industry. Without reliable power, they cannot operate, and without low-cost power, they could not be competitive. Partnering with Volunteer Energy Cooperative (VEC) whose mission is reliable, safe energy at a competitive cost gives Lhoist Crab Orchard an edge for competing in a global market.

Recently VEC and Lhoist Crab Orchard were collaborating on a project to rework the plant's electric grid. This rework will increase capacity as well as update and streamline the infrastructure. Scarborough and staff coordinated with VEC Crossville engineering department to order the right size transformers, lines, and other materials which helped keep the project on time and at cost.

One definition of community is shared attributes and shared connections. VEC provides reliable, safe and reasonably priced electricity, and Lhoist uses the dependable, low-cost power to produce quality products at a globally competitive price.



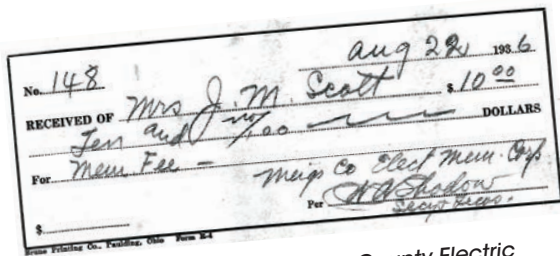
Connecting with an Industrial Community for the Last 70 Years.



A History of Connecting Communities

Scott Allen Farm, Meigs County, TN

Volunteer Energy Cooperative (VEC) has deep historical roots in Meigs County, Tennessee. In the early 1930s, only four out of every one hundred farms in Tennessee were served with any form of electricity. Except for a few privately owned Delco battery power systems, the citizens of Meigs County lived and worked under primitive conditions when compared to their counterparts in the larger towns and cities. In May 1935 the Meigs County Power Association, Incorporated was formed which became Meigs County Electric Membership Corporation, and then in 1939 Volunteer Electric Cooperative (VEC). This foundation in Meigs County eventually spread throughout southeast Tennessee, and today VEC is the second largest electric cooperative in the state.



Receipt joining the Meigs County Electric Membership Coop.

From the beginning of the Cooperative's incorporation, the spirit of service embodied the members. Mrs. Grizella Scott of Meigs County was one of the very first members, joining the Meigs County Electric Membership Cooperative Aug. 22, 1936. Joining a cooperative in 1936 was typical of the Scott family's community-focused lifestyle. A member of the Scott/Allen Family would reside in this location and be a member of VEC until the present day.

The Scott family had resided in Meigs County since 1844 when the widow of Joseph Scott was forced to stop in Meigs County during a trip to Texas. Her son John contracted typhoid on the voyage, and they feared for his life. This same son, John, would eventually marry Nancy Finley Allen of Meigs County and establish the Scott family in their current location.

The Scott family has a long history of military service beginning with Colonel John Scott (b. 1749) commissioned by North Carolina Governor William Blount and Territorial Governor John Sevier (who would be the first Governor of Tennessee). Colonel Scott's son Joseph would fight under Andrew Jackson in the Battle of Horse Shoe Bend during



Grizella Scott in front of the home place.

the War of 1812. Joseph's son John would serve in the War with Mexico. Also, Robert (Bob) Scott served in World War I, his son Ernie Scott served in World War II, and Wayne Scott, son of Ernie, would serve in Vietnam. Wayne's wife Carolyn worked for VEC from 1969 until 2010 in the Decatur Service Center.

Joseph Marion Scott was one of three children of John and Nancy Finley Scott and would marry Grizella. Joseph Marion Scott attended what would be Tennessee Wesleyan College and taught school in Meigs County. He also served as a Superintendent of Schools in Meigs County and one term as a Meigs County trustee. He represented Rhea and Meigs counties in the Tennessee Legislature in 1897, and was a mail carrier from 1904-1920.

The Scott Family history of service did not stop but continues in the present day. Several members of the Scott family currently reside on the Scott Allen farm including Steve and Julie Scott. The current farm includes 113 of the original 319.25



J.M. Scott delivering mail in his horse drawn buggy.



Photo of Scott Home before electricity.



Scott Home after renovations.

acres. Steve Scott moved into the original home place in 1998 and began renovations in 2003. Steve added four rooms and approximately 1,350 square feet which included a second floor. This past July the farm was awarded Century Farm Status by the Center for Historic Preservation at Middle Tennessee State University.

Steve Scott, grandson of Ernie Scott, is the Superintendent of Right of Way for VEC. Steve graduated with a degree in Forestry from the University of Tennessee at Knoxville and is a certified Arborist. Growing up in a community where he can trace his roots from the early 1800s, Scott feels the responsibility of taking care of the land while being committed to preparing for the future. Serving not only his community but all 17 counties in the VEC service area, Scott can take the long view. Planning for the land, preparing for the Cooperative's need for reliability, and maintaining community safety are daily priorities for Steve Scott.

2018 Lillard-Shadow



This scholarship program began in 2003 as a way to honor Willis A. Shadow and J. W. Lillard, founders of the Meigs County Power Association which would ultimately become Volunteer Energy Cooperative. Four \$2,000 scholarships are awarded to high school seniors each year by VEC using an independent panel of judges.

Hannah Caitlyn Asberry, daughter of Scott and Bobbie Joe Kirby, is a 2018 graduate of Alvin C. York Agricultural Institute and the winner of the Jamestown Service Area Lillard-Shadow Scholarship. She plans to attend Tennessee Technological University in Cookeville and will be pursuing a degree in Nursing. Hannah graduated fourth in her class with a 4.0 GPA.



*Hannah Caitlyn
Asberry
Alvin C. York
Agricultural
Institute
Graduate*

Stone Memorial High School graduate and Crossville Service Area Lillard-Shadow scholarship recipient **Jordan Ann Houston** plans to attend Tennessee Tech University. Jordan is the daughter of Kenneth and Vickie Houston. She graduated from Stone Memorial with a 4.0 and intends to pursue a degree in Biochemistry. Jordan has a history of serving others as she participated with Kids on the Rise, was a 4-H Teen Leader, Beta Club President, HOSA Club President and on the SMHS Cheer Squad. While on the cheer squad she volunteered with the Special Olympics, Relay for Life, House of Hope and St. Jude. Her teachers described Jordan as a genuinely kind person who seeks to include others in projects, and who is respected by peers and faculty alike.



*Jordan Ann
Houston
Stone Memorial
High School
Graduate*

Rhea County High School graduate **Isabelle Grace Marshall** is the Decatur Service Area winner of the Lillard Shadow Scholarship. The daughter of Joni Ann Marshall, Isabelle graduated with 4.0. She will be attending the University of Southern California to major in International Business and Entrepreneurship. Isabelle has a history of volunteering including but not limited to Rhea County Animal Hospital, Rhea County Sheriff's Department Toy Drive, JROTC Canned Food Drive, and the Ronald McDonald House Charities.



*Isabelle Grace
Marshall
Rhea County
High School
Graduate*

*The Cleveland Service Area Lillard-Shadow scholarship winner was **Kelby Fritts**, daughter of Rhonda McKnight, and a 2018 graduate of Polk County High School. Tragically, Kelby died in August. Kelby was an amazing student and community leader. Her loss is felt deeply. A donation in her memory was made to the Lillard Shadow Scholarship fund.*



*IN MEMORIUM
Kelby Fritts
Polk County
High School
Graduate*

Matthew Stuckey, Walker Valley High School graduate, was awarded the Cleveland Area Scholarship. Matthew is the son of Karen Stuckey and graduated in the top of his class with a 4.0 grade point average. Matthew will be attending the University of Tennessee at Knoxville and plans to pursue a degree in Mechanical Engineering. Matthew was involved in many community service activities and school clubs including the National FFA Organization where he served as regional president, Constitution Bowl, Beta Club and Skills USA.



*Matthew
Stuckey
Walker Valley
High School
Graduate*

2018 4-H Electric Camp

Each year Volunteer Energy Cooperative (VEC) sends a group of rising seventh- and eighth-grade students to 4-H Electric Camp on the University of Tennessee Knoxville campus. VEC's campers joined hundreds of other students from across the state in discovering the world of electricity by participating in various camp learning centers that provided activities where 4-H'ers were able to "learn by doing."



The 4-H Electric Camp is a joint venture of the Tennessee Electric Cooperative Association and its member cooperatives, including VEC; University of Tennessee Extension; Tennessee Municipal Electric Power Association and its municipal power systems; and the Tennessee Valley Authority.

Youth Leadership Summit - Nashville 2018



Senator Paul Bailey stopped between committee meetings for a photo with VEC YLS delegates Alexie Inman and Cole McClellan of Stone Memorial High School.

Alexie Inman and Cole McClellan, Stone Memorial High School juniors were sponsored by Volunteer Energy Cooperative and joined 44 other high school juniors from across Tennessee who attended the 2018 TECA Youth Leadership Summit. Delegates to the annual event received a hands-on look at state government, learned networking and leadership skills and developed a better understanding of their local electric cooperatives.

While in Nashville, Alexie and Cole visited the State Capitol Building where they were welcomed to Nashville by members of the Tennessee General Assembly. Alan Whittington, the assistant chief clerk of the Senate, explained the process required to pass legislation and students debated and voted on a mock bill.

In addition to lawmakers, they also heard from Tennessee leaders like Caty Davis, Ms. Tennessee 2018; Adam Hammond, anchor for Nashville's NewsChannel5; and Trooper Jeffrey Buchanan with the Tennessee Executive Protection Detail.

Washington Youth Tour 2018

Students from Bradley, McMinn, Fentress, and Rhea counties spent a week in our nation's capital this summer as delegates of the 2018 Washington Youth Tour. Andrew Bentley, Madelon Dill, Erica Massaro and Brandon Newell joined nearly 140 other students from across Tennessee on the weeklong trip that began Friday, June 8.



(L to R) Andrew Bentley, Erica Massaro, Maddie Dill, and Brandon Newell

The annual event, sponsored by Volunteer Energy Cooperative and the Tennessee Electric Cooperative Association, provides young leaders with an opportunity to explore the nation's capital, learn about government and cooperatives and develop their leadership skills. Students were selected for the trip by writing short stories titled "Electric Cooperatives –

Going Beyond the Wires" that explain how co-ops provide communities with much more than electric power.



"The Youth Tour is an incredible opportunity for these students to experience history up close and personal," says David Murphy, vice president of marketing and economic development. "Delegates experience a whirlwind of a week, visiting museums, monuments and other landmarks."

"We take great pride in recognizing the best and brightest from across the state," said Todd Blocker, vice president of member

relations for the Tennessee Electric Cooperative Association and tour director. “By recognizing their accomplishments through programs like the Washington Youth Tour, we show these leaders of tomorrow that their hometown electric co-op is more than a utility provider; these students are active members of their community and fully invested in its prosperity.”

The group was welcomed to the U.S. Capitol by Senators Lamar Alexander and Bob Corker and members of the Tennessee congressional delegation who posed for photos and answered questions.



President Lyndon Johnson inspired the Washington Youth Tour in 1957 when he encouraged electric cooperatives to send youngsters to the nation’s capital. In the years since more than 6,000 young Tennesseans have been delegates on the Washington Youth Tour.

WASHINGTON DC



Connecting Communities

Jamestown - Heroes From the Ordinary

Although the first land in this area was deeded in 1800 to Conrad Pile, a friend of Davy Crockett and great-great-great-grandfather of Sergeant Alvin York, the Jamestown community was established in 1823. Named after a local politician James Fentress it was built on the site of a semi-permanent Cherokee village and was previously named Sand Springs for the many natural springs in the area. There is a remaining spring located in the Mark Twain City Park northeast of the county courthouse. This spring is said to have provided water to the family of John Clemens, father of Samuel L. Clemens (Mark Twain) before they moved to Missouri. John Clemens served as the first circuit court clerk and is credited for drawing the plans for the first courthouse and jail.

Jamestown has a legacy of heroes arising from the ordinary people. Farmers turned war heroes; hunters turned politicians, and the list goes on. One of the Jamestown community heroes is James Brooks. Mr. Brooks was born in 1932 into a family of grocers. The Brooks' grocery and cash stores provided the Jamestown community with fresh food and a place to cash checks. They had stores in Fentress, White and Morgan counties. Mr. Brooks has also ranched and farmed since he was a young boy. When he was in grade school, he asked Sargent Alvin York, the hero of World War 1 and his neighbor, if he could use part of his property to raise pigs. Sargent York was more than delighted to allow him to use the land.

Mr. Brooks went into the family grocery business and also partnered in the Brooks Golf and Country Club. He worked in the family business until the early 80s. In 1981 he was shot repeatedly during an armed robbery of his grocery store. The





robber did not anticipate that not only would Mr. Brooks resist but his sister and niece who had been working would fight back and stop the robbery. The robber was caught and went to prison for life. The injuries Brooks sustained in the assault resulted in his retiring from both the grocery and country club.

Not one to sit still, Brooks continued to farm and raise cattle. Mr. Brooks used his knowledge of the community to serve on several different boards. He served on the Lenoir Bank board for 24 years and joined Volunteer Electric Cooperative (VEC) board of directors in 1990. Mr. Brooks served on VEC's board for 17 years and held the position

of Vice Chairman for two years. During his time on the board, Brooks saw the services provided by VEC expand to include propane and natural gas necessitating a name change to Volunteer Energy Cooperative, and he saw a leadership change from Bill Buchanan to today's CEO and President Rody Blevins.

Brooks saw the growth of VEC during his lifetime in the Jamestown area as integral to the survival of the community. Adding a second substation increased reliability and capacity. Running electricity to the remote farms and homes throughout Fentress and Pickett counties enabled families to work longer and communities to connect over a distance that prior was prohibitive. Connecting a community with electricity evened the playing field for the farmers and the towns' folks.

Mr. Brooks has fond memories of calling the local VEC office regarding an outage and speaking to Butch Campbell the young son of the Service Area Manager Claude Campbell. In the early years of VEC, being an area manager meant your whole family was involved. That same Butch Campbell now serves on the VEC board of directors representing Jamestown.



Campbell has fond memories of sleeping through storms on the counters at the Jamestown service center, riding with his dad to check on lines and speaking to consumer members about problems. When his dad started in Jamestown in 1946, he was the only full-time employee. VEC had purchased the distribution rights to the area five years earlier from the Tennessee Valley Authority and would begin to run lines to the rural areas throughout the county. Claude Campbell would work at the Jamestown Service Center until 1978. Board Member Butch Campbell stated that the most significant change he saw upon joining the board in 2008 was the changes in equipment and emphasis on safety. The improvements in equipment impacted the linemen as well as the new safety measures. All of these upgrades made the job safer and the mission of reliability achievable for the lineman - today's ordinary heroes.

Connecting Communities Through People

John Selvidge - Community Minded and People Focused

This month John Selvidge, the Cleveland Service Area Manager, will retire after a 33-year career. John began his career in the energy industry in 1977 working at Dillard Smith as an apprentice lineman. He joined Volunteer Energy Cooperative (VEC) in the Georgetown office as a lineman in 1986. Promoted to line foreman in 1991 and then to the superintendent of safety and construction in 1997, John pursued education and completed a bachelor's degree in Business Management and an associate degree in Civil Engineering.

While working for VEC, John joined Tennessee Valley Public Power Association (TVPPA) Education & Training Services as an instructor. Working with apprentice linemen, he taught and eventually wrote a portion of the curriculum. Utilizing his lineman experience at VEC, substation training and time as Job Training & Safety (JT&S) certified safety coordinator, he instructs

the current generation of lineman from all over the valley.



Hardest Challenge:

John became the Cleveland Service Area Manager in 2006. Shortly after he assumed this role, VEC embarked on the daunting goal of updating our meter communication system to AMI. This effort to provide our consumer members with reliable and accessible information was a challenge that John met head-on. During this time of change, John faced negative publicity and frustrated members. Finding solutions when AMI revealed previous incorrect readings, John developed plans with individual consumer members. John worked to connect the vision of VEC's upgrade to the real needs of his consumer members and neighbors. This work with his community impacted John, and he has stated, "... the six weeks of the changeover was the hardest challenge in my career."

Career Satisfaction

During John's time with VEC, several natural disasters hit our service area, but the event he felt most strongly was the tornadoes of 2011. While the number of customers affected was less than during other disasters, the tornado damage was to his community. He genuinely felt the responsibility for their recovery and safety. John worked tirelessly coordinating with other utilities, hundreds of line workers, and community emergency personnel. Ensuring his worker's safety and the crowd of contractors and first responders is a point of career satisfaction for Selvidge. "Seeing the qualified workers do their very best even when their own homes were among the damaged, both encouraged and challenged me to keep them safe until everyone could go home," said John.

Co-op Difference

John has enjoyed his time in the energy industry and especially working for a cooperative. While working for Municipalities or Investor Owned Utilities can be more lucrative, his co-op career has allowed him to remain people minded, and community focused. The



nonprofit aspect has ensured his focus has been on the membership versus politics or investor profits. Being a co-op member has guaranteed he feels the impact of system outages, rate changes, and other issues co-op membership faces.

The Future

John is looking forward to retirement. He has plans to travel and spend more time with his wife, four children, and three grandchildren. Being John though, he plans to continue to work with the TVPPA Education and Training and is in negotiations with SELCAT. Staying busy is as important to John as his cap collection and Jimmy Buffet.

Connecting Communities

Expanding Capacity for an Expanding Community

In 2003 Volunteer Energy Cooperative (VEC) Engineering and the Executive team realized that the growth of the Fairfield Glade Community in Cumberland County had created a need to expand the power available. After contacting Tennessee Valley Authority (TVA) regarding increasing the existing power transmission lines to a 161 kVA, VEC realized TVA could not do the upgrade for several years. VEC reviewed the need, did a long-term cost analysis and determined that it would be long-term cost effective to build the 161 kVA line and upgrade the existing Fairfield Substation. The upgrade to the substation allowed VEC to support the housing growth of Fairfield Glade. VEC completed the update to the substation and 161 kVA line in 2006 which provided power to over 7,000 homes.

In the last 12 years, the Fairfield Glade community continued to grow and expand. The growth resulted in the transportation department's decision to widen Peavine Road. The addition of a lane on Peavine Road created both need and an opportunity for VEC. The road construction required VEC to move their 161 kVA lines. The expansion also presented an opportunity to combine the needed line move with an already planned new substation, West Fairfield. Coordinating it with the movement of the lines enabled both short term and long term savings.

The West Fairfield substation is also part of the VEC 2020 plan to increase system reliability. This substation will serve the northern portion of Fairfield Glade including the Dartmoor Lake area and provides an additional 42MVA to support 4,000 - 5,000 new homes.

Building the West Fairfield Substation increased the reliability of the power grid in Cumberland County, increased the total capacity available, and provided a needed redundancy to alleviate outage time.

VEC is very serious about power reliability. In the last 17 years, VEC has upgraded (and sometimes built new) more than 26 of the 33 substations in operation. This effort was kicked off by President and CEO Rody Blevins when he was vice president of engineering and continued in his role as CEO. He and Matthew Teague, vice president of engineering, have worked toward a complete system upgrade as outlined in Vision 2020.





Vision 2020

Vision 2020 is the Volunteer Energy Cooperative strategic plan for system and technology upgrades. It includes equipment and technology improvements to keep the electric system strong. The goals are to improve power reliability, develop better communication with our members, and develop better training tools for employees.

Components of the Vision 2020 plan, include power system technology upgrades, completing the Supervisory Control and Data Acquisition (SCADA) system, communications and network server upgrades.

Substation Upgrades

Upgrade Control Panels: Lantana and Crossville are complete. Sugar Grove was completed in August of this year. Fredonia has components in stock that are ready for installation. Ten Mile is scheduled for next year with Harrison Bay and McDonald following in the next two years.

Regulator & Recloser Controls: All recloser controls have been upgraded to an electro-mechanical type. All Substation Regulator Controls will be completed by end of 2018.

Substation Breakers: The breakers in the Lantana and Ten Mile stations have been upgraded. Ravenscroft will be completed this fall with Fredonia, Crossville, Harrison Bay and McDonald scheduled next.

SCADA Enhancements

All substations are now being monitored by the SCADA system.

Communications

Aclara (AMR) Servers - Complete

Email Servers - Complete

Phones - Communication System chosen and bidding process begun. Installation planned for 2019.

Digital Two-Way Radios - Complete

Expand Fiber System (Substation)

The Sugar Grove extension was completed this year. The Fairfield lines are in progress, and the fiber to the Fredonia Sub is in the planning.

Upgrade Security and Document Retention

Security: We have installed PTZ cameras at some substations, digital exterior cameras at the service centers, and replaced one lobby camera with a digital one. We have more to complete but we are getting closer.

Document Retention: Digital Archives are at 75% with all the completed contracts, Engineering, Accounting, IT, Decatur, Crossville, Brydstown, Monterrey and Jamestown. Still remaining are the Benton, Cleveland and Georgetown offices.

Upgrade Employee/Member Access to Data

- Completed the implementation of Meter Data Management System and the SmartHub Deployment.
- Updated the VEC website to function on mobile devices.
- Added an Instagram Account (@volunteerenergycoop) to our current Social Media platform. It is performing similar to Facebook in metrics. Both the Twitter account (@VEC_TN) and the LinkedIn business page are still in use. The Facebook page exceeded 7,693 followers this year.
- Completed the update to employee desktop computers.





Your Change Changes Things

The VECustomers Share program, begun in 2001, has surpassed \$6.4 million in grants to community organizations. The following is just a sample of the groups that received grant funding in 2017-18.



5 Loaves Food Pantry
 5th Grade Enrichment -Space Camp
 5th/6th Homestead Elementary-US Space
 & Rocket Center Fieldtrip
 Agape Preschool at Monterey UMC
 American Cancer Society
 American Legion Ladies Auxiliary #81
 American Legion Post 68
 American Red Cross of SETN
 Anchor Point Foundation
 BASIC of Tennessee INC
 Benton Elementary Junior Beta Club
 Benton Fall Festival Booster Club
 Benton Food Fund Booster Club
 Benton UMW Feed My Sheep
 Better Living Center
 Boys & Girls Club of Ocoee Region
 Bradley County Scottish Rite
 Brown Middle School PTO
 Byrdstown Masonic lodge # 496
 Calhoun Cheerleaders
 Camp Belle Aire Association, Inc.
 CASA of Bradley and Polk County
 Cumberland County Community Band
 Character Counts Community Initiative
 Cherokee Removal Memorial Park
 Chilhowee Middle Cross Country
 Chilhowee Middle Softball Boosters
 Clarkrange High Boys Basketball
 Clarkrange Volunteer Fire Department
 Creative Story Project
 Crossville 1st Nazarene Christmas Toy Store
 Crossville Lions Club Charities, Inc.
 Crossville Quilts of Valor Quilters #927
 Cumberland Adult Reading Council
 Cumberland House of Hope
 Cumberland High School Culinary Arts
 Cumberland County Rescue Squad
 Cumberland Homesteads Tower
 Association
 Decatur Civitan Club
 Downtown Summer Nights
 Eagle Dugout Club
 Fair Park Senior Center
 Fairfield Glade Bass Club
 Family Cornerstones
 Family Resource Agency, INC
 Fentress County Children's Center
 Fentress County Fair Association
 Fentress County Food Bank
 Foundation House Ministries

Friends of Pickett Library Christmas Market
 Friends of the Art Circle Public Library
 Gamble Road Wildgame Dinner
 God's Helping Hands, New Shepherd Hills
 Baptist Church
 Good Faith Clinic
 Greasy Creek Food Bank
 Greenwood Education Foundation
 Handsful of The Harvest
 Happy Hearts Seniors
 Harrison-Ooltewah Education Foundation
 Homestead Bulldogs I Boosters
 Hospice of Cumberland County INC
 Hwy 58 Volunteer Fire Dept.
 Junior Achievement of Ocoee Region
 Kiwanis Club of Spring City
 Knights of Columbus #6099
 Lady Waves Soccer Club
 Lake Forest Wrestling
 Little Crab Lodge #614
 Luminary School Backpack Committee
 Manna House Ministries
 Maple Grove Senior Adults
 Martin Elementary Jr Beta Club
 Martin Elementary Jr Cross Country
 McMinn Educational & Community
 Foundation
 McMinn Living Heritage Museum
 McMinn Rescue Squad
 McMinn Senior Citizens, INC
 Meigs Baseball Boosters
 Meigs FFA Alumni
 Meigs Historical Society
 Meigs County Lions Club
 Meigs County Ministries
 Meigs County Quest for Success
 Meigs County Retired Teachers
 Meigs High Golf Boosters
 Meigs High Tennis Boosters
 Meigs Middle & High Choir Boosters
 Meigs North & South Guidance
 Mended Hearts Chapter 127
 Midway High Boy's & Girls' Basketball
 Midway High School Band Boosters
 Midway Middle School Beta Club
 Midway Middle Football Boosters
 Midway Middle Support & Outreach
 Midway Middle Wave Serve Club
 Midway Quarterback Club
 Midway Youth Cheerleading
 Midway Youth Development

Monterey FBC Fall Festival
 Monterey FCCLA
 Monterey Food Bank
 Monterey High School Band
 Monterey High Cheerleading Boosters
 Monterey High Volleyball Parents
 Monterey Jr. High Boys Basketball
 Monterey Volunteer Fire Department
 Morgan Scott Project
 Mt. Zion Historical Church Committee
 National Fire Safety Council, INC
 New Life Community Kitchen
 Ocoee Theatre Guild
 Ooltewah High Band Boosters
 Others In Mind
 Paint Polk Pink
 Paint Rock Outreach Committee
 Panther Page Turners
 People Helping People
 Pickett Historical/Genealogy Society
 Pleasant Hill Elementary Band Booster
 Pleasant Hill Historical Society
 of Cumberlands
 Polk County Fair
 Polk County High Golf Booster Club
 Polk County High Soccer Boosters
 Polk County High Volleyball Club
 Rhea Alliance
 Rhea County 4-H
 Rhea County High Soccer
 Ronald McDonald House Charities
 Salem BC-Indigent Food Basket Pantry
 Senior Citizens of Cumberland County
 Special Spaces Chattanooga
 Spirit Horse Therapeutic Riding
 Spring City Youth Athletic Association
 Stone Memorial Health Committee
 Teens TARGETED, Inc.
 Tennessee 4-H Club Foundation, Inc.-
 Cumberland County
 The Bay View Arabian Team
 TN Immigrant & Refugee Coalition
 Town of Byrdstown 5K Committee
 Toys For Children
 Valley View Storehouse Food Ministry
 Walker Valley Volleyball Boosters
 Wesley UMC Sack Pack Program
 West Polk Baptist Association
 Wilson Athletic Booster Club
 YMCA of Metropolitan Chattanooga

FAST FACTS

Customer Service and Outage Calls

Calls Answered by CSR: 170,125

Calls Answered by IVR: 570,123

System Maintenance

Poles Inspected: 1,183

Acres of Brush Sprayed: 3,597

Miles of Line Trimmed: 1,317

Tree Trimmers and Sprayers: 110

Service Reliability:

99.7% Average

Statement of Nondiscrimination

Volunteer Energy Cooperative is the recipient of federal financial assistance from the Rural Utilities Service, an agency of the U.S. Department of Agriculture. In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, disability, or age. Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by:

(1) mail: U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410

(2) Fax: (202) 690-7442

(3) Email: program.intake@usda.gov.

VEC is an equal opportunity provider.

FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2018

Volunteer Energy Cooperative Balance Sheet as of June 30, 2018

Assets

Electric plant in service	\$ 460,300,687
Less depreciation	<u>221,828,040</u>
Total	238,472,648

Other property and investments 13,969,590

Current and accrued assets

Cash and temporary cash investments	50,527,998
Accounts receivable	16,386,600
Materials and supplies	3,371,323
Prepayments	756,360
Other current assets	<u>1,692,224</u>
Total	72,734,505

Deferred debits

Receivables-conservation	4,735,476
Other deferred debits	<u>736,808</u>
Total	5,472,283

Total assets \$ 330,649,027

Capital and Liabilities

Capital

Membership certificates	\$449,875
Earnings reinvested in system assets	<u>263,871,095</u>
Total	<u>264,320,970</u>

Long term debt 17,696,110

Other noncurrent liabilities 8,211,257

Current and accrued liabilities

Other notes payable	-0-
Accounts payable	19,253,781
Customer deposits	4,893,783
Taxes and interest	1,232,920
Other current liabilities	<u>1,128,983</u>

Total 26,509,467

Deferred credits 13,911,223

Total capital and liabilities \$330,649,027

Volunteer Energy Cooperative Statements of Income and Earnings Reinvested in System Assets Fiscal Year Ended June 30, 2018

Operating Revenue

Sale of electric energy	
Residential	\$154,909,235
Commercial	23,627,033
Industrial	56,614,925
Street and other lighting	<u>4,103,206</u>

Total sale of electric energy 239,254,398
Other revenue 6,391,173

Total operating revenue 245,645,571

Operating Expenses

Cost of power purchased from TVA	\$187,757,203
Distribution and transmission expense	14,809,653
Customer accounts expense	3,948,739
Customer service, sales and information expense	488,211
Administrative and general expense	8,557,608
Depreciation	15,934,482
Taxes	3,047,591
Interest expense	<u>1,168,359</u>

Total operating expense and interest 235,892,174

Operating Income 9,753,397
Other income 1,180,168

Net Income \$10,933,565

Earnings Reinvested in System Assets

Beginning of fiscal year	\$252,937,530
End of fiscal year	<u>\$263,871,095</u>

SEVEN COOPERATIVE PRINCIPLES

1) Open and Voluntary

Membership: VEC is a voluntary organization open to all people able to use its services and willing to accept the responsibilities of membership without gender, social, racial, political, or religious discrimination.

2) Democratic Member Control:

VEC is a democratic organization controlled by its members – those who buy the goods or use the services of the cooperative – who actively participate in setting policies and making decisions. A member-elected board of directors set the policy and procedures that govern the cooperative.

3) Members' Economic

Participation: Members contribute equally to, and democratically control, the capital of the cooperative.

4) Autonomy and Independence:

VEC is an autonomous, self-help organization controlled by its members. If VEC enters into agreements with other organizations or raises capital from external sources, it is done based on terms that ensure democratic control by the members and maintains the cooperative's autonomy.

5) Education, Training, and

Information: VEC provides education and training for members, elected representatives, managers, and employees so they can contribute effectively to the development of the cooperative.

6) Cooperation Among

Cooperatives: VEC serves its members most effectively by working together through local, national, regional, and international structures.

7) Concern for Community:

While focusing on members' needs, VEC works for the sustainable development of communities through policies and programs accepted by the members.

Corporate Office

18359 Highway 58 North • Decatur, TN 37322
423-334-1020

Benton

2178 Parkville Road • Benton, TN 37307
423-338-2569

Byrdstown

1109 Olympus Drive • Byrdstown, TN 38549
931-864-3685

Cleveland

5335 Georgetown Road NW • Cleveland, TN 37312
423-476-6571

Crossville

235 O'Brien Drive • Crossville, TN 38555
931-484-3527

Decatur

18359 State Highway 58 N • Decatur, TN 37322
423-334-5721

Georgetown (Hamilton County)

8212 Mahan Gap Road • Georgetown, TN 37363
423-344-8382

Jamestown

1023 Old Highway 127-S • Jamestown, TN 38556
931-879-5853

Monterey

213 Stratton Avenue • Monterey, TN 38574
931-839-2217

Spring City

425 Wassom Memorial Highway • Spring City, TN 37381
423-365-5220



www.vec.org