

VOLUNTEER ENERGY COOPERATIVE ANNUAL REPORT



2020-2021



7 COOPERATIVE PRINCIPLES

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.

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.

Members' Economic Participation

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

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.

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.

Cooperation Among Cooperatives

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

Concern for Community

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

Message from CEO and President, Rody Blevins



Dear Members:

This year we celebrate the 85th annual Membership Meeting of Volunteer Energy Cooperative (VEC). Although offered through a nontraditional format, observance of the meeting means two things have happened: another year of operation has been successfully completed, and we are looking to VEC's future once again.

Over the past few years, one of VEC's main focuses has been bringing fiber broadband internet services to our members. In 2017, we took initial steps to implement a broadband pilot in Bradley County. I'm pleased to tell you that our broadband service has expanded from the pilot in Bradley County to include Hamilton; Meigs; McMinn; Roane; Cumberland; and Putnam counties, and it continues to grow.

Since the initiation of our broadband pilot, VEC has been awarded seven grants totaling over \$13.6 million. These grants have been used to aid the cooperative in the cost of constructing our fiber optic network. We currently have two projects that are still ongoing, both in Meigs County. In early 2020, the USDA awarded VEC a \$3.7 million Reconnect Grant. This grant will provide service to over 2,000 homes and businesses in southern Meigs County. Currently, an engineer firm is working to finalize the details of the project design, and we hope to start construction soon. In late 2020, the state of Tennessee also awarded VEC a \$650,000 Broadband Accessibility Grant. This grant will provide service to 390 homes and businesses in the Cottonport community of western Meigs County. The contractor for this project is currently working on the project make-ready. Construction of these two projects will begin in late 2021 or early 2022.

The state of Tennessee has announced that \$500 million of the American Rescue Plan money will be made available to local Tennessee providers through a competitive grant process, which is already underway.

VEC has plans to submit eight proposed projects which may be awarded funds from the American Rescue plan, including projects in Bradley, Cumberland, Hamilton, Meigs, McMinn, Polk, Rhea, and Roane counties. These eight projects combined represent over \$78 million of total fiber optic broadband expansion. If awarded, the projects will also provide new access to over 12,000 homes and businesses across the VEC service area. We will continue to update our members with the progression of the fiber broadband projects.

In addition to all the broadband work for our members, we continue to upgrade and rebuild the VEC electric grid. We currently have under construction rebuilding of our high voltage transmission lines in Cumberland, Fentress, and McMinn counties. These multi-million dollar projects will improve reliability of the VEC system for decades into the future. VEC continues to invest over \$20 million a year on infrastructure for our power grid.

In closing, I want to say thank you for your support of VEC and our employees as we continue to work for the lowest power cost for our members.

Transmission Upgrades



VEC has completed one of the most significant construction projects in the history of the cooperative. Due to outage issues that arose from TVA's over 100-year-old transmission lines in Bradley and Polk counties, VEC decided to construct a new transmission line to connect the Benton substation with the Ocoee substation. Construction of the new

transmission line was completed over the summer, and the new line was energized in late August. In total, 90 steel poles were installed along a 7.32-mile route, beginning at the Benton Substation and ending at the Ocoee Substation. This new transmission circuit will provide improved reliability in Polk and Bradley counties for years to come.

In August of 2020, VEC crews also started a transmission upgrade project on the Cumberland Plateau. The 69kV transmission line that connects the Campbell Junction substation to the Grimsley substation has had no major upgrade in over 50 years, so the cooperative is replacing both the poles and the conductors along the entire circuit. So far, all of the holes for the replacement poles have been drilled, and the installation of the new steel poles is underway. Once complete, this upgrade will also provide improved reliability across the entire northern VEC region.



Additionally, VEC will begin rebuilding the transmission lines from Riceville to Athens in January 2022. This is an ongoing project, and we will keep members updated as it progresses.

Gaynor Solar Array History

In 2016, the Tennessee Valley Authority (TVA) launched a new community scale solar program called Distributed Solar Solutions (DSS). The program was designed to encourage the execution of renewable projects led by the local power companies. The projects were meant to both explore potential solutions for providing community solar, and to target the installation of renewable resources on distribution circuits.

In 2017, the community of Pleasant Hill approached Volunteer Energy Cooperative (VEC) and RSI EnTech about generating a solar proposal and enrolling Pleasant Hill in the

Distributed Solar Solutions program. Before a workable application could be produced, however, TVA announced the end of the DSS program. The Pleasant Hill team, led by Gail Ford, continued to work on a solar solution as the community

awaited TVA's announcement of a replacement program for DSS.

Meanwhile, in 2018, VEC applied to the Appalachian Regional Commission (ARC) POWER program for a \$1 million grant to build a fiber optic network in the community of Birchwood, TN. A part of the grant application included an additional request for \$500,000 that would be provided to the Massachusetts Institute of Technology Lincoln

Laboratory (MIT-LL) for the purpose of conducting a grid virtualization study. Until that time, ARC had never awarded a grant for the purpose of building a fiber optic network, but because of the uniqueness



of the request, an award was ultimately made.

After receiving notice that the ARC grant had been awarded, VEC began having conversations with MIT-LL to determine how to best utilize the grid virtualization project money. Since

VEC was already engaged with Pleasant Hill in an effort to install community solar and to possibly use that solar to build a micro-grid, VEC asked MIT-LL to use the grant to study the effectiveness of installing solar panels in Pleasant Hill and the potential usability of the solar array to create a micro-grid.

As the MIT-LL project moved forward, in early 2019 TVA finally announced a new community scale solar program called the Flexibility Research Project (FRP). With a proposal in hand and a technical study already in process, VEC and Pleasant Hill were finally able to submit a draft proposal to TVA for approval. Two years later, the December 2020 deadline for the FRP

program approached, and TVA had yet to award a single project. The community once again jumped into action by producing a viral YouTube video detailing the benefits of having community solar in Pleasant Hill and showing the potential failures of TVA in not awarding the project.

In early 2021, TVA finally gave conditional approval of the Gaynor Solar Array in Pleasant Hill, and RSI EnTech and Vis Solis Consulting began the final design work of the proposed solar array. The project is ongoing.

PROVIDING OUR CUSTOMERS WITH RELIABLE, SAFE, AND
EFFICIENT SERVICES IN A COURTEOUS AND TIMELY
MANNER AT A COMPETITIVE COST...



VEC
VOLUNTEER ENERGY COOPERATIVE
vec.org
[https://facebook.com/
volunteerenergycoop/](https://facebook.com/volunteerenergycoop/)
(423) 334-1020

...SINCE 1935

2020-2021 FAST FACTS

Customer Service and Outage Calls

Calls Answered by CSR: 182,852

Calls Answered by IVR: 610,336

System Maintenance

Poles Inspected: 3,316

Acres Sprayed: 4,532

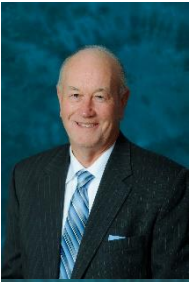
Miles of Line Trimmed: 1,270

Tree Trimmers and Sprayers: 113

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, audiotope, 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 : U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410 Fax: (202) 690-7442 Email: program.intake@usda.gov. VEC is an equal opportunity provider.

BOARD OF DIRECTORS



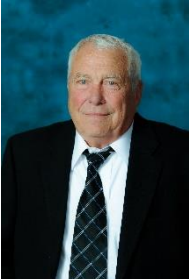
Larry Storie
Chairman
Pickett



Aubie Smith
Vice Chairman
Hamilton



Sammy Norton
Secretary/Treasurer
Meigs



William J. Campbell
Fentress, Morgan, and Scott



Randy Bond
Cumberland – East



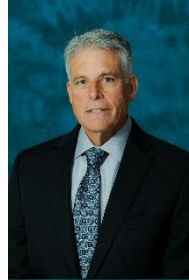
Kenneth Carey
Cumberland – West



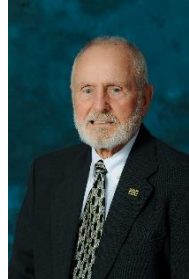
John Buchanan
Bradley



Mike Frazier
McMinn



Tim Handler
Roane and Loudon



Jerry Henley
Rhea and Bledsoe

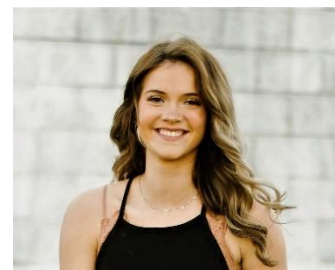
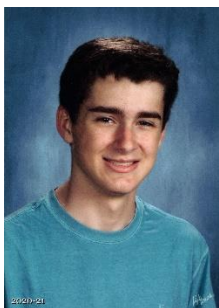


David J. Milen
Polk



Keith Phillips
Putnam, White, and Overton

STUDENT LEADERSHIP



WASHINGTON YOUTH TOUR

The Washington Youth Tour, sponsored by Volunteer Energy Cooperative (VEC) and the Tennessee Electric Cooperative Association (TECA), provides young leaders an opportunity to explore Washington, D.C., learn about how government affects cooperatives, and develop leadership skills. President Lyndon Johnson inspired the tour in 1957 when he encouraged electric cooperatives to send students to the nation's capital.

As with all student activities, the national response to Covid-19 canceled the trip. As a reward for their demonstrated leadership ability and impressive writing, VEC and TECA established a scholarship for each winning student of \$1,000. The students are also eligible to compete for other scholarships available from VEC, TECA and NRECA.

The 2021 winners were Tyler Hall from Cumberland County High, Serenity Nolan from Monterey, Gracie Hall from Clarkrange, Keirra Asberry from York Institute, Teagan Sullivan from Stone Memorial, and Haylee Shoffner from Rhea County High. Each student leader submitted a short story with other juniors at their school. The short stories were judged on knowledge of the subject and treatment of the theme, originality and creativity, and grammar and composition.

4-H ELECTRIC CAMP

The 4-H Electric Camp is a joint venture of 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 TVA. At 4-H Electric Camp, students explore the world of energy, electricity and the basic sciences. This year the camp was virtual.

"Our commitment to community is what sets cooperatives apart from other businesses. Student leadership programs are how we show the youth of our service area that their co-op is more than their electricity provider. We genuinely care about the prosperity of our communities, and that includes providing special opportunities for these exceptional students and preparing them for future success,"

- Rody Blevins, VEC President and CEO.

LILLARD SHADOW SCHOLARSHIP



This scholarship program began in 2003 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.

The 2021 winners were Jonathan Bailey (Crossville Service Area), Megan Tillis (Monterey Service Area), Katherine Stokes (Clarkrange Service Area), and Naylen Bryce McKenzie (Meigs County Service Area).





The VECustomers Share program began in 2001 and has surpassed \$7.3 million in grants to community organizations. In the last fiscal year, over 300 different organizations across our service area received funds. Each month the VECustomers Share board of directors meets and reviews grant requests received the previous month. Each director allots their service area's portion of the monthly grant amount. Recipients vary from each service area, but all have a community impact. Each month the grant award winners are published in Powerlines, the monthly bill newsletter.

Often requests are received for programs from different chapters and in various communities throughout our service areas. An example of a program that has benefited from the VECustomers Share Grant is Rhea of Hope in Dayton, TN.



Rhea of Hope is a non-profit food pantry that functions off of donations only. The food pantry distributes food throughout the month and conducts a food distribution drive-thru on the fourth Tuesday of each month to anyone in need. Rhea of Hope also has a sack pack program for school-aged children and “Candi’s Hope Closet,” which provides items like toiletries to children and adults alike. “The Customers Share Grant has been a huge help for Rhea of Hope,” said Debbie Chamberlain, Director of Rhea of Hope. “We have been truly blessed

and are thrilled to be able to continue to help out our community,” added Chamberlain.

VEC Customers Share is a great opportunity VEC encourages all members to be a part of. The most a member would give through roundup in a year would be \$11.88. The program is an opt in program rather than an opt out, so if you are interested, please contact your local VEC customer service center.



vec.org

<https://facebook.com/volunteerenergycoop/>

(423) 334-1020



Benton
Byrdstown
Cleveland

Crossville
Decatur
Georgetown

Jamestown
Monterey
Spring City

Financial Statements

Volunteer Energy Cooperative

Fiscal Year Ended

June 30, 2021

Assets

Electric plant in service	\$ 523,077,256
Less depreciation	<u>263,138,423</u>

Total	259,938,833
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Other property and investments	12,610,413
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Current and accrued assets

Cash and temporary cash investments	48,914,826
Accounts receivable	14,622,964
Materials and supplies	10,310,370
Prepayments	756,472
Other current assets	<u>1,747,603</u>
Total	76,352,235

Deferred debits

Receivables-conservation	4,069,598
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Other deferred debits	<u>2,579,724</u>
Total	6,649,322
Total assets	\$ 355,550,803

Capital and Liabilities

Capital

Membership certificates	\$ 472,365
Earnings reinvested in system assets	286,830,946
Total	287,303,311

Long term debt	13,267,070
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Other noncurrent liabilities	21,878,034
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Current and accrued liabilities

Other notes payable	-0-
Accounts payable	19,225,649
Customer deposits	5,227,479
Taxes and interest	1,230,097
Other current liabilities	<u>1,189,948</u>
Total	26,873,173
Deferred credits	6,229,215

Total capital and liabilities	\$ 355,550,803
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Volunteer Energy Cooperative
Statements of Income and Earnings
Reinvested in System Assets
Fiscal Year Ended June 30, 2021

Operating Revenue

Sale of electric energy	
Residential	\$ 153,247,813
Commercial	23,604,923
Industrial	56,730,385
Street and other lighting	<u>4,095,703</u>
Total sale of electric energy	237,678,824
Other revenue	<u>6,377,265</u>
Total operating revenue	244,056,089

Operating Expenses

Cost of power purchased from TVA	\$ 181,671,948
Distribution and transmission expense	16,562,248
Customer accounts expense	4,418,181
Customer service, sales and	
Information expense	633,680
Administrative and general expense	6,693,122

Depreciation	17,868,874
Taxes	3,104,207
Interest expense	<u>569,294</u>

Total operating expense and interest 231,521,734

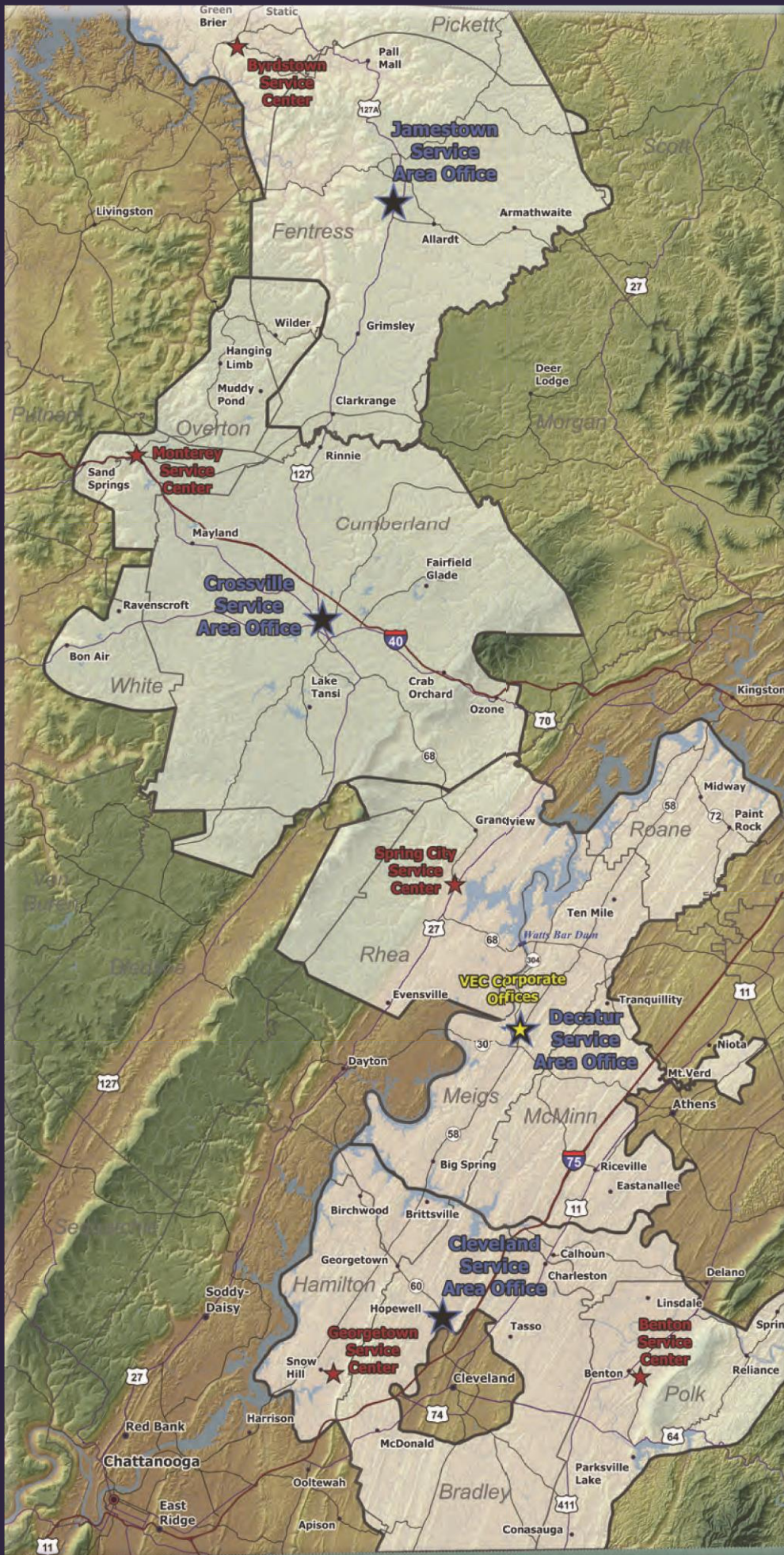
Operating Income 12,534,355

Other income	3,250,129
Non-Operating Expense	1,899,517

Net Income \$ 13,884,967

Earnings Reinvested in System Assets

Beginning of fiscal year	\$ 280,528,311
End of fiscal year	\$ 286,830,946



CORPORATE OFFICE

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

BENTON OFFICE

2178 Parksville Road
Benton, TN 37307
423-338-2569

BYRDSTOWN OFFICE

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

CLEVELAND OFFICE

5335 Georgetown Rd. NW
(Hwy. 60)
Cleveland, TN 37312
423-476-6571

CROSSVILLE OFFICE

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

DECATUR OFFICE

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

GEORGETOWN OFFICE

8212 Mahan Gap Road
Ooltewah, TN 37363
423-344-8382

JAMESTOWN OFFICE

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

MONTEREY OFFICE

213 E. Stratton Avenue
Monterey, TN 38574
931-8392217

SPRING CITY OFFICE

425 Wassom Memorial Hwy.
Spring City, TN 37381
423-365-5220