



# 2021-2022 ANNUAL REPORT

# INTRO

An annual publication  
where we report our  
operations and finances.





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Last spring, the Volunteer Energy Cooperative Board of Directors asked me to fill in as VEC's interim President/CEO. I was both humbled and flattered, and – quite frankly – somewhat anxious. Since my return, I have been pleased to learn that this is the same vibrant, solid organization it was when I retired a few years ago. This cooperative family welcomed me with open arms and have enthusiastically supported me through this journey.

We have made progress in the last few months and have had some challenges we face as we greet the 2022-23 fiscal year:

#### **Back to the Basics**

When I returned to VEC, my promise to the employees was that we would get back to the basics of our role as an electric cooperative and refocus our operations based on the Seven Cooperative Principles: Open and Voluntary Membership; Democratic Member Control; Members' Economic Participation; Autonomy and Independence; Education, Training and Information; Cooperation Among Cooperatives; and Concern for Community. I encourage you to read about these principles in this Annual Report. They are tried and true and remind us of why we are unique and special.

#### **Renewed Emphasis on Manpower and Equipment**

In March, I also told employees that one of my goals was to examine staffing levels and review equipment needs. Supply chain issues have made equipment purchases quite a challenge this year, but we have managed to be able to secure some new trucks and have others on order to be delivered in the next two years. Two new vehicles called "backyard machines" have already arrived and will allow our crews to work in areas that are hard to access by other methods.



*Patty Hurley  
Interim President/CEO  
Volunteer Energy Cooperative*

As far as manpower needs, we have worked hard in the last few months to increase staffing levels and standardize pay rates at VEC. This will be a long-term process as we make these changes while continuing to be financially responsible. We hope that this attention to staffing will help us attract and retain the highly qualified personnel that will carry us into the future.

#### **Enhanced Training and Cross-training Opportunities**

I firmly believe that a strong training program and opportunities for cross-training build a strong workforce and a solid organization. In the last several months, we have held the first cooperative-wide employee meetings in several years and have provided employees with opportunities to expand

their knowledge and skills in trade association classes and with programs held at VEC.

We have also begun the process of cross-training both inside departments and across functional areas. The more an employee knows about cooperative processes, the more he or she sees that each member of the team plays a vital role in the organization's success. Not only does cross-training strengthen processes, but it also results in pride of workmanship for employees.

### **Broadband**

Our efforts at helping rural areas receive **broadband internet service**, in partnership with Twin Lakes Telephone Cooperative, continue. We are excited to announce that we have been awarded state grant funds in four areas—two in Bradley County and two in Polk County. Our work continues for previously awarded grants in Cottonport and South Meigs County. To date, VEC has been awarded grants for a nine areas with a total of nearly 1,000 miles of fiber to be installed.

Although we have made great strides at VEC, these months have not been without their challenges.

**Supply chain** issues have hit the utility industry hard all across the U.S. and internationally. Items that are at the core of our business such as poles, meters, and transformers are in short supply. We are managing resources wisely, being smarter about ordering materials and equipment, and reclaiming and reworking where we can. The close relationships that we have built up over the years with our vendors are paying dividends as they help us navigate the new supply chain normal. We are involved in discussions with our state and national leaders to make them aware of the seriousness of the

situation and to determine if there are strategies or legislative remedies to help.

Our members were directly affected this summer by **high bills**, a result of the combination of a period of unusually hot weather coupled with a spike in natural gas prices that was reflected in TVA's Fuel Cost Adjustment. The Fuel Cost Adjustment fluctuates based on what TVA pays for fuel to generate power. In July, this adjustment was at an all-time historic high and caused extremely high electric bills for power consumers not only in the TVA service area, but nationwide. VEC and other power distributors in the Tennessee Valley expressed great concern that our members were suffering hardships while already dealing with rising costs for other consumer goods. We continue to work with TVA to develop strategies to ease the negative effects of the Fuel Cost Adjustment. Rest assured that we are the voice of our members in times such as these.

All in all, the last few months have shown me that a strong team can successfully navigate stormy waters and grow stronger together. I am proud of Volunteer Energy Cooperative and its people; you should be, too.



## 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.




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# 7 COOPERATIVE PRINCIPLES

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## 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.



# POWERING RURAL TENNESSEE SINCE 1935.



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# BOARD OF DIRECTORS



**Larry Storie**  
Chairman  
Pickett



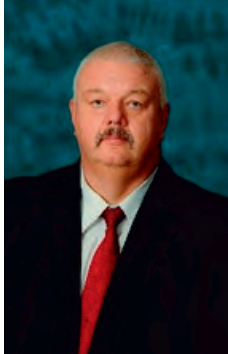
**Randy Bond**  
Cumberland - East



**Tim Handler**  
Roane and Loudon



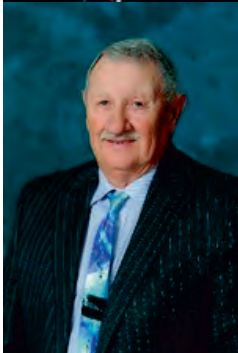
**Aubie Smith**  
Vice Chairman  
Hamilton



**Kenneth Carey**  
Cumberland - West



**Jerry Henley**  
Rhea and Bledsoe



**Sammy Norton**  
Secretary/Treasurer  
Meigs



**John Buchanan**  
Bradley



**David J. Milen**  
Polk



**William J. Campbell**  
Fentress, Morgan,  
and Scott



**Mike Frazier**  
McMinn



**Keith Phillips**  
Putnam, White, and  
Overton





# BROADBAND

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In the early 1930s, the residents of Meigs County found themselves living and working under primitive conditions when compared to their counterparts in the larger cities and towns. Only four out of every 100 farms had access to any form of electricity. This prompted a group of concerned Meigs County citizens to band together in 1935 to form the Meigs County Power Association, which later grew into Volunteer Energy Cooperative.

The original purpose of the cooperative was to bring electric power to the rural parts of Meigs County, and other east Tennessee counties, where no electric company was willing to serve. Eighty-seven years have passed since the formation of VEC, and while many things have changed, much remains the same. For instance, while

electric service to the home has become common, many homes in rural Tennessee still find themselves without access to reliable high speed internet service.

That's where VEC comes in again. Just like the cooperative did during the 1930s, in 2017, the board of directors and management of VEC decided the cooperative should fill the ever growing digital divide, and bring fiber optic broadband access to the unserved and under-served members of VEC. Consequently, a broadband pilot was initiated in Bradley County in 2018, and over the following years it expanded to include parts of Cumberland, Hamilton, McMinn, Meigs, Putnam, and Roane counties.

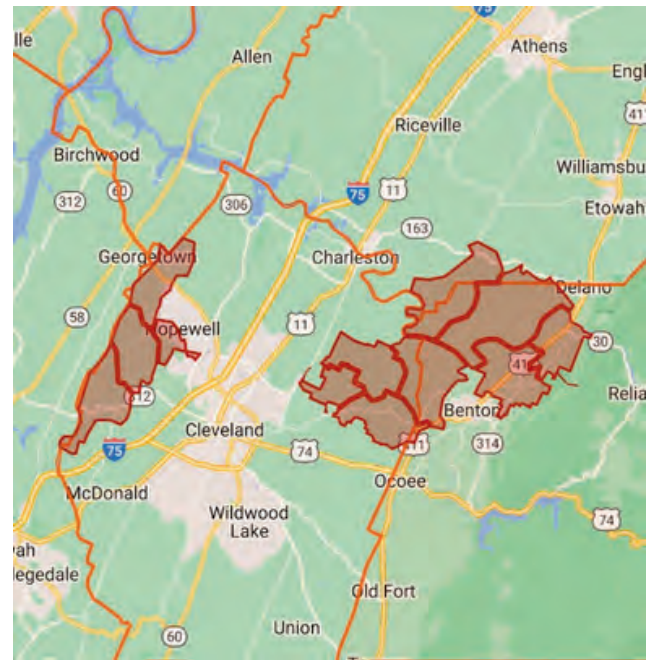
Today, the VEC broadband service continues to grow. Since the initiation of our broadband pilot, the cooperative has been awarded 11 broadband grants totaling over \$29 million. These grants have been used to aid the cooperative in the cost of constructing our fiber optic network. We currently have the construction of one project that is ongoing in south Meigs County, and four new projects that are set to begin in 2023, two in Bradley County and another two in Polk County.

At the beginning of September 2022 the State of Tennessee Department of Economic and Community Development announced that VEC had been awarded four American Rescue Plan (ARP) grants, totaling \$15.4

million. The first two grants, both awarded in Bradley County, will allow the cooperative to provide broadband service to the White Oak Valley and Chatata Valley communities in the northwest and northeast corners of the county. The second two grants, both awarded in Polk County, will allow the cooperative to provide broadband service to the areas west and north of Benton, covering the majority of the north end of the county. In total, over 4,100 additional homes and business will gain access to high speed internet as a result of the ARP grant awards. To see specific details about the areas with broadband availability, including the areas that have recently been awarded, please visit our crowd fiber website, [www.vec-twinlakes.com](http://www.vec-twinlakes.com).

Next year, VEC will continue submitting new broadband grant applications, which we anticipate will have a significant impact on the growth of the cooperative's broadband coverage area. A number of applications in Bradley, Cumberland, Hamilton, Rhea, Roane, McMinn, and Polk counties are already being prepared. Updates to the federal eligibility guidelines and a new state broadband map should improve the likelihood of future grant awards, so expectations are high that additional awards will be made.

VEC has always been committed to providing safe, reliable, and affordable electric service. It is the core mission of the cooperative. Today, our mission has grown to also include the provision of reliable and affordable digital connectivity. While it will certainly take time to complete the cooperative's system-wide fiber optic network, we will not stop working until every unserved and under-served VEC member has access to high speed internet.



*Shaded areas represent regions awarded.*

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# YOUTH LEADERSHIP

“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.”

- Patty Hurley, VEC Interim President/CEO



# WASHINGTON YOUTH TOUR

The Washington Youth Tour, sponsored by Volunteer Energy Cooperative and the Tennessee Electric Cooperative Association, provides young leaders an opportunity to explore Washington, D.C. Students were able to tour former presidents' homes, visit numerous memorials and monuments, and network with students from other electric cooperatives.

The 2022 winners were Sarah Katheron Latham from Central High School in Chattanooga, Kaylea Tholin from Meigs County High School, and Amanda Kurinec from Meigs County High School.



*Washington Youth Tour student Sarah Katheron Latham is interviewed about her Youth Tour experience.*

Student leaders submitted a short story with other juniors at their schools. The short stories were judged on knowledge of the subject and treatment of the theme, originality and creativity, and grammar and composition.

Washington Youth Tour students, (from left) Sarah Katheron Latham, Kaylea Tholin, and Amanda Kurinec, visit Thomas Jefferson's Monticello in Charlottesville, VA.



# 4-H ELECTRIC CAMP



*VEC employees Kristy Kelly (left) and Ty Ratcliff (right) educate students at the 2022 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.



*4-H Electric Camp students Madilyn Calhoun and Brooke Blaker tour an electric vehicle's components.*

# 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.



**Briley York**

Briley York is the son of Larry and Michelle York. Briley graduated from Clarkrange High School with a 4.0 GPA. Briley has participated in projects including a health clinic at South Fentress Elementary and food drive for schools in the Clarkrange and Jamestown areas. The Fentress County CTE Director describes Briley as “outstanding in his citizenship and community service.” Briley is attending Tennessee Tech University.



**Serenity Nolan**

Serenity Nolan is the daughter of Jason and Michelle Nolan. Serenity graduated from Monterey High School (MHS) with a 3.9 GPA and was ranked fourth in a class of 100. Serenity has participated in fundraisers to help send others to church camp, donated supplies to disaster relief, and written cards to nursing home residents. One of Serenity’s teachers says, “[She is] one of the best I’ve taught.” Serenity is attending Tennessee Tech University.



**Madison Fischer**

Madison Fischer is the daughter of Tabitha Layman. She graduated from Meigs County High School with a 4.0 GPA and was ranked eighth in a class of 130. Madison has volunteered at her local Boys and Girls Club, has collected supplies and cooked for families at the Ronald McDonald House in Chattanooga, and has participated in Operation Christmas Child. Her English teacher says, “[Madison] is exemplary. I could not pick a more well-rounded student-athlete and person at Meigs High.” Madison is attending the University of Tennessee Knoxville.



**Amanda Ledford**

Amanda Ledford is the daughter of Anthony and Angela Ledford. Amanda graduated from Bradley Central High School with a 4.0 GPA and was ranked second in a class of 373. She is a member of Relay for Life of Bradley County, the National Honor Society, Health Occupation Students of America, Bradley County Chamber of Commerce Youth Leadership, and served on the BCHS student council. Through these organizations, Amanda has chaired the Isaiah 117 House donation project, collected donations for homeless shelters, volunteered at a local assisted living facility, and helped with her local Habitat for Humanity. Amanda’s Health Science teacher describes her as “Eager to learn new things, very involved in the community, and empathetic.” Amanda is attending Lee University.

# YOUTH LEADERSHIP



# YOUTH LEADERSHIP SUMMIT

The Youth Leadership Summit is a partnership between the Tennessee Electric Cooperative Association and Volunteer Energy Cooperative to promote leadership within our state. Delegates to the annual event receive a hands-on look at state government, learn networking and leadership skills, and develop a better understanding of electric cooperatives.

Two delegates from a high school in our service area are chosen by their guidance counselors and principal to participate. This year, the delegates were Meigs County High School's Tanner Serig and Kyndra Randolph.

*YLS students Tanner Serig and Kyndra Randolph prepare to speak to state representative Dan Howell at the state's capitol.*

## CUSTOMERS SHARE

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# VEC CUSTOMERS SHARE

In October 2001, Volunteer Energy Cooperative launched VEC Customers Share—a grant program available for organizations that benefit their community. Members of Volunteer Energy Cooperative fund the grant by voluntarily rounding their electric bills up to the next whole dollar.

Although each average VEC member contributes about \$6 per year (and never more than \$11.88 annually), thousands of dollars each month are distributed to community groups as a result of the generosity. Scout troops, youth sports, senior citizen groups, PTAs, and civic groups are examples of the types of organizations that benefit from VEC Customers Share funds.

The VEC Customers Share fund is a separate, independent fund from VEC. The fund is designated solely for grant awards. No VEC Customers Share funds are used in the operations or maintenance of electrical

infrastructure, and none of the funds are used to pay electric bills.

VEC Customers Share applications are reviewed by an independent board of volunteers from VEC service areas. Neither members of the VEC board of directors nor employees of VEC serve on this board. The VEC Customers Share board volunteers meet once a month to consider grant funding. Since the inception of the program, over \$7.5 million dollars have been awarded.

#### VEC Customers Share Fast Facts

- About 45% of VEC members participate in the grant program.
- The limit any one organization can receive per year is \$10,000.
- Applications are available in each VEC service center, at the corporate office, and on the VEC web site: [www.vec.org](http://www.vec.org).
- Between 30 and 50 grant applications are received each month.



# FINANCIAL STATEMENTS

## FOR THE FISCAL YEAR ENDED JUNE 30, 2022

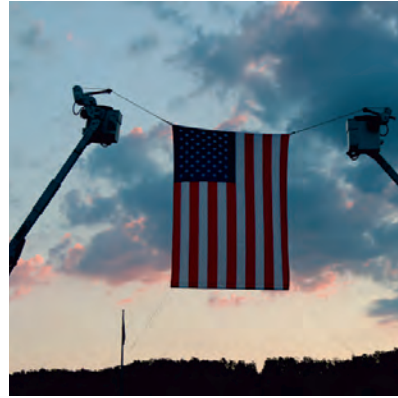
Volunteer Energy Cooperative Balance sheet  
as of June 30, 2022.

<b>Assets</b>	
Electric plant in service	\$544,290,941
Less depreciation	\$277,524,582
Total	\$266,766,359
Other property and investments	\$12,513,797
<b>Current and accrued assets</b>	
Cash and temporary cash	
Investments	\$51,131,724
Accounts receivable	\$18,672,168
Materials and supplies	\$11,156,477
Prepayments	\$876,046
Other current assets	\$1,746,126
Total	\$83,582,541
<b>Deferred debits</b>	
Receivables-conservation	\$3,982,501
Other deferred debits	\$1,841,350
Total	\$6,224,333
<b>Total assets</b>	<b>\$368,686,548</b>
<b>Capital and Liabilities</b>	
<b>Capital</b>	
Membership certificates	\$480,995
Earnings reinvested in system assets	\$299,458,010
Total	\$299,939,005
<b>Long Term Debt</b>	<b>\$9,899,969</b>
<b>Other Noncurrent Liabilities</b>	<b>\$20,392,436</b>
<b>Current and Accrued Liabilities</b>	
Other notes payable	-0-
Accounts payable	\$23,021,232
Customer deposits	\$6,624,077
Taxes and Interest	\$1,242,130
Other current liabilities	\$1,680,702
Total	\$32,568,141

<b>Deferred Credits</b>	<b>\$5,886,997</b>
<b>Total Capital and Liabilities</b>	<b>\$368,686,548</b>

Volunteer Energy Cooperative Statements of  
Income and Earnings Reinvested in System  
Assets Fiscal Year Ended June 30, 2022.

<b>Operating Revenue</b>	
Sale of Electric Energy	
Residential	\$163,143,618
Commercial	\$26,086,010
Industrial	\$67,707,113
Street and Other Lighting	\$4,334,040
Total sale of electric energy	\$261,270,781
Other revenue	\$6,761,635
Total operating revenue	\$268,032,416
<b>Operating Expenses</b>	
Cost of Power Purchased	
From TVA	\$203,981,519
Distribution and Transmission	
Expense	\$18,273,961
Customer Accounts Expense	\$4,508,118
Customer Service, Sales, and	
Information Expense	\$780,466
Administrative and	
General Expense	\$7,630,651
Depreciation	\$18,846,416
Taxes	\$3,068,326
Interest Expense	\$433,782
Total Operating Expense	
and Interest	\$257,523,239
<b>Operating Income</b>	<b>\$10,509,178</b>
Other Income	(\$597,643)
Non-Operating Expense	\$976,530
<b>Net Income</b>	<b>\$8,935,005</b>
<b>Earnings Reinvested in System Assets</b>	
Beginning of Fiscal Year	\$290,523,005
End of Fiscal Year	\$299,458,010



# STATEMENT OF NON-DISCRIMINATION

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](http://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](mailto:program.intake@usda.gov). VEC is an equal opportunity provider.



**Corporate Office**  
18359 Highway 58 N  
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 Road NW  
Cleveland, TN 37312  
423-476-6571

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

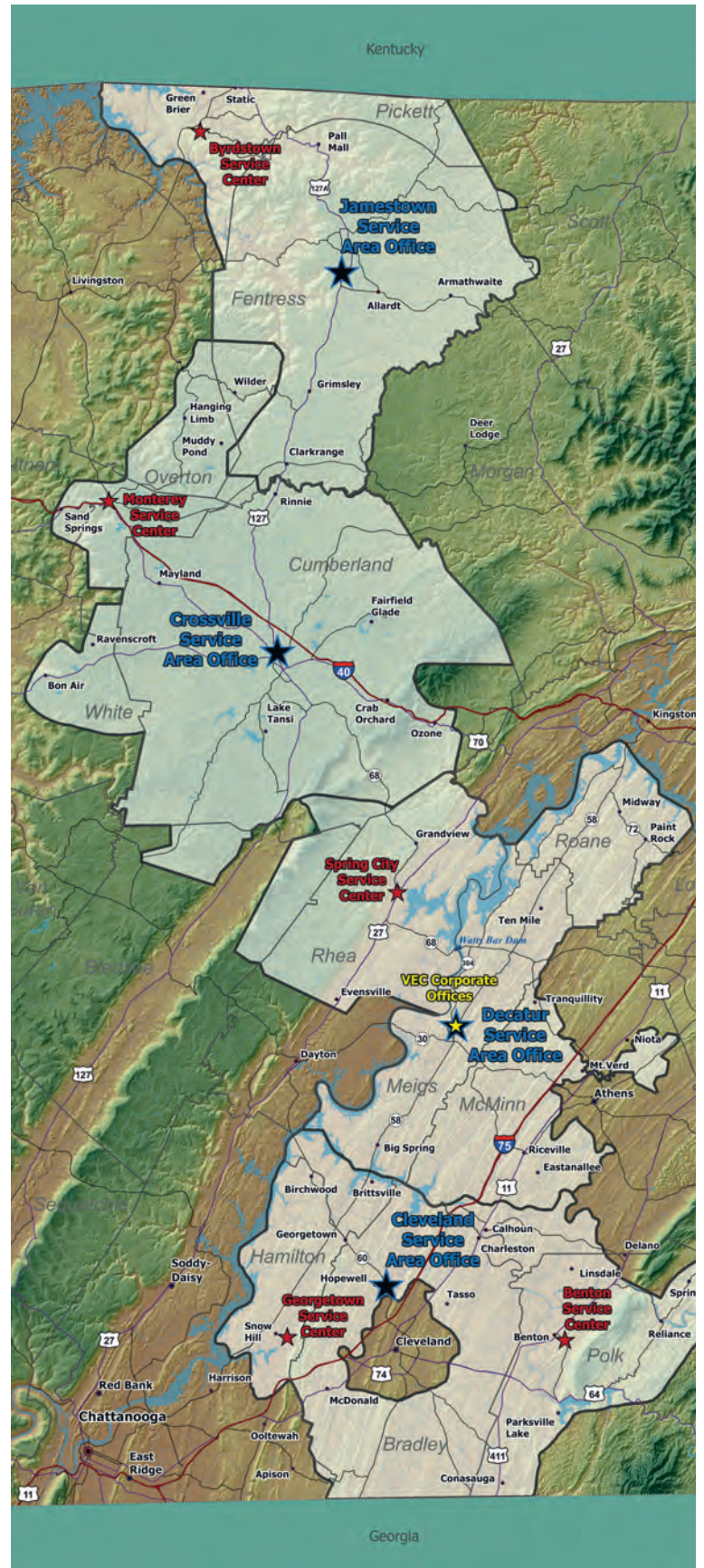
**Decatur Office**  
18359 Highway 58 N  
Decatur, TN 37322  
423-334-5721

**Georgetown Office**  
8212 Mahan Gap Road  
Ooltewah, TN 37363  
423-334-1020

**Jamestown Office**  
1023 Old Highway 127 South  
Jamestown, TN 38556  
931-879-5853

**Monterey Office**  
213 East Stratton Avenue  
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**Spring City Office**  
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423-365-5220



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