

Rate increase announced

On Oct. 1, 2005, the Tennessee Valley Authority (TVA) will put into effect a 7.5-percent wholesale power rate increase. Since SVEC is one of the 158 local distributors that purchases power from TVA, we have no choice but to pass this increase on to our member/customers.

With the almost daily shock of increases in the cost of gas for our cars and trucks and other fuels such as diesel, coal, oil, natural gas and propane, an increase in the cost of electricity (generated largely with these fuels) is hardly a surprise.

In addition to the fuel costs, TVA's general costs of doing business and investments to upgrade and maintain the overall electric system have risen. In 2003, TVA passed a rate increase to help pay for some of these upgrades. But since the prices of coal and natural gas have soared, these costs are eating into the revenue TVA gained with that hike.

Across the nation, electric utilities are increasing their rates. Our neighbors in Georgia and Alabama are also seeing their rates increase. Knowing that others are also raising their rates provides little, if any, comfort for our member/consumers. It does, however, underscore the legitimacy of the cost pressures that TVA and SVEC are feeling.

Electricity purchased for sale to our residential, commercial and industrial member/customers is the single largest expenditure we have at SVEC. In fact approximately 78 cents of every dollar we receive goes to TVA for wholesale power.

After paying interest costs and accounting for depreciation, only a very small amount is left for us to use for operating and maintaining our distribution system and paying our other bills.

SVEC is not immune to cost pressures similar to those affecting TVA. Our expenditures for goods and services essential to the delivery of electricity are also rising.

In addition to the cost of fuel, the price of the steel and copper — used in transformers, wire and other electric distribution material and equipment — has also skyrocketed. The price of some of the wire has increased about 75 percent over the last year.

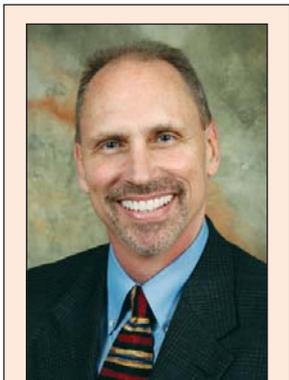
Our revenues have not kept up with the added expenses: these cost

increases, the loss of revenue from the closing of our largest member/customer (Shaw Industries in South Pittsburg) and other major industrial loads in the past couple of years and the continued need to upgrade and rebuild our electric system due to storms and growth on our area.

For this reason, for the first time in five years — and may I add five years that have seen some of the largest increases in costs in recent memory — SVEC will also be increasing our rates an additional 4.17 percent.

News of a rate increase — now or in the future — is never pleasant, and the board of directors and SVEC employees have worked hard to delay any increase. Since our last rate increase, 14 of 20 Tennessee cooperatives have increased rates at least once, and most are looking at another rate increase now. During the past five years, we are proud to have offered some of the lowest residential rates among all Tennessee cooperatives; this rate increase will push SVEC's rates near the state average.

Our pledge to you remains the same. We will continue to work hard to keep our rates as low as possible while also providing the best possible service for our customers.



Bob Matheny
SVEC President/CEO



Sequachee Valley Electric Cooperative

Serving all or portions of Bledsoe, Grundy, Marion, Sequatchie, Coffee, Hamilton, Rhea and Van Buren counties.

Service Centers:

512 South Cedar Ave.; P.O. Box 31,
South Pittsburg, TN 37380
Telephone — (423) 837-8605
Toll-free — (800) 923-2203

97 Resource Rd.; P.O. Box 518,
Dunlap, TN 37327
Telephone — (423) 949-2198

3396 Main St.; P.O. Box 441,
Pikeville, TN 37367
Telephone — (423) 447-2131

14002 Highway 41; P.O. Box 100,
Tracy City, TN 37387
Telephone — (931) 592-2511

14087 Highway 28,
Whitwell, TN 37397
Telephone — (423) 658-7832

After hours: (888) 421-7832



**All SVEC offices
will be closed
Monday, Sept. 5, in
observance of Labor
Day**

**For emergencies call:
1-888-421-SVEC (7832)**



Electric Cooperatives: Going Beyond the Wires

By Sarah Bell, Grundy County High School

“What’s an old mutt like you up to this weekend, Ralph?” asked Sparky, a Pomeranian mixture.

“I’m not sure. I thought I’d get to spend time with Julie, but she’s going to be working on some short story and won’t have any time for me. She promised to make it up, though.”

“What’s she writing about?”

“The electric co-op. She says she’ll win a trip if her story’s really good, so I’m trying not to bother her. I don’t really know anything about SVEC, though. This paper she’s writing has made me curious. It has to say something about ‘Going Beyond the Wires’ — whatever that means,” responded Ralph.

“Well, my owner works for Sequachee Valley Electric Cooperative (SVEC), and I overheard him talking to his wife about it, telling her all the good things they’re doing for the community. I guess that could mean ‘Going Beyond the Wires.’ Do you want me to tell you about it?” asked Sparky.

“Sure. Let’s go by and pick up Butch, then you can tell us all about it.”

Soon they’d met up with Butch, a registered English bulldog, and filled him in on what was happening. They decided to wander around the neighborhood and let Sparky explain just what it was SVEC did.

“Well, you see that building over there? A few months ago they put on a program called a ‘Senior Expo.’ Local seniors went there and had procedures done such as free cholesterol, blood sugar and PSA screening. They also had some informational sessions including: ‘Care for the Aging: Your Rights in Tennessee,’ ‘Skin Cancer Education,’ and ‘Arthritis Self-Help.’ My neighbors went, and they really learned a lot.”

“Yeah, Julie’s grandparents went there. They came over and told her family all about it. They complimented the food and showed off the door prize they won.”

“They had food? And door prizes? I should’ve gotten my owner to take me.” commented Butch.

“Let’s stop talking about food now; I’m getting hungry... Do you see that house they’re working on over there? It was partially burned down a few weeks ago. Thanks to a program called SVECares, those people are able to afford restoring their house.” Sparky informed them.

“What is SVECares?” Butch asked.

Sparky answered, “Basically, SVEC rounds your owners’ bills to the nearest dollar. So if your bill is \$21.64, they would raise it to \$22. The extra \$0.36 would be placed in the SVECares fund. Then the extra money’s used for local projects such as equipment for the fire department or ambulance service, youth services and all types of individual needs.”

“That’s pretty awesome,” stated Ralph. “I didn’t know SVEC did anything other than give us electricity.”



Sarah Bell, daughter of Lanny and Wanda Bell of Tracy City, was the winner of a \$2,000 college scholarship as the second-place winner in the statewide Tennessee Electric Cooperative Association Washington Youth Tour Writing Contest. Sarah is a senior at Grundy County High School.

“I know. My owner complains about that a lot. No one ever notices all the little things SVEC does. Did you know that in September several SVEC employees spent a week in Florida helping rebuild electrical lines that had been knocked down after all the hurricanes?” Sparky asked them.

Ralph answered, “No, I didn’t know that. You really do eavesdrop on your owners, don’t you?”

“What else is there for me to do?”

“Good point,” Ralph responded.

“Can we take a break from all the SVEC talk and get some food?” Butch asked. “You woke me up before I got any breakfast, and I’m tired and hungry.”

“That’s the best idea you’ve had in a long time, Butch,” Ralph commented. “I agree 100 percent. Food and rest are never bad.”

They wandered over to the picnic area of the park and begged for food. After they’d eaten their fill, they decided to relax in the sun for a while. But before long they were

interrupted by a group of environmentalists talking about something called a “Green Power Switch.”

“Hey, Sparky, I thought I heard them mention SVEC in their conversation. What’s all this about a ‘Green Power Switch?’ They totally confused me,” Butch remarked.

“Well, ‘Green Power Switch’ is something that TVA and local public power companies, with help from the environmental community, have started. They use resources like wind, solar power and methane gas to produce power, and then those resources will renew themselves, unlike some of the ways we’re getting electricity now. Coal, natural gas, oil and nuclear power can cause serious environmental problems also. Even though no source of energy is impact-free, renewable resources create less waste. If your owner adds an extra \$8 onto their electric bill, it buys enough Green Power to equal someone going and planting an entire acre of trees.”

“Hey, wait a second, Sparky. Why do you have to spend eight more dollars every month? Aren’t these renewable resources free? I mean, I don’t have to pay for the wind,” Butch stated.

“Yes, they’re free, but the technology used to capture the energy they produce is still more expensive than the traditional methods. If enough people start using it, though, the prices will lower.”

“Wow,” Ralph said, “I never knew what all SVEC does. I hope Julie can get all this stuff to put in her paper.”

“I’m sure she can,” Sparky replied. “It’s easy to find their Web site.”

“Well, I’m going to go back home and go to bed. You guys woke me up too early.”

“Okay, Butch. Thanks for all your help, Sparky. Now I know what ‘Going Beyond the Wires’ really means.”



Highlights of SVEC's 66th annual meeting

The 66th annual meeting of the membership of Sequachee Valley Electric Cooperative was held Thursday night, July 14, at the SVEC Pikeville service center.

The meeting was preceded by a retirement reception for Ray Evans, retiring board chairman, and an open house for the grand reopening of the newly remodeled Pikeville service center. Approximately 200 members participated in the festivities.

Evans was honored for his commitment to the people and communities of our service area during his 22 years on the board. His tireless promotion of economic development projects has brought new jobs and an improved standard of living to our service area.

TVA Customer Service Manager Chari Buckner, State Reps. Bill Harmon and Eric Swafford, SVEC board member Graham Swafford and President/CEO Bob Matheny made comments of appreciation during the reception.

During the business meeting, Evans thanked the membership and board for their support over the years in helping him accomplish his goals of improving the economic and living conditions in our area.

Next, Matheny gave his report on the system improvements during the past year, citing the remodeling of the

Pikeville service center, rebuilding of the Pikeville substation and installation of the "turtle" automated meters. He also shared information about the new substation that will be built in the Bledsoe/Van Buren county area to meet the needs of the planned prison expansion.

During his presentation, he also introduced Johnny Nale, the new District 8 board member elected to fill the vacancy left by Evans' retirement, and the members of the Washington Youth Tour delegation who were present for the meeting. Special recognition was given to Sarah Bell of Grundy County High School. She earned second place with her short story for the Tennessee Electric Cooperative Association's statewide writing contest. (See her story on page 17) She will be awarded a \$2,000 college scholarship this fall at the TECA annual meeting.

At the conclusion of the business meeting, many nice door prizes were awarded.

During the reorganizational board meeting held following the annual meeting, Jerry Don Thomas of Monteagle was elected chairman of the board, Ronnie Swafford of Pikeville was elected vice chairman and James Haskew of South Pittsburg became secretary/treasurer.



The SVEC computer system made registration easy. Pikeville Customer Service Manager Cyndi Johnson hands a "goody" bag and annual report to a couple of attendees.



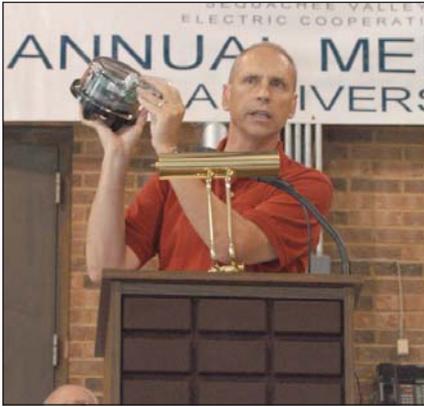
Ray Evans and his wife, Virginia, cut the cake commemorating his 22 years of service to the members of SVEC.



Members took the opportunity to tour the newly remodeled Pikeville Service Center before the meeting. District operations manager Mike Deakins shows these members some of the equipment used on the lines of our system.



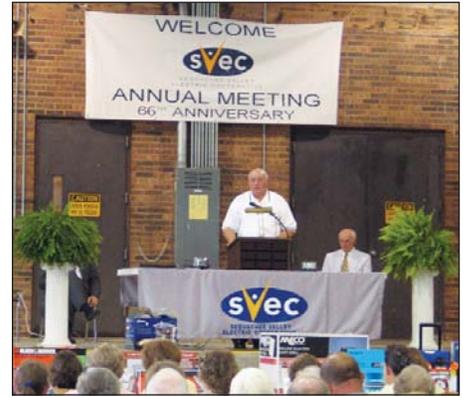
Pikeville Boy Scout Troop 76 opened the meeting by leading the Pledge of Allegiance to the American flag.



SVEC president/CEO Bob Matheny gave an update on system improvement and technology upgrades in his report to the members.



Johnny Nale, newly-elected board member from District 8, was introduced during the meeting.

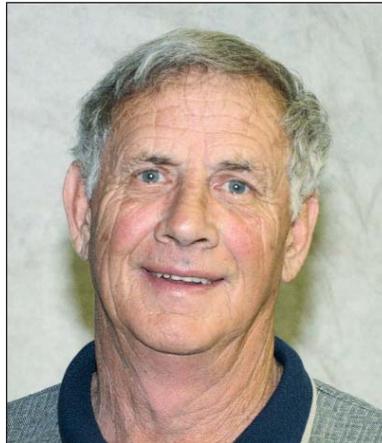


Evans took the opportunity to thank the members of District 8 for their support during his 22 years of service as he adjourned his final SVEC business meeting.



Many nice door prizes were awarded at the conclusion of the business meeting.

Gilliam retires



Jimmy Gilliam

After 34 years of service to the members of Sequachee Valley Electric Cooperative, Jimmy Gilliam has retired.

Gilliam joined SVEC in 1971 after working for the Tennessee Department of Transportation. The Grundy County native began as a collector working out of the South Pittsburg but soon moved into a position as a field engineer and has served as the district operations manager in Grundy County since 1986.

He and his wife, Carol, live in Pelham, where, now that he is retired, he is thoroughly enjoying himself as he tends to his cattle and grandchildren.

Myers new district operations manager

Larry Myers was recently promoted to district operations manager to succeed recent retiree Jimmy Gilliam.

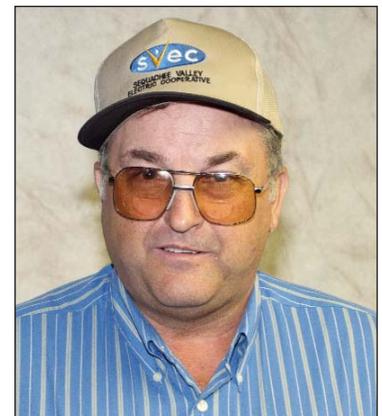
Myers, the district operations engineer for Grundy County, has been with SVEC for 32 years, starting out as a groundsman and progressing to a lineman, line foreman and operating engineer. All of these experiences provided him with the background for his new job as district operations manager.

Myers said that he got a real “trial-by-fire” training when the Coalmont substation went down the day after Gilliam’s retirement. The failure

occurred on a Saturday, and it was his job to make sure everyone's service was restored!

Myers said, “It is more of a challenge than I thought it would be. Especially trying to follow in the footsteps of Jimmy Gilliam, who is sort of a legend around here. However, I have had great support from the linemen and office staff, and that has made it a lot easier to ease into my new responsibilities.”

A Tracy City native, Larry and his wife, Drucilla, still live there. The couple has one son, Rodney, 28, a computer engineer in Rockford, Ill.



Larry Myers



SVECares annual report

How the money was spent July '04-June '05

Following is a listing of the many organizations and individuals benefiting from the kindness and generosity of the SVEC members who participate in the SVECares program. The funds are not used for political purposes or to pay electric or gas bills. These figures cover July 2004-June 2005.

MS Society Sponsor local families to support camp	\$500.00
Whitwell Mountain Volunteer Fire Dept. Equipment	\$1,000.00
Multi-Cancer Support Network Needs of area cancer patients	\$2,500.00
Altamont Volunteer Fire Department Equipment	\$2,500.00
Appalachian Women's Guild School supplies and clothing for needy children	\$2,000.00
Pikeville Volunteer Fire Dept. Equipment	\$1,000.00
Marion County Ministries Food bank	\$1,500.00
Bledsoe County Ministerial Association Food bank	\$1,000.00
Sequatchie County Children's Support Group Children's service projects	\$ 500.00
Volunteer Support Committee Grundy County Children's service projects	\$ 500.00
Bledsoe County Children's Support Council Children's service projects	\$ 500.00
Marion County Sheriff's Needy Children's Fund Children's service projects	\$ 500.00
Bledsoe County Fire Dept. Equipment	\$2,500.00
Lewis Chapel Volunteer Fire Dept./Rescue Squad Equipment	\$2,500.00
Sequatchie County Fellowship of Churches Food bank	\$1,000.00
Tri-State Resource and Advocacy Corp. Provide handicapped accessibility	\$ 3,081.31

Blue Monarch, Inc. Women's Shelter	\$1,500.00
Tracy City Fire Dept./Rescue Squad Equipment	\$2,000.00
Altamont Public Library Copier and supplies	\$ 750.00
Sequatchie County Cancer Support Network Needs of cancer patients	\$2,500.00
South End Volunteer Fire Dept. Equipment	\$2,000.00
Whitwell Mountain Volunteer Fire Dept. Equipment	\$1,000.00
Jasper Volunteer Fire Dept. Defibrillators	\$3,000.00
Sequatchie Volunteer Fire Dept. Equipment	\$1,125.00
New Hope Parks and Recreation Park improvements	\$1,500.00
Jasper Elementary and Middle schools Odyssey of the Mind program	\$ 500.00
I. C. Hope and Cumberland Heights Drug addiction counselor training	\$ 480.00
Lusk Fire Dept. Building improvements	\$1,800.00
Marion County Ministries Food bank	\$1,000.00
Easter Seals of Tennessee Sponsor local children at camp	\$ 500.00
Bledsoe County Lions Clubs Vision needs	\$ 500.00
Needs of individuals and families	\$77,095

Total 2004-2005 grants: **\$120,331.66**