



CO-OP LITE



January 2007
Member Newsletter



2007 ~ A New Year!

By Board President Tom Bailey

The immediate challenge for Vermont Electric Cooperative is to secure reasonably priced electricity in a very high priced fuel market. While the cost of the oil and gas that is used to generate electricity goes up and down, VEC has had to replace a large portion of its electrical supply at historically high costs. Regrettably this has resulted in increased electric rates for you, our members.

Your Board of Directors, as well as the VEC management team has made this issue a top priority for the past year. In view of our options, we believe that we have made some good choices in securing contracts for the immediate future. For the longer term, we are exploring developing and partnering on in-state generation as well as creating incentives for you to shift your usage of electricity to off-peak periods of the day. We will keep you advised of these developing programs in our future newsletters.

Your Board of Directors recently approved the operating and capital budgets for 2007. Both budgets were developed with strong input from the VEC Board as well as the employees, who often have excellent knowledge of where costs can be reduced. We feel that these budgets are conservative, fiscally responsible, and ensure long-term reliability of your electric distribution system. Our 2007 budget is focused on electric asset conditions and day to day maintenance operations, with projects that will provide rapid payback and improved electric service to you.

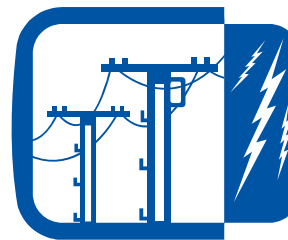
On behalf of the VEC Board of Directors, and the VEC employees, I wish you a safe and happy new year!

~Tom Bailey



Sale of the South Final

The sale of the southern district is complete. Friday, December 8, 2006 marked the final day of serving VEC's members in the Southern District. The area will now be served by CVPS. The proceeds from the sale are



going to be used to pay down debt, invest in VELCO stock, and perform system improvements. The return on VELCO stock and other associated savings, attributed directly from the sale, helped to reduce the revenue requirements in our current rate case and resulted in a \$500,000 reduction in the amount requested in rates by VEC.

This sale was a pretty amazing feat. There were many potential obstacles along the way that could have thwarted our success this year. We had a very aggressive schedule to meet that was successful because everyone from VEC, CVPS, Vermont Department of Public Service and the Vermont Public Service Board worked hard and were committed to the goal. ❄



Ask Rachael

your resource for energy savings

Q. *I'm building a new home and my brother-in-law suggested I put in an outdoor boiler. Does this make any sense from an energy perspective?*

A. No, it doesn't. Placing a heating system outside the thermal shell of the house will result in wasted energy since a significant amount of the heat produced by burning fuel outdoors will never get into the house. Outdoor boilers create more pollution and often use more fuel than comparable sources. Also, outdoor boilers are not subject to many of the safety and performance standards that apply to typical indoor heating systems.

When you place the heating system inside an insulated house, any heat lost from the heating system is kept in the house and will result in less fuel being consumed to keep the house warm.

Rachael is a business development specialist at Efficiency Vermont. Do you have questions about energy use in your home or business? Write to askrachael@efficiencyvermont.com or call, toll-free: 1-888-921-5990 and a customer service representative will answer your question.

