



CO-OP LITE

June 2007
Member Newsletter



Annual Meeting 2007 VEC Moves to Tap Green Power

The Vermont Electric Cooperative is gaining ground in developing local sources for power at below-market prices. In 2006, the Ethan Allen cogeneration project was installed, the Berkshire Cow Power Project was completed, agreements were reached with UPC Wind and Russell Biomass in Massachusetts, and several other farm methane and small wind projects were put in place or are in progress.

The big news for 2007 is VEC's partnership in the REDONA Project, announced in March. The project's aim is to develop a small, standardized 1 megawatt gasifier unit designed to run on an assortment of bio-fuels, including municipal solid waste. Most renewable energy installations up to now are custom made. A standardized unit, which could be easily installed near the fuel source, operate predictably, and produce much of the base load power for that local area, would be a real improvement. Keeping generation and fuel source local translates into a lower price for the power produced. Subtract from that the high cost of transmission line loss and congestion charges, and you have *cheap green energy*.



Bucket Truck hoists the flag at the entrance to Annual Meeting

VEC's first functioning gasification plant will be built in Derby Line, straddling the Canadian border, in Coop territory. VEC will be the exclusive customer for all the power generated by this project at a below-market price of \$60 to \$70 per megawatt-hour. The objective is to prove the reliability of gasification technology with two or three years of operation and to create the model for a gasification unit for the mass market. Research will be wholly funded by Canadian and US grants; both countries are interested in its dual potential as a clean alternative energy source and as a

disposer of municipal solid waste. (Call 802-730-1155 for more information.)

Members attending Annual Meeting were treated to a promotional video of the REDONA Project, featuring the three men responsible for its inception: entrepreneur Evans Sealander, gasification expert Dr. Esteban Chornet, and VEC CEO David Hallquist. Guest speaker Dr. Chornet described the workings of gasifiers as well as his own hopeful view of the

future. He invites visitors to see them working at Enerkem Technologies in Sherbrooke, Quebec. (Call 514-875-0284 for information.)

Solar power has been added to the Cooperative's bag of tricks. Beginning in August, USA Solar Store is offering VEC members a generous financing plan for photovoltaic solar systems. These systems are designed to tie into the grid for net metering but can also stand alone, off-grid. They start at 1.26 kWh and are ideal for remote residential use or to supplement on-grid power.

You don't have to be a VEC customer to be a Cooperative member. Our goal is to bring power to ourselves as members in the most efficient and cost effective ways we can, even if it means off-grid. Our CEO Dave Hallquist is leading VEC in that direction with a sure hand. His move to engage Stone and Webster Consulting for a serious business process review can only lead to improvements in the management of the cooperative's assets and services.



CEO Dave Hallquist

Thank you, Dave, for your dedication to our community. ♪

Election Results

Election results at Annual Meeting approved two bylaw changes, a substantial improvement and re-elected four incumbent directors. Dorothy Allard of Bakersfield, John Ward of Newport, and board president Tom Bailey of Derby were all unopposed. The three-way race for Grand Isle district was close: John Miller received 221 votes, George Rice, 182, and Roland Tremble, 194.

The bylaw change regarding "the right of the Cooperative to obtain easements in order to install electric service" generated concern among members. Of the votes cast,

1898 were in favor and 612 were opposed.

The other ballot items were passed by votes of 85% and 88%.

At the ensuing directors' organizational meeting, the board voted a slate of officers as follows: Thomas Bailey, President; Daniel Carswell, First Vice President; Daniel Parsons, Second Vice President; John Slagle, Secretary, Bertrand Lague, Treasurer; David Hallquist, CEO and Vice President; Michael Bursell, Chief Financial Officer; Daniel Poulin, Chief Operating Officer; and Bennett Greene, General Counsel and Assistant Secretary. ❖



Directors at the Organizational Meeting

Effective immediately all payments should be sent to VEC's lockbox at the address below:

Vermont Electric Cooperative, Inc.
P.O. Box 1400
Brattleboro, VT 05302-1400

If you are using an online payment vendor please correct our remittance address with them. Any questions please contact a member service representative at

1-800-832-2667.

Thank you!

VEC would like to extend a big THANK YOU!

To the following companies who provided Door Prizes for 2007 Annual Meeting

Burak, Anderson & Melloni
Charles Curtis
Fireprotec Fire & Safety
First Choice
Halpin
Hilary's
New England Tree Experts

Northco Construction
Northern VT Traffic Control LLC
Primmer Piper Eggleston & Cramer
SBCollins
T. R. Electric
Tree's Inc.
Wesco

Public Service Board Reviews VEC's Service Quality and Reliability Performance

The Vermont Public Service Board has opened a docket to investigate VEC's failure to meet three (3) of its twenty (20) performance standards agreed to in its Service Quality Reliability Plan.

The Service Quality and Reliability Plan defines standards by which the VEC's member service, safety, and reliability performance are measured, and requires the utility to monitor and report the results of its performance in these areas. The standards cover seven broad areas of service that have a substantial impact on members: phone answering, billing, meter reading, work completion, member satisfaction, worker safety, and reliability of service. While many of the electric utility Service Quality and Reliability Plans for utilities in the state of Vermont are quite similar, the 19 plans are not identical. They include different standards and different minimum performance levels for those standards, depending on the particular utility's circumstances.

Each Service Quality and Reliability Plan also includes at least one "service guarantee" – a specific credit or financial benefit to the affected individual retail customers if the utility fails to meet one of its service commitments. Nearly all of the Service Quality and Reliability Plans also include a service quality compensation mechanism under which the utilities will pay a financial penalty if certain minimum standards are not met.

VEC believes these service guarantees are excellent tools for helping Vermont utilities prioritize their work around customer responsiveness. VEC supports its Plan and has taken these measures very seriously since implementing them in 2004.

VEC's focus for 2006 was to eliminate blocked and abandoned calls during and after normal business hours. VEC worked diligently to implement new technologies and procedures to resolve these issues, and we are proud of our success in meeting and exceeding the standards this year on the calls.

Overall, VEC has performed well in most areas of the plan for this reporting year. The three areas in which VEC failed to meet the agreed upon measures were; Lost Time Severity Rate, a safety measure; Payment Posting Complaints; and System Average Interruption Frequency Index, a reliability measure.

VEC failed to meet its Lost Time Severity Rate as a result of an accident that occurred on September 28, 2006. The affected employee has been out of work since that date, which has resulted in missing this measure. VEC management has taken this very seriously, and has implemented the corrective action to ensure this does not happen again. VEC will also fail to meet this measure during the current plan year, as the employee is still in recovery.

The Payment Posting Complaints measure requires that VEC have fewer than .0005% of payments posted incorrectly in a month. This represents an average of 1.8 payments out of approximately 25,000 postings per month, a number that is very difficult to achieve. In March of 2007, VEC started outsourcing its payment posting process to Chittenden Bank in Brattleboro. Chittenden Bank also processes Green Mountain Power's and Vermont Gas Systems' payments and they have met their standards in this area. VEC anticipates that this will be a corrective measure and allow us to meet our standards in the upcoming reporting year.

VEC management recognizes the importance of reliability to its members, and has been working for over a year on a plan to improve system reliability.

In February, 2006, VEC put a plan in place to double its tree-trimming budget over the next four years. The VEC tree trimming budget was \$1 million for 2005. On a percentage basis our plan includes annual increases in vegetative maintenance spending of the following percent:

Year	Maintenance Increase
2006	30%
2007	23%
2008	19%
2009	16%

This should be adequate funding for VEC to achieve the agreed-upon performance measure using its current methods of right-of-way maintenance. In addition, management is working with the VEC Board of Directors to recommend changes to the way VEC manages its rights-of-way. VEC's management team has been bringing in professionals to the Board of Directors to provide education on how other utilities' vegetation management programs work. VEC plans to hold meetings over the next few months with the members to take input and provide information regarding these improvements. VEC management believes it will take many years to meet its System Average Interruption Frequency Index goals, as bringing its 2,700 miles of electric distribution to a higher standard cannot be done in a short period of time.

In the first hearing conference held April 5, 2007 the Public Service Board indicated that they understood that VEC's systems are more rural, and thus more difficult to serve, than most other utilities in the state. They may consider alternate measures as part of the Docket. However, VEC recognizes that much more work can be done, and will make sure to establish the most challenging goals possible. Setting a goal that is difficult to achieve is good, as long as appropriate work is being done to meet that goal, and the costs are reasonable. ♦

Efficiency Vermont Ask Rachael

Q: I'm trying to keep an eye on our energy use, and I'm wondering if some pool pumps are more energy-efficient than others?

A: Definitely. Every pool pump has an efficiency rating. The higher the rating, the greater the efficiency. With any pool pump, you can further reduce energy use by running it for only as long as needed. Start by running the pump for six hours per day. If the pool stays clear, run the pump less often. If the pool starts to get cloudy, run the pump a bit more each day until it clears. Also, use a timer that is rated for the size pump you have and ask your dealer for help selecting the smallest pump for your needs, along with appropriately over-sized filters and piping.