



CVEA History: Celebrating 50 Years of Service

2009 marks the 50th Anniversary of when Copper Valley Electric Association, your local electric cooperative, first began providing service to its members.

A small group of Copper Basin residents met in 1952 to plan the formation of a Rural Electrification Administration (REA) cooperative. They demonstrated confidence in the future development of rural Alaska.

Vince Joy, the founder of Central Alaskan Missions (CAM), saw the possibilities of rural electrification and stimulated the community to organize an association.

After nearly seven years of planning, arranging REA financing, design and construction, the switch was thrown in Glennallen in February 1959. That year, 114 customers purchased 916,000 kilowatt-hours (kWh) which were distributed across 48 miles of line.

The initial board members could not have foreseen the tiny co-op would grow from 38 members to more than roughly 3,600 consumers, providing electricity to approximately 8,000 area residents in the Valdez and Copper Basin.

Overcoming Challenges

CVEA has provided electrical service to the residents of the Copper Basin since 1959, and to the city of Valdez since 1964.

The cooperative has met not only the routine challenges of weather and distance, but extraordinary ones, such as earthquakes, avalanches, pipeline construction, the development of hydropower and the extremely high cost of oil.

On Good Friday, March 27, 1964, the Great Alaska Earthquake shook the state with unimaginable force. At the Glennallen plant, power was shut down for only four hours.

Valdez, however, was virtually destroyed, and the city was relocated to a new town site. The owner of the existing facilities did not have the means or inclination to restore service, so CVEA purchased the generation and distribution facilities and ex-

tended electricity to the new Valdez town site.

Copper Valley Telephone Cooperative

In 1964, CVEA also was instrumental in developing the Copper Valley Telephone Cooperative by providing management, accounting and maintenance support to the fledgling cooperative.

Telephone service was extended to the CVEA service area. In just ten years, the demand on both utilities was so great the CVEA/CVTC Board voted to separate the utilities in July 1974.

Alaska Pipeline

Construction of the Trans Alaska Pipeline had a huge impact on the communities served by CVEA. In the Copper Basin, demand for electrical power led CVEA to acquire supplemental power from the Glennallen pipeline camp in the winter of 1975.

To meet additional demands on the system, CVEA installed two 2,600 kilowatt (kw) engines in Glennallen, which began operations the summer of 1976. That same year, two additional diesel engines were installed in



Glennallen Diesel Plant engines, installed in 1959; these engines will be replaced in 2009 after 50 yrs. of service



Valdez Diesel Plant and the Don Smith Substation



Section of Trans Alaska Pipeline

Valdez.

Solomon Gulch Hydroelectric Project

In 1974, CVEA filed a preliminary application with the Federal Power Commission for construction of the Solomon Gulch Hydroelectric project. Groundbreaking took place in October 1978 and construction was completed in 1981.

In that year, the membership passed a resolution to sell the Solomon Gulch Hydroelectric Project to the Alaska Power Authority. This action led, in part, to Solomon Gulch and CVEA becoming members of the Four Dam Pool Power Agency.

Solomon Gulch became the cooperative's primary power source in May 1982. Today, Solomon Gulch provides roughly 60% of our annual generation requirement.

Cogeneration Plant

In 1992, Petro Star, Inc. completed construction of an oil refinery on Dayville Road in Valdez and became CVEA's largest single power user.

In 1996, Petro Star considered installing its own electrical generation at the refinery. In a joint effort, CVEA and Petro Star designed and built a five-megawatt combustion turbine cogeneration facility that provides a needed increment of power to CVEA members and provides recovered heat to Petro Star for use in refining crude oil.

The cogeneration plant began commercial operation April 24, 2000. Since that time, heat revenues have

produced margins to pay operating costs, to refund capital credits and to pay a portion of high fuel costs. Over the past seven years, \$4.4 million in fuel costs have been absorbed by the cooperative and \$2.7 million has been returned as capital credits.

Allison Lake Hydroelectric Project

March 3, 2008, CVEA filed an application for a preliminary permit with the Federal Energy Regulatory Commission (FERC) to undertake an Allison Lake Hydroelectric Project.

On Monday, September 1, 2008, FERC granted CVEA a preliminary permit. Since that time, consultants have been on site and Phase I of the Field Study program has been completed.

The Allison Lake Hydroelectric Project holds the potential for increased hydro power generation which could displace over 20,000 mWh of fossil fuel generation and provide members of the Cooperative long-term, sustainable, environmentally clean energy. It is with these thoughts in mind that CVEA continues to aggressively move the Allison Lake project forward.

Four Dam Pool Power Agency - Divestiture 2

In 2008 CVEA agreed to a Purchase and Sale Agreement with the FDPPA, whereby CVEA would purchase the Solomon Gulch Project. Under the terms of the agreement CVEA will become the owner of the 12-megawatt Solomon Gulch hydro

electric facility and the 106 miles of transmission line connecting the communities of Valdez and Glennallen. Also, as part of the transaction, CVEA will assume all ownership risks.

In exchange for assuming the risks and burdens of owning the Solomon Gulch Project, CVEA will receive, at closing, \$15 million to be placed in reserve to fund these future risks and needed system improvements. CVEA Management and Board are confident that the transaction will result in future economic benefits to CVEA consumers.

Residential Fuel Cost Assistance Credit

In November 2008, CVEA implemented a Residential Fuel Cost Assistance Credit (RFCAC). The RFCAC was created to help members deal with the high costs of energy through the winter when fuel costs passed on to the members are at their highest. The 10.57¢/kWh credit on residential members' bills is another benefit funded by the cogen heat revenue.

CVEA's mission is to provide exceptional customer service through safe, reliable, cost-effective electric service and programs. Our vision is to reduce or eliminate fossil fuel generation in favor of hydropower. CVEA will continue to work towards these goals as we move into the future.

Please join the CVEA 50th Anniversary celebration at the 2009 Annual Meeting of Members in April.



Solomon Gulch Hydroelectric Plant, supplying 60% of CVEA's annual generation



Copper Valley Electric Association Cogeneration Plant, supplying roughly 25% of CVEA's annual generation



Allison Lake, a potential source of future hydroelectric power-Photo by Steve Hart/Hatch Acres