

CVEA ANNUAL REPORT 2024



VALDEZ PLANT OPERATOR LEE BURKE
SOLOMON GULCH DAM BUBBLER PROJECT

MESSAGE TO THE MEMBERSHIP

Dear Co-op Members,

As your CEO, I want to take a moment to thank you for being a valued member of the cooperative. At Copper Valley Electric, we are committed to providing exceptional service through safe, reliable, cost-effective electric service and programs. We accomplish this by focusing on the short and long-term goals identified in our Strategic Plan. Looking back over 2024, our list of accomplishments is long, and I want to express my appreciation for the dedication and hard work that made them possible.

Be the Employer of Choice

CVEA members and employees are our greatest assets. In 2024, we strengthened our commitment to workplace safety, achieving a record of no lost-time accidents. Nothing is more important than ensuring every employee, contractor, and community member goes home safely at the end of the day. CVEA's employee development programs were improved to cultivate a skilled, engaged workforce that is prepared for the future. I was proud to participate in CVEA's new recruitment video which highlights our internal culture and supports the Cooperative's strategic goal of being the employer of choice in our communities.

Build Financial Strength

Despite many economic uncertainties and lower kWh sales, CVEA delivered strong financial results by meeting all of the goals outlined in the Cooperative's Equity Management Plan. The Co-op's ten-year financial forecast and disciplined approach to managing costs allowed for continued investment in infrastructure. In 2024, hydroelectric generation increased by 4 percent, accounting for 65 percent of total annual generation, while oil prices saw a slight decline compared to the previous year. Together, these factors helped lower fuel costs on winter bills. Additionally, CVEA secured \$906,879 in grant funding related to power generation projects, reducing the amount of money the Cooperative will need to borrow to replace aging infrastructure.

Maintain and Improve System Reliability

CVEA's ongoing investment in infrastructure continues to yield results, improving system reliability and strengthening the Co-op's ability to serve members. Average outage hours in 2024 were below CVEA's five-year average. We equate this improvement to a variety of maintenance projects, including insulator upgrades, the addition of fuses on untapped structures, and continued, aggressive right-of-way clearing. In 2024, CVEA cleared 12 miles of transmission line and 27 miles of distribution lines. Power plant upgrades were also a priority, including the completion of the Cogeneration Plant overhaul, which occurs approximately every nine years. This unit provides roughly 22 percent of overall annual power generation and is a critical asset.

Reduce Dependence on Diesel Fuel

Reducing the Cooperative's dependence on diesel fuel is another strategic goal, and we continue to explore winter solutions to combat high fuel costs. CVEA has made progress working with Alyeska Pipeline Service Company on a power exchange project with the Valdez Marine Terminal. The project is nearing completion, with testing scheduled for spring 2025. This will lower diesel consumption in the winter months. Cost estimates have been updated for the Solomon Gulch Dam Raise Project and it will be further evaluated this year.

Be an Advocate for Members

At CVEA, advocating for our members means supporting and promoting your interests through legislative advocacy, community support, and transparency. In 2024, CVEA visited representatives in Juneau and Washington, D.C., multiple times to educate legislators and government agencies about the cooperative and discuss key priorities, including the high cost of fuel, regulatory burdens, and aging infrastructure. Commitment to community is a core cooperative principle and a cornerstone of CVEA’s mission. Last year, the Co-op hosted numerous member engagement activities, participated in local events, and supported our communities through scholarships and contributions to local nonprofits via the CVEA Community Foundation. Finally, I hope you’ve had a chance to check out *Behind the Switch – A Newsletter Edition*, our digital publication launched in 2024. Packed with valuable information about your cooperative, it’s delivered to your inbox and available online each month.

I look forward to reflecting on our 2024 accomplishments, updating you on current issues, and sharing our priorities for 2025 at the Annual Meeting on April 29, in Valdez, and May 1, in the Copper Basin.



Jaime Matthews
Chief Executive Officer

Jaime Matthews

2024 BOARD OF DIRECTORS



Lon Rake
President



Yvette Delaquito
Vice President



Dan Stowe
Secretary



Will Stark
Treasurer



Andrew Hess
Director



Jan Maslen
Director



Jeff Saxe
Director



Catherine Vereline
Director

2024 ACCOMPLISHMENTS

Power Supply and Buildings

- Completed the Cogeneration Plant turbine and gearbox overhaul - required every 30,000-35,000 hours of operation (roughly every nine years)
- Removed and disposed of substation equipment from the subdeck at Solomon Gulch
- Completed Maintenance at the Solomon Gulch Hydroelectric Project:
 - Bubbler line upgrade and replacement
 - Turbine #2 shaft seal packing replacement
 - Lake level instruments upgrade and replacement
- Completed Valdez Diesel Plant engine #5 maintenance:
 - Top end overhaul
 - Pressure monitoring system upgrade
 - Labyrinth seal replacement
- Performed station service upgrades and ground water intrusion dirt work at the Glennallen Diesel Plant

Communications and Community Foundation

- Executed the 2024 Annual Meeting, Electricity in Schools Program, and Member Tour
- Executed Co-op Month Pick-Your-Own Pumpkin Patch events in each district, supporting 16 nonprofit organizations and raising \$6,746 and food donations for local food banks
- Launched the *Behind the Switch - A Newsletter Edition* digital newsletter
- Won a first place Excellence in Communications Award from the Northwest Public Power Association (NWPPA) for the *People Behind the Switch - An Office Story* video
- CVEA Community Foundation awarded roughly \$11,000 in scholarships, over \$30,000 in local nonprofit contributions, and provided over \$5,000 to support senior citizens in our communities through the Senior Holiday Giving and meal distribution programs
- Completed the Cooperative's first recruitment video, highlighting employee stories, to showcase our internal culture and what makes CVEA an excellent workplace
- Began using social media advertising for recruiting open positions
- Updated the Careers webpage to showcase what it's like to work, live, and play at CVEA

Administration, Finance, and Human Resources

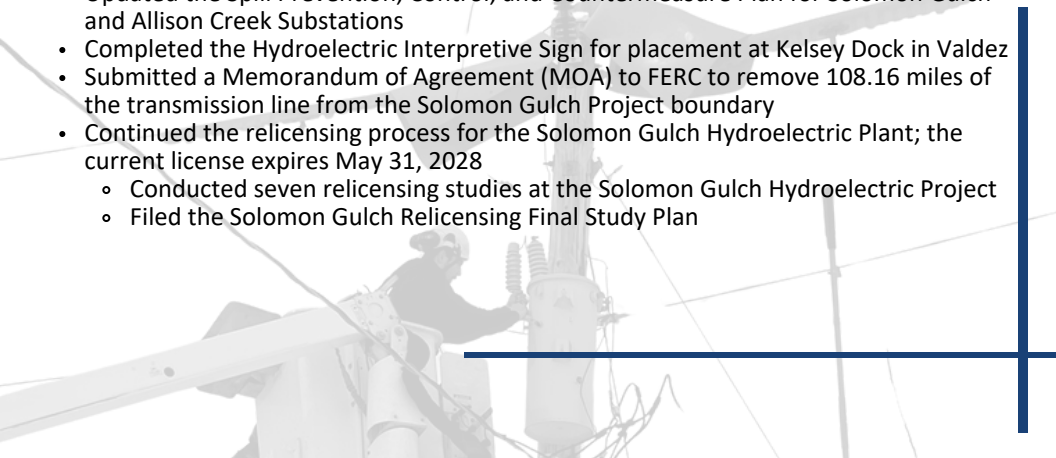
- Completed successful audit - the 2023 audit had no exceptions noted
- Paid \$797,000 in patronage capital to members in December
- Received \$906,879 in grants related to power generation projects
- Received approval of a 10-year Capital Work Plan to address aging infrastructure
- Completed year two of the 5-year rate adjustment plan, a result of the 2022 Rate Study
- Implemented updated member bills
- Increased company-wide cybersecurity measures
- Completed Aclara server migration
- Recruited eight new employees and promoted four internal candidates

Operations and Engineering

- Installed 35 fuses on unfused taps in the Copper Basin district
- Completed Phase 1 of the Dayville Road Replacement Project
- Installed 51 new cutouts
- Replaced 12 insulators on the transmission line
- Completed construction of Phase 2 of the Operations Department storage buildings
- Installed over 40 new services, including Chugach Naswik Suites, Blue Hole Helicopter Base, and St. Patrick's Subdivision
- Completed annual substation maintenance at all substations
- Relocated power line in Copperville to prevent it from destruction due to river erosion
- Completed transmission line inspections to identify issues and assist in prioritizing future repairs
 - Completed the drone patrol of the entire transmission line
 - Completed inspections of all transmission line wood poles
- Right-of-Way Management:
 - Cleared 12 miles of transmission right of way to 100 feet
 - Cleared 27 miles of distribution right of way
 - 18 miles in the Copper Basin district
 - 9 miles in the Valdez district
 - Trimmed 8.5 miles of trouble areas with the SkyTrim
- Continued to work with Alyeska Pipeline Service Company on the CVEA/Alyeska Intertie

Safety and Regulatory

- Executed a company-wide employee Safety Week event
- Maintained a below industry average on Workers' Compensation Experience Modification Factor, with zero lost time injuries in 2024
- Completed the Revised Penstock Seismic Analysis Report
- Updated the Solomon Gulch Public Safety Plan
- Updated the Dam Safety Surveillance and Monitoring Plan
- Completed the Solomon Gulch Erosion Analysis Study
- Independently conducted Solomon Gulch streamflow gaging operation and reporting
- Updated the Spill Prevention, Control, and Countermeasure Plan for Solomon Gulch and Allison Creek Substations
- Completed the Hydroelectric Interpretive Sign for placement at Kelsey Dock in Valdez
- Submitted a Memorandum of Agreement (MOA) to FERC to remove 108.16 miles of the transmission line from the Solomon Gulch Project boundary
- Continued the relicensing process for the Solomon Gulch Hydroelectric Plant; the current license expires May 31, 2028
 - Conducted seven relicensing studies at the Solomon Gulch Hydroelectric Project
 - Filed the Solomon Gulch Relicensing Final Study Plan



SYSTEM INSPECTIONS LEAD TO FUTURE SYSTEM IMPROVEMENTS

To support CVEA's strategic priority of maintaining and enhancing system reliability, the Cooperative conducts inspections on both a regular schedule and an as-needed basis.

In 2024, CVEA completed comprehensive transmission line inspections using advanced technology. This resulted in significant time and cost savings. These inspections included an aerial survey, required every eight years, and a wood pole assessment, last conducted in 2014. Aerial inspections are essential for identifying maintenance needs in hard-to-reach areas and detecting issues not visible from the ground. In 2024, CVEA used drones instead of traditional manned helicopters, completing the inspection four days ahead of schedule. The high-quality images captured will help guide future transmission line maintenance and repairs.



Additionally, a full inspection of every wood pole along the transmission line was conducted to evaluate their condition and determine replacement needs. Previously, this process was labor-intensive and costly. After exploring more efficient methods, the team adopted the IML-RESI PowerDrill method, which provided more accurate data on pole decay and replacement timelines. The inspection revealed minimal damage and no reject poles requiring immediate replacement—great news for CVEA members.

COMMUNITY SUPPORT



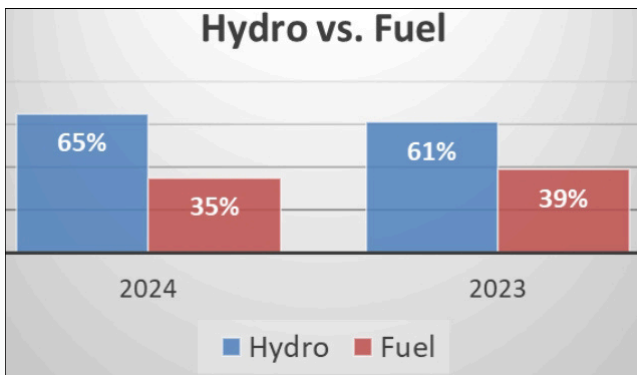
2024 FINANCIAL STATEMENTS (unaudited)

Balance Sheets

| | 2024 | 2023 |
|-----------------------------|---------------|---------------|
| Net Utility Plant | \$ 70,367,947 | \$ 69,047,510 |
| Investments | 1,580,489 | 1,526,062 |
| Current Assets | 14,478,223 | 15,804,548 |
| Total Assets | 86,426,659 | 86,378,120 |
| Member Equity | 24,028,067 | 24,200,100 |
| R&R Fund | 4,920,477 | 5,595,267 |
| Long-term Debt | 46,368,036 | 44,513,171 |
| Other & Current Liabilities | 11,110,079 | 12,069,582 |
| Total Liabilities & Equity | \$ 86,426,659 | \$ 86,378,120 |

Statements of Income

| | 2024 | 2023 |
|--------------------------------------------|--------------|--------------|
| Energy Revenue | \$ 7,104,716 | \$ 6,713,124 |
| Fuel / G&T/ Cost of Power Revenue | 18,507,231 | 21,221,008 |
| Heat Revenue | 2,615,843 | 2,875,524 |
| Fuel Credits | (2,092,675) | (2,300,420) |
| Grant Revenue | 906,879 | 1,423,280 |
| Non-Operating Margins | 967,442 | 361,409 |
| Total Revenues | 28,009,437 | 30,293,926 |
| Fuel | 8,152,822 | 9,786,128 |
| Power Generation & Transmission | 8,515,841 | 8,681,533 |
| Operations & Maintenance | 2,703,952 | 2,642,195 |
| Administrative, General & Customer Service | 3,415,023 | 3,643,168 |
| Depreciation | 2,755,483 | 2,688,431 |
| Interest | 1,769,453 | 1,728,040 |
| Taxes | 41,860 | 44,948 |
| Total Expenses | 27,354,433 | 29,214,443 |
| Margins | \$ 655,004 | \$ 1,079,483 |



- In 2024, CVEA hydro units met 65 percent of total generation needs, and provided roughly 1.7 million kWh more than 2023
- Increased hydropower generation led to fuel savings of approximately \$357,000, compared to the previous year

2025 ANNUAL MEETING

NOTICE TO MEMBERS

Mission of CVEA: To provide exceptional service through safe, reliable, cost-effective electric service and programs



Copper Valley Electric Association, Inc., invites you to the 2025 Annual Meeting of Members. The annual meeting will be held on Tuesday, April 29, 2025, in the Valdez District at the Valdez Civic Center, and on Thursday, May 1, 2025, in the Copper Basin District at the Glennallen Community Center. Registration begins at 5:30 p.m. and the business meeting begins at 6 p.m. Register by 6 p.m. to be eligible for attendance gifts and door prizes.

The purpose of the meeting shall be to hear reports, ask questions about your electric cooperative, accept director election results, and to transact any other business that may come before the membership.

- Caused to be published by Secretary Stowe

2025 Annual Meeting Agenda

| | |
|----------------------------------------|-----------------------------------------|
| 1. Call to Order | President Rake |
| 2. Reports | |
| o Report of Quorum | Secretary Stowe |
| o Notice of Meeting | Secretary Stowe |
| o Reading and Approval of 2024 Minutes | Secretary Stowe |
| o Financial Report | Treasurer Stark |
| o Election Results | Credentials & Elections Committee Chair |
| o Foundation Report | CEO Matthews |
| o CEO Report | CEO Matthews |
| o Questions on Reports | |
| 3. Acceptance of Reports | President Rake |
| 4. Old Business | President Rake |
| 5. New Business | President Rake |
| 6. Special Recognition | CEO Matthews |
| 7. Door Prizes | |
| 8. Adjournment | President Rake |

Copper Valley Electric Association

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