



Copper Valley Electric Association, Inc.

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FOR IMMEDIATE RELEASE

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The CVEA Cost of Power Charge Caught Many Off Guard This December

The Cost of Power Charge on CVEA member's December bills was higher than expected, catching many members off guard.

The Cost of Power collects the actual cost of fuel and hydro to generate a kilowatt-hour of electrical energy and reflects price changes in fuel for our Diesel and Cogeneration Plants and hydro from the Solomon Gulch Hydroelectric Project.

Due to increases in fuel costs, the Cost of Power went up by roughly three cents, to 21.75 cents, from the November charge of 18.66 cents per kWh. Of greater significance, however, was the fact that the December bill did not reflect a Residential Fuel Cost Assistance Credit (RFCAC). Last year, CVEA offered a residential fuel credit of 5.4 cents/kWh. This credit reduced the effective Cost of Power rate in December 2010 to 14.53 cents/kWh.

For the past three years, in November, the CVEA Board of Directors evaluates the Cooperatives financial position to determine whether or not the RFCAC can be implemented to offset the Cost of Power. In 2011, CVEA was unable to implement the RFCAC as margins were projected to come in significantly under budget. Several factors affected this outcome including the planned transition to new rate schedules, the need for a strong financial position as CVEA prepares to finance the Allison Creek Hydroelectric Project and lower than expected heat sales to the Petro Star Refinery.

According to Sharon Crisp, CVEA Manager of Member Services, "CVEA recognizes that the Cost of Power variance has caused concern for many of our members and we regret that we did not inform the members, in advance, to let them know that they would not see the fuel credit on their bill."

CVEA is estimating the Cost of Power for the January bill to be 25.37 cents/kWh. This will compare to 21.94 cents/kWh in January 2011. These numbers do not reflect a residential fuel credit.

With heat sales back in line and a stronger financial position heading into 2012, the CVEA Board of Directors will reconsider the RFCAC at their next regular meeting scheduled on Thursday, January 19, in Valdez.

If you have additional questions, please contact Sharon Crisp at 822-5506 or 835-7005 or crisp@cvea.org.