

We've seen a lot of questions on social media since we noticed the concerns regarding the upcoming January bill. Below, we have included a copy of the notice and have attempted to answer your questions.

### Public Notice Regarding January Billing Concerns

CVEA must again notify members to expect an increase on their January bill. This is due to both an increase in fuel usage for generation and an increase in the cost of fuel purchased.

Colder temperatures combined with lower than typical lake levels have reduced the amount of water available for hydropower generation since October. Typically, CVEA averages 35 percent hydropower generation throughout the winter months. Currently, less than 20 percent of energy needs are being met with hydro. Less hydro means more gallons of fuel purchased and used for generation.

In addition to increased fuel usage, fuel rates are approximately 77 percent higher than they were just one year ago. In the last month alone, since December rates were calculated, we have seen an increase in 40 cents per gallon.

Finally, on top of increased fuel costs, members typically have higher usage on their January bill. This is often due to colder weather and the holidays, where people are home more, houses are filled with guests, holiday lights are on for long periods, and there may be substantially more holiday cooking and baking.

The events above, combined, have resulted in a January bill reflecting a 5.89¢ per kWh increase over the prior month, and nearly 10¢ per kWh increase over January 2021.

If conditions persist, members should be prepared for higher electric rates through May.

Please remember, fuel is a pass-through cost on the electric bill.

If you have questions regarding this notice or your electric bill, please contact 907-822-3211 in the Copper Basin, 907-835-4301 in Valdez, or email [customerservice@cvea.org](mailto:customerservice@cvea.org).

### Questions & Answers

**Q.** Is the increase \$5.89/kWh?

**A.** No, the amount of the increase on your bill as stated is 5.89 cents (not dollars) per kWh.

**Q.** What will this make the rate for January.

**A.** The current rate can be found at <https://www.cvea.org/member-services/billing-information/current-electric-rates.html>. It is slightly different by District.

Copper Basin: .4107/kWh    Valdez: .3965/kWh

Your January usage will be multiplied by the amounts above and added to the monthly customer charge to determine your bill.

**Q.** Is there a way we can somehow figure out a person's average and spread it evenly throughout the year so it's not so insane in the winter?

**A.** Levelized billing has been extensively reviewed and was determined not in the best interest of the Cooperative as a whole. To view information regarding this decision, visit <https://www.cvea.org/member-services/billing-information/levelized-billing.html>

There are two options that can help members. One is Budget Billing - Registration for this program is only in March/April, and there are qualifications to participate. If you'd like to see if this program works for your situation, please visit <https://www.cvea.org/member-services/billing-information/budget-billing.html>. There is also an option for members to personally levelized their bill by determining their average annual costs and dividing that over the 12 months of the year. CVEA can help members determine what they should pay to levelize their bill, but it is up to the member to budget and pay accordingly.

**Q.** Has CVEA studied wind?

**A.** Yes, CVEA has studied wind extensively. Here is a link to the study. It outlines what was done and the outcome. Due to the type of wind in the locations studied, wind was not a good option for the CVEA service territory. You can find information on wind at this link <https://www.cvea.org/about/project-reports/index.html>. The Director of Power Supply continues to stay current on this technology.

**Q.** Has CVEA studied tidal?

**A.** CVEA looked into tidal power with a focused effort just over five years ago. At that time, we were informed tidal speeds in PWS were too fast for the existing technology. Shortly after, most manufacturers abandoned tidal in Alaska. There has been some resurgence and CVEA continues to monitor and evaluate the potential of this technology.

**Q.** Why isn't CVEA looking into tidal and other alternative sources of energy?

**A.** CVEA has done extensive research on various alternative generation resources. CVEA has also studied raising the Solomon Gulch dam in order to capture more water and utilize more hydropower in the winter months. For various reasons, many projects were determined to not provide the needed benefit to CVEA members. Please visit the Projects page at <https://www.cvea.org/about/project-reports/index.html> for information. The CVEA team stays current on all potential generation resources that may be available to Cooperative members. Looking for opportunities to stabilize or lower the cost of power for CVEA members happens every day.

**Q.** Why raise the electric rate during a pandemic?

**A.** CVEA has not raised the base rates. This increase is due to the increased amount of fuel needed to generate power and the higher cost of that fuel used to generate power. CVEA calculates fuel costs in real time to be as accurate as possible. This increase is based on actual fuel costs. Those fuel costs are passed on to members, with no markup, per kWh used by the member.

**Q.** Why do you mention cold weather and holidays when talking about increased January bills?

**A.** People often just look at the bottom line of their bill and the amount they owe and forget that their bill is based on the amount of electricity they use. January bills are typically the worst

bill of the year due to the things mentioned in the question above. Higher usage has to be considered as it contributes to a higher bill. Increased usage alone, without any cost increases, can cause a member's January bill to be higher. At this time, members are looking at higher usage, plus the increase in fuel costs. Noting both is important.

**Q.** Are prices increased to offset the City of Valdez energy credit.

**A.** No. The energy credit is a City of Valdez program, and they determine the timing. There is no timing manipulation of an increase based on fuel costs. Again, January bills are typically (sometimes it rotates with February based on weather) the highest for the reasons mentioned in the question above. Historical cost of power can be found at <https://www.cvea.org/assets/documents/pdfs/cop-history.pdf> . Please note that this tracks the G&T, Fuel, and Fuel credit. The base rate has to be added to these historical numbers to see the complete picture. \*\*Please note – the City of Valdez credit will not be in time for the CVEA January bill. Members who have opted to credit their CVEA bill will see this as a credit in February\*\*

**Q.** Why does the increase in fuel affect the CVEA bill?

**A.** CVEA uses fuel to generate power in the winter months. As more fuel is used to generate power or as the cost of fuel that generates power increases, that increase is passed along to the member based on the amount of power they use.

**Q.** Didn't Alyeska offer to provide power to the entire City of Valdez?

**A.** CVEA and Alyeska have had many conversations over the years to see if the organizations can work together. We are currently working together on future possibilities that may provide benefit to CVEA members.

**Q.** Are CVEA rates the highest in Alaska?

**A.** Overall electric rates are high, however, CVEA is not as high as many believe when compared to other Alaska utilities. Access to hydropower in summer provides CVEA lower rates than many Railbelt utilities. On an annual basis, CVEA's rate is comparable to Golden Valley Electric in Fairbanks. In winter, CVEA's rate increases primarily due to the use of fossil fuel. It is still comparable to close communities like Cordova and Tok.

**Q.** Is it true that CVEA generates with hydropower in the winter?

**A.** Yes, CVEA goes into winter generation with a full lake, then manages use of the water until spring when rain and glacier melt fill the lake again. CVEA typically gets 35 percent of generation from hydro in winter. This year less than 20 percent of the generation needs are being met with hydro. This is due to colder temperatures and less rain. CVEA provides a chart on the top right-hand side of each member's power bill. It states each month how much hydro is used for generation. You can view your historical bills at [cvea.org](http://cvea.org) using SmartHub or by using the SmartHub app.

**Q.** How will people struggling to buy food pay their increasing electric bill?

**A.** CVEA encourages any member in this situation to contact their local office. Additionally, there is assistance for utility bills through the State of Alaska Dept. of Health and Social Services. We encourage members struggling to see if this is an option for them. Please see the link below. <https://dhss.alaska.gov/dpa/Pages/hap/default.aspx>

**Q.** Will bills continue to increase every month until May?

**A.** This will depend on the amount of fuel used to generate power and the cost of fuel for generating power. Usage, however, typically begins to go down as the weather warms and daylight increases. Declining usage does help reduce the overall cost of the bill.