

New CVEA Rates



Rate Study

There are several components of a rate study, but the primary goal is to get rates where they need to be to recover costs.

In July 2011, the CVEA Board gave staff specific direction on policy issues and goals for continuing the rate study. The specific goal of this rate study was to design a rate that covers CVEA's costs and allows the Cooperative to use a majority of heat revenue, which is generated when CVEA burns fossil fuel at the Cogeneration Plant and sells the waste heat back to the Petro Star Refinery, as a credit to offset the fuel cost component on member bills.

Additional rate study details can be found in the January 2012 Ruralite article at <http://www.cvea.org/resources/pdfs/ruralite2/pg4January12RateStudy.pdf>.

Rate Study In Effect

CVEA's rate study went into effect with the June 20, 2012, billing. The main change is that the cost of power component was replaced by G&T and Fuel charge components.

Through May 2012, the Cost of Power collected the actual cost of both fuel and hydro to generate a kilowatt-hour of electrical energy. It reflected price changes in fuel and hydro from the Solomon Gulch Hydroelectric Project. As of June 2012, hydro is now recovered in the G&T Charge along with all CVEA power generation plants.

The Fuel Charge now appears as a separate line item on your monthly bill. Fuel prices generally move up or down with the price of oil. The Fuel Charge will reflect these changes on a monthly basis. In the summer months when CVEA is generating with mostly hydropower, the fuel charge will be lower. In the winter months when CVEA is generating with less hydro, it will be higher.

At current fuel prices, the Cost of Power portion of member bills is made up of the components in the chart in the next column. You can see the difference between summer and winter generation.

Page 5 shows a graphic breakdown of each of the billing components; it describes what business functions are included in each billing component and how they combine to make up member bills.

Billing Component	Summer	Winter
G&T Charge	11¢	11¢
Fuel Charge	1¢	19¢
Heat Credit	0¢	(8)¢
Total cost of power per kWh	12¢	22¢

Winter Rates

While the CVEA rate study went into effect this June, many members did not see the affects on their power bill immediately as it was during summer generation; which is mostly less expensive hydropower.

In winter months, only roughly 30 percent of CVEA's monthly power needs can be met with hydropower. The remaining generation is with fossil fuel.

As fall approaches and we transition to winter generation, members will begin to see the affects of the Rate Study on their power bill.

Winter generation typically begins in October, but this year, due to scheduled maintenance at the Solomon Gulch Hydroelectric Plant, it will begin in September.

With the changes in the rate study, however, members will also now benefit directly from the heat revenue, described above, and will see a Heat Credit on their bill that will help offset some of the fuel costs.

If you have questions or comments regarding your bill please contact Jaime Matthews at 907-822-3211 or by email at Matthews@cvea.org. ■

Components of CVEA's Monthly Bill

Customer Charge



The Customer Charge covers a portion of the cost to produce the monthly bill.

Residential	\$12
Small Commercial	\$20
Large Commercial	\$100

Energy Charge



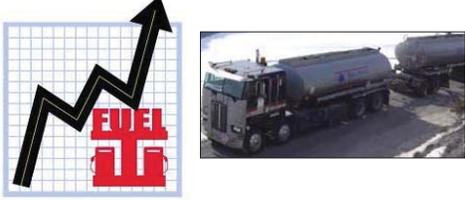
The energy charge per kWh/KW charge, also known as the distribution charge, is the cost to deliver power to you and includes system operation and maintenance, customer service, member services, administration, depreciation, taxes, and interest.

G&T Charge



G&T stands for Generation & Transmission. It is the cost per kWh to generate power at the CVEA power plants and transmit the power into the distribution system that brings it to your home or business.

Fuel Charge



The Fuel Charge reflects the actual cost per kWh CVEA pays for fuel used to generate power. This cost changes monthly. CVEA's vision is to reduce or eliminate our dependence on fossil fuel which will reduce or eliminate this cost; CVEA is pursuing additional hydropower resources.

Heat Credit



When the Cogen Plant is producing heat revenue, members see a credit per kWh on their bill. This changes monthly and will only be available in the months CVEA is receiving heat revenue, which is typically October through May.

**CVEA
Member
Monthly
Bill**