



Copper Valley ELECTRIC

A Touchstone Energy Cooperative 



2022 Annual Report

Message to the Membership 2023

Dear Co-op Membership,

2022 was a productive and successful year for CVEA. Many projects and maintenance activities got underway or were accomplished while maintaining an industry leading safety record. The guidance from the strategic plan, which was developed and implemented in 2021, kept our focus on the short and long-term goals for the cooperative.

One strategic plan goal is to maintain and improve reliability. Many efforts were focused on improving reliability this year to include adding additional devices on the power lines to protect equipment from surges caused by lightning and switching, replacing aging equipment before it fails, and clearing 12 miles of transmission and over 30 miles of the distribution lines in both districts.

A new substation, being built next to the Solomon Gulch Hydroelectric Plant, will allow CVEA to remove the existing substation originally built on top of the power plant, which has reached the end of useful life. Moving the substation will eliminate the potential for damage to the power plant if one of the transformers failed. The new design will allow the plant to remain online during annual maintenance and inspection activities. It also eliminates the potential for bird strikes resulting in power outages, which have historically plagued the existing substation in the current location and configuration.

Another strategic goal is to build financial stability for the cooperative. Staff diligently worked to keep projects on budget even with extremely long lead times and equipment prices often more than tripling in cost compared to just a couple years ago. Supply chain issues, availability, and equipment costs are just some of the major obstacles CVEA is working to overcome.

CVEA was able to secure federal funding for power generated from the Allison Creek project through a newly-funded grant program, and received the cogen debt reimbursement from the state after it was cut from the budget the last three years. This helped to combat some equipment cost increases. The rate study, which addresses the need to responsibly fund future projects and ensure fair and equitable rates, was completed in 2022 and will be discussed more this spring.

In an effort to lower and stabilize winter rates, CVEA evaluated the possibility of utilizing a micro-modular nuclear reactor (MMR) as a potential solution. The feasibility study was completed. Though the financial risk to the membership is too high for CVEA to purchase the project, alternatives are being explored to purchase power from an MMR project if built by a third party. Lastly, construction was started on the intertie to the Valdez Marine Terminal with Alyeska and is scheduled to be completed at the end of 2023. CVEA looks forward to this project reducing some of the need for diesel that is currently used in the winter for power generation.

CVEA strives to be the employer of choice in our communities. There have been deliberate efforts to improve the culture of the cooperative to be a welcoming, transparent, challenging, and rewarding place to work. Longevity is a measurement of the culture of a workplace. CVEA said congratulations and goodbye to four long-time employees in January of 2023; MaryEllen Bedrick, Nancy Heidelberg, Terry Delay, and Walt Lynch. Combined, they had over 110 years of experience working for CVEA. They will be missed, but the co-op is fortunate to have new hires and internal promotions to fill those vacancies.

We look forward to seeing you at this year's annual membership meeting.



Travis Million
Chief Executive Officer



2022 Directors



Lon Rake
President



Yvette Delaquito
Vice President



Dan Stowe
Secretary



Will Stark
Treasurer



Andrew Hess
Director



Paul Kildal
Director



Jeff Saxe
Director



Mark Shorten
Director

2022 Accomplishments

Power Supply and Buildings

- Completed phase 2 of the Seismic Stability Analysis of the Solomon Gulch Hydroelectric Plant
- Installed new stoplogs on the dam of the Solomon Gulch Hydroelectric Plant
- Continued the relicensing process for the Solomon Gulch Hydroelectric Plant; the current license expires on May 31, 2028
- Replaced the roof and siding on the Valdez Diesel Plant/Fleet Maintenance Shop
- Replaced the heating boiler systems in the Valdez Diesel Plant and the Glennallen Diesel Plant

Safety and Regulatory Compliance

- Completed the Part 12D Inspection of the Solomon Gulch Hydroelectric Plant; this is an in-depth safety inspection performed by an independent consultant, required by the Federal Energy Regulatory Commission (FERC) every five years
- Performed the Solomon Gulch Emergency Action Plan tabletop drill; required by FERC every five years
- Successfully completed the Rural Electric Safety Achievement Program (RESAP)

Administration and Finance

- Successful audit – 2021 audit had no exceptions noted
- Paid \$745,000 in patronage capital to members in November
- \$823,907 in power generation grants received
- Approval of a 10-year Construction Work Plan and Financial Forecast
- Completed 2022 Rate Study; rate adjustments to be made in 2023

Administration and Finance (continued)

- Successfully implemented short and long-term employee succession planning; four long-term retirements and their replacements
- Increased cyber security measures company-wide
- Completed digitization of all Accounting and Customer Service documents

Operations and Engineering

- Cleared over 12 miles of transmission right of way, over 31 line-miles of distribution, and trimmed roughly 26 miles on the west line with the Skytrim
- Installed 45 new services in 2022
- Replaced poles for the new senior apartment building in Valdez
- Upgraded lines from Pump Station 12 to the Edgerton Highway
- Replaced poles and guy wires on the Edgerton Highway as needed
- Replaced reclosers at the Meals and Glennallen substations
- Performed maintenance, inspections, and testing of all major equipment at all 10 substations
- Rebuilt governors for units 4 and 5 at the Valdez Diesel Plant
- Performed battery bank replacement in five substations
- Updated mapping to allow for in-house testing of the Outage Management System
- Completed majority of engineering for rebuilding of the double circuit line from the Solomon Gulch Hydroelectric Plant to the Petro Star switch building and the line spanning the 'Duck Flats'
- Solomon Gulch Hydroelectric Substation Relocation; completion of transformer and switchgear foundation, received generator step-up (GSU) transformers, and completion of switchgear building

Communications and Community Foundation

- Completed the first in-person Annual Meeting since 2019
 - Implemented a holiday Co-op Connections discount program
 - Successfully executed the new Pumpkin Patch event in both districts for Co-op Month
 - Completed *An Office Story*, the third in the "People Behind the Switch" video series
 - CVEA Community Foundation awarded a record \$23,666 to 15 nonprofit organizations and over \$8,000 in educational and leadership scholarships
 - Hired a full-time Marketing and Communications Specialist
 - Held successful holiday events for the senior communities in Valdez and Glennallen
 - Implemented Back-to-Fun Kid's Activity Program
 - Worked with Operations to create a construction cost calculator on cvea.org
-

CVEA - Alyeska Intertie

The Trans-Alaska Pipeline System (TAPS) produces vapors as a byproduct of its operation. The vapors are combusted, providing heat to boilers, driving steam turbine generators that provide electricity to the Valdez Marine Terminal (VMT). The available vapors for electricity swing between surplus and deficit every day. During deficit periods, VMT operators supplement the vapors with diesel to meet VMT electrical demand. During surplus periods, VMT operators have more vapors than they can use for electricity and incinerate all excess vapors.

After the project, CVEA will import electricity from VMT to serve the Membership during periods of vapor surplus and export energy to supplement VMT's electrical demands during periods of vapor deficit.

This operation will reduce the amount of diesel generation required to meet CVEA's and Alyeska's electricity needs.

When CVEA imports power from VMT two things happen: CVEA eliminates or reduces diesel generation and CVEA reduces electricity produced from the Solomon Gulch Hydroelectric Project. This may require CVEA to burn diesel in the summer to meet a higher demand, but will be offset by a much larger reduction of diesel generation in the winter months.

This project is targeted to be in-service fall 2023.



Community Support



Balance Sheet

	2022	2021
Net Utility Plant	\$ 66,581,702	\$ 65,315,486
Investments	1,437,123	1,392,376
Current Assets	13,134,367	12,460,492
Total Assets	81,153,192	79,168,354
Member Equity	23,962,825	23,225,214
R&R Fund	4,246,192	3,941,079
Long-term Debt	40,637,239	38,265,785
Other & Current Liabilities	12,306,936	13,736,276
Total Liabilities & Equity	\$ 81,153,192	\$ 79,168,354

Statement of Income

	2022	2021
Energy Revenue	\$ 6,307,743	\$ 6,713,851
Fuel / G&T/ Cost of Power Revenue	20,157,287	18,665,855
Heat Revenue	2,572,555	2,617,371
Fuel Credits	(2,058,044)	(2,093,897)
Grant Revenue	823,907	0
Non-Operating Margins	274,297	246,615
Total Revenues	28,077,746	26,149,795
Fuel	9,785,895	8,194,611
Power Generation & Transmission	6,467,353	5,726,116
Operations & Maintenance	2,373,231	2,011,133
Administrative, General & Customer Service	3,516,481	3,124,098
Depreciation	2,634,151	2,586,915
Interest	1,732,935	1,704,682
Taxes	42,404	43,716
Total Expenses	26,552,450	23,391,271
Margins	\$ 1,525,296	\$ 2,758,524



Grant Funding Received in 2022

- \$337,107 - Cogen Debt Reimbursement
- \$486,800 - Hydro Incentive Program; this funding is based on the energy produced from Allison Creek in 2021. It is set aside to provide future repairs and replacements for the power generation and transmission assets.

2023 Annual Meeting Notice to Members



A Touchstone Energy® Cooperative 

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 2023 Annual Meeting of Members. The annual meeting will be held on Tuesday, May 2, 2023, in the Valdez District at the Valdez Civic Center and on Thursday, May 4, 2023, in the Copper Basin District at the Glennallen Community Center (formerly Murdock 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

2023 Annual Meeting Agenda

- | | |
|--------------------------------------|---|
| 1. Call to Order | President Rake |
| 2. Reports | |
| Report of Quorum | Secretary Stowe |
| Notice of Meeting | Secretary Stowe |
| Reading and Approval of 2022 Minutes | Secretary Stowe |
| Financial Report | Treasurer Stark |
| Election Results | Credentials & Elections Committee Chair |
| Foundation Report | CEO Million |
| CEO Report | CEO Million |
| Questions on Reports | |
| 3. Acceptance of Reports | President Rake |
| 4. Old Business | President Rake |
| 5. New Business | President Rake |
| 6. Special Recognition | CEO Million |
| 7. Door Prizes | |
| 8. Adjournment | President Rake |

Copper Valley Electric Association, Inc.
907-822-3211 in Glennallen
907-835-4301 in Valdez
www.cvea.org