

CVEA ANNUAL REPORT 2023



SOLOMON GULCH
HYDROELECTRIC PLANT

MESSAGE TO THE MEMBERSHIP

Dear Co-op Membership,

As I reflect on 2023, I am proud of CVEA's many accomplishments. We are guided by the Strategic Plan created and implemented in 2021, and continue to focus on the short and long-term goals identified in that plan.

After working for CVEA for 18 years, and becoming Chief Executive Officer last September, I am excited to continue working towards our strategic goal to be the employer of choice in our communities. Employees are our greatest asset, and supporting a welcoming and safe work environment with opportunities for growth is a priority for me. It has been very rewarding to see numerous employees promoted from within the organization to fill important positions, as well as adding great new employees to the team.

Maintaining and improving reliability is another goal in the strategic plan. The biggest concern related to reliability is aging infrastructure. To address this, CVEA developed a Capital Work Plan, which outlines future projects needed to improve system reliability. We continue to be proactive by replacing aging equipment before it fails. Right of way management is essential for system reliability. In 2023, CVEA cleared 12 miles of transmission line and 38 miles of distribution lines. Additionally, crews trimmed miles of trouble areas with the SkyTrim.

In December, CVEA was hit with two extreme weather events. Wet, heavy snow caused a series of lengthy outages throughout the service territory, with multi-day outages in the Copper Basin, as trees fell into power lines, causing damage to the lines and equipment. Lineman, operators, communications, management, and support personnel worked around the clock throughout the events to restore power as quickly and efficiently as possible. Additional line crew support was also called in from out of town. I am proud of our entire cooperative team. After major events like this, CVEA evaluates needed system improvements and will prioritize trouble areas hit particularly hard during these outages.

The Solomon Gulch Substation Relocation Project, which started in 2022, was completed and commissioned in December 2023. The new substation will allow CVEA to remove the original substation built on top of the power plant, which has reached the end of its useful life. This project was critical for system reliability.

Financial stability is another strategic goal. The rate study, designed to address the high costs of aging infrastructure projects and ensure fair and equitable rates, was completed and an implementation plan was approved. Year one, of the five-year implementation plan, went into effect in June. Staff worked hard to keep projects on budget as we continue to experience long lead times and large cost increases. Applying for grants is a priority for CVEA; more grant funding means less money CVEA needs to borrow for planned future projects. In 2023, we received \$1,407,677 in grants related to power generation projects.

Finding a low-cost winter energy solution is CVEA's highest priority. In 2023, we continued work on the potential Micro-Modular Nuclear Reactor Project, holding public meetings and sharing results of the feasibility study. Ultimately, we were unable to reach a purchase power agreement that would benefit CVEA members and the project was tabled indefinitely. To stabilize and potentially lower winter rates, CVEA has partnered with Alyeska Pipeline Service Company on a power exchange project and began construction of an intertie to the Valdez Marine Terminal. Project completion is scheduled in 2024. CVEA looks forward to this project reducing some of the need for diesel that is currently used for winter power generation.

CVEA demonstrated commitment to community by hosting member engagement activities, participating in local events, and awarding educational and leadership scholarships and nonprofit contributions through the CVEA Community Foundation.

Open communication and transparency are paramount at CVEA. We look forward to reviewing 2023 accomplishments and updating you on current issues and priorities at the upcoming annual meeting. We hope to see you there.



Jaime Matthews
Chief Executive Officer

Jaime Matthews

2023 BOARD OF DIRECTORS



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Secretary



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Director



Jan Maslen
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2023 ACCOMPLISHMENTS

Power Supply and Buildings

- Refurbished mufflers and radiators at the Valdez Diesel Plant
- Installed interior insulation and coating at the Valdez Diesel Plant
- Completed the top end overhaul on Unit 6 at the Glennallen Diesel Plant
- Replaced both boilers in the Valdez Office
- Replaced security fence at the Don Smith and Solomon Gulch substations
- Performed new monument stationing on the Solomon Gulch Hydroelectric dam, dike, and spillway
- Solomon Gulch Substation Relocation Project; completed all installations and commissioning
- Completed three-year inspection of the Allison Creek Hydroelectric Plant

Safety and Regulatory

- Maintained a comprehensive safety training program for all employees to minimize accidents and promote a safety conscious culture
- Conducted specialized safety training when needed, such as DOT Compliance Outreach, Qualified Rigger and Signal, and OSHA 10
- Received FERC approval of the updated Dam Breach Inundation Study for the Solomon Gulch Hydroelectric Plant
- Completed the Seismic Stability Analysis of the Solomon Gulch Hydroelectric Plant spillway
- Won first place Northwest Public Power Safety Award
- RESAP Certificate of Safety Achievement
- Continued the relicensing process for the Solomon Gulch Hydroelectric Plant; the current license expires May 31, 2028
 - Completed the Joint Agency Meeting and site tour
 - Filed a license amendment with FERC to remove the transmission line from the Solomon Gulch Hydroelectric Plant license

Administration and Finance

- Completed successful audit - 2022 audit had no exceptions noted
- Paid \$775,000 in patronage capital to members in November
- Received \$1,407,677 in grants related to power generation projects
- Completed and approved a 10-year Capital Work Plan to address aging infrastructure
- Completed 2022 Rate Study; implemented year one of the five-year plan - rate adjustments were made in June
- Successfully implemented short and long-term employee succession planning and recruitment strategies; four long-term retirements and their replacements, seven internal promotions, five new hires, and development of a second Lineman Apprentice
- Increased cybersecurity measures company-wide

Operations and Engineering

- Sourced and purchased transformers from Korea to combat a four year lead time from US suppliers
- Installed reactor at Stuart Creek to allow for bypassing the substation during maintenance
- Installed a water well for the Glennallen Office
- Replaced the Valdez wire barn
- Installed new transformer for the Valdez Senior Center
- Installed piping and wire for Saint Patrick's Subdivision in Valdez
- Relocated a transmission tower at Moose Creek to save it from destruction as the creek continues to erode the land that supports the tower
- Coordinated repairs on seven transmission towers
- Completed engineering for rebuilding the line from the Solomon Gulch Hydroelectric Plant to the Petro Star switch building and the line spanning through the Duck Flats
- CVEA/Alyeska Intertie: completed foundation and subgrade construction, replaced protection and control instrument transformers at Petro Star switch building, installed a 12MVA transformer, 1,800 feet of overhead line, poles, and upgraded 25kv switchgear
- Right of Way Management:
 - Cleared 12 miles of transmission right of way to 100 feet
 - Cleared 38 miles of distribution right of way; 20 miles on the Glenn Highway, 6 miles on the Old Edgerton and 12 miles in Valdez
 - Trimmed trouble areas in both districts with the SkyTrim

Communications and Community Foundation

- Executed successful Annual Meeting and Member Tour
- Successfully supported the Alaska Power Association Annual Meeting in Valdez
- Completed review of Co-op Connections program; discontinued in 2023
- Won a first place Excellence in Communications Award from the Northwest Public Power Association (NWPPA) and second place Spotlight on Excellence Award from the National Rural Electric Cooperative Association (NRECA) for the *People Behind the Switch - A Lineman Story* video
- Planned and executed Co-op Month Pick-Your-Own Pumpkin Patch events in each district; won a second place Spotlight on Excellence Award from the National Rural Electric Cooperative Association for Best Event
- Implemented the senior holiday giving program in both districts and expanded the meal delivery gift program to the Copper Basin
- Planned and designed the new digital e-newsletter format and executed a program launch marketing campaign
- Successfully executed public relations campaigns for the rate study, micro-modular nuclear feasibility study, and CEO transition
- Expanded the school presentation and tour program to home school students in both districts
- Developed a lifestyle recruitment document to support Human Resources
- CVEA Community Foundation awarded roughly \$11,000 in educational and leadership scholarships and \$28,761 in nonprofit contributions

SOLOMON GULCH SUBSTATION RELOCATION PROJECT

Strategic Goal – Improved System Reliability
Cost - \$5.75M (2022-2024)

In 2022, CVEA moved forward with the Solomon Gulch Substation Relocation Project, removing the substation from the top of the Solomon Gulch Powerhouse control room, where it was constructed in 1981-1982, following increased pressure to mitigate and/or eliminate environmental, reliability, and financial risks associated with the original design. The substation, in its previous location, no longer met building codes and was at risk of becoming uninsurable by CVEA's insurance carrier. The previous location also had caused significant issues related to wildlife. The Co-op has had multiple 'bird strikes' that caused systemwide power outages and equipment damage over the years, with three occurring in July 2023 alone. The new Project is enclosed and less susceptible to wildlife. Work in 2023 included construction of a new switchgear building, installation of power transformers, poles, transmission lines, wire and cable, and communications and controls upgrades. The new, enclosed substation is complete and located on the same property as the powerhouse on Dayville Road. It was brought online and commissioned for service in December 2023. In 2024, old substation equipment will be removed from the sub-deck on the power plant, there will be partial repaving, and two spans of transmission line that are no longer needed will be removed.



COMMUNITY SUPPORT



2023 FINANCIAL STATEMENTS (unaudited)

Balance Sheets

	2023	2022
Net Utility Plant	\$ 69,047,510	\$ 66,581,702
Investments	1,526,062	1,437,123
Current Assets	15,804,548	13,134,367
Total Assets	86,378,120	81,153,192
Member Equity	24,200,100	23,962,825
R&R Fund	5,595,267	4,246,192
Long-term Debt	44,513,171	40,637,239
Other & Current Liabilities	12,069,582	12,306,936
Total Liabilities & Equity	\$ 86,378,120	\$ 81,153,192

Statements of Income

	2023	2022
Energy Revenue	\$ 6,713,124	\$ 6,307,743
Fuel / G&T/ Cost of Power Revenue	21,221,008	20,157,287
Heat Revenue	2,875,524	2,572,555
Fuel Credits	(2,300,420)	(2,058,044)
Grant Revenue	1,423,280	823,907
Non-Operating Margins	361,409	274,297
Total Revenues	30,293,926	28,077,746
Fuel	9,786,128	9,785,895
Power Generation & Transmission	8,681,533	6,467,353
Operations & Maintenance	2,642,195	2,373,231
Administrative, General & Customer Service	3,643,168	3,516,481
Depreciation	2,688,431	2,634,151
Interest	1,728,040	1,732,935
Taxes	44,948	42,404
Total Expenses	29,214,443	26,552,450
Margins	\$ 1,079,483	\$ 1,525,296

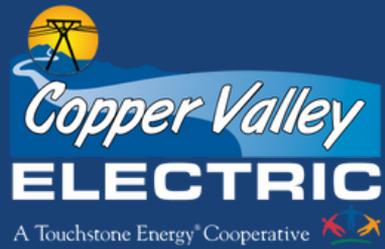
Grant Funds Received in 2023

- \$337,776 - Cogen Debt Reimbursement
- \$1,069,901 - Hydro Incentive Program: this funding is based on the energy produced from Allison Creek in 2021 and 2022; it is set aside to provide future repairs and replacements for the power generation and transmission assets



2024 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 2024 Annual Meeting of Members. The annual meeting will be held on Tuesday, April 30, 2024, in the Valdez District at the Valdez Civic Center and on Thursday, May 2, 2024, 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

2024 Annual Meeting Agenda

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| 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 2023 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

Glennallen 907-822-3211 * Valdez 907-835-4301 * www.cvea.org