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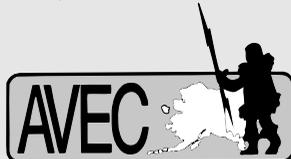
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Mountain Village  
Fred Sagoonick, Shaktoolik  
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**Communities Served**

- Alakanuk
- Ambler
- Andreafsky
- Anvik
- Brevig Mission
- Chevak
- Eek
- Elim
- Emmonak
- Gambell
- Goodnews Bay
- Grayling
- Holy Cross
- Hooper Bay
- Huslia
- Kaltag
- Kasigluk
- Kiana
- Kivalina
- Kotlik
- Koyuk
- Lower Kalskag
- Marshall
- Mekoryuk
- Minto
- Mt. Village
- New Stuyahok
- Nightmute
- Noatak
- Noorvik
- Nulato
- Nunapitchuk
- Old Harbor
- Pilot Station
- Pitkas Point
- Quinhagak
- Russian Mission
- St. Mary's
- St. Michael
- Savoonga
- Scammon Bay
- Selawik
- Shageluk
- Shaktoolik
- Shishmaref
- Shungnak
- Stebbins
- Teller
- Togiak
- Toksook Bay
- Tununak
- Upper Kalskag
- Wales



**Alaska Village Electric**  
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AK-105

## Why Do We Have a Fuel Cost Charge?

Alaska Village Electric Cooperative rates consist of three parts. The first is a fixed monthly customer charge of \$5 for Small Power service. It is higher for Large Power, but for the sake of space, I will only talk about Small Power. Almost 80 percent of our services are Small Power, which includes all residential and most commercial customers.

The customer charge covers the cost of the service drop to the customer, the meter and the basic billing cost.

The second component is the energy charge. This is 30 cents per kilowatt-hour (kWh) for the first 700 kWh and 20 cents for any kWh used above 700. The energy charge covers all of AVEC's nonfuel costs: power plant operations, lubricating oil, depreciation, insurance, distribution system operations, generator overhauls, administration, collections and so on.

The energy charge is the same in all of our villages because, over time, those costs are the same in each village. Our average investment per customer is more or less the same, regardless of the village size. That is because larger, more expensive equipment is needed in larger villages and smaller, less expensive equipment is installed in smaller villages.

The third component is the fuel cost charge. This represents the actual fuel cost per kWh in each village. This cost is as low as 13.15 cents (in Savoonga) and as high as 49.66 cents (in Noatak, where the fuel must be flown in.) The average is 23.91 cents. In recent years, we have improved generating efficiencies and installed wind generation, which have substantially reduced the fuel cost charge.

If you used 400 kWh in a month, your electric bill in a "typical" village would be:

Customer Charge	\$5.00
Energy Charge (400 kWh x .30)	\$120.00
Fuel Charge (400 kWh x .2391)	\$95.64
PCE (400 x .3547)	-\$141.88
<b>Total bill</b>	<b>\$78.76</b>

That averages to 19.69 cents per kWh, or about 40 percent more than urban Alaska.

AVEC has significantly reduced the fuel cost component of your electric bill, and has also done a pretty good job of keeping the nonfuel costs under control. Looking back over the last 10 years, we have reduced our energy costs per kWh from 28.2 cents in 1999 to 24.5 cents in 2009. This is why we were able to reduce our rates by 2 cents a kWh this year, while allowing for modest cost increases that we expect in the next few years as maintenance costs of our new grant-funded plant kick in.

I know this is a complicated subject, but we do get a lot of questions about how the electric bill is computed and I thought I would try to answer some of those questions.

Until next time,

**Meera Kohler**  
**President and CEO**