



Meera Kohler
President & CEO

**Board of Directors
Chairman**
Charlie Curtis, Kiana

Vice Chairman
Walter G. Sampson, Noorvik

Secretary
Phyllis Clough, Old Harbor

Treasurer
Helena R. Jones, Ambler

Robert L. Beans Sr.,
Mountain Village
Fred Sagoonick, Shaktoolik
Julia Walker, Anvik

Communities Served

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



**Alaska Village Electric
Cooperative, Inc.**
4831 Eagle Street
Anchorage, AK 99503
(907) 561-1818
(800) 478-1818

AK-105

Renewable Energy, Efficiency and Power Cost Equalization

Inside this month's Ruralite magazine you will find an overview of some of the many accomplishments your electric cooperative achieved during 2010. One accomplishment we are particularly proud of is the significant progress we continue to make in developing wind and generation efficiency projects to help reduce our dependence on diesel fuel. A question we hear from some of our members is: "What benefit do I personally see from wind energy? My electric bill hardly changes, so my family doesn't really see the benefit of wind generation."

It is unfortunate the benefits to our smaller members are not immediately obvious. PCE from the State helps keep energy costs down for smaller users, like families, but also displaces most of the benefits of wind for them because their rate is artificially lowered, at least for the first 500 kilowatt-hours (kWh). If the PCE program were reduced or terminated, the benefits of wind generation would become very obvious.

Every year we work hard to ensure that PCE is fully funded by the Legislature, but many years we have been unsuccessful. Until a few short years ago, it was the norm that PCE would be underfunded by 10, 15 and even 30 percent. Efficiency improvements and alternative energy, such as wind, provide a contingency against the trauma of reduced PCE. As the cost of diesel continues its upward trend and state revenues decline due to reduced oil production, the competition for those funds will intensify and PCE likely will become a battleground again.

Displacing diesel fuel with renewables and efficiency improvements provide hedges against diminished PCE funding and rising diesel costs. Lower fuel consumption reduces the burden on the PCE program. The more wind energy we can produce, the less we have to draw from the PCE fund, which will extend the life of the program, benefiting all of our members in the future.

The second and more important reason to develop wind generation and other improvements is that more than two-thirds of electricity sold in PCE communities is NOT eligible for PCE. Homes that use more than 500 kWh a month, businesses of all sizes, state and federal buildings and schools all bear the full cost of electricity.

On average, AVEC's non-residential consumers use 20,000 kWh a year. Lowering the fuel cost by 5 cents a kWh with wind would lower their annual electricity cost by \$1,000 each. That could make an enormous difference to a small local business. Those savings are passed on to their customers, too. For the average school that uses 300,000 kWh a year, wind could save \$15,000 a year to spend on education instead of energy. The local impact is much larger than what is obvious to most consumers. If you have only five businesses and a school in a village, that is \$20,000 that stays in the community every year.

We are working hard to install wind generation and lower the cost of energy for our members, especially in this environment of very volatile diesel fuel costs. As technology continues to improve, maybe someday we can be completely free from the burden of diesel fuel.

We wish you all the very best in this New Year.

Until next time,

Meera Kohler
President and CEO