



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

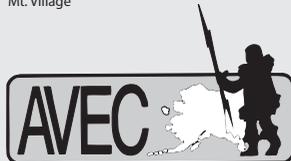
Robert L. Beans Sr.,
Mountain Village

Peter Demoski, Nulato

Fred Sagoonick, Shaktoolik

Communities Served

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



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

AK-105

The Highs and Lows of a Busy Year

As we close out the eventful year of 2012, I look back on the high and low points of the year and, sadly, the first thing that comes to mind is the untimely death of a close member of the AVEC family. Randy Karlen Beans, youngest son of Robert and Agnes Beans, died November 6, at age 13. I first met Randy when he was a toddler. He was funny and sweet and loving and wide-eyed with excitement about everything around him. He was growing up to be a charming, caring, wonderful young man, and he embodied everything good his parents could have wished for. My heart goes out to Randy's family as they struggle to find meaning in his untimely passing. We will all miss him.

One of the positive highlights of this year is the successful conclusion of the first full fuel delivery season of our tugs, *Naniq* and *Cavek*, and their barges. These hard-working vessels visited most of our communities during 2012 and hosted many proud AVEC member-owners on personal tours of our newest assets.

Vitus Marine, our partner in operating our vessels, delivered more than 4.6 million gallons of fuel to our many utility tank farms. Through using our own assets to deliver our fuel, we realized savings in several different ways.

- Our transportation cost was, on average, almost 20 cents less per gallon than in recent years.
- For the first time, we received one million gallons of ultra-low sulfur diesel. While we are not required to purchase ULSD and have not done so because the cost is typically substantially higher than high-sulfur diesel, we were able to acquire the ULSD at the same cost as HSD so we could deliver environmental benefits to our communities.
- A significant portion of our fuel had higher BTU or heat value, which results in us being able to improve the efficiency of kilowatt-hours generated per gallon of fuel burned, thereby lowering the cost per kWh reflected in your bill.
- Finally, Vitus Marine was able to procure lower cost linehaul rates for much of our fuel and those savings were passed directly to our consumers.

Another fuel-related success is that we were able to receive fuel by barge into Shungnak for the first time in several years, thanks to higher water levels for a brief time and the perseverance of our fuel subcontractor, Crowley. My thanks to Crowley for its continued dedication to serving rural Alaska.

Many of you are Facebook fans of ours and have followed the adventures of Little Picu as he accompanied our barges throughout Alaska. I hope you have enjoyed his adventures as much as I have. He will be out and about again next year and may also travel with some of our field employees. Keep an eye out for him.

I wish all of our AVEC family a Christmas season filled with love of family and friends. I pray for comfort to so many of you who have lost a beloved family member or friend during this past year.

Merry Christmas from all of us at AVEC!

Meera Kohler
President and CEO