



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

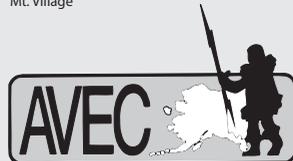
Robert L. Beans Sr.,
Mountain Village

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

Bethel to Become Part of AVEC Family

It is with great pleasure that I advise the membership of Alaska Village Electric Cooperative that the community of Bethel soon will become the newest member of the AVEC family.

In March of this year, AVEC executed an asset purchase agreement with Bethel Utilities Corp., the current owner of the electric system that serves Bethel. In June, BUC and AVEC jointly filed an application with the Regulatory Commission of Alaska requesting their approval of transfer of the operating certificate from BUC to AVEC.

AVEC expects to reduce the cost of electricity by 9.5 percent in Bethel upon completion of the transfer. This cost-saving comes partially from the reduced cost of fuel that AVEC would incur, since we are not liable to pay sales tax on the fuel, and partially from the reduced cost of operating the utility as a nonprofit entity with no federal income tax liability.

A docket was opened by the RCA, U-13-118, and a public comment period was initiated. That comment period expired July 11, 2013. During the public comment period, many comments supporting the utility transfer were received, and one person filed comments opposing the transfer.

I wrote a response to the points that were raised from the one opposing comment and thought you would like to see part of that response.

Opposing comment: "I believe this claim is bogus and if they were to reduce the rates in Bethel, that rates would increase in other communities to compensate AVEC for the shortfall. There is no guarantee that AVEC will not increase rates in other communities to satisfy this claim especially since they are exempt from economic regulation by the commission."

Response: "The application for transfer of the certificate demonstrates quite clearly that the costs to the rest of the AVEC membership are favorably impacted due to the larger sales base across which a portion of the existing fixed costs will be spread."

The bottom line is that Bethel is a natural and logical addition to the AVEC system. Bethel is a hub for so many of our member communities that are located within 100 miles of it. We are excited to welcome this community of 6,200 to our family. I believe you all will see many benefits from this merger.

At this point, the RCA has set December 6, 2013 as the date by when they will rule on the proposed certificate transfer. We then will begin the extensive process of integrating all aspects of the utility into our AVEC operations. The transfer is scheduled to be complete by May 1, 2014.

I welcome your questions and am happy to devote a future Ruralite back page to answers to your questions.

Until next time,

Meera Kohler
President and CEO