



Meera Kohler
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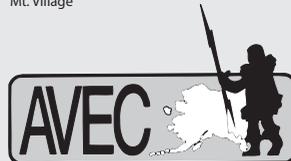
Robert L. Beans Sr.,
Mountain Village

Peter Demoski, Nulato

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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

Where Did 2013 Go?

I don't know if it is associated with getting older, but each year seems to go by faster than the year before. This year has been no different.

The biggest event of the year will undoubtedly be the execution of an asset purchase agreement to acquire the utility serving Bethel. If all goes well, Bethel will become an AVEC member community in May 2014.

Another development of interest is that we have been able to procure significantly less expensive light emitting diode streetlights than those previously available. We soon will propose tariff changes to reduce the cost to our communities that wish to install LED lighting and will gradually phase out the older high-pressure sodium lights. LED lights use less than half as much electricity as HPS lights for the same amount of lighting and their expected longer life significantly reduces the cost of operating the lights.

We continue to make progress connecting our communities as we work toward an Alaska grid. Next year, we will complete the new tank farm and power plant to serve Emmonak and Alakanuk. Both communities will start to enjoy the benefits of greater efficiencies and the wind turbines installed a few years ago.

Next year we will build a tieline between St. Michael and Stebbins. A new power plant is almost complete in Stebbins and a new tank farm also will be in operation early next year. We will then demolish the old power plant on the airport property in Stebbins to allow Alaska Department of Transportation to begin construction of a new runway for Stebbins.

Ekwok and New Stuyahok will receive a new tieline to connect them next year, and both communities will enjoy the efficiencies of the

relocated power plant and new tank farm in New Stuyahok.

A few months ago, the Federal Emergency Management Agency finally agreed that the Brevig Mission-Teller tieline was eligible for disaster funding, and we plan to rebuild it next year. When completed, Teller will enjoy the much higher generation efficiencies that the new power plant in Brevig Mission delivers.

Our biggest and most ambitious project is the Alaska grid: a project that will span the length and breadth of Alaska to bring inexpensive energy to vast swaths of unserved areas in our great state. Our desire is to generate inexpensive electricity using Alaska's untapped natural gas and to deliver it to hubs and projects such as mines, military projects, processors and others—creating thousands of jobs for Alaskans across the state. Building a grid will also allow development of our enormous stores of renewable energy such as wind, tidal and geothermal power.

While this project is still in the conceptual stage, it is starting to gain important supporters who will help garner financial support for a robust examination of the concept and help develop a pathway forward.

Ultimately, it is critically important for our state to diversify its revenue sources and to support the many industries that would like to establish operations in Alaska but are unable to because of the lack of affordable energy.

I look forward to an exciting 2014 and I wish you and yours a warm and happy holiday season.

Until next time,

Meera Kohler
President and CEO