

CORDOVA
ELECTRIC
COOPERATIVE, INC



2023
ANNUAL REPORT



REPORT TO THE MEMBERSHIP

Dear customers of Cordova Electric Cooperative (CEC):

This year marks the 46th anniversary of Cordova Electric Cooperative (CEC). It has been a very busy and successful year of upgrading equipment and improving the efficiency of our hydroelectric plants and diesel plant to reduce our fuel use. We hit an all-time record of 21.4 million kilowatt hours (kWh) generated by hydro. Despite our impressive hydro output, power costs are burdened by expensive diesel, which is still one of our largest expenses. We continue to pursue ways of reducing diesel use including a study of six potential hydro storage sites with a grant from the State of Alaska Energy Authority.

The biggest concern for CEC this year was intense pressure on our electric rates, like most electric utilities in Alaska and the rest of the country. Sharp inflation has increased the cost of materials and equipment – some by as much as 100% over the past 18 months. Rising interest rates have sharply increased the cost of borrowing to invest in efficiency upgrades. Our revenues have been declining over the past few years and we are no longer collecting enough to meet our lender's requirements. Several poor revenue years indicate a trend of declining sales despite the disruptions of the pandemic and seafood processing challenges. The combination of these pressures all occurring at once are requiring a rate increase of approximately 15%.

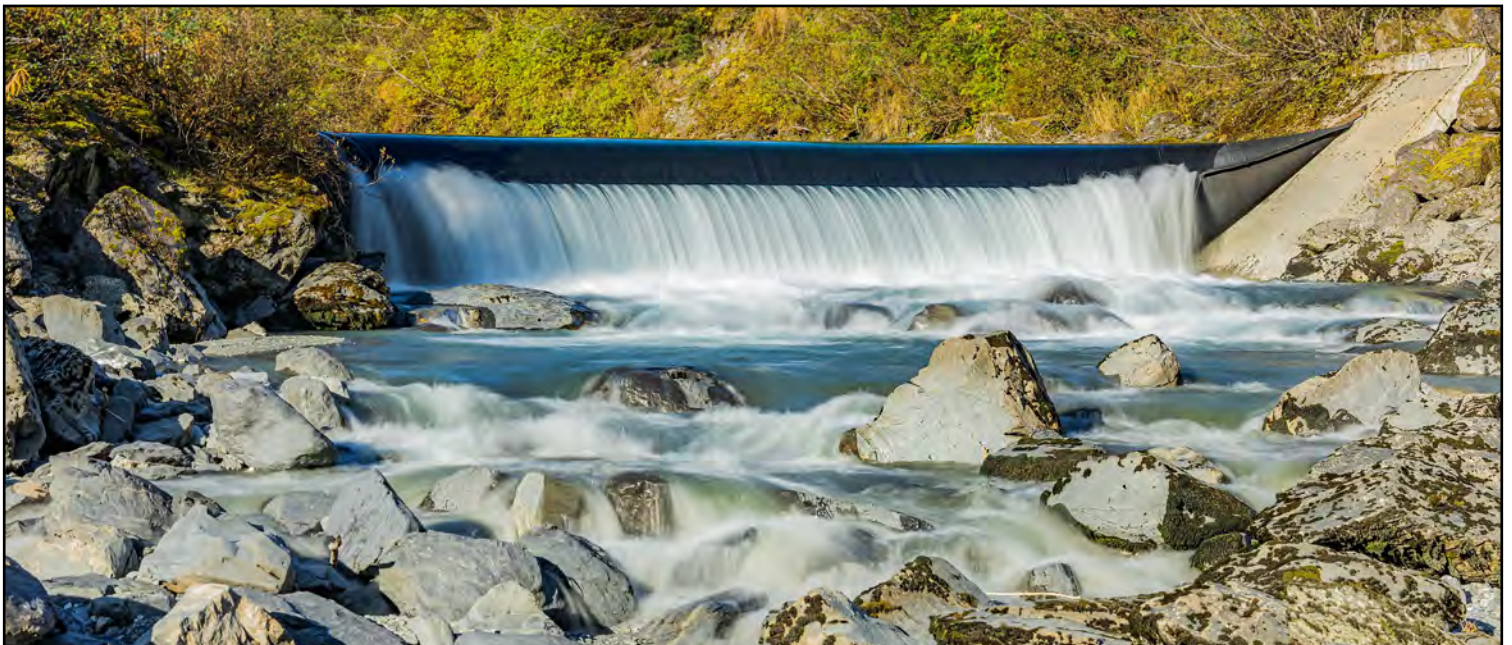
Despite the rising cost of producing energy, we are optimistic for our future outlook as CEC continues to deliver reliable power to the community. In 2023, we had a total of four power outages all year, with only one system wide outage, and no outages for the whole last half of the year. We have taken several measures to reduce costs by cutting our already thin operating budgets, by seeking alternative financing to reduce interest rates, and applying for grants to help finance our efficiency improvements. We are also pursuing programs to help provide more energy efficiency options to you, our customers, to help reduce the burden on home and business budgets while continuing to provide high-quality, reliable power in our remote and dynamic environment.

As we continue to focus on putting the customer first and meeting your needs, we hope to see you at the annual meeting March 18th at the Cordova Center, and our annual customer appreciation event later this year.

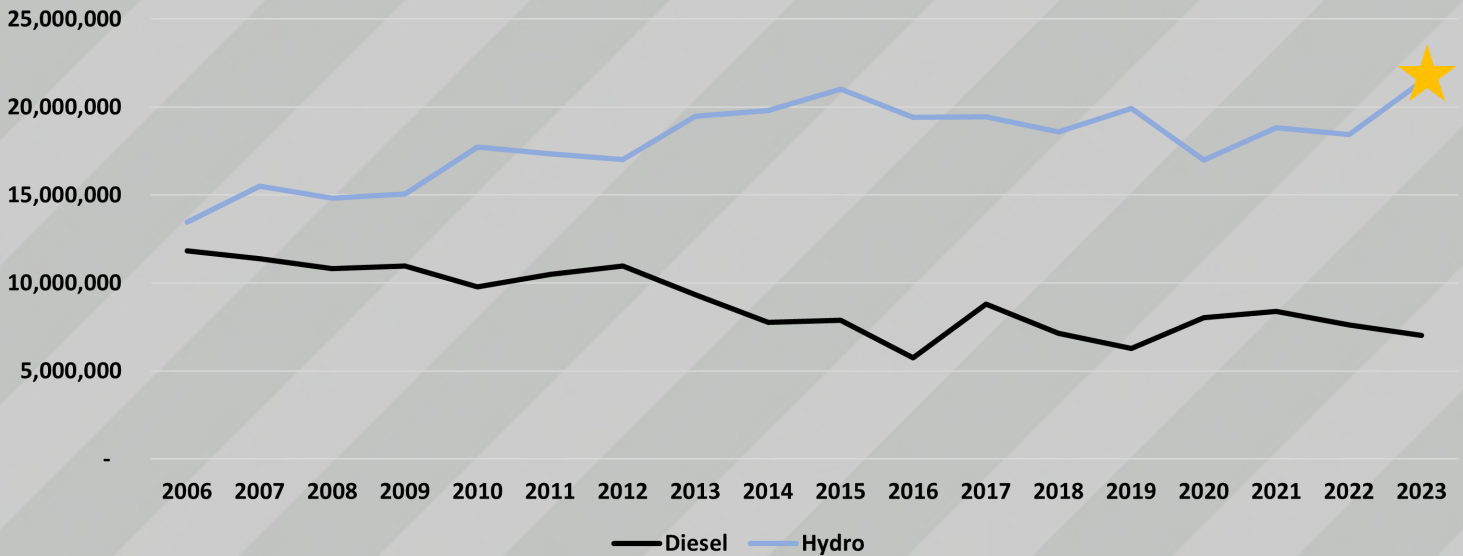
Respectfully, Clay Koplin, CEO.



Clay Koplin, CEO

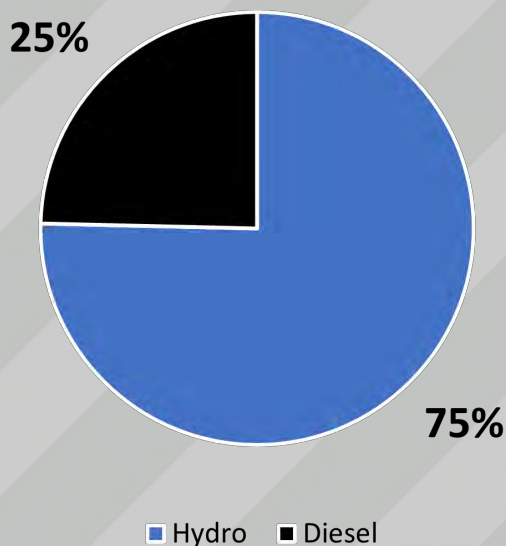


Kilowatt Hours (kWh) by Generation Source

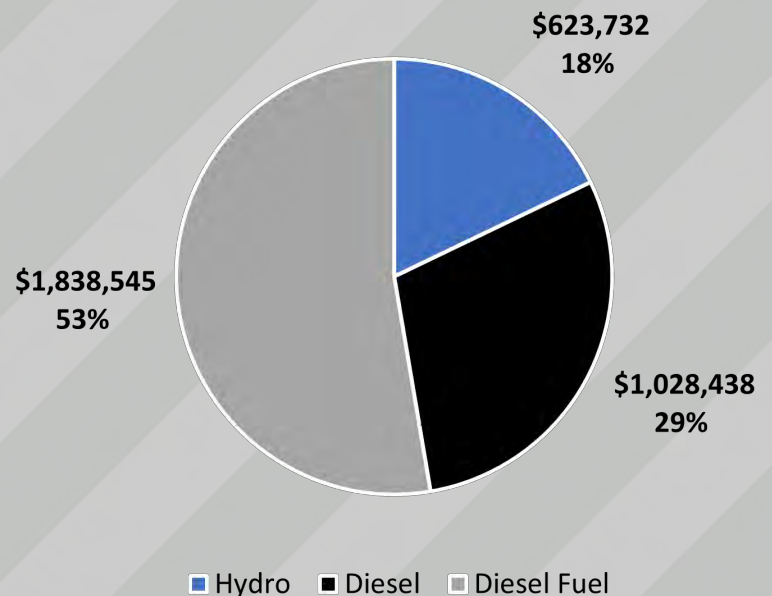


Over time, we have been able to produce more kWh with hydropower while reducing how much gets generated by diesel. In 2023, we produced the most kWh by hydro in CEC's history: 21.4 million!

Generation Source



Generation Expense



Last year we generated **75%** of Cordova's power using hydro. Even though it is our main generation source, it was only 18% of the expense of generation. This is why we are constantly striving to generate as much of our power as feasible using hydropower.

CEC IN THE COMMUNITY

2023 Annual Meeting



After barely securing a quorum at the 2022 Annual Meeting, CEC worked to reimagine the event to make it more attractive to the members. An all-time record of 149 members attended the 2023 Annual Meeting. We hope to continue to grow the Annual Meeting, so that we have an engaged membership into the future. And yes, we know the prizes and food are a big part of the draw...



Community Events

CEC helps out with events in the community whenever we can; from hanging the Iceworm Banner, to wrapping lights on the town Christmas Tree. We are happy to contribute to the events that make Cordova a great place!



CoBank Sharing Success

CEC doubles its impact in the community through the CoBank Sharing Success program match. The CEC board selected four entities to receive \$5,000 each:

Cordova Imagination Library

Cordova Covered Spaces Project

Mavis Island Project

Cordova Iceworm Swim Team



Customer Appreciation Day



CEC's annual Customer Appreciation Day was a blast! We had roughly 250 attendees. If you didn't make it, we want to see you at our next event! We love catching up with our members.



CEC Employees are Proud Community Members!

Our employees serve the community outside of CEC in the following roles:

Clay Koplin - Copper River Ducks Unlimited Committee

Brian Wagner - Little League Baseball Coach

Leif Stavig - Cordova Chamber of Commerce Board

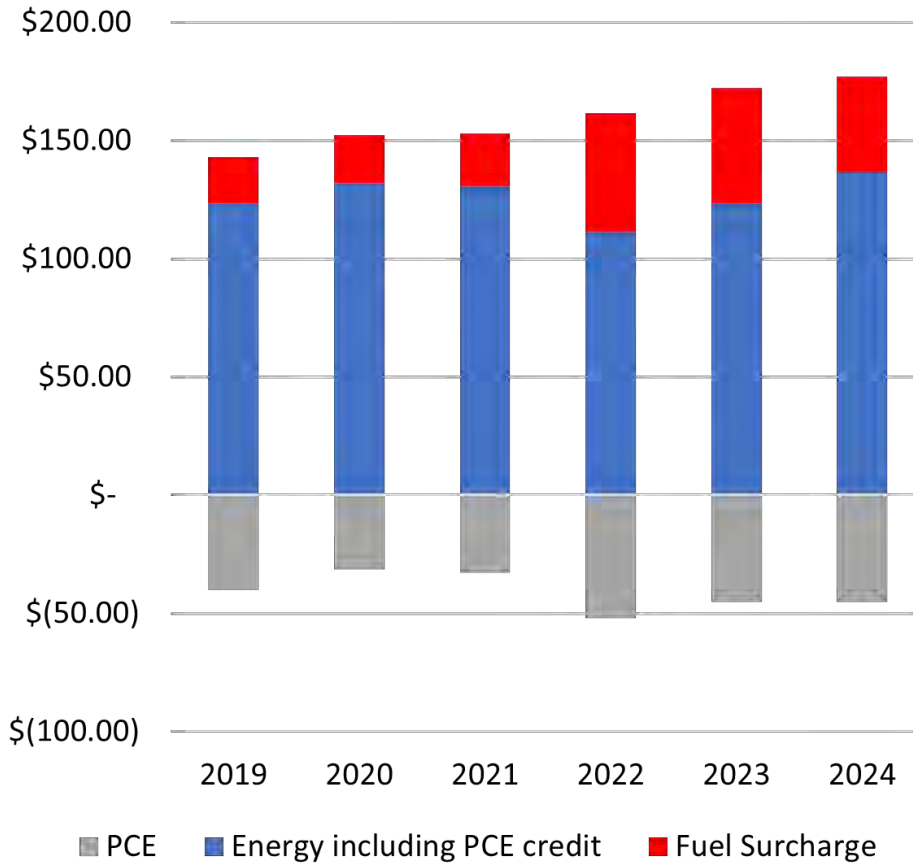
Garrett Collins - Harbor Commission & CR/PWS Fish and Game Advisory Committee

Ben Simpler - Cordova Telecom Cooperative Board

Annie Linville - Hospital Services Board & Volleyball Coach

CEC GRAPHS

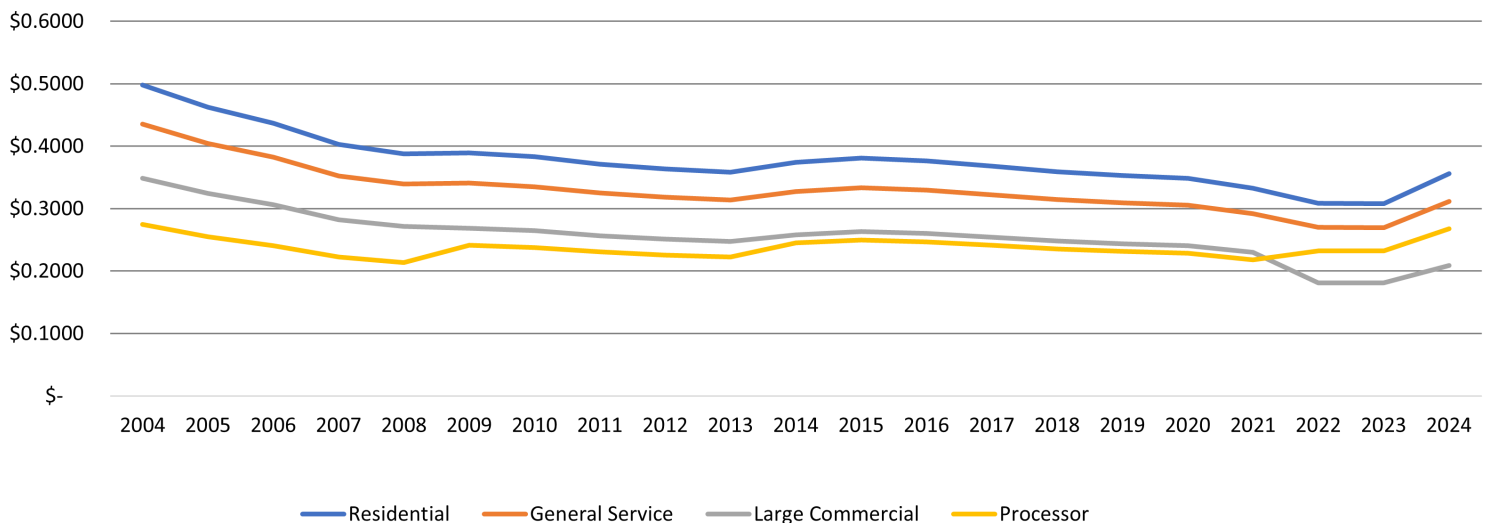
Average Residential Monthly Bill (Based on 500 kWh)



Each year is represents the average bill for residential customers. This includes the Power Cost Equalization (PCE) credit that the state provides to lower residential bills. Even when rates go up, PCE also does to some extent. Actual kWh used and the fuel surcharge (which changes each quarter) are what drive fluctuations in the monthly bills.

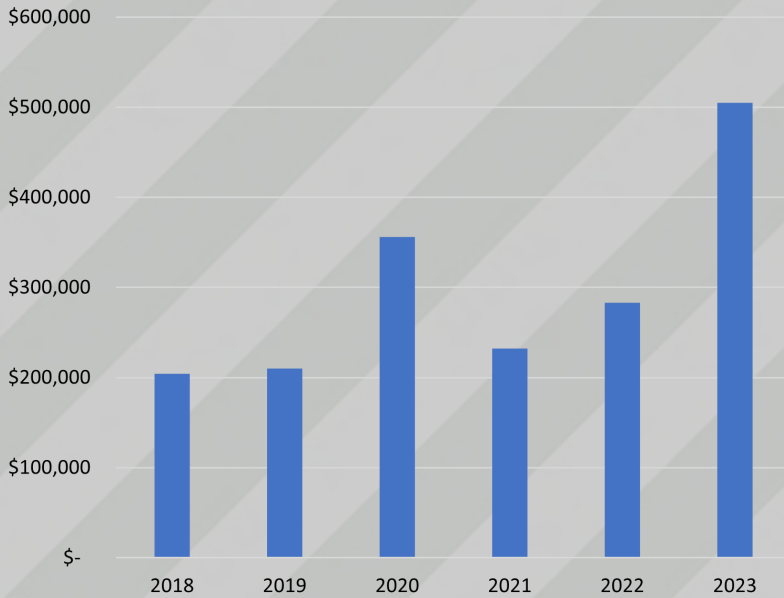
The fuel surcharge (red) has been one of the bigger influences on bills over the last few years, which is unfortunately one of the areas we have the least control over as it is based on diesel price and usage.

20-Year Rate History Adjusted to Inflation



This graph depicts the first tier kwh price for each rate class, adjusted for inflation, which generally shows how rates have changed over time. The cost is shown in today's value. Even with the increase in rates in 2024, the actual "felt" rate of electricity was much more historically.

Capital Credit Retirements

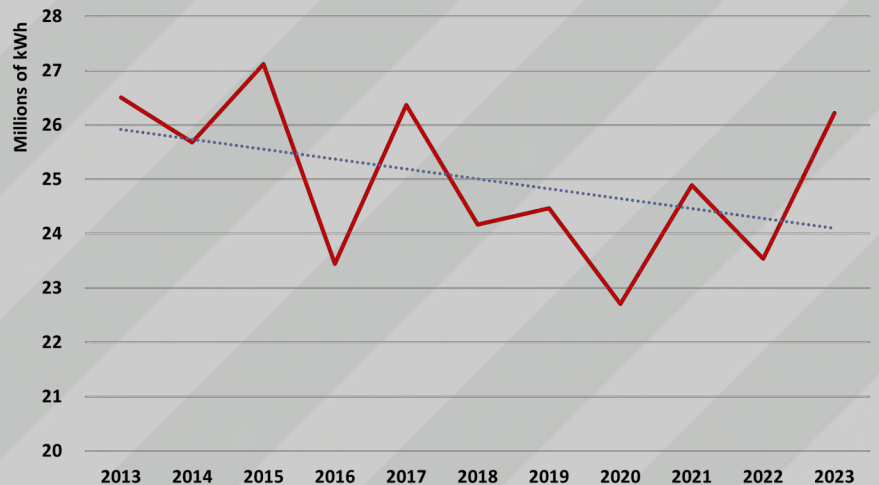


As a member of CEC, you benefit from electrical service and from CEC's financial performance. Profits, or margins, are allocated to each member and returned at a later date. CEC has returned \$1.8 million in capital credits, and almost all in the last six years.

Capital credits are the hallmark of cooperative membership. CEC is proud to return capital credits back to our neighbors and friends, and shows that we are performing well financially.

Kilowatt Hour (kWh) Sales

kWh sales trend downward over the last 10 years. Less overall kWh sales mean CEC has to recover more money per kWh; however, with a grid as small as ours, kWh sales can dramatically change with the gain or loss of just one large customer. The trend could increase with growing electrification efforts, or decrease with more efficiency upgrades.



For all of 2023, there were only **75 minutes** where at least a portion of our system was experiencing an outage, an all-time record for CEC and a measure of how reliable our system has become. If you're curious how it used to be, ask any member who was around 20, 30, or more years ago how many outages they experienced. Or, ask people in other communities in Alaska how many outages they've experienced recently. Our underground lines allow us to weather large storms and the thoughtfully constructed system is able to operate nearly flawlessly, despite challenges associated with operating a small microgrid switching between different generation sources.

BOARD CANDIDATE PROFILES

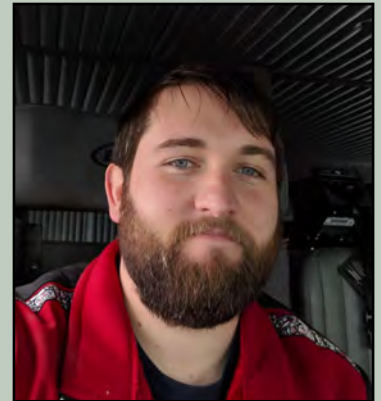
The CEC Nominating Committee nominated seven members to run for the CEC Board of Directors. Three candidates will be elected to serve three-year terms. The following information was submitted by each candidate.

Stephen Phillips (Incumbent)

Occupation(s): Sr. Manager, Network and Engineering for CTC
Cellarman for Copper River Brewing

Community Involvement: I'm an active member of our community, serving as a Captain in our Volunteer Fire Department. I was formerly on the board of directors for the Cordova Chamber of Commerce and volunteer my time for numerous other organizations and groups in our community, such as Cordova Arts.

Why are you interested in serving on the CEC Board? I'm currently on the board of directors for CEC. I'd like to continue serving my community by assisting in guiding the operations to reduce fuel consumption, plan for renewables with feasibility, and manage the debt associated there in.



Jeremy Botz (Incumbent)

Occupation(s): Fisheries Biologist

Community Involvement: I have lived in Cordova for nearly 19 years. I have kids in both the elementary and high school. I take pride in supporting local businesses with income that I earn supporting sustainable management of local salmon and herring fisheries.

Why are you interested in serving on the CEC Board? I have enjoyed serving on the CEC Board over the past two years. It takes a fair amount of time to get up-to-speed on the innerworkings of CEC and one's purpose/responsibility as a board member. I feel like I have made great strides in sorting out my role as a board member, and I would welcome the opportunity to continue helping guide CEC in delivering affordable energy in a safe and reliable manner.



Rod Jensen

Occupation(s): Commercial fishing, mariculture, various business development

Community Involvement: In recent years I've been a substitute teacher for the Cordova School district and I'm currently involved in assisting with the Jr. High wrestling team. I served on the PWSAC executive board for 3 years prior to this

Why are you interested in serving on the CEC Board? Cordova is very much my home town, born here 50 years and have maintained a permanent residence and presence here in Cordova the entire duration. I feel that Cordova has very unique challenges and opportunities within the energy sector. The CEC board members will have some important options to consider as we work together to provide the vision and leadership that future Cordova deserves.



Lynnette (Lohse) Wright

Occupation(s): Commercial Set-net Fisherman, Mom

Community Involvement: I have failed to be very involved in the community outside of my own extended family thus far. It has been a busy and somewhat overwhelming few years of big changes as we have settled into life here in Cordova.

Why are you interested in serving on the CEC Board? Recently I took on the Jr High Volleyball coaching job and I love it! It has been on my list to become involved in Cordova's future through the school and School Board, but to continue coaching means that is no longer an option. This leaves me open to learn and explore other areas of impact, and find other ways to be informed and involved. What better start than our local Electric Cooperative. I am intrigued to learn and grow and be involved in our local Co-op.



Ryan Asa

Occupation(s): Fisherman, commercial diver, contractor

Community Involvement: Fishing in Cordova for 18 years, served two years on the cdfu board, currently hold the state seat on the sardfa dive board. I'm a full time resident of Cordova with my wife and two young sons.

Why are you interested in serving on the CEC Board? There are lots of amazing things happening in energy and would like to contribute to bringing new tech and efficiencies to our community so Cordova is well positioned for energy security and hopefully cost reductions through the adoption and implementation of technology and energy production options.



Jeremiah Beckett

Occupation(s): Dad, Coach, CEO of Cordova Telecom Cooperative

Community Involvement: Since returning home over ten years ago I've volunteered with the Boy Scouts, helped start the robotics programs at Mt Eccles and CHS, taught an after-school space science class that sent an experiment to the International Space Station, and support new community members learning subsistence. I've been coaching the CHS high school robotics teams for eight years and I've helped secure over \$83million in grant funding for CTC.

Why are you interested in serving on the CEC Board? Over the past six years I've worked directly with CEC through my employer, and I would like to bring my twenty years of real-world leadership experience to the board to help focus strategic initiatives, improve financial management, and ensure transparency of activities to the community. I'd also like to see improved collaboration across the cooperatives that would benefit our entire community. I have already helped modernize and transform CTC and I think I can help CEC move down this path to deliver on their commitments of affordable reliable electrical services for Cordova.



Natasha Casciano

Occupation(s): Business Owner of Cordova Gear, Commercial Fisherman

Community Involvement: Board member Cordova Chamber of Commerce, Cordova Destination Leadership Team Member, Co-founder Cordova Covered Spaces Project, Cordova Historical Society Member

Why are you interested in serving on the CEC Board? As a prospective board member I am interested in serving on the board to assist in exploring ways to support staff in meeting Cordova's current and future energy needs. Explore opportunities to further increase the percentage of renewable energy production. Explore and promote building practices that will create and upgrade structures to use less electricity and to generate energy. Explore new lighting technologies that use less energy, are more functional and more environmentally friendly. Continue to reduce the percentage of diesel fuel we use to generate electricity.

Producing our own power in Cordova with a large portion of that energy coming from renewables is a huge accomplishment. With forward thinking, continued refinement and upgrades the Cordova Electric Co-op, can continue to set an example of a well designed, evolving, high quality, independent energy grid.



Thank you to everyone who agreed to run for the board and the members of the Nominating Committee:

Cathy Renfeldt

Sean Den Adel

Lauren Bien

Charlotte Westing

Kasey Kinsman

ANNUAL MEETING NOTICE

Cordova Electric Cooperative Annual Meeting

Monday, March 18, 2024 - Cordova Center - 6:00 pm

Cordova Electric Cooperative invites all members to participate in the 2024 Annual Meeting.

The Annual Meeting will be held on Monday, March 18th, 2024 at the Cordova Center. Registration will begin at 5:00 pm. The meeting will start in the theater at 6:00 pm and will last approximately one hour with the drawings for prizes at the end. Following the meeting, there will be appetizers in the atrium.

At the meeting, members will select one of three grand prizes to enter for. All members will be entered to win 20+ additional prizes. We look forward to hosting an informational Annual Meeting.

Annual Meeting Agenda

1. Call to Order and Determine Quorum
2. Reading of Notice of Meeting
3. Approve 2023 Annual Meeting Minutes
4. Election of Board Directors / Bylaw Proposition Results
5. Reports of Officers
6. Unfinished Business
7. New Business
8. Adjournment

CORDOVA ELECTRIC COOPERATIVE 2023 ANNUAL MEETING MARCH 20, 2023 DRAFT MINUTES

1. CALL TO ORDER

Chair **Joe Cook** called the 45th Annual Meeting of Cordova Electric Cooperative to order at 6:47 PM on March 20, 2023. **Cook** stated there were 1063 members of record, making 50 members present a quorum. 149 members were present so there was a quorum.

2. READING OF NOTICE OF MEETING

With no objection, **Cook** waived the reading of the meeting notice.

3. APPROVE 2022 ANNUAL MEETING MINUTES

With no objections or corrections, **Cook** stated the minutes were approved as presented.

4. ELECTION OF BOARD DIRECTORS / BYLAW PROPOSITION RESULTS

Cook introduced current board members: **Stephen Phillips**, **Steve Ranney**, **Scott Pegau**, **Rob Campbell**, **Andrew Smallwood**, and **Jeremy Botz**. **Cook** introduced the board nominees: **Campbell**, **Cook**, **Grace Lee**, and **John Stack**. **Cook** provided the nominees the opportunity to speak and none chose to. **Cook** asked if everyone wishing to vote had done so, and declared the ballot closed.

5. REPORTS OF OFFICERS

Cook provided a report on 2022. **Emma Merritt**, Manager of Finance, gave the Treasurer's Report. **Clay Koplin**, Chief Executive Officer, gave a CEO Report. **Cook** announced that the Scholarship Committee selected **Kiley Burton** and **Braden Beckett** to each receive a \$5,000 scholarship.

6. UNFINISHED BUSINESS - none

7. NEW BUSINESS - none

8. ADJOURNMENT

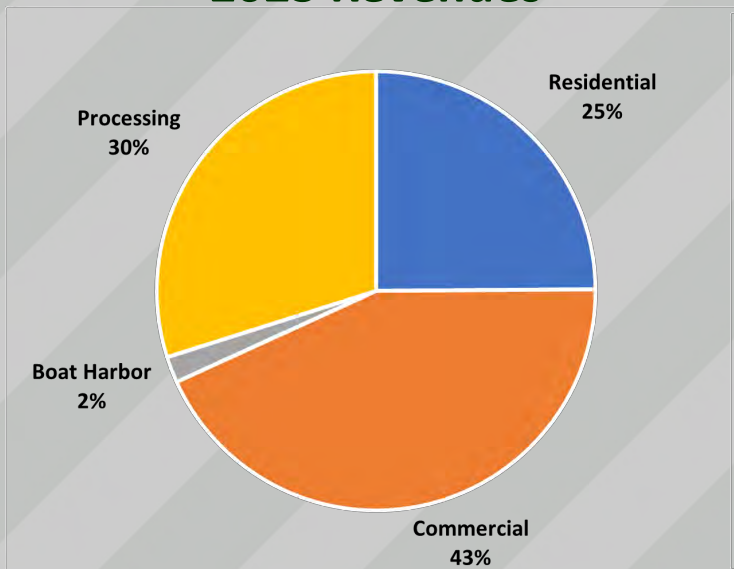
Cook announced that the Election Committee was still tallying the ballots and the election results would be posted on the office window and CEC Facebook page as soon as they were completed. With no further business, **Cook** declared the meeting adjourned at 7:52 PM.

UNAUDITED FINANCIALS

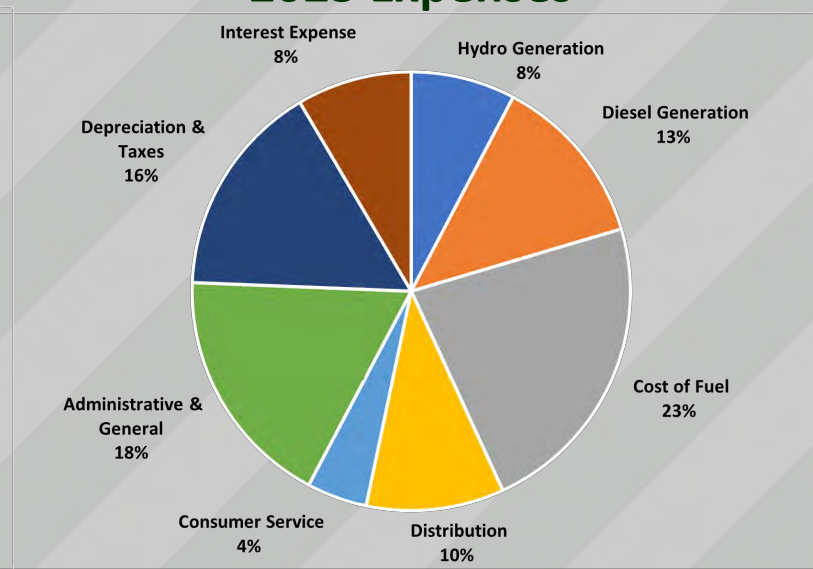
Statement of Operations

	2021	2022	2023
Energy Charges	6,041,914	5,875,986	6,358,435
Fuel Surcharges	958,447	2,304,907	1,838,545
Operating Revenue	<u>7,000,361</u>	<u>8,180,893</u>	<u>8,196,980</u>
Hydro Generation	563,760	564,784	623,732
Diesel Generation	805,475	981,084	1,028,438
Cost of Fuel	1,616,609	2,304,907	1,838,545
Distribution	683,122	911,624	822,870
Consumer Service	386,956	373,229	359,579
Administrative & General	1,191,836	1,369,240	1,447,014
Total Operating & Maint Expenses	<u>5,247,758</u>	<u>6,504,868</u>	<u>6,120,178</u>
Depreciation & Taxes	1,076,854	1,184,807	1,285,289
Interest Expense	388,971	555,482	686,766
Other	15,772	17,339	13,311
Total Cost of Electric Service	<u>6,729,355</u>	<u>8,262,496</u>	<u>8,105,544</u>
Operating Margins	<u>271,006</u>	<u>(81,603)</u>	<u>91,436</u>
Non-Operating Margins	45,362	75,284	348,918
Patronage Dividends	283,686	246,205	253,758
Patronage Capital or Margins	<u>600,054</u>	<u>239,886</u>	<u>694,111</u>

2023 Revenues



2023 Expenses



Balance Sheet

ASSETS	2021	2022	2023	EQUITY & LIABILITIES	2021	2022	2023
Plant				Equity			
Plant & CWIP	50,654,634	52,615,723	53,698,981	Patronage Capital	17,914,035	18,242,059	17,988,394
Depreciation	(22,201,642)	(22,900,680)	(23,220,196)	Current Year Margin	600,053	239,886	694,110
Net Plant	28,452,992	29,715,043	30,478,785	Other Equity	563,200	606,611	744,053
Current Assets				Total Equity	19,077,288	19,088,556	19,426,557
Investments	3,343,343	3,429,523	3,363,408	Liabilities			
Cash	1,970,176	1,089,366	2,450,583	Long Term Debt	15,609,499	17,305,182	18,253,429
Other Assets	1,826,061	2,760,770	1,878,028	Payables	452,559	111,658	57,208
Total Other Assets	7,139,580	7,279,659	7,692,019	Accrued & Other Liabilities	453,225	489,305	433,610
TOTAL ASSETS	35,592,572	36,994,702	38,170,804	Total Liabilities	16,515,284	17,906,146	18,744,247
				TOTAL EQUITY & LIABILITIES	35,592,572	36,994,702	38,170,804

Board of Directors

Joe Cook - Chair

Stephen Phillips - Vice Chair

Steve Ranney - Secretary/Treasurer

Scott Pegau

Rob Campbell

Andrew Smallwood

Jeremy Botz

Attorney

Andy Leman

Kemppel, Huffman & Ellis, P.C.

Auditor

Julie Desimone

Moss Adams

Employees

Management

Clay Koplin - Chief Executive Officer

Russ Goss - Manager of Generation

Emma Merritt - Manager of Finance

Trever Kudrna - Technology Manager

Leif Stavig - Executive Assistant/HR

Finance Department

Angela Jeppson - Customer Service Rep.

Ann Linville - Customer Service Rep.

Distribution Department

Jeff Field - Distribution Foreman

Ben Simpler - Journeyman Lineman

Robert Silveira - Apprentice Lineman

Kaleb Rubner - Staking Tech/Warehouse

Generation Department

Brian Wagner - Generation Foreman

Garrett Collins - Maintenance Operator

Jason Borland - Apprentice Maint. Operator

Royce Landeen - Apprentice Maint. Operator



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