

STRATEGIC PLAN



Chugach Electric Association, Inc.
5601 Electron Drive / PO Box 196300
Anchorage, Alaska 99519
www.chugachelectric.com

Table of Contents

Message from Leadership

1

Strategic Foundation

2

Introduction

3

Power in Anchorage

4

Sustainability

5

Strategic Priority Areas

6

1. Safety

7

2. Legislative & Policy Positions

8

**3. Communication, Member Engagement
& Community Involvement**

9

**4. Business Planning & Economic
Development**

10

5. Employee-Centric Development

11

6. Decarbonization

12

7. Natural Gas Supply

13

Message from Leadership



**SAM
CASON**

**BOARD
CHAIR**

As we navigate the dynamic landscape of the electric utility industry, it is imperative that we meet the demands of the present while positioning ourselves for a sustainable and resilient future.

Our strategic plan is a roadmap outlining our commitment to safety, advocating for legislation supportive of Chugach and its members, effective communication and member engagement, robust business planning, employee development, decarbonization, and ensuring a reliable natural gas supply for the foreseeable future.

Looking to the future, the challenges and opportunities require a steadfast commitment to innovation, reliability, resilience, and environmental stewardship. Chugach is committed to being a leader in the Railbelt, focused on natural gas supply as a bridge to a clean energy future, embracing renewable and clean energy sources, investments in transmission and grid modernization, and prioritizing our commitment to safety which includes robust cybersecurity measures to enhance our resilience against disruptions that could cause harm to our infrastructure or our members.

Our member-owners are at the center of all we do. We want to communicate effectively, meet and understand their evolving needs, and provide energy choices that empower and enrich their lives. We will promote transparency and collaboration through community engagement programs, energy education, and sustainability.

To measure our progress and ensure accountability, we have tied each strategic priority to our mission, vision, and values, and have set clear objectives. Regular updates and evaluations will be shared with our numerous stakeholders, promoting transparency and trust.

It is only by working together that we can achieve these goals. By embracing innovation, prioritizing reliability, resilience, and putting our members first, we will continue to lead the way in shaping an energy landscape that benefits both current and future generations of Alaskans.



**ARTHUR
MILLER**

**CHIEF
EXECUTIVE
OFFICER**



Strategic Foundation



SAFETY



SUSTAINABILITY



ACCOUNTABILITY



INTEGRITY



TEAMWORK



CONTINUOUS IMPROVEMENT



RELIABILITY



AFFORDABILITY

CORE VALUES

Vision Statement

Responsibly developing energy to build a clean, sustainable future for Alaska

Mission Statement

We provide safe, reliable and affordable electricity through superior service and sustainable practices, powering the lives of our members.

Values

Guided by our values of safety, reliability, accountability and sustainability, we are committed to serving our members, the community, and the Chugach team.

Tagline

Powering Alaska's Future

Introduction

Chugach's diverse communities, evolving member expectations, and rapid technological advancements shape our Strategic Plan. Approved by the board of directors, this plan guides corporate priorities, directs the CEO, and aligns decisions with board goals. With a rich 75-year history, Chugach, Alaska's largest electric cooperative, serves over 93,000 member-owners across a vast region that includes Anchorage, Girdwood, Whittier, Moose Pass, Cooper Landing, and Tyonek. Chugach strives to be an industry leader, proactively pursuing growth and innovation. As a not-for-profit, it channels revenues to cover utility costs, returning margins to members as capital credits.

Chugach is focused on powering Alaska's future while staying true to the seven cooperative principles of voluntary and open membership; democratic control by members; members' economic participation; autonomy and independence; providing education and information to its members; cooperation among cooperatives; and concern for community.



**VOLUNTARY
AND OPEN
MEMBERSHIP**

**DEMOCRATIC
MEMBER
CONTROL**

**MEMBERS'
ECONOMIC
PARTICIPATION**

**AUTONOMY
AND
INDEPENDENCE**

**EDUCATION,
TRAINING AND
INFORMATION**

**COOPERATION
AMONG
COOPERATIVES**

**CONCERN FOR
COMMUNITY**



7 COOPERATIVE PRINCIPLES

Power in Anchorage



HONORING THE PAST

In 1915, the Alaska Railroad chose Anchorage for its construction camp, and the city lacked electricity until 1916 when a steam-driven generator was installed. Anchorage's first electrical distribution system, initially leased, became city-owned in 1932 as Municipal Light & Power (ML&P). In the 1940s, a WWII-induced population boom strained power sources, leading to the unconventional purchase of the Sackett's Harbor tanker for energy generation. Amid an ongoing shortage, in 1947, the community conceived Chugach Electric Association, incorporated as a cooperative on March 1, 1948. On October 30, 2020, Chugach Electric Association acquired ML&P, resulting in a more efficient and cost-effective electric company under the cooperative framework, returning benefits to members.



LEADING TODAY

Chugach is addressing the dual challenge of a decline in locally sourced natural gas and the need for sustainable energy solutions. In response, Chugach's roadmap focuses on securing a bridge of natural gas supply as an immediate alternative and integrating clean energy technology in the future. Leading today's decisions is Chugach's goal to reduce its carbon intensity by at least 35% by 2030, and at least 50% by 2040, provided there is not a negative material impact to electric rates. As of late 2023, Chugach has installed battery energy storage to reduce fuel costs and strengthen the grid and is exploring new ways to operate existing natural gas and hydro generators to integrate intermittent clean energy technologies. To this end, Chugach is in the final evaluation stages of two large scale renewable energy projects.



PLANNING THE FUTURE

Looking toward the future, Chugach envisions a shift to clean energy dominated by wind, solar, hydro, and cutting-edge technologies such as hydrogen-fired turbines, carbon capture, tidal or hydro-kinetic, geothermal, compact nuclear reactors, and smart grid systems. Chugach is exploring long-duration energy storage like compressed air and thermal solutions. Chugach acknowledges the changing times and aims to collaborate with members, innovators, regulators, and legislators to shape a sustainable future. These efforts not only impact the local region but also have the potential to serve as a model for other remote communities worldwide.

Sustainability *"TRIPLE BOTTOM LINE"*

The Chugach Board of Directors adopted sustainability as a business management philosophy in 2017. Sustainability, also known as the *Triple Bottom Line*, broadens the focus of the financial bottom line to include social and environmental responsibility measures to create a greater long-term business value for Chugach and its members. Operating the electric utility in a sustainable manner is important to the long-term success of Chugach and to the health and well-being of our employees and members, our community, and our environment.



PEOPLE



PLANET



PERFORMANCE

Sustainability is an integral part of Chugach's strategic planning process, and our strategic priorities and objectives are examined through a sustainability lens. Many of the objectives that follow are the result of analysis and prioritization of sustainable practices to improve our economic, social, and environmental performance. The prioritized objectives are embedded within each of the strategic priorities.

The electric utility industry is transforming rapidly, from traditional, controllable fossil fuel generation to non-emitting, weather-dependent intermittent resources, energy storage and distributed generation. The changes are driven by technological advancements expanding the possibilities of new resources and services. We are committed to serving our members, our employees and our community, guided by our values of safety, reliability, accountability and sustainability.

**CHUGACH
BOARD OF
DIRECTORS**



MARK
WIGGIN

BETTINA
CHASTAIN

SISI
COOPER

SAM
CASON

RACHEL
MORSE

JIM
NORDLUND

SUSANNE
FLEEK-GREEN

Strategic Priority Areas



STRATEGIC PRIORITY 1

Safety



STRATEGIC PRIORITY 2

Legislative & Policy Positions



STRATEGIC PRIORITY 3

Communication, Member Engagement
& Community Involvement



STRATEGIC PRIORITY 4

Business Planning & Economic
Development



STRATEGIC PRIORITY 5

Employee-Centric Development



STRATEGIC PRIORITY 6

Decarbonization



STRATEGIC PRIORITY 7

Natural Gas Supply

STRATEGIC PRIORITY 1

SAFETY

Priority Goal

Involve all staff in enhancing our workplace safety culture to create an incident and injury-free work environment

Connection to Mission/Vision/Values

At Chugach, safety is a core value. Aligned with our vision for a clean, sustainable future, our commitment to public and employee safety is woven into everything we do. Through rigorous training and proactive hazard identification, we foster a culture where safety is a shared responsibility. Our goal is a workplace with zero incidents, and our comprehensive safety program ensures protocols are seamlessly integrated into daily operations. This dedication extends to our members and community, reflecting our commitment to powering lives reliably, affordably, and, above all, safely.

Objectives

- Recognize contributions from all employees to our culture of safety, including involvement, behaviors, attitudes, feedback, and ideas
- Continue to provide frequent training to educate all employees about safety procedures and best practices
- Use incident reporting tools and reports to track events, identify hazards, and ensure appropriate risk control measures are defined and implemented
- Standardize safe work practices: policies, manuals, and/or other materials





STRATEGIC PRIORITY 2

LEGISLATIVE & POLICY POSITIONS

Priority Goal

Advocate for legislation and public policy in the best interest of Chugach's members and consistent with Chugach's core values

Connection to Mission/Vision/Values

As an electric cooperative, Chugach actively advocates for legislative and policy measures that align with our vision for a clean, sustainable future in Alaska. Our mission to provide safe, reliable, and affordable electricity drives our support for incentives in renewable energy, electric infrastructure, carbon reduction, and beneficial electrification. Our policy positions, guided by core values of safety, reliability, accountability, and sustainability, aim to strike a balance, ensuring reliability and affordability while advancing our commitment to serve our members, community, and the Chugach team.

Objectives

- Advocate and support legislative policy that advances renewable and clean energy technologies
- Support broader carbon reduction policies for the State of Alaska
- Advocate for legislation which allows for an individual utility option for renewable and clean energy rate recovery
- Educate stakeholders on net metering and advocate for equitable cost recovery
- Educate stakeholders on the cooperative business model and revenues from members being the only source of funds for the cooperative
- Advocate for Chugach's need for all costs of compliance or non-compliance with any legislation policy to be recoverable through rates
 - Advocate for policies that support production of Cook Inlet natural gas and complementary gas import solutions
 - Maintain and enhance Chugach's leadership position in the Railbelt on electric utility policy and related matters.



STRATEGIC PRIORITY 3

COMMUNICATION, MEMBER ENGAGEMENT & COMMUNITY INVOLVEMENT

Priority Goal

Maximize member satisfaction and enhance community involvement

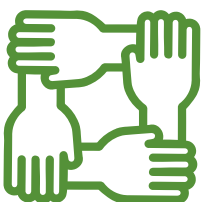


Connection to Mission/Vision/Values

As a member-owned cooperative, Chugach is dedicated to transparent communication, robust member engagement, and active community involvement, aligning with our vision for a clean, sustainable future in Alaska. We prioritize open dialogue with members and stakeholders, sharing information on initiatives and encouraging participation in annual elections and committees. Our commitment to community partnerships reflects our values of safety, reliability, accountability, and sustainability, contributing to the strength of both Chugach and the communities we serve.

Objectives

- Provide information about Chugach operations, events, programs, and services to our diverse and evolving membership through a robust array of communications channels
- Seek feedback and input, primarily from members and also from other stakeholders
- Continue educating members, the community, and stakeholders on changes in the energy landscape, evolving programs, and technology
- Enhance member and community involvement





STRATEGIC PRIORITY 4

BUSINESS PLANNING & ECONOMIC DEVELOPMENT

Priority Goal

Increase business value and continuously improve business systems and processes

Connection to Mission/Vision/ Values

Chugach strives to fulfill our vision of responsibly developing energy for a clean, sustainable future in Alaska. Our mission to provide safe, reliable, and affordable electricity guides our adaptive approach to economic conditions, emerging technologies, and regulatory requirements. Embracing innovative technologies, our business philosophy aims to increase electric load while reducing environmental impacts and costs, reflecting our commitment to safety, reliability, accountability, and sustainability.

Objectives

- Manage the Association for resiliency and sustainability in response to changing conditions
- Encourage member adoption of beneficial electrification
- Advance electric vehicle infrastructure programs and policies
- Support regional economic development activities to attract and retain businesses



STRATEGIC PRIORITY 5 EMPLOYEE- CENTRIC DEVELOPMENT

Priority Goal

Become an employer of choice by focusing on employee growth and well being



Connection to Mission/Vision/Values

At Chugach, our commitment to responsibly developing energy for a clean, sustainable future in Alaska extends beyond our operations to the very heart of our organization—our employees. A strategic priority for us is the development of an employee-centric culture, fostering a workforce that is engaged, valued, and empowered, while focusing on growing leadership and companywide alignment with our mission, vision, and values. Aligned with our mission to provide safe, reliable, and affordable electricity, our employee-centric approach recognizes that our team is instrumental in powering the lives of our members.

Objectives

- Invest in employee wellness programs to promote physical, mental, and emotional well-being for all employees at work and at home
- Maintain a workplace that invests in employee development programs for all employees, supportive of diversity, equity, and inclusion
- Continue to implement succession planning to ensure workforce resiliency, adequate staffing levels, and excellent employee performance





STRATEGIC PRIORITY 6

DECARBONIZATION

Priority Goal

Implement decarbonization plan, reduce carbon emissions, support beneficial electrification of buildings, equipment, and vehicles



Connection to Mission/Vision/Values

At Chugach, our Decarbonization Strategic Priority aligns with our vision for a clean, sustainable future in Alaska. This plan, supporting our mission for safe, reliable, and affordable electricity, focuses on diversifying our generation portfolio, and reducing reliance on limited natural gas. It fosters new load growth through beneficial electrification and provides flexibility to navigate policy changes. It's a proactive step in serving our community, members, and the Chugach team with sustainable energy solutions guided by our values of safety, reliability, accountability, and sustainability.

Objectives

- Reduce Chugach's carbon intensity by at least 35% by 2030 and at least 50% by 2040, using 2012 as the baseline year without a negative material impact on Chugach members' rates and/or reliability
- By March 31, 2025, sign a power purchase agreement or construction contract to increase renewable generation on the Chugach system by 100,000 MWh
- Regularly assess and adjust decarbonization strategies while balancing decarbonization with reliability and affordability
- Develop and deliver both demand and supply side solutions to reduce carbon impacts, including beneficial electrification and energy storage



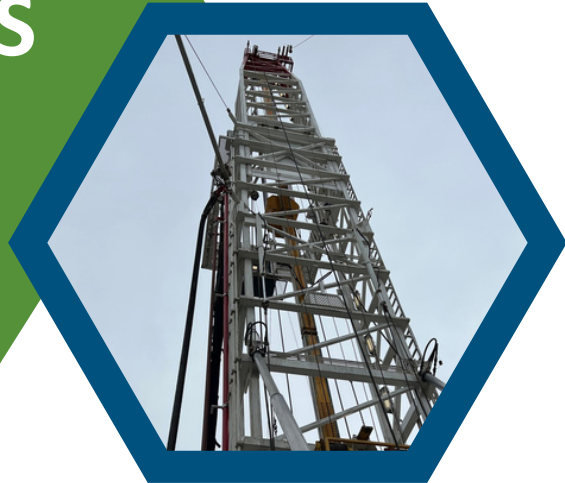


STRATEGIC PRIORITY 7

NATURAL GAS SUPPLY

Priority Goal

Ensure a natural gas supply to reliably bridge Chugach to a clean energy future



Connection to Mission/Vision/Values

As part of our commitment to a reliable, sustainable energy future, Chugach prioritizes securing our natural gas supply. Currently powering over 80% of our energy needs, this strategic priority ensures supply security through contracts, optimizing the Beluga River Unit (BRU), and exploring complementary transition gas opportunities. Our responsible use of natural gas aligns with our values of safety, reliability, accountability, and sustainability, underscoring our mission to provide safe, reliable, and affordable electricity to our members and the community.

Objectives

- Establish a natural gas supply to bridge Chugach to a clean energy future
- Coordinate efforts with commercial entities, Railbelt utilities, and state and federal government agencies, to increase natural gas supply options
- Implement updates to the BRU development plan to optimize value to our members by meeting transition gas production targets and implementing gas storage if technically and financially beneficial
- Implement a proactive communications strategy to educate members and other stakeholders on the need, urgency, and plan to achieve a solution for a transition gas supply



