



Chugach Electric Association's

Outlet

www.chugachelectric.com

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Major Changes Recommended at Chugach

Chugach Board Chair Elizabeth Vazquez released the utility's Blue Ribbon Panel Report at a press conference December 19, 2007. The Blue Ribbon Panel (see panel members below) was appointed by the Chugach Board of Directors to complete a high-level, independent review of overall past performance at Chugach Electric Association.

The panel hired the UMS Group, a major worldwide leader in utility operational benchmarking and operational analysis, to assist in the review. "Benchmarking" is a process of evaluating how a business stacks up against others in its peer group.

The Blue Ribbon Panel reported that the UMS analysis indicated that under prior Boards of Directors and past management, Chugach may have been charging its ratepayers up to \$27 million more for non-fuel electric distribution than other comparable American communities with similar utility systems.



Chugach Chair Elizabeth Vazquez and David Gottstein discussed the Blue Ribbon Report at the press conference.

The Blue Ribbon Panel also recommended that Chugach improve its communications. Openness and "transparency must be an integral part of the agenda," the report stated.

Chair Vazquez said, "In addition to looking at fuel supply and costs, we are building a strategy to reduce non-fuel rates, taking panel recommendations to heart. Furthermore, we assure you that we will pull out all the stops to ensure that the public and the ratepayers will be fully informed every step of the way."

Among other important findings, the Blue Ribbon Panel report states that the Board should "take steps to eliminate the co-op as the business model and concentrate on other models to achieve a more efficient, cost effective and financially healthy utility."

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Blue Ribbon Panel Members

The Board appointed five leading, long-time Alaskan business executives earlier this year to review the utility's overall performance and make recommendations for the future. Appointed to the panel were:

- David Gottstein, President, Dynamic Capital Management
- Robert Hickel, President, Hickel Investment Company
- Loren Lounsbury, former Alaska Public Utilities Commissioner and Commerce Commissioner
- Richard Lowell, President, Ribelin Lowell & Co. Insurance Brokers (retired)
- John Wanamaker, Vice-Chairman, Venture Ad Astra LLC

Bill Noll, previously Alaska's Commissioner of Commerce, Community and Economic Development, acted as the group's facilitator.

Bright Ideas for Saving Energy

Using a car engine heater during the winter is important, not only for the health of your vehicle, but to help improve air quality. However, at a time when costs are rising, you should use an engine heater only as long as necessary.

It is recommended that you use a timer for your engine heater and plug in for two hours when the temperature is 20 degrees or colder.

Members Share \$5 Million

Thousands of past and long-term present Chugach members are receiving a share of a nearly \$5 million retail capital credits retirement. The Chugach board approved the retirement at its December 19 meeting.

Capital credits are returned to the members of record for a given year when the utility board of directors votes to return margins. This action is known as a "capital credits retirement." Like most other electric cooperatives, Chugach uses a "first in, first out" (or "FIFO") method for retiring credits. Under this system, the oldest margins on the books are retired first. Since 1985, Chugach has returned more than \$57.8 million in capital credits to its members.

In the just-approved retirement, Chugach mailed checks to members of record for the remainder of capital credits earned in 1988, plus a portion of the credits earned in 1989. Some current members are receiving credits on their accounts. The average residential customer who used 700 kilowatt-hours of electricity per month will receive more than \$50.

Members leaving the Chugach system should provide a forwarding address and keep Chugach updated on future moves until all of their allocated capital credits have been retired. Current members may check the status of their capital credits accounts online at www.chugachelectric.com or call Member Services at 563-7366.

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The panel began meeting in July and delivered its report to the Board November 9, 2007. The report is available online at www.chugachelectric.com.

Your Board at Work

Your Board is charged with the management of the business and the affairs of the Association. Recently the Board:

- Approved public release of the high-level Blue Ribbon Panel Report concerning Chugach Electric Association's operational performance. The report is available online at www.chugachelectric.com.
- Approved the 2008 Operating Budget and Capital Budget. The Board asked the Acting CEO to report back on possible budget reductions in line with the Blue Ribbon Panel's recommendation to "take all steps necessary to deliver the lowest possible
- long-term cost and rate structure to Chugach's customers"
- Approved the UNITE Hotel Employees & Restaurant Employees agreement that covers culinary employees that work at the Beluga Power Plant
- Approved appointments to Chugach's Election, Nominating and Bylaws committees
- Nominated Director Rebecca Logan for appointment to the Alaska Power Association Legislative Affairs Committee



Elizabeth Vazquez
Board Chair

Commission Approves Chugach Request to Lower Fuel Surcharge

Customers will see lower bills in January, February and March due to another drop in the fuel surcharge. In December, the Regulatory Commission of Alaska approved Chugach's request to lower the fuel surcharge for the first quarter of 2008.

For Chugach retail members, the surcharge dropped from 2.99 cents per kilowatt-hour to 2.478 cents per kwh. For the average residential customer using 700 kwh of service, the change means their monthly bill will go from \$96.40 to \$92.74 – a decrease of 3.8 percent.

Contact us

Main number	563-7494
Toll free	(800) 478-7494
Member Services	563-7366
Member Services fax	762-4678
Business and commercial desk	762-7876
Credit	563-5060
Power theft hotline	762-4731
Danger tree hotline	762-7227
Underground locates	278-3121
Regulatory Commission of Alaska	(800) 390-2782
or	276-6222

To report a power outage

In Anchorage	762-7888
Outside Anchorage	(800) 478-7494



Hours

Member Services lobby:
5601 Electron Drive
Monday - Friday
8 a.m. - 6 p.m.

Member Services phone:
Monday - Friday
8 a.m. - 9 p.m.

Main office:
Monday - Friday
8 a.m. - 5 p.m.

The Chugach Outlet

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Monthly residential service costs

(based on 700 kwh)

Customer charge/month	\$ 8.42
Energy charge \$0.09282 x kwh =	\$64.97
Fuel adjustment \$0.02478 x kwh =	<u>\$17.35</u>
Fuel adjustment effective 1/1/08 – 03/31/08	
Sub-total	\$90.74
2% MOA Underground Charge =	\$ 1.81
RCC charge \$0.000274 x kwh =	<u>\$ 0.19</u>
Total bill	\$92.74

Personnel policy

"It is a policy of Chugach Electric Association, Inc., to recruit, hire, train, compensate and promote persons without regard to race, color, religion, national origin, sex, marital status, pregnancy, parenthood, disability, veterans status, age or any other classification protected by applicable federal, state, or local law." Chugach is also an affirmative action employer.