

## Chugach plans for a more efficient future

With gas prices on the rise, Chugach is seeking more efficient generation. Chugach's decision-making process to build new generation is much the same as that made by a member who decides to buy a more fuel-efficient car. Chugach is operating and maintaining a series of vintage 1970s gas turbine-generators that are not as efficient as new fuel-efficient units.

Trading in your 1970s vehicle that gets 15 miles per gallon for a new model that gets 20 miles per gallon or better pays you back in different ways. If you drive your car 200,000 miles and gas costs \$5 per gallon, you will save nearly \$17,000 over the life of your vehicle – almost enough to pay for that new car. If you

add in reduced maintenance costs, and the security of few if any breakdowns, you begin to see that a new car can be a good decision.

The new power plant Chugach is planning will make a kilowatt-hour of power for only about three-fourths of the gas used by generating units today. That will save tens of millions of dollars a year on fuel.

In planning for new generation, Chugach is working with other utilities to share the costs and the savings. Just as ride-sharing can save money for a commuter, generation sharing offers similar benefits.

Mayor Mark Begich and the Chugach Board of Directors have

continued to investigate merger opportunities that were identified in the Navigant study in 2007. Discussions are ongoing for this complicated issue and are very dynamic.

Another parallel effort is joint planning with the Alaska Energy Authority. Chugach and other Railbelt utilities are evaluating a unified Railbelt generation organization that can improve efficiencies of existing generation and create a public-private partnership that can develop large renewable and/or



*The new power plant could look similar to this one in the Lower 48*

technology resources to meet the region's future energy needs. Results of this study should be released by the State by the end of the year.

## Overhead-to-underground projects underway

It's construction season, and Chugach continues to replace existing overhead lines with new underground cables. Chugach plans to spend about \$3 million on overhead-to-underground conversion projects in 2008. The conversion projects are in compliance with a municipal ordinance passed by the Anchorage Assembly in 2005.

Under the ordinance, Chugach spends 2 percent of its 3-year average of gross retail revenues received from sales within the Municipality on overhead-to-underground conversion projects in Anchorage. The projects are funded by a special 2 percent charge on bills for service in the Municipality of Anchorage.

One of the 2008 projects nearing completion is the conversion of line along 32nd Avenue between Patterson and Muldoon roads, including a short section of line along the west side of Muldoon just north of 32nd. This year's work was part of a multi-year, \$2.3 million project to replace about two

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## Pending credit card fee prompts switch to AutoPay Checking

Hundreds of members are signing up to have their monthly bills paid automatically from their checking accounts. The enrollments came after Chugach announced that after Sept. 1 members wishing to pay their bill by credit card would need to pay a user fee to a Third Party Processor.

In contrast, choosing to have a bill paid automatically each month from a bank account through Chugach's AutoPay Checking program remains free of charge for members.

In the first three weeks of June more than 1,500 members signed up for AutoPay Checking.

For more information about payment options, go to [www.chugachelectric.com](http://www.chugachelectric.com) or call Member Services at 563-7366 (toll-free in-state at 800-478-7494).



## Recycle your CFLs

Have you replaced some of your incandescent light bulbs with compact fluorescent lamps? Are you wondering what to do with them once they burn out?

The lamps contain small amounts of mercury and should be recycled rather than thrown into the trash.

In Anchorage, one place you can take your old lamps is to Total Reclaim, a recycling facility located in the Huffman Business Park. The cost to recycle the bulbs is 75 cents for each CFL. They'll also take burned out fluorescent tubes for \$1.14 per pound. For more information call Total Reclaim at 561-0544.

## Chugach battles against high gas prices

Chugach has been working toward new gas contracts with producers in Cook Inlet for several years without reaching acceptable terms. Recently ENSTAR agreed to pay a price for gas – based on premium Lower 48 gas markets – that is almost three times as much as what Chugach currently pays for gas under its existing contracts.

Chugach has taken the position that prices in the Cook Inlet production basin should continue to reflect a discount when compared to Lower 48 consumption region prices. Chugach is making its position known to the Regulatory Commission of Alaska by intervening in gas contracts that are currently under review by this State regulatory body.

Chugach also opposed the continued export of liquefied natural gas from Cook Inlet to Japan because the Cook Inlet producers would not provide Chugach assurance that Chugach's gas needs would be met. However, the U.S. Department of Energy recently approved the export of Cook Inlet gas without including any conditions that were requested by Chugach to protect our cooperative members. Chugach plans to appeal the DOE decision.

Chugach is trying to negotiate a reasonable deal for its members. The cost of natural gas for fuel is the largest single expense for Chugach, and increases in the price of gas result in higher electric bills for customers.

Chugach's battles against high natural gas prices are being waged on several fronts, and will play out over a number of years. The fight is not easy, but it's the right thing to do on behalf of the members who pay the bills.

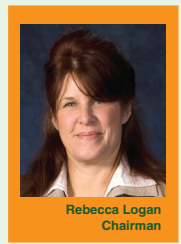
## Capital budget includes energy projects

Some energy appropriations of interest to Chugach were approved in the capital budget passed by the legislature this session and approved by the Governor in May. They include:

- \$200,000 to Chugach to help with the relocation of a portion of the Hope line
- \$2.5 million to the Alaska Energy Authority for an updated study of a hydroelectric project on the Susitna River
- \$25 million to the Alaska Energy Authority for Fire Island wind farm transmission lines

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

- Approved a financing plan to meet future financing requirements, certain redeemed debt, future capital expansion and maturing long-term debt.
- Approved a policy for the systematic release of confidential records pertaining to the board.
- Reviewed the 2008 election results and recommendations for improving election procedures.
- Reviewed the status of the South Central Alaska Power Project with ML&P and HEA.



Rebecca Logan  
Chairman

### Projects (continued from page 1)

miles of overhead 3-phase distribution line with buried cable from Patterson Drive to DeBarr Road, along 32nd Avenue and Muldoon Road.

Other overhead-to-underground projects planned for this year include work in Alyeska Basin subdivision in Girdwood and design work on a project along O'Malley Road.



Chugach's contractor readies the cable to thread into and pull through the conduit near Muldoon Road and 32nd Avenue.

In addition to the \$3 million in spending planned for this year, Chugach spent about \$6.8 million on conversion projects from 2005 through 2007. Chugach estimates it will spend approximately \$17.3 million on conversion projects in the next five years.

Projects are selected taking into account Chugach's overall system needs and

consideration of designated target areas. Per the ordinance, Chugach coordinates its plans with other utilities that may be attached to the poles and submits an annual and 5-year plan to the MOA Planning Director for review.

To see Chugach's 5-year overhead-to-underground conversion plan, go to [www.chugachelectric.com](http://www.chugachelectric.com) and click on the "Projects" link at the top of the page.

### 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 AK or	(800) 390-2782 276-6222
To report a power outage	
In Anchorage	762-7888
Outside Anchorage	(800) 478-7494

### Hours

Main office: Monday - Friday 8 a.m. - 5 p.m.	
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.
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### Monthly residential service costs (based on 700 kwh)

Customer charge/month	<b>\$ 8.00</b>
Energy charge \$0.06848 x kwh =	<b>\$47.94</b>
Fuel adjustment \$0.05960 x kwh =	<b>\$41.72</b>
Fuel adjustment effective 7/1/08 -- 09/30/08	
<b>Sub-total</b>	<b>\$97.66</b>
2% MOA Underground Charge =	<b>\$ 1.95</b>
RCC charge \$0.000274 x kwh =	<b>\$ 0.19</b>
Pending change by Regulatory Commission of Alaska	
<b>Total bill</b>	<b>\$99.80</b>



**Corporate Mission:** Through superior service, safely provide reliable and competitively priced energy.

**Corporate vision:** Powering Alaska's future

### 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.