

Chugach board votes to approve Fire Island PPA

The board of directors of Chugach voted to approve a power purchase agreement supplying the utility with energy from a proposed wind project on Fire Island. The board took the action at a special board meeting Wednesday, June 15.

Chugach will purchase the energy from the wind project to be built by Fire Island Wind, LLC. Fire Island Wind, LLC is a wholly-owned subsidiary of Cook Inlet Region Inc. formed to develop and sell the energy from the Fire Island Wind Project. The installation will consist of 11 General Electric

1.6xle wind turbines.

The power purchase agreement calls for Chugach to receive approximately 48,500 megawatt-hours of energy per year at a flat net price of \$97 per megawatt-hour for 25 years, beginning Jan. 1, 2013. Chugach agreed to buy the energy at a price of \$107.85 per MWh, and Fire Island Wind, LLC agreed to pay a System Integration Charge equal to \$10.85 per MWh (including curtailment) for the life of the project to help integrate the energy into the system.

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Seward contract extended

The Regulatory Commission of Alaska in late May approved a request by Chugach to extend its power sales contract with the City of Seward for another 5 years. Seward, like Matanuska

Electric Association and Homer Electric Association, is a long-time Chugach wholesale customer. The contract runs through Dec. 31, 2016.



The City of Seward will remain a wholesale customer through the end of 2016.

SPP construction underway



The SPP construction site in June.



Equipment being delivered to the SPP lay-down yard.



Foundations had been poured by June.

Construction is well underway on the Southcentral Power Project. At the June Operations Committee meeting the board heard that the project is on schedule, with engineering 49 percent complete and construction 4 percent.

SPP is a joint project with Municipal Light & Power to construct a new, efficient, gas-fired power plant at Chugach's headquarters complex. The cost and output of the 183-megawatt project will be shared 70/30 between Chugach and ML&P, respectively. SPP will have three gas turbine-generators and one steam turbine-generator running in combined cycle most of the time. In that mode, the hot exhaust from one, two or all three of the gas turbines will be utilized to make steam for the steam turbine-generator, thereby producing additional power without additional fuel costs.

As of the briefing, crews were in the process of pouring founda-

tions for the combustion turbine generators and the once-through steam generator. An electrical vault foundation had been completed and the underground piping for the fire water system was being installed. This work and more had been overseen by SNC Lavalin, the EPC (engineer, procure, construct) contractor for the project. The supply chain is steadily delivering key components of the project, including three GE LM6000 gas turbines which arrived in June.

A related project is the construction of the International Transmission Substation, adjacent to both SPP and Chugach's existing International Substation. The new substation will provide 138- and 115-kilovolt connections for the output of SPP to the grid, including routing delivery of ML&P's share onto its transmission link. The first foundation for equipment at the substation site is expected to be poured in July.

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Summer – best time to prepare for winter savings

Warmer temperatures allow Alaskans to enjoy summer activities. They also make for the best months to take care of home and business energy efficiency upgrades before cold temperatures return. Members can help make their buildings safer, warmer and less expensive with the following tips:

Schedule a boiler or furnace “clean and tune” by a certified technician

A well-maintained heating system saves money. Maintenance also ensures systems work properly during cold winter months, keeping your family safe and warm while avoiding expensive after-hours service calls. According to “Consumer Guide to Home Energy Savings”, a heating system tune-up can reduce bills by 3-10 percent. The service call is worth the money to ensure safe and efficient operation. Call a service professional now to schedule a tune-up before the winter rush.

Insulate hot water tanks and pipes

According to “Residential Energy” by John Krigger and Chris Dorsi, Hot water heating accounts for approximately 15 percent of total electrical consumption and 20 percent of natural gas consumption. Krigger and Dorsi also point out standby losses amount for 20-60 percent of hot water heating demand. That means 20-60 percent of your water heating efforts are lost through inefficiencies. Insulate your copper or polyethylene (PEX) water lines,

especially if they happen to run through cold spaces such as crawlspaces, un-insulated walls, garages or attics. Foam rubber or fiberglass pipe insulation products can be found at most home improvement stores. Hot water tank insulation blankets are also easy to install and can be purchased for \$25-\$30 to help reduce expensive standby losses.

Seal gaps, cracks and holes

Warmer temperatures allow the best opportunity to tighten up your building envelope to reduce heat loss. Look for gaps to the outside around windows and door frames, as well as electrical, plumbing and cable penetrations. Seal these holes and cracks to reduce cold air infiltration and warm air loss. Caulking, sealants, weather-stripping and spray foam have better sticking power when applied in warm temperatures. Attic access hatches are also major sources of warm air loss and should be sealed up to minimize loss. After tightening your building envelope be sure to incorporate proper balanced ventilation for the health and safety of occupants. {124546}

Contact Chugach’s Energy Efficiency & Conservation Specialist (762-4336) for more information on how you can save money by reducing your energy consumption. Always consult local building codes for regulations and proper product installation.

Fire Island (cont’d from page 1)

Initial Fire Island Wind, LLC estimates of the energy output of the project puts annual production at about 4 percent of the utility’s retail sales in 2010.

The power purchase agreement approved by the board was the conclusion of negotiations between Chugach and CIRI that began in the summer of 2010. The agreement – subsequently Ok’d by the CIRI board of directors – will need to be approved by the Regulatory Commission of Alaska before the deal is complete.



Chugach CEO Brad Evans and CIRI President and CEO Margaret Brown at the signing of a Fire Island power purchase agreement on June 21.

Chugach has posted information about the Fire Island wind project at www.chugachelectric.com.

Work safely around electrical facilities

Know the rules for working safely around electrical facilities. If you’re not sure, call Chugach at 762-4545. Ask for a free briefing on electrical safety before starting projects.

And if you’re going to be digging, don’t forget to call 811 to get underground utility lines marked.

Callers will be routed to their local one call center which will arrange to mark all underground utility lines for free. Remember to call two business days prior to digging.



SPP (cont’d from page 1)

SPP construction will continue throughout 2011 and 2012. The plant is expected to be in commercial operation by December 2012.

SPP will be a very efficient power plant, producing a kilowatt-hour with only about three fourths

of the natural gas required on Chugach’s system today. If natural gas costs \$6.75 per thousand cubic feet in 2013, the resulting fuel savings for customers of the two utilities would amount to about \$30 million in the plant’s first year of operation alone.

Contact us

| | |
|--------------------------------|----------------------------|
| Main number | 563-7494 |
| Toll free | (800) 478-7494 |
| Member Services | 563-7366 |
| Member Services fax | 762-4678 |
| 24-hour payment line | 762-7803 |
| Credit | 563-5060 |
| Power theft hotline | 762-4731 |
| Danger tree hotline | 762-7227 |
| Street light hotline | 762-7676 |
| 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

5601 Electron Drive
Monday - Friday
8 a.m. - 5 p.m.

The Chugach Outlet

A Publication of Chugach Electric Association, Inc.
5601 Electron Drive • P.O. Box 196300 • Anchorage, Alaska 99519-6300

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 equal opportunity/affirmative action employer. Current openings are posted on the employment page at <http://chugachelectric.applications.com>. Chugach only accepts applications for open vacancies.

Monthly residential service costs (based on 700 kwh)

| | |
|---|------------------|
| Customer charge/month | \$ 8.00 |
| Energy charge \$0.07084 x kwh = | \$49.59 |
| Fuel \$0.05741 x kwh = | \$40.19 |
| Purchased power \$0.00575 x kwh = | <u>\$ 4.03</u> |
| <small>(Proposed fuel & purchased power adjustments effective 7/1/11 - 9/30/11)</small> | |
| Subtotal | \$ 101.81 |
| 2% MOA Undergrounding Charge = | \$ 2.04 |
| RCC \$0.000492 x kwh = | <u>\$ 0.34</u> |
| Total bill | \$104.19 |

CHUGACH
POWERING ALASKA'S FUTURE

Member number
hide-n-seek

Find your member number (in brackets) in the Outlet and get a \$100 credit on your electric bill. Call Chugach’s service center at 563-7366 to claim your prize.