

Chugach announces new natural gas contract

Agreement reached with ConocoPhillips; work continues to address long-term needs

Chugach has concluded negotiations for a new natural gas contract with ConocoPhillips. The seven-year contract is designed to fill 100 percent of Chugach's unmet needs through April 2011, approximately 50 percent of Chugach's unmet needs from June 2011 through December 2015, and approximately 25 percent in 2016.

The total volume of gas under the contract is 66 billion cubic feet. The vast majority (90 percent) of the gas under the contract will be priced off of a basket of Lower 48 production area price points, as published in Platts Gas Daily. The Production Area Composite Index has averaged out to be 9 percent less than Henry Hub over the past four years.

As further consideration for the contract, Chugach has agreed to

withdraw its appeal of the United States Department of Energy approval of the LNG export authorization for the period 2009-2011.

The new supply contract between Chugach and ConocoPhillips ensures that Chugach's needs will be fully met through the end of the export authorization and then for significant portions of Chugach's requirements through 2016.

The State of Alaska provided critical assistance in bringing about the successful conclusion of these negotiations.

The contract was fully executed and submitted to the RCA May 12.

Although a majority of Chugach's near-term needs are met, activities are underway to address additional {209756} issues. Chugach continues to negotiate with other Cook Inlet producers and is work-

ing with the State of Alaska to meet longer-term needs. A Cook Inlet Regional Management Plan will evaluate the least-cost option to meet Southcentral gas needs. Options include expanded exploration in Cook Inlet, gas storage and further evaluation on either a bullet line or a spur line off a larger pipeline to the Lower 48.

Gov. Palin has appointed Harry Noah to evaluate all the options that will lead to gas for Alaskans. Chugach has been invited to participate on the team. Obtaining reliable and reasonably priced gas for members remains one of Chugach's primary goals.

Chugach requests rate decrease

Chugach has filed a request with the Regulatory Commission of Alaska to change its fuel and purchased power adjustments for rates effective during the third quarter of 2009. If approved, the total monthly bill for a Chugach residential customer in Anchorage using 700 kilowatt-hours of electricity will decrease about 11 percent, or from \$116.03 in June to \$103.27 in July. Commercial

customers will see similar reductions in their bill levels.

Fuel and purchased power costs continue to make up a significant portion of customer bills. Even with the implementation of these rates, approximately 45 percent of a monthly average residential customer bill is for fuel and purchased power costs.

Power plant project progress continues

Work continues on a project to construct a new, efficient, jointly-owned power plant in Anchorage. The Southcentral Power Project will be built near International Airport Road and Minnesota Drive, adjacent to existing Chugach generating units.

The 183-megawatt plant is a joint project between Chugach and Anchorage Municipal Light & Power. Chugach will own 70 percent (128 MW) and ML&P 30 percent (55 MW). Chugach is in charge of building the plant, working closely with ML&P personnel.

The plant will have three gas turbines and one steam turbine. The utilities selected General Electric LM6000 gas turbines for the plant, and will issue a request for proposals from steam

turbine manufacturers later this year.

The units will run in combined-cycle most of the time, meaning the hot exhaust from the gas-fired turbine-generators will be captured and used to make steam to power the steam turbine-generator. This operating mode helps extract as much electric energy as possible from the natural gas that fuels the plant. Both Chugach and ML&P use combined-cycle units at their other power plants.

The units at the new plant will be much more efficient than Chugach's other gas-fired turbine-generators, using only about 75 percent of the gas to make a kilowatt-hour of electricity compared to the best-performing units on the system now. At today's gas prices that efficiency would save Chugach customers more than

\$15 million a year. It will also emit about 25 percent less CO₂.

Running in combined-cycle mode removes much of the heat from the exhaust, but the utilities are investigating the possible commercial uses and value of the heat that will remain. A recently completed study estimated the BTUs of heat that may be available for other uses – either by the power plant or a neighboring business.

PB Power (Parsons Brinkerhoff) has been selected as the Owner's Engineer and Engineer of Record for the project. The firm has experience with GE turbines, having served in a similar capacity for nearly 30 projects and the installation of more than 80 LM6000s.

The project will be built on industrial land Chugach already owns

(See power plant, page 2)



The new plant will go on vacant land (center) at Chugach's headquarters complex, near an existing power plant at this location (foreground).

(Power plant, continued from page 1)

and uses as part of the Operations area at its headquarters complex. As noted earlier, the location already has a power plant with three gas turbines that has been in operation since the 1960s. Consequently, much of the infrastructure necessary for the new plant – including gas and electric transmission lines – is already at hand. The plant will take about 12 acres of land, with another 4 acres going for a new substation. Earlier this year Chugach purchased 15 acres of neighboring land that will be used for material storage during construction and as a possible location for some of the equipment and material currently stored where the new plant will be built.

Continued engineering and permitting will take place into next year, with construction scheduled for 2010 through 2012. The plant is expected to be online by the second quarter of 2013.

More information about the plant can be found at the project link at www.chugachelectric.com.

Always call before you dig

One phone call to 811 can quickly and easily get all underground utility lines marked. Locates are generally free of charge, but damages



Workers try to locate a third cable after finding other damaged cables.

can be expensive, time-consuming and inconvenient for the neighborhood. In 2008, dig ins caused nearly \$100,000 in damages to Chugach facilities. The majority of those costs were billed to the party that caused the damage.

Locates require a minimum of two working days advance notice. Chugach advises that you hand dig within 2 feet of the location of buried electric lines.

Member number hide-n-seek

Your member number could be worth a \$100 credit on your Chugach electric bill.

Starting with bills being mailed in June, each month Chugach will put a randomly selected member number into the Outlet copy in brackets like this {_____}. Your member number is the root of the account number printed on your bill. It's the set of numbers preceding the dash and three sub-account numbers. If you find your member number, call Chugach's service center at 563-7366 to claim your prize. You may win for either the current or immediate past month's issue of the Outlet.

Construction season is here

Chugach will be doing a number of electrical projects this summer. Here's an overview of some of them.

O'Malley Road power lines

This summer Chugach will build a new transmission line along O'Malley Road to complete the South Anchorage Loop. This was a project embarked upon several years ago to improve the regional transmission system and provide more reliable power for customers in South Anchorage. The project has been done as a series of projects, including the construction of a new bulk-power substation and the lines necessary to link Chugach's three Anchorage Bowl transmission substations. This year's project will complete the loop with a segment of 138-kilovolt transmission line along O'Malley between the Anchorage Railroad tracks and Elmore Road. The new transmission line will be overhead, but existing overhead 12.5-kv distribution lines along the route will be replaced with buried lines. Chugach will also bury a new 34.5-kv subtransmission line that will follow the same route.

Road relocation projects

When the state or municipality does a road improvement project, it sometimes requires relocating electrical facilities to make room. This summer Chugach will be moving its facilities for different projects, including the Old Seward Highway near Klatt and Huffman, 48th Avenue (Dr. Martin Luther King Jr. Avenue) from Boniface to Elmore, and 72nd Avenue from Lake Otis to Spruce Street.

Cable injections

Underground cable goes bad over time as the dense poly insulation around the conductor develops minute cracks that eventually lead to an electrical fault on the line. Cable replacements are costly and disruptive to neighborhoods. An alternative is to do a cable injection project if feasible. Working from the existing transformers and switch cabinets, this technique forces a special fluid into the cable to extend its life by as much as a decade or more. Chugach has cable injections planned for nine subdivisions this summer: Spring Hills, Atelier, South Mountain Meadows, Queensgate, Foster, The Woodlands, Alpine Village, Jerry Dean Newell, and Campbell Lake #4.

\$2 off CFLs



Chugach and Anchorage Municipal Light & Power have arranged for \$2 discounts on five different types of SATCO CFLs. The discounts are available at the three Anchorage Brown's Electrical Supply locations. The goal is to put 70,000 additional CFLs in homes. The discount is part of the Smart Power program that was kicked off in January.

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
Street light hotline	762-7676
Underground locates	278-3121
Regulatory Commission of AK	(800) 390-2782
or	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:	Member Services phone:
5601 Electron Drive	Monday - Friday
Monday - Friday	8 a.m. - 6 p.m.
8 a.m. - 6 p.m.	

The Chugach Outlet

A Publication of Chugach Electric Association, Inc.
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Monthly residential service costs (based on 700 kwh)

Customer charge/month	\$ 8.00
Energy charge $0.06848 \times \text{kwh} =$	\$47.94
Fuel $0.07709 \times \text{kwh} =$	\$53.96
Purchased power $0.00515 \times \text{kwh} =$	\$ 3.61
(Fuel adjustment effective 4/1/09 – 6/30/09)	
Sub-total	\$113.51
2% MOA Underground Charge =	\$ 2.27
RCC charge $0.000362 \times \text{kwh} =$	\$ 0.25
Total bill	\$116.03

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."

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

Corporate vision: Powering Alaska's future

