

Chugach Electric Association's

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www.chugachelectric.com

Chugach replacing Dynamite Slough towers downed by flooding at the Susitna River

Chugach is in the process of repairing the damage done when Susitna River flooding took down transmission line towers last August. The utility and its contractors are on site installing six new transmission towers designed to withstand future floods and shifting river channels.

Between mid-August and early September 2006, flooding on the Susitna River eroded the bases of two 70-foot aluminum towers that subsequently toppled into the river. The towers had stood on an island, well back from the bank of a normally quiet side channel of the river known as Dynamite Slough. Heavy, prolonged rains in the Susitna drainage caused the river to rise rapidly and quickly eat away the banks of the island as the slough became one of the main channels of the river. After losing the first two towers, Chugach crews devised a clever way to save a third threatened structure by moving it to a temporary foundation 200 feet back from the river.

Gov. Murkowski declared the Susitna flooding – which also damaged roads, bridges, homes and other structures – a disaster. That declaration was followed by the event being declared a federal disaster. Chugach has filed for FEMA funding for its damages, but that claim has not yet been finalized.

The towers support three separate transmission lines that parallel each other and carry power from Chugach's Beluga power plant to a substation at Point MacKenzie. Two of the lines are energized at 230 kilovolts, while the third is a 138-kv line.

The temporary repairs done after last summer's flooding allowed Chugach to

keep the lines in service while waiting for cold weather that would allow heavy equipment to be moved to the site across frozen ground and rivers.

The current project began earlier this winter with the construction of an ice road from Point MacKenzie to the Susitna River. Once heavy equipment and materials were on site, crews drove piling 80 feet deep to anchor the new towers. Each pile is 1-inch-thick steel pipe 4 feet in diameter. Two piling support each of the new steel towers.

The towers themselves stand 90-105 feet tall, with one tower for each transmission line on either side of the river channel. The island is home to three of the new towers, with the others on the west bank of the river. Knowing the river's history of shifting its channels, forming, eroding and reforming islands, the new towers and their deep foundations have been designed and constructed to ensure they will remain strong and in-service

even if someday they are standing in the middle of the river itself.

Chugach expects the project will cost between \$5-6 million and be completed by early March.

For the press releases and photos of the flooding and downed towers from last summer, go to www.chugachelectric.com.



Chugach's contractor raised one of the new structures Feb. 22.

Chugach filing would lower retail rates

As you may recall, in September 2006 Chugach filed paperwork with the Regulatory Commission of Alaska requesting that rates be revised. The goal is to ensure that rates are fair for the two key functions of the business.

Since the filing, the RCA has opened a docket to process the rate case. Information gathering and sharing has been underway among the parties. The RCA is currently scheduled to begin hearing the case in August 2007.

As a vertically integrated utility, Chugach performs two key activities. It generates and transmits power to utilities (including itself), and it distributes power to its own retail customers. Of the approximately 13 cents a Chugach residential customer pays for a kilowatt-hour, a little more than half goes to cover the wholesale or generation and transmission (G&T) costs and about half goes to cover the costs of running the distribution business.

In addition to providing electric service to retail members, Chugach also provides wholesale power for Matanuska Electric Association, Homer Electric Association and the City of Seward. Like Chugach, each of these utilities adds the cost of running its distribution business to Chugach's wholesale G&T cost

of power and the result is the retail cost of a kilowatt-hour.

Chugach's analysis of the current rate structure indicates that the rates it charges at the G&T level (including G&T charges paid by its own retail customers) are not properly covering the cost of the G&T function. By extension, Chugach's retail customers are paying too much in the distribution charge to make up for the shortfall in G&T revenue.

If successful, Chugach will wind up with fair rates that provide appropriate and equitable cost recovery for each of the two key activities. While each Chugach distribution customer would pay more for the portion of their bill that goes to cover G&T costs, the decrease in the distribution charge would mean that the overall bill would be smaller. If successful, Chugach predicts that a residential customer using 700 kilowatt-hours of service would see about a 2 percent reduction in their monthly bill. Commercial customers could see an even larger reduction.

Given the time it can take for a rate case to play out, it is anticipated that whatever changes result would probably go into effect sometime in 2008.

Annual meeting notes

Chugach's election contractor will be mailing election materials, including mail ballots, return envelopes and election information March 26. Mail-in ballots must be received in the election mailbox by noon, Monday, April 23.

Chugach's annual meeting and election will be held at the Egan Civic & Convention Center. Registration opens at 6 p.m. The meeting begins at 7 p.m. For more information call 762-4736.

Sources of generation

Chugach has a variety of sources of generation available to it, but power comes from two basic fuels: natural gas and water.

In 2006, 90 percent of the kilowatt-hours Chugach generated came from burning natural gas, while 10 percent came from hydropower.

Save time using AutoPay Checking

If you're looking to save a few minutes when paying your bills each month, consider Chugach's AutoPay Checking option. You can sign up to have your bill automatically paid from your

checking account. You can still receive regular statements, or you can eliminate the paper by receiving your bill online. For more information, call 563-7366



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Member service fax	762-4678
Business and commercial	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

Monthly residential service costs

(based on 700 kwh)

Customer charge/month	\$ 8.42
Energy charge \$0.09282 x kwh =	\$64.97
Fuel adjustment \$0.03750 x kwh =	<u>\$26.25</u>
Sub-total	<u>\$99.64</u>
2% MOA Underground Charge =	\$ 1.99
RCC charge \$0.000364 x kwh =	<u>\$ 0.25</u>
Total bill	\$101.88

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