

Chugach Electric Association's

# Outlet

October  
2007

Number 237

[www.chugachelectric.com](http://www.chugachelectric.com)

## Chugach files to lower retail rates

### Average residential bill would go down almost \$3 a month

Chugach wants to lower rates for its retail customers. The cooperative utility has asked the Regulatory Commission of Alaska to approve a series of changes that include lower retail rates. The Commission must accept the proposed changes before they can be implemented. Overall, if the new rates are approved by the RCA, retail customers will be paying about \$4 million a year less than they are under current rates.

In general, the new rates will result in lower bills for Chugach retail customers. The amount of the reduction will vary by customer class and usage, and could range from

about 2 to 3.5 percent for a given customer. The monthly bill for the average Chugach residential customer using 700 kilowatt-hours of service would go down by about 3 percent, or about \$3 at current rates. The details are contained in tariff sheets that were submitted to the Commission October 9 that would, if approved, make specific changes to the rates currently in effect. Chugach proposed that the new rates go into effect November 1. Here is a short summary of some of the proposed rate changes.

▪ **Reduced Energy Charges:** The charge for a kilowatt-hour would go down for all retail

customer classes, ranging from 2 to 5 percent.

▪ **Simplified Customer Charges:** Monthly customer charges would be **rounded down** to even amounts.

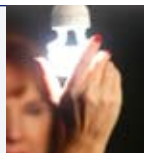
▪ **Fuel Costs in a Single Charge:** The new rate removes the small contribution to fuel currently in the energy charge and adds it to the fuel charge to give a more accurate picture of the total cost of fuel on electric bills.

▪ **Reduced Demand Charge:** The charge assessed to large retail general service customers for the maximum amount of power they draw

or "demand" from the system will go down for all large retail general service customers from 4 to 5 percent.

▪ **Street and Yard Lights:** Charges will more accurately reflect fuel cost changes. Switching from a flat fee that has not been adjusted since November 2003, to rates that include a per-kilowatt-hour fuel charge based on the hours of darkness each month, will provide a more equitable cost recovery for this service. Depending on the type of lighting service provided, the increases range from 0.1 to 12.7 percent.

The action comes as a result of  
*(See rates page 2)*



### Bright ideas for saving energy

Anchorage's City of Lights provides a cheerful environment during those dark days of winter. City of Lights begins on Oct. 29. As more lighting is used and as energy rates climb, consumers find that decorating with lights is costing more. Using energy-efficient light emitting diodes (LEDs) can save up to 50 percent in energy use compared to regular mini-lights. Using timers and turning lights off during the daylight hours will also help reduce costs and conserve electricity.

### Theodore River structure relocated

Chugach moved a structure away from its location near the Theodore River. The structure foundation was threatened by erosion that had previously undermined the adjacent road. The project was completed on time and under budget, and the line was successfully re-energized Sept. 14.



The Theodore River structure is located approximately eight miles east of the Beluga Power Plant and supports one of two 230-kilovolt transmission lines that carry power from Beluga to Point MacKenzie.

### October is cooperative month

October is national cooperative month. Each year co-ops across the nation celebrate their accomplishments and contributions.

Chugach Electric is a cooperative. The co-op exists to provide power to its members. You became a member when you signed up for electrical service, completed an application and paid a \$5 membership fee. That entitles you to receive the benefits of being a part-owner in your electrical cooperative. As a member-owner of Chugach,

you get to vote for the board of directors that oversees your utility. You also receive a share of margins (or profits as other businesses call them) earned each year. These are returned to you once the board approves a capital credits retirement.

Chugach incorporated in March 1948 as a Rural Electrification Administration cooperative and has grown from nine members to a membership of more than 64,000. The fee to become a member in 1948 was \$5, the same as it is today.

## Chugach will help sponsor "LEEP"

The Chugach board approved being a sponsor of "LEEP" and pledged \$5,000 to help promote the program. LEEP stands for the Lighting Energy Efficiency Pledge and is intended to help businesses to achieve greater energy efficiency.

The LEEP program is sponsored by Green Star, a non-profit organization that encourages businesses to practice waste reduction, energy conservation and pollution prevention. LEEP focuses on business lighting, which is the most cost-effective and easiest way to achieve better energy efficiency.

## Rates *(continued from page 1)*

a rate case Chugach initiated in September 2006 when it filed paperwork with the Regulatory Commission of Alaska seeking to adjust rates. The goal was to set rates that fairly recover the costs of key business activities. Chugach performs two key functions: it generates and transmits (G&T) power for utilities (including for its own retail customer base) and it distributes (Distribution) power to approximately 80,000 metered retail locations. In its filing in 2006, Chugach contended that the G&T rates did not properly recover the costs associated with that part of the business, while distribution customers were paying more than was fair.

"It's important to have rates that are fair," said Elizabeth Vazquez, chair of the Chugach board of directors. "We believe these new rates more equitably cover the

costs of providing generation, transmission and distribution services. I am also pleased that many customers will see their bills go down as a result."

Chugach successfully negotiated a settlement agreement with three of the four intervenors (Homer Electric Association, Seward Electric System and the public advocacy section of the office of the Alaska Attorney General) in the rate case before the Regulatory Commission of Alaska. The RCA accepted the settlement agreement in August, which has allowed Chugach to file for these rate changes.

Efforts were unsuccessful to come to terms on a settlement agreement with Matanuska Electric Association – the final intervenor – and so Chugach and MEA will proceed with a process before the RCA.

## Your Board at Work

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

- Approved entering into a contract with Navigant Consulting, the lead consultant on the Chugach/ML&P Phase I study
- Engaged the National Rural Electric Cooperative Association to assist Chugach on possible business combinations with Anchorage Municipal Light & Power.
- Approved targets for and updates to the 5-year Financial

Management Plan.

- Approved a \$1 million contract to protect the 230-kilovolt cable from erosion at the Six Mile West submarine cable terminal.
- Proceeded with advertising in the Anchorage Daily News and on the Chugach Web site to fill a vacancy on the Board.
- Attended a financial workshop provided by a representative of the Cooperative Finance Corporation.
- Met with Chugach's Blue Ribbon Panel.

## Chugach/ML&P study update

Efforts continue in the study into whether there are benefits to be gained by a consolidation, reorganization, merger or some other coordination of activities between Chugach and Anchorage Municipal Light & Power. Recent activity includes:

- The Advisory Committee met Sept. 6 for a status report from its consultant Navigant (co-

chaired by Chugach Board Chair Elizabeth Vazquez and Anchorage Mayor Mark Begich.

- Navigant's Phase I report will be available on the Municipality's merger Web site on Oct. 29. Once posted on the municipal site, the information will also be available through Chugach's Web site at [www.chugachelectric.com](http://www.chugachelectric.com).

## Volunteers needed

Chugach is looking for members interested in serving on its 2008 Bylaws, Election and Nominating committees.

Members interested in being considered for an appointment should submit an application and a resume. Applications

for the committees must be submitted by 5 p.m., on Monday, Nov. 19. For more information and to obtain a committee application, call Chugach's Public Relations Department at 762-4736, or visit Chugach's Web site at [www.chugachelectric.com](http://www.chugachelectric.com).

## 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

A Publication of Chugach Electric Association, Inc.

5601 Electron Drive  
P.O. Box 196300  
Anchorage, Alaska 99519-6300

## Monthly residential service costs

(based on 700 kwh)

Customer charge/month	\$ 8.42
Energy charge \$0.09282 x kwh =	\$64.97
Fuel adjustment \$0.0299 x kwh =	<u>\$20.93</u>
Fuel adjustment effective 10/1 - 12/31/07	
Sub-total	\$94.32
2% MOA Underground Charge =	\$ 1.89
RCC charge \$0.000274 x kwh =	<u>\$ 0.19</u>
Total bill	\$96.40

## 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.