

New regional power project moves ahead

The next power project for the Railbelt will be regional – built to meet the needs of multiple utilities and provide savings for customers. The project will add new units at the site of Chugach's existing power plant at its Anchorage headquarters complex. The location was selected after a comprehensive joint site selection process begun in 2007.

A regional approach

The project is the result of years of generation planning and analysis that began with a multi-utility review of Railbelt needs. That effort was refined by Chugach's planning team through an Integrated Resources Plan and finally a Generation Plan that identified the need for at least 130 megawatts of new generation for Chugach by about 2012.

At the same time, Anchorage Municipal Light & Power was reviewing its own needs and planning for similar new generation.

Leaders from Chugach, ML&P and the Municipality of Anchorage began to discuss the option of joining in one project rather than building two.



Plans are to build the new South Central Alaska Power Project at Chugach's headquarters complex, probably in the green rectangle on the above map.

A comparison of costs showed there would be significant savings for customers from working together, and the organizations teamed to further study the issues.

The door is also open to other utilities. Earlier this year Homer Electric Association seriously considered joining the project before deciding to build its own generation on the Kenai Peninsula. More recently Matanuska Electric Association has indicated it may want to partner in the project.

Agreements approved

In July the Chugach Board of Directors approved the underlying agreements for the new project. In August the Anchorage Assembly approved ML&P entering into the project. The agreements cover ownership, governance and operational details.

Under the agreements, if the plant were shared between only Chugach and ML&P, Chugach would own 70 percent of the project and ML&P 30 percent. Each organization would be responsible for its own financing and fuel. Chugach would be in charge of procurement and construction, and would operate the plant. The two utilities would jointly make decisions, with provisions for resolving disputes if they arise.

Fuel efficiency

The new plant will use considerably less fuel than current generation. The plant would use combined-cycle technology, similar but more efficient to some units operated today by both Chugach and ML&P. In a

“combined cycle” configuration, the hot exhaust from gas turbines is captured and diverted into a boiler that powers a steam turbine. In comparison to Chugach's system average numbers today, the new plant would make a kilowatt-hour of electricity using only about three-fourths of the natural gas.

That efficiency translates to significant fuel cost savings – savings that start at \$12 million a year at Chugach's current gas prices and grow if the price of natural gas continues to rise. By using less fuel, the plant will also help conserve the gas supply from the Cook Inlet.

Other benefits

Currently Chugach makes most of the power it sells each year at its Beluga Power Plant on the west side of Cook Inlet. That power then moves over 40 miles of transmission lines to get to Anchorage where much of the electric load is located. The plant was built at Beluga beginning in the 1960s because that was the site of a large gas field with no pipelines to move fuel to other places in the region. Now however, major gas transmission pipelines come into Anchorage from both the north and south, offering options for siting the new plant. Building a power plant near the center of the electrical load is more efficient and reliable than depending upon long transmission lines.

It is also less expensive to operate and maintain a plant in Anchorage than at a remote location with no road access.

Once partner negotiations are concluded and turbines ordered in the near future, the project will move to permitting and design. Construction is projected to begin in 2010, with the plant online by 2013.



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

ENERGY STAR Program

The ENERGY STAR Program provides money-saving guidance to home and business owners. ENERGY STAR is a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy that helps save money and protect the environment through energy efficient products and practices. Here are ways to save:

- Look for new household products that have earned the ENERGY STAR. They meet strict energy efficiency guidelines set by the EPA and DOE.
- If you are planning a move, look for a new home that has earned the ENERGY STAR.
- Use ENERGY STAR resources to help you plan large home improvement projects that will reduce your energy bills and improve home comfort.

For businesses, ENERGY STAR offers an energy management strategy to help measure current energy performance, set goals, track savings and reward improvements.

For more information about the ENERGY STAR program, go to www.energystar.gov.

Board names Evans as CEO



The Chugach Board named Brad Evans as Chugach's Chief Executive Officer. The board ratified the appointment and approved his contract at its Aug. 27 regular board meeting.

"In December of 2007, Brad Evans accepted the job of interim CEO, hit the ground running and immediately began to make a positive impact," said Rebecca Logan, Chugach Board Chair. "Brad's 23 years of utility experience has served Brad well as he has begun to lead Chugach in its efforts to build new generation, to consider consolidation of missions with ML&P and to begin identifying responsible, renewable energy projects for Chugach to become involved in. We are thrilled that he has accepted the CEO position and look forward to the success of Chugach under his leadership."

Elmore Road transmission line project underway

A project is underway to build a segment of 138-kilovolt transmission line along Elmore Road between 104th Avenue and Abbott Road. The project will ultimately be part of the link between the Retherford Substation south of Dimond Center and the University Substation south of Tudor between Elmore and Boniface.

The Retherford Substation was completed and energized in 2006, along with a transmission line that links it to the International Station.

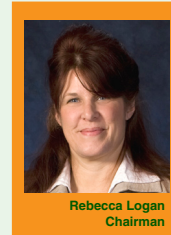
The final phase of what is known as the South Anchorage transmission loop is a transmission line along O'Malley Road expected to be completed in 2009.



A wood structure is raised along Elmore Road as part of a project that will ultimately link three Chugach transmission substations in Anchorage. A transmission line project along O'Malley Road planned for 2009 will complete the 138-kilovolt loop between the Retherford and University substations.

Your board at work

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



- Allocated 2005 – 2007 retail and wholesale capital credits
- Amended the participation agreement on the South Central Alaska Power Project to provide for reaching a cost-sharing agreement on the transmission line that will connect the plant to the Municipal Light & Power system, seek economically viable ways to use waste heat from the plant and share the benefits, and negotiate to encourage Matanuska Electric Association to participate in the project.
- Approved a long-term service contract for the South Central Alaska Power Project for a term of 120,000 operating hours (approximately 15 years)

Member Services News

Credit card update

Credit card users, take note. AutoPay by Credit Card is no longer available.

Members may use a credit/debit card to pay their bills without a user fee pending a final decision by the Regulatory Commission of Alaska.

The RCA opened a docket Aug. 29 relating to the decision Chugach made to discontinue its credit card payment program. The RCA took comments from the public through Sept. 30.

Landlords and property managers

If you are a property manager, consider Chugach's automatic landlord/property management agreement. The program keeps the lights on even in the event of tenant non-payment, or if a tenant moves, by automatically billing the landlord until a new tenant moves in. Contact Chugach at 563-7366 or log on to www.chugachelectric.com for full details and a copy of the agreement.

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:	Member Services phone:
5601 Electron Drive	Monday - Friday
Monday - Friday	8 a.m. - 9 p.m.
8 a.m. - 6 p.m.	
The Chugach Outlet	
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Monthly residential service costs (based on 700 kwh)

Customer charge/month	\$ 8.00
Energy charge \$0.06848 x kwh =	\$47.94
Fuel adjustment \$0.06604 x kwh =	\$46.23
<small>(PRELIMINARY fuel adjustment for 10/1/08 -- 12/31/08) (Pending approval by Regulatory Commission of Alaska)</small>	
Sub-total	\$102.17
2% MOA Underground Charge =	\$ 2.04
RCC charge \$0.000362 x kwh =	\$ 0.25
Total bill	\$104.46

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