

Contingency planning for gas supply interruption

Railbelt electric and gas utilities harmonize efforts

Like other utilities, Chugach has contingency plans for a wide range of possibilities, including earthquakes, avalanches, volcanoes, power outages and more. Chugach has a trained staff that routinely responds to these and other situations. As an element of its overall incident response plan, Chugach has considered how to react to a potential natural gas shortfall this winter. In developing its plan, Chugach is working with electric and gas utilities and the Municipality of Anchorage. While a shortfall isn't considered likely, all agree that it is important to be prepared.

Southcentral depends upon gas

Natural gas is the primary fuel for heating and electric power generation in the Railbelt. Each year, about 90 percent of the power Chugach sells comes from gas-fired generation (the other 10 percent comes from hydropower). Most of the homes and businesses in Southcentral depend upon natural gas for thermal heating.

Proven reserves of natural gas from the Cook Inlet basin have been declining. However, to date there has been sufficient gas to meet the demands of customers. Gas producers, the liquefied natural gas (LNG) export facility, ENSTAR and electric utilities have worked together many times over the years to ensure that there is enough gas

for heating and power production. If the system is going to come under extra stress, it is usually going to be on an evening during a prolonged cold snap when a disruption would be most inconvenient.

Nobody wants to be caught unprepared on a cold, dark winter evening. That's why all six electric utilities in the Railbelt and ENSTAR have been working together to develop a collective approach to the problem. In addition, the Municipality of Anchorage, the Regulatory Commission of Alaska and legislature's House Special Committee on Energy all scheduled meetings to discuss the same topic with utilities.

There are many tools available to deal with a temporary inability of the gas production system to deliver fuel.

System operations

Collectively, system operators have significant actions they can take. Depending on the situation, deliveries can be diverted from the LNG plant, production from hydropower could be increased,



Chugach's Beluga Power Plant runs on natural gas.

and Southcentral electric utilities could stop making power sales to the Interior and begin buying power {246487} produced there with liquid fuels. These are just a few of the options system operators have historically used.

Voluntary actions

One option that hasn't historically been used is to ask customers to reduce their demand on the gas and electric systems. While more and more customers are practicing conservation and energy efficiency on a daily basis, there is usually more that can be done for short periods of time during an emergency. Simple actions that are helpful include lowering the thermostat, turning down the setting on the hot water heater,

postponing doing laundry and dishwashing, and turning off unused lights and electronics.

Interruptions a last resort

Intentional interruptions are a last resort that could be used to deal with a prolonged gas delivery problem. This would entail electric utilities intentionally opening substation breakers to cut power to some customers for short periods of time before re-energizing them and rolling the outage to other customers. This option would only be necessary if the many different actions available through system operations and voluntary actions were unable to sufficiently reduce the demand on the gas delivery system.

RCA approves gas contract

The Regulatory Commission of Alaska has approved a gas supply contract between ConocoPhillips and Chugach.

The new 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 May 2011 through December 2015, and approximately 25 percent in 2016.

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Chugach working with legislature's Energy Committees

Both the House and Senate Special Committee on Energy have been busy on issues since the legislature adjourned in April. Chugach has been working with both bodies in regard to the need for reliable, affordable power.

Chugach and the other electric utilities of the Railbelt have spent several months reviewing issues raised by the legislation intro-



Rep. Charisse Millett (center) and Rep. Bryce Edgmon (right), co-chairs of the House Special Committee on Energy, discussed energy issues with Gene Theriault (left) an energy advisor to Gov. Sean Parnell.

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Chugach files for 4th quarter fuel surcharge decrease

Chugach has filed a request with the Regulatory Commission of Alaska to lower the fuel surcharge rate for the fourth quarter, starting with bills rendered Oct. 1.

If approved, the total monthly bill for a Chugach residential customer using 700 kilowatt-hours of electricity per month, not including the 2 percent MOA undergrounding charge, would see an overall decrease of about 4.5 percent for the fourth quarter. Commercial customers will see

similar reductions in their bill levels. Fuel and purchased power costs continue to make up a significant portion of customer bill levels. With the implementation of these rates, 42 percent of a monthly average residential customer bill is for fuel and purchased power costs.

Chugach's wholesale customers – Homer Electric and Matanuska Electric associations – will also see reduced fuel rates.

Energy (continued from page 1)

duced by the governor earlier this year to create the Greater Railbelt Energy and Transmission Corporation. The proposed organization would provide generation & transmission services for Railbelt utilities, that in turn would continue to provide distribution service to individual customers. Leaders of both legislative committees have attended meetings of the task force formed by the governing bodies of the utilities as it discussed the draft legislation.

Both committees have held meetings at different locations around the state to hear from Alaskans concerned about energy issues. A joint meeting of the two committees was held in Kenai in early August, intentionally timed to immediately follow the annual meeting of the Alaska Power Association. APA is the statewide trade association for Chugach and other electric utilities.

Gas contracts (continued from page 1)

The total volume of gas under the contract is about 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 Commission issued its decision Aug. 21. Chugach had submitted the contract to the RCA for approval in May. The State of

Alaska helped Chugach and ConocoPhillips successfully conclude negotiations on the contract.

Chugach uses natural gas to produce about 90 percent of the power it sells annually, with the balance coming from hydroelectric projects. Chugach currently buys natural gas under contracts from four separate suppliers, including ConocoPhillips.

O'Malley Road project update

Crews continue to make good progress on the O'Malley road project, including setting vaults like the one pictured. It is one of 12 vaults being installed along O'Malley Road and will house the connections for 34.5 and 12.5-kilovolt cables. Cable is pulled through conduit between vaults.



The O'Malley project will complete an overhead transmission link between the Retherford and University substations. It will also underground new distribution and sub-transmission circuits and allow most of the existing overhead lines in the right-of-

way to be retired to make room for the new transmission line. Underground work is anticipated to be finished in mid-October, and overhead work completed in December.

Landlord/Property Management Agreements

A Landlord/Property Management Agreement can be useful when a tenant moves out. The agreement allows the power to be transferred into the Landlord/Property Manager's name until a new tenant moves in. This is particularly useful during the winter months when property may freeze up due to cold weather. Having a Landlord/Property Management Agreement can also help avoid fees charged for hav-

ing the service restored. It also allows for options in the event the tenant doesn't pay their electric bill through automatically maintaining the service, or terminating service.

For more information on Landlord/Property Management Agreements, call Chugach at 563-7366, or log on to www.chugach-electric.com for full details and a copy of the agreement.

Member number hide-n-seek

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

Each month Chugach puts a randomly selected member number into the Outlet copy in brackets like this {0123456}. 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.

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

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Monthly residential service costs (based on 700 kwh)

Customer charge/month	\$ 8.00
Energy charge \$0.07181 x kwh =	\$50.27
(Proposed energy charge pending RCA approval)	
Fuel \$0.05912 x kwh =	\$41.38
Purchased power \$0.00525 x kwh =	\$ 3.68
Subtotal	\$103.33
2% MOA Underground Charge =	\$ 2.07
RCC charge \$0.000432 x kwh =	\$ 0.30
Total bill	\$105.70

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

CHUGACH
 POWERING ALASKA'S FUTURE