



FOR IMMEDIATE RELEASE

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Utilities break ground on Southcentral Power Project

Chugach Electric Association and Municipal Light & Power broke ground today on the new Southcentral Power Project located at Chugach's headquarters complex at 5601 Electron Drive.

SPP is a joint project to construct an efficient, combined-cycle 183-megawatt power plant. The \$369 million cost will be shared 70/30 between Chugach and ML&P.

Collaborating on construction will save money for the ratepayers of both utilities – as will the advanced technology of the plant which will use less natural gas than current generating units. Those points were noted by speakers.

"I am pleased to see the city's utilities working together on such an important project," said Anchorage Mayor Dan Sullivan. "This new plant is a step in the right direction as we look to provide reliable service at a reasonable cost for Anchorage's electrical consumers. Citizens will reap the benefits of this new plant for many years to come, which is important as we continue planning for the city's energy future."

Senator Mark Begich was unable to attend in person, but offered his thoughts on the joint effort in a letter read by Susanne Fleek, his statewide director.

"The idea for the joint power plant came about during my time as mayor as we were looking for ways to save money and streamline operations of the utilities," the senator wrote. "I am pleased to see this project moving forward as we plan for the energy needs of our communities for years to come."

The plant will have three natural gas-fired turbine-generators and one steam turbine-generator. The units will operate in combined-cycle mode, meaning the hot exhaust from

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the gas turbines will be captured and used to make steam for the steam turbine.

SPP will use only about three-fourths of the natural gas needed to make a kilowatt-hour compared to the best units on the Chugach system today. That means Chugach and ML&P customers will save about \$30 million in fuel costs annually once the plant is fully-operational in 2013. Those savings assume a fuel cost of \$6.75 per thousand cubic feet of natural gas, and will grow if the price of fuel increases.

Another benefit of the project will be reduced emissions. The production of both nitrogen oxides and carbon monoxide will be significantly less from the combined-cycle Southcentral Power Project than from simple-cycle generation now on the system.

Chugach is the largest electric utility in Alaska, providing power for Alaskans throughout the Railbelt through retail, wholesale and economy energy sales.

ML&P provides electric service to more than 30,000 customers in a 20-square-mile area of the Municipality of Anchorage. The utility also provides power to Joint Base Elmendorf Richardson and sells electricity for resale to other Railbelt utilities outside its service area. ML&P is owned by the Municipality of Anchorage.

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