

Notice to Members:

Simplified Rate Filing procedures being considered

The Chugach Board of Directors is considering returning to the Simplified Rate Filing (SRF) process to adjust energy and demand rates. SRF is a streamlined, less expensive process available to nonprofit electric cooperatives regulated by the Regulatory Commission of Alaska (RCA).

Chugach participated in SRF in the past—most recently from 2010-2012—but entered general rate case proceedings in early 2013 to reflect significant changes to the system. These changes included bringing the new and more efficient Southcentral Power Project online and the conclusion of two wholesale customer contracts.

Under SRF, the Chugach board has the main responsibility for rate adjustments rather than the RCA. The SRF process has several benefits for Chugach members:

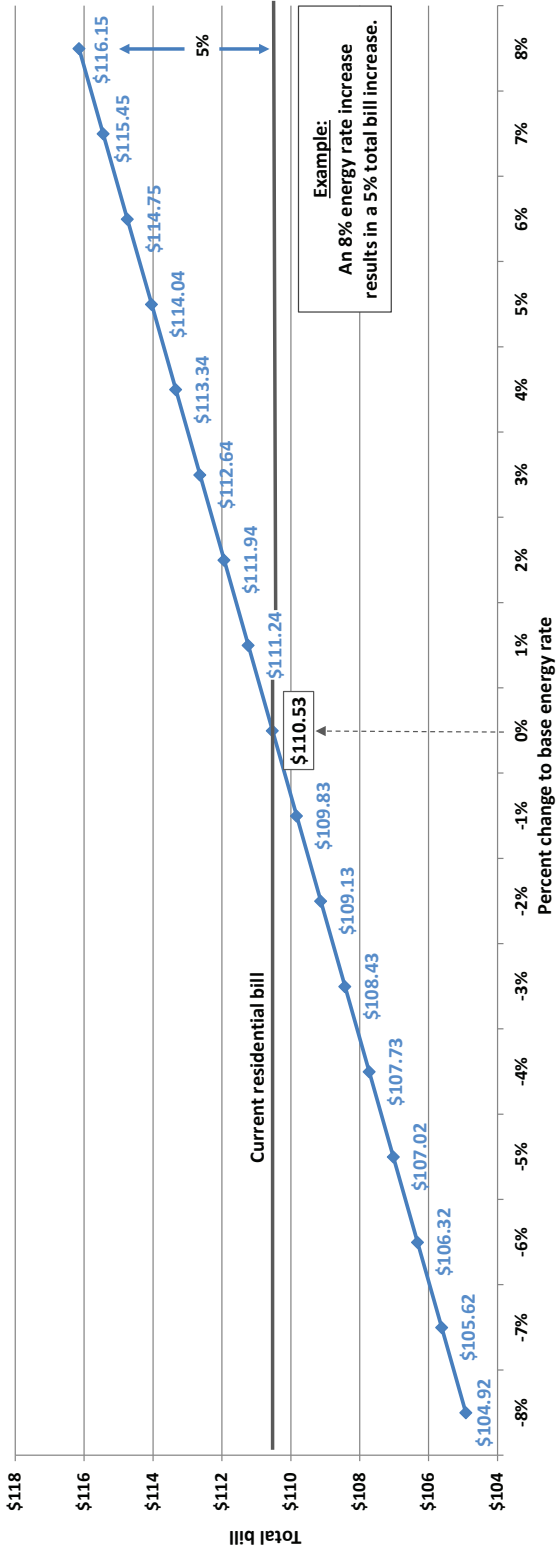
- Moderates rate adjustments over time, which minimizes drastic fluctuations in bill levels.
- Less costly and more efficient than general rate cases.
- Limits energy and demand rate increases.
- No limits on rate decreases.

Chugach recovers the cost of providing electric service through customer charges, demand and energy charges, and fuel/purchased power charges. SRF only impacts energy and demand charges. Under SRF, increases to these rate components are limited to 8 percent in a 12-month period and 20 percent in a 36-month period. Energy and demand charges make up only a portion of a customer's total bill. Although state law allows a maximum annual increase of 8 percent to these rates, an increase at this level is equivalent to about 5 percent on a typical residential bill. (See graph on back)

If the Chugach board adopts the SRF method, and if approved by the RCA, Chugach would make filings every three months. Changes in fuel and purchased power rates will continue to be adjusted on a quarterly basis. The Chugach board will decide whether to proceed with the SRF rate adjustment process at its June 29, 2016 board meeting that will be held at 4 p.m. in the Chugach board room located at 5601 Electron Drive in Anchorage, Alaska.

For more information on SRF,
see www.chugachelectric.com or call (907) 762-4843

Total residential bill impact of SRF energy rate change of -8% to +8% (Based on typical customer using 600 kWh)



Example:
An 8% energy rate increase results in a 5% total bill increase.