

# Outlet



www.chugachelectric.com

April 2013 Number 302

## Annual meeting and election May 16

Four Chugach members are running for two seats on the cooperative's board of directors in this spring's election.

The candidates are David A. Gillespie, P.J. Hill, Susan Reeves and Trudy Sobocienski. Gillespie is Chief Executive Officer of The Aleut Corporation. Hill is a retired professor, economic consultant and commercial fisherman. Reeves is the managing member



David A. Gillespie



P.J. Hill



Susan Reeves



Trudy Sobocienski

of Reeves Amodio LLC, where she practices law. Sobocienski is Chief Executive Officer/Owner of Alaska Native Enterprise Developers, LLC.

Members will vote on one proposed bylaw amendment authorizing longer board terms.

The board set April 4, 2013, as the record date for voting in this year's election and at the annual meeting. Mail-voting packets will

be mailed to members of record on April 16. Members have until noon on Monday, May 13 to return mail ballots or until noon on Thursday, May 16 to vote electronically.

In-person voting will be allowed at the cooperative's annual meeting May 16 at the Dena'ina Civic & Convention Center for members who haven't yet cast a ballot. Registration opens at 6:00 p.m. and the meeting starts at 7:00 p.m. Results of the election will be announced at the meeting.

## Co-op statute amended

Legislation allowing directors to serve slightly longer terms has been enacted. Chugach sought the change, embodied in Senate Bill 14, to permit terms up to 4 years rather than the 3 years previously in AS 10.25 -- the Electric and Telephone Cooperative Act. The legislation was supported by other electric cooperatives and the Alaska Power Association.

Sen. Fred Dyson sponsored the SB 14, with Rep. Bob Lynn introducing a companion bill in the House. SB 14 became one of the first pieces of legislation to pass, and Gov. Parnell signed it into law on March 7. The law becomes effective on June 5.

The change in the state statute for electric and telephone cooperatives is permissive, but does not automatically change Chugach director terms. A bylaw change is necessary to move from 3- to 4-year terms. A proposed bylaw change to that effect will be on the ballot for consideration by Chugach members in this year's election. {1215703}

## SPP's efficiency evident

Since the Southcentral Power Project came under utility control at the end of January, Chugach estimates it has been saving customers of the cooperative about 10 million cubic feet of natural gas per day due to the plant's efficiency.

SPP is a joint project between Chugach (70 percent) and Municipal Light & Power (30 percent). It is a highly efficient, natural gas fired power plant containing three GE LM 6000 gas turbine-generators and one Mitsubishi

steam turbine-generator. The plant operates in combined cycle mode, with the 850-degree hot exhaust of the gas turbines used to make steam for the steam unit. After passing through the generating cycle, the steam is turned back into water for re-use by an air-cooled condenser which uses large fans.

SPP was a \$369 million project, completed ahead of time and under budget. The owner utilities hired SNC Lavalin Constructors to build the plant as a

turnkey project. Chugach managed the project on behalf of the two utilities, and assumed control of SPP on behalf of the owners late on Jan. 31, 2013 after years of planning and 22 months of construction.

SPP's efficiency is about 25 percent better than the current system, resulting in significant



Now that the efficient new Southcentral Power Project is a utility asset, Chugach has been buying less natural gas each day.

fuel savings. At current prices, SPP will save Chugach customers alone more than \$15 million a year in avoided natural gas purchases.

## Hilcorp contract approved

The Regulatory Commission of Alaska has approved a new Chugach gas supply contract. The agreement will provide gas

for economy energy sales to Golden Valley Electric Association while also providing fuel flexibility for Chugach and its customers.

Chugach and Hilcorp agreed to the contract late last year.

The overall contract provides

Chugach gas from 2013 through 2015. The contract is for 3.0 Bcf per year of gas for 2013 and

See Hilcorp, page 2

## Transmission line rebuild progresses

A project to rebuild a section of the sole transmission line between the Kenai Peninsula and Anchorage has made good progress over the winter. The line, built more than 50 years ago by Chugach to move power from its Cooper Lake hydroelectric project near Cooper Landing, has become increasingly important in the intervening decades. It now provides the only path for electricity from the state-owned Bradley Lake hydro project near Homer to move to utilities and their customers north of the Kenai Peninsula.

On behalf of utility customers throughout the region, Chugach is rebuilding approximately 15 miles of the 90-mile transmission line using a \$15 million state grant approved by the legislature

and governor in 2011 and channeled through the Alaska Energy Authority. A total of 229 new poles are being installed (about a quarter of them steel and the rest wood) along with 45 miles of new conductor.

Currently the overall line is energized at 115 kilovolts. Chugach is rebuilding the section between Turnagain Arm and Silvertip Creek at 230-kv to provide for future growth and strengthen it against storms like the ones that brought sections of the line to the ground in the winter of 2011-2012. The improved reliability of the rebuilt section of line will provide benefits throughout the region.

The rebuild project began in November 2012 and is scheduled to be completed by September

2013, with a springtime break if necessary. Winter construction was required in some areas, and in many ways makes the overall project easier because snow roads provide access over difficult terrain. By the end of March, about half of the new line had been completed.

The project was broken into six sections to manage the workflow. The 1,500 feet of elevation difference between Turnagain Arm and Turnagain Pass has made for some interesting project conditions. There have been days when crews near tidewater have had to contend with rain while crews working in the Pass have dealt with several feet of new snow.

People using the area for rec-



Work has continued throughout the winter on a rebuild of 15 miles of the transmission line linking the Kenai Peninsula and Anchorage.

reation should be aware of and cautious about ongoing construction activities.

## Hilcorp (cont'd from page 1)

2014, and by mutual consent 2.8 Bcf is available for 2015.

Delivery under the contract reflects the challenge of aligning production from Cook Inlet wells with the gas demands of customers throughout the region. The new gas storage facility for

utilities is key to the agreement. Chugach intends to receive gas from Hilcorp during summer months, using part of it for economy energy sales to GVEA and storing the balance at the Cook Inlet Natural Gas Storage Alaska (CINGSA) facility at Kenai. During the winter months, gas

would be drawn out of CINGSA for sales to GVEA. Since by their nature, economy energy sales are made on a "when, as and if available" basis, the extra gas in storage could help Chugach meet the needs of other customers if necessary.

For decades economy energy sales have provided benefits throughout the Railbelt region. Since gas-fired energy is cheaper than what GVEA could make by burning liquid fuel, their customers benefit from lower electric bills. At the same time, margins earned from economy energy sales are passed through to Chugach customers (both wholesale and retail) thereby lowering their bills.

### Contact us

<b>Hours</b>	<b>Monday - Friday</b> 8 a.m. - 5 p.m.
Main number	563-7494
Toll free	(800) 478-7494
Member Services	563-7366
Member Services fax	762-4678
24-hour payment line	762-7803
Credit	563-5060
Power theft hotline	762-4731
Danger tree hotline	762-7227
Street light hotline	762-7676
Underground locates	811
Regulatory Commission of AK or	(800) 390-2782 276-6222
To report a power outage	
In Anchorage	762-7888
Outside Anchorage	(800) 478-7494

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**Corporate vision:** Powering Alaska's future

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### The Chugach Outlet

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#### Monthly residential service costs (based on 650 kwh)

Customer charge/month	\$ 8.00
Energy charge \$0.08472 x kwh =	\$55.07
Fuel \$0.03887 x kwh =	\$25.27
Purchased power \$0.00408 x kwh =	\$2.65
FIW renewable energy adj. \$0.00185 x kwh =	<u>\$1.20</u>
<small>(Fuel, Purchased power and FIW renewable energy adjustment factors effective April 1, 2013, subject to Regulatory Commission of Alaska approval)</small>	
<b>Subtotal</b>	<b>92.19</b>
2% MOA Undergrounding Charge =	\$ 1.84
RCC \$0.000568 x kwh =	<u>\$ 0.37</u>
<b>Total bill</b>	<b>\$94.40</b>

Member number  
hide-n-seek

Find your member number (in brackets) in the Outlet and get a \$100 credit on your electric bill. Call Chugach's service center at 563-7366 to claim your prize.

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## Scholarship alert

The Alaska Power Association is giving \$1,000 scholarships and textbook stipends of up to \$500 to Alaskans studying engineering in Alaska. <http://www.alaska-power.org/news.htm> For details about the Hank Nikkels Scholarship, contact APA at 1-877-992-7322 or [cenkvist@alaskapower.org](mailto:cenkvist@alaskapower.org).