

## Rate changes sought

Chugach is seeking to adjust both base rates and the fuel & purchased power charge in light of changing market conditions. Chugach requested the adjustments in a pair of February filings with the Regulatory Commission of Alaska. If approved for implementation simultaneously in April as Chugach asked, the decrease in the fuel & purchased charge will cancel out much of the increase in base rates.

The departure of Matanuska Electric Association after decades as a wholesale customer is the driving force behind much of the needed changes. Like Homer Electric Association a year earlier, MEA chose to build its own power plant and become self-generating when its long-term contract expired, rather than continue to buy power from Chugach. Although Chugach has been planning for the loss of the two wholesale customers for years by (among other things) adjusting depreciation schedules, cutting expenses and downsizing its work force, rate increas-

es are still necessary to make up for the lost contribution to fixed costs.

MEA and Chugach did agree to a 3-month interim power sales agreement that provided power for MEA through March while it finished work on its new plant. Consequently, Chugach asked the RCA for permission to make the changes effective with April bills. If approved as requested, the new rates for demand and energy charges would be "interim and refundable" pending resolution of the proceeding.

As proposed, demand and energy charges would increase for both Chugach retail members and the City of Seward (which remains a wholesale customer).

MEA's departure from the Chugach system also contributed to the request to lower the fuel & purchased power charge. Without MEA, the efficient new Southcentral Power Project will supply most of the gas-fired

*See Changes, page 2*



*Crews replaced broken insulators on a 230-kv transmission line between the Teeland Substation and Point MacKenzie in February.*

## Vacancy to be filled in 2015 election

Former director David Gillespie's resignation from the Chugach board to assume the role of ARCTEC CEO means that a third seat on the board will be filled in the upcoming 2015 election. Per the by-laws, the board will appoint a member to serve as a director until the election, at which time a member will be elected to serve the duration of Gillespie's original term. Gillespie's term ran until the 2016 election, which means his successor will serve a special 1-year term.

In addition, the seats currently held by directors Sisi Cooper and Jim Nordlund will be up for election to regular 4-year terms. {247306}

Candidates could go through either the Nominating Committee or petition process to have their names on the ballot. Election materials will be mailed and available online by April 14. Election results will be announced at the annual meeting at the Dena'ina Center on May 14.

## Commercial paper program saves millions

Maintaining Chugach's generation, transmission and distribution facilities is very capital intensive, requiring millions of dollars in capital investments each year. Chugach maintains a commercial paper program to temporarily fund these expenditures until it issues

long-term debt. Given current market conditions, commercial paper is priced attractively. Rates over the past year have averaged less than 0.25 percent or 25 basis points. Since its inception, the program has saved Chugach members millions as an alternative to using

traditional lines of credit.

Periodically, Chugach will pay down its commercial paper by issuing long-term debt. All of Chugach's debt is amortizing, meaning a portion of the principal is paid along with interest at regular intervals. Chugach

made principal payments of \$25 million on long-term debt and \$9 million on commercial paper during 2014.

At Dec. 31, 2014, Chugach had \$496.9 million of long-term debt and \$21 million of commercial paper outstanding.

## RCA announces procedures

The Regulatory Commission of Alaska announced procedures for a pair of issues of interest to Chugach at its Feb. 11 public meeting.

One dealt with the issue of a unified system operator for the Railbelt transmission system. Chugach has been supportive of the concept in various forums over the past year and a half. In 2014 the Legislature appropriated \$250,000 to the RCA to use "... in determining whether creating an independent system operator or similar structure for electric utilities in the Railbelt area is the best option for effective and efficient

electric transmission ...". At its Feb. 11 meeting the RCA announced it planned to open an information docket on the issue and invited comments from utilities and others. The RCA will issue a report on its analysis by the end of June.

The second issue continued a process set in motion when an independent power producer initiated a docket opened to consider amending RCA regulations that govern utility obligations to interconnect with and purchase power from certain non-utility facilities. Following rounds of written comments and a pair of hearings, RCA

## Gillespie to serve as ARCTEC CEO

Former Chugach director David Gillespie has been hired as the chief executive officer of ARCTEC – the Alaska Railbelt Cooperative Transmission & Electric Company. ARCTEC was formed by a group of Railbelt utilities to represent common generation & transmission interests. The members of ARCTEC are Chugach, Golden Valley Electric Association,

Matanuska Electric Association and the Seward Electric System. Gillespie, elected in 2013, resigned from the Chugach board of directors on Feb. 5.

Gillespie said one of his early priorities will be legislative presentations, stakeholder meetings and monitoring of RCA proceedings regarding a unified system operator for the Railbelt transmission system.

## Changes (cont'd from page 1)

generation needed to serve its customers. Through the time of the interim power sales agreement, older units at the Beluga Power Plant had contributed to the generation mix, as

had power Chugach purchased from some of MEA's new units. The remaining Chugach customers will also gain a larger share of Chugach's hydroelectric resources, which will no longer

staff presented proposed regulation amendments at the Feb. 11 meetings. In response, RCA commissioners will consider a vote in late February on issu-

ing the proposed amendments for another round of public comment. The RCA's statutory timeline to issue a final order in the docket ends Aug. 23.

be shared with MEA.

If approved by the RCA, Chugach retail members would see their bills rise about 2 to 5 percent from the net effect

of the proposed increases to demand and energy charges and the requested reduction to the fuel & purchased power charge.

## MARK YOUR CALENDARS

### Annual meeting and election notes

Chugach's annual membership meeting will be held on Thursday, May 14, 2015 at the Dena'ina Civic & Convention Center.

Three directors will be elected to the Chugach board in the upcoming 2015 election. Two directors will be elected to 4-year terms and one director will be elected to a special 1-year term

caused by a board vacancy.

Members who go paperless will receive a \$5.00 bill credit. Members who vote electronically and choose to receive future election materials electronically will receive the credit. This is a one-time incentive. To sign up, log onto [www.chugachelectric.com](http://www.chugachelectric.com) and follow the link.



**Go Paperless!**

**Save Resources!**

Receive your election materials electronically.

**Sign up now!**

For more information click [HERE](#)  
 or call Chugach at 563-7366 or 800-478-7494  
 or email [service@chugachelectric.com](mailto:service@chugachelectric.com).

## The Chugach Outlet

A Publication of Chugach Electric Association, Inc.  
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**Corporate Mission:** Through superior service, safely provide reliable and competitively priced energy.

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

**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 equal opportunity/affirmative action employer. Current openings are posted on the employment page at <http://chugachelectric applicantpro.com>. Chugach only accepts applications for open vacancies.



## Contact us

### Hours

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Regulatory Commission of AK  
 or

To report a power outage  
 In Anchorage  
 Outside Anchorage

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

Customer charge/month	\$ 8.00
Energy charge \$0.09415 x kwh =	\$61.20
Fuel \$0.04763 x kwh =	\$30.96
Purchased power \$0.01442 x kwh =	\$9.37
FIW renewable energy adj. \$0.00230 x kwh =	<u>\$1.50</u>
<small>(Fuel, Purchased power and FIW renewable energy adjustment factors effective January 1, 2015)</small>	
<b>Subtotal</b>	<b>111.03</b>
2% MOA Undergrounding Charge =	\$ 2.22
Regulatory Cost Charge \$0.000754 x kwh =	<u>\$ 0.49</u>
<b>Total bill</b>	<b>\$113.74</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.