

COMMERCIAL CUSTOMER News

FROM CHUGACH ELECTRIC

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Chugach partners to acquire interest in gas field

Chugach and Municipal Light & Power jointly agreed to purchase ConocoPhillips' one-third ownership interest in the Beluga River Unit natural gas field. The final agreement transfers 30 percent of the one-third interest to Chugach and 70 percent of the one-third interest to ML&P. The total purchase price is \$152 million, with Chugach's portion totaling \$45.6 million.

Chugach's interest in the BRU is to reduce the cost of electric service. BRU complements Chugach's existing gas supplies and is expected to provide greater fuel diversity at an effective annual cost that is \$2 to \$3 million less than alternative sources of gas in the Cook Inlet region. Chugach expects its share of the BRU will provide about 15 percent of the natural gas it will need from 2016 through 2033. Chugach's yearly gas purchases range from 8-9 billion cubic feet.

"Our goal is to secure low-cost and reliable supplies of natural gas and we look forward to more opportunities where we can work with ML&P to best serve our consumers," said Janet Reiser, Chugach Board Chair. "Partnership with ML&P allows Chugach to enter the Cook Inlet gas market as an asset owner. Our partnership shows that the two utilities have a track record of working together for the benefit of all ratepayers."

"Many hours of effort from staff made this purchase possible for the ratepayers," said Bradley W. Evans, Chugach CEO. "I'm honored to work with a team that can rise to the occasion and partner with others to seize opportunity."

"Chugach assembled a team of internal and external experts to ensure that this was the right opportunity for the cooperative," said Lee Thibert, Chugach Sr. Vice President. "Knowledge gained and the relationships made during this transaction will contribute to Chugach's ability to participate in future opportunities throughout the Railbelt."

Hilcorp is the assigned field operator for the partners.

"Hilcorp is a qualified operator with a history of successfully extending the life of legacy assets," said Thibert.

BRU is located on the west side of Cook Inlet, approximately 35 miles from Anchorage. It is an established natural gas field originally discovered in 1962.

In 2015, 86 percent of the energy Chugach sold came from natural-gas fired generation. The balance came from hydro and wind resources.

With the joint purchase of ConocoPhillips' one-third interest, ML&P will now own



The Beluga River Unit is on the west side of Cook Inlet near Chugach's Beluga Power Plant.

56.67 percent of the Beluga River Unit, Hilcorp will own 33.33 percent and Chugach will own 10 percent.

The purchase and sale agreement

is subject to approval by the Regulatory Commission of Alaska. The transaction is expected to close no later than the third quarter of 2016.

Annual meeting and election notes

Chugach's annual membership meeting will be held on Thursday, May 19, 2016 at the Dena'ina Civic & Convention Center.

Two directors will be elected to the Chugach board in the upcoming 2016 election. Members will also vote on two proposed bylaw amendments.

Election materials will be sent out the week of April 18 either by mail or electronically. Chugach encourages members to sign up for paperless election material delivery to save resources using the link on our home page, www.chugachelectric.com.

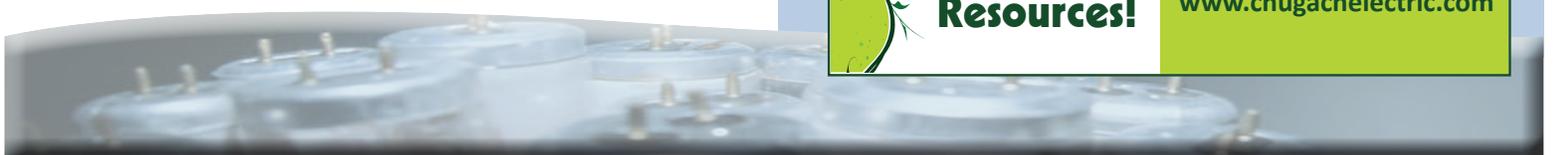
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Energy efficiency – Don't delay, start today!

Submitted by Alaska Housing Finance Corporation

In today's economy of tight budgets and volatile energy prices, a good energy efficiency policy will help improve productivity and minimize risk. As stewards of significant assets, public and private sector facility and finance managers are interested in reducing costs. Installing energy efficiency equipment will improve facilities and strengthen financial statements.

A barrier to efficiency retrofits is capital. It can be difficult to justify spending on an efficiency project when other priorities are closer to an institution's core mission. Many facility owners in the public and private sectors wait for an appropriation or grant to pursue an energy audit or fund an efficiency retrofit.

What is the cost of delay for an energy efficiency retrofit?

Alaska Housing Finance Corporation developed a Cash Flow Calculator to help determine the answer. After an energy audit is completed, the easy-to-use Calculator provides a quick assessment of the cost effectiveness of an energy efficiency retrofit and compares cash flows for various funding scenarios. The results offer decision makers invaluable information needed to determine project viability.

While newly released, building owners and project developers are already seeing the benefit of implementing the Calculator. Tiffany Zulkosky, Executive Director of Nuvista Light & Electric Cooperative, is developing an energy efficiency retrofit project for eleven buildings and states:

"The Cash Flow Calculator is a

critical tool that has provided our organization with necessary information to help building owners make informed decisions about potential energy efficiency projects. It allows us to communicate projected annual energy savings in the context of simple payback, potential debt service, and the cost of delay. As we've worked to communicate technical information in a culturally relevant and accessible way, the Cash Flow Calculator has 'filled in the holes' with real world financial information and considerations."

Once a building owner decides it is in their interest to retrofit their facilities for efficiency, will the barrier of access to capital stop them? The investment in efficiency equipment differs from capital equipment because the energy costs saved can be

used to pay for financing the equipment. In many cases the equipment can be installed without an increase in operating or capital cost.

The bottom line: Don't delay and find out if financing a retrofit is cost effective today.

To test drive the Cash Flow Calculator, visit: <https://www.ahfc.us/efficiency/non-residential-buildings/cash-flow-calculator>.

For more information on energy management and financing options, visit: https://www.ahfc.us/files/9414/5193/2592/SEMP-Master_Manual_FINAL_AHFC_12.31.15.pdf.

Commercial Electrical Safety

Every business wants to ensure the safety of their workforce and protect their assets. Being knowledgeable in electrical safety can greatly reduce the number of accidents and injuries from electricity in the workforce.

This May is National Electrical Safety Month and businesses are recommended to take a closer look at their electrical safety practices. A quality electrical safety program should be easy for employees to reference and could include the following topics:

- Identification of electrical hazards.
- Required Personal Protective Equipment for electrical safety.
- A list of safe distances from

exposed electrical conductors.

- Safety requirements for electrical installations.
- How to safely work in damp areas. (Using GFCIs)
- Information on your company's lockout/tag-out procedure.
- An electrical safety checklist for periodic inspections.

In addition to the electrical safety program, there are small things that employees can look for in the workplace to improve electrical safety:

If a fuse keeps blowing or a circuit breaker keeps tripping, it is a sign that there may be an issue in the circuit. Call a qualified electrician to investigate.

Always check cords and plugs

prior to use. If any cords have damaged insulation or damaged plugs, replace them. It is also a good practice to purchase cords that have been tested by the Underwriters Laboratories (UL). And remember, extension cords should only be used on a temporary basis.

It is a good safety practice to only plug one power strip into an outlet and by not piggybacking one power strip into another. Doing this can cause overheating until the current exceeds the limit on the circuit breaker causing it to trip open, cutting off the power. Sometimes these breakers can fail and the increased current causes increased heating, which can lead to a fire.



For more information about commercial electrical safety, visit the Occupational Safety and Health Administrations website at www.OSHA.gov or contact your insurance company.