



**Media contacts:**

Municipality of Anchorage and Mayor Ethan Berkowitz – Myer Hutchinson – [HutchinsonMS@muni.org](mailto:HutchinsonMS@muni.org), 907-343-7133

Anchorage Municipal Light & Power (ML&P) – Julie Harris – [HarrisJA@muni.org](mailto:HarrisJA@muni.org), 907-263-5423

Chugach Electric Association, Inc. (Chugach) – Phil Steyer, [phil\\_steyer@chugachelectric.com](mailto:phil_steyer@chugachelectric.com), 907-762-4766

## **MUNICIPAL LIGHT & POWER, CHUGACH ELECTRIC ASSOCIATION ACQUIRE NATURAL GAS, PROVIDING LONG- TERM SECURITY FOR ANCHORAGE RATEPAYERS**

**ANCHORAGE** - Municipal Light & Power and Chugach Electric Association today announced a joint purchase of ConocoPhillips' one-third interest in the Beluga River Unit natural gas field in the Cook Inlet. The final agreement transfers 70 percent ownership to ML&P and 30 percent ownership to Chugach. The total purchase price is \$152 million.

"Today, we secured a long-term gas supply for ML&P ratepayers, providing a quality and reliable resource at a very low cost. By partnering with Chugach, we were able to spread these benefits to more residents of the Anchorage Bowl. I want to thank the MOA team, the Anchorage Assembly, and Chugach for working together to make this deal happen," stated Mayor Ethan Berkowitz.

ML&P, which is owned by the Municipality of Anchorage, already owns one-third of the Beluga River gas field. The Municipality purchased interest at BRU in 1996 and since then ratepayers have saved an estimated \$239 million (the \$239 million in savings is calculated by comparing the market price of gas between 1996 and 2015 and ML&P's costs to produce gas from BRU during the same period). With additional value from the DRLGS fund (Deferred Regulatory Liability from Gas Sales, currently approximately \$80 million), underlift (an internal calculation amongst field owners with a positive or negative cash value in a field, currently \$13.5 million) and cash-on-hand (currently approximately \$24.7 million), benefits to ML&P have exceeded \$350 million.

"ML&P's initial investment in the Beluga River gas field proved to be highly beneficial to our ratepayers," said ML&P General Manager Mark Johnston. "We were glad to partner with Chugach to spread the financial benefits and energy security of gas ownership to more Anchorage families and businesses."

ML&P and Chugach expect the joint purchase of this share of the Beluga River Unit to supply a significant portion of the utilities' gas needs over the next 10 years while saving the residents of Anchorage millions during the same period. In 2018, under current signed contracts, Chugach will pay approximately \$7.53 per mcf and ML&P will pay approximately \$8.78 per mcf of purchased gas. ML&P's current cost of producing gas from BRU is \$4.35 an mcf.

"At Chugach, we are always looking for opportunities to safely deliver efficient, affordable energy to Anchorage consumers and businesses and we are pleased to be partnering with the Municipality of Anchorage and ML&P in that effort," said Janet Reiser, Chugach Board Chair. "We believe this partnership will allow us to continue to

secure low-cost and reliable supplies of natural gas for Anchorage and look forward to more opportunities where we can work together to best serve our consumers."

With the joint purchase of ConocoPhillips' one-third interest, ML&P will now own 56.67 percent of the Beluga River Unit, Hilcorp will own 33.33 percent and Chugach will own 10 percent.

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**Municipal Light & Power provides safe, reliable and affordable electric utility service to about 30,000 residential and commercial customers in its roughly 20-square-mile service territory. ML&P serves commercial, university and medical customers in the Downtown and Midtown business districts, as well as industrial loads in the Ship Creek and Anchorage Port areas and residents in some of Anchorage's oldest neighborhoods. In addition, ML&P provides bulk power to Joint Base Elmendorf-Richardson and sells electricity to other Alaska Railbelt utilities. ML&P is owned by the Municipality of Anchorage, which purchased the distribution system from the privately owned Anchorage Power & Light Co. in 1932. ML&P is subject to the Regulatory Commission of Alaska. [www.mlandp.com](http://www.mlandp.com)**

**Chugach Electric Association, Inc. is a member-owned cooperative with 68,000 members, providing power through retail, wholesale and economy energy sales. Chugach serves about 83,000 locations within its retail service area which includes much of Anchorage and surrounding areas, ranging from the northern Kenai Peninsula on the south, to Tyonek on the west, to Whittier on the east and to the Glenn Highway on the north. Chugach operates 2,238 miles of energized line, including 539 miles of transmission lines and was organized as an electric cooperative in 1948. [www.chugachelectric.com](http://www.chugachelectric.com)**