

**Settlement Agreement:  
Distribution Line Extension  
Credits (Docket U-01-001)**

Regulatory Affairs & Pricing

June 19, 2002

# Background

- Docket U-01-001
  - Opened to investigate Chugach's distribution line extension credit phase-out proposal
  - Chugach board resolution re-affirming policy submitted on June 1, 2001
  - Anchorage Home Builders Association / Public Advocacy Staff named parties

# Background (Continued)

- Docket U-01-001
  - Chugach testimony filed January 25, 2002
  - Intervenor testimony filed February 25, 2002
  - Informal discovery: On-going

# Status of Proceeding

- Parties working to resolve outstanding issues and tentative Settlement Agreement reached
  - Filing suspended until December 23, 2002
  - Chugach reply testimony / formal hearing postponed
  - Parties required to file Settlement Agreement by June 24, 2002

# Settlement Agreement - Preliminary

- Reduces residential and small general service credit amounts by 50 percent on January 1, 2003
- Limits Chugach's residential and small general service upfront credit amounts by 50 percent
- Commits Chugach to not adjust line extension credit amounts until January 1, 2005

# Estimated Financial Impact of Settlement Agreement

(Cost Reductions in Millions)

| Description                             | 2003           | 2004           | 2005           |
|---|----------------|----------------|----------------|
| Original Proposal<br>(3-Year Phase-Out) | \$0.8 to \$1.5 | \$1.7 to \$3.1 | \$2.5 to \$4.6 |
| Settlement Agreement                    | \$1.0 to \$1.9 | \$1.0 to \$1.9 | --             |

Note: Credit amount savings based on updated distribution line extension estimates.



# Questions & Answers