

Chugach Electric Association, Inc.

Wholesale Power Contracts in a Nutshell

Board of Directors

February 19, 2003

CHUGACH
POWERING ALASKA'S FUTURE

The Wholesale Contracts

Contract with:	Type	Began	Expires
MEA & AEG&T*	All Requirements	1989	Dec. 2014
HEA & AEG&T*	Partial Requirements "Take or Pay"	1985	Jan. 2014
Seward	Interruptible	1998	Jan. 2006
GVEA	Economy	1988	2008

* AEG&T is Alaska Electric Generation and Transmission Cooperative, Inc. and is jointly owned by HEA and MEA.

MEA All Requirements Contract

- **Requires Chugach to supply almost all of MEA's power**
- **The parties shall meet no later than 10 years prior to termination to discuss possible renewal, extension or modification of agreement**

MEA “All Requirements” Contract

- **Right to convert to net requirements**
 - Purpose – MEA acquires a new generation resource
 - Requires RCA approval prior to notice
 - Not < 5 years notice
 - Still would have a minimum amount of purchases

- **Right to convert to a take-or-pay**
 - Requires RCA approval prior to notice
 - Not < 7 years notice

HEA Take-or-Pay Contract

- Not less than 350,000 mWh per year
- Not less than 73 MW per month
- Premium demand charge over 73 MW
 - HEA's Bradley Lake share of 14 MW and Nikiski's 40 MW, allow HEA to use over 127 MW before the premium demand rate goes into effect

HEA Take-or-Pay Contract Cont.

- **Chugach may reduce HEA contract capacity and related energy if generating units are permanently removed from service**
 - **Three year notice required**

SES Interruptible Contract

- **Supply almost all of Seward's power requirements**
- **Interruptible Contract**
 - **Up to 12 times a year**
 - **Requires 2 hours notice**
 - **Up to 72 hours per calendar year**

SES Interruptible Contract

Cont.

- **RCA required an option to re-negotiate the terms pending outcome of rate case**
 - **Three choices within 60 days of final RCA order:**
 - 1. Continue with rate case methodology**
 - 2. Negotiate a new contract**
 - 3. 12-month termination notice**

GVEA Economy Energy Contract

- **Non-Firm energy contract**
- **No requirements to purchase**
- **Rate based on:**
 - **Fuel costs**
 - **Incremental operating and maintenance expense**
 - **Margins for each kWh sold**

2001 Sales and Revenue

Contract with:	Energy (MWH)	Demand (MW)	Total Revenue (in Millions \$)
MEA & AEG&T	566,481	114	\$33.7
HEA & AEG&T	448,570	73*	\$24.3
Seward	60,095	10	\$2.8
GVEA	81,884	-	\$3.4
Total Wholesale	1,157,030	202	\$64.0

* Billing demand was 73 MW, however, actual demand was 78 MW.

2001 Revenue Divided by Sales

Contract with:	Type of Contract	2001 Revenue Divided by Sales (¢/kWh)
MEA & AEG&T*	All Requirements	6.0¢
HEA & AEG&T*	Partial Requirements "Take or Pay"	5.4¢
Seward	Interruptible	4.7¢
GVEA	Economy	4.0¢

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Questions?