CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

March 19, 2008

ACTION REQUIRED **AGENDA ITEM NO. V.E.**

____ **Information Only**
_X_ **Motion**
____ **Resolution**
____ **Executive Session**
____ **Other**

TOPIC

Beluga Unit 7 "C" Inspection – Project Authorization.

DISCUSSION

Hot Gas Path parts within a gas turbine have limited lives due to operating environments involving high speeds, vibration, and temperatures. This outage will replace many of these parts. In 2008 virtually all major HGP parts are being replaced, the majority of which are in inventory. Specifically parts include Row 1-5 Blades, Row 1-5 Vanes, Hot Gas Casing, Vane Carrier, Heat Shields, Shield Cone, EV Burners, Inlet and Tip Seal Segments, Low Combustor Insert, Hex Rings and other miscellaneous parts.

MOTION

Move that the Board of Directors authorize the project expenditures for the Beluga Unit 7 "C" Inspection with an estimated cost of $10,586,092 and an estimated completion date of June 30, 2008.

Chugach Project Authorization – Budget Year 2008

Project Name: BELUGA UNIT 7 "C" INSPECTION

Project Category:

Safety		Incremental Load Growth		New Service		R&R T&D	
Agency Mandated		Reliability		Operating Efficiency		R&R Generation	X

Accountabilities & Approvals		Signatures	Date
Board of Directors:	Alex Girmarc, Secretary	_____	___/___/___
CEO	Brad Evans, Acting CEO	_____	___/___/___
Executive Sponsor:	Paul Risse, Acting Sr. VP Power Supply	_____	___/___/___
Project Manager:	Dustin Highers, Acting Director GTS	_____	___/___/___

Purpose and Need:

Hot Gas Path parts within a gas turbine have limited lives due to operating environments involving high speeds, vibration, and temperatures. This outage will replace many of these parts. In 2008 virtually all major HGP parts are being replaced, the majority of which are in inventory. Specifically parts include Row 1-5 Blades, Row 1-5 Vanes, Hot Gas Casing, Vane Carrier, Heat Shields, Shield Cone, EV Burners, Inlet and Tip Seal Segments, Lower Combustor Insert, Hex Rings and other miscellaneous parts.

Project Description:

This project replaces numerous hot gas path parts.

Approval Amount: $ 10,586,092

Project included in **2008/2012 CIP** and **2008 Capital Budget** @ $ 11,538,299

Category	Budget	Actual	Projected	Variance $	Variance %	Notes
Labor	606,515		606,515	0	0%	
Transportation	62,000		62,000	0	0%	
Materials	10,150,197		9,216,000	-934,197	-9%	Not installing Combustion Chamber
Professional Services	505,240		505,240	0	0%	
OH	214,347		196,337	-18,010	-8%	
Total	11,538,299		10,586,092	-952,207	-8%	

Variance Discussion:

Projected forecast is $952,207 because Alstom Power could not support the schedule for supplying a replacement combustion chamber.

Cash Flows

2nd Quarter 2008: $ 3,000,000 in material refurbishment costs and $1,400,000 in labor, transportation and professional services. Balance is inventory.

Economic Analysis

This majority of this cost is capitalized maintenance.

Economic Analysis Summary

Replacement of capitalized parts.

Current Project Status: **Percent Complete _1__%**

Detailed planning underway. Parts are still being refurbished and some parts are being staged at Beluga for the outage.

Project Schedule:

May 1, 2008 – June 30, 2008.