

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

BOARD MEETING
AGENDA ITEM SUMMARY

April 18, 2007

ACTION REQUIRED

AGENDA ITEM NO. V.F.

Information Only
 Motion
 Resolution
 Executive Session
 Other

TOPIC

Beluga Unit 3 Major 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. Additionally, because of the running hours on the unit's rotor, over 208,000 hours, the turbine rotor wheels will be replaced.

The following hot gas path parts will be replaced: Row 1 Buckets & Nozzle, Row 2 Buckets & Nozzles, Row 3 Buckets, Row 1 Shrouds.

This item was considered by the Board Operations Committee on April 4, 2007, with a unanimous recommendation for approval by the Board of Directors.

MOTION

Motion: Move that the Chugach Board of Directors authorizes project expenditures for the Beluga Unit 3 Major Inspection with an estimated cost of \$ 3,018,963 and an estimated completion date of June 30, 2007.

Chugach Project Authorization – Budget Year 2007

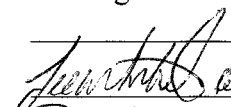


Project Name: BELUGA UNIT 3 MAJOR INSPECTION

Project Category:

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

Accountabilities & Approvals

Board of Directors: Jim Nordlund, Secretary
 CEO: Bill Stewart, Chief Executive Officer
 Executive Sponsor: Brad Evans, Senior VP Power Supply
 Project Manager: Paul Risse, Director GTS

Signatures	Date
	1/1/07
	3/19/07
	3/19/07

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. Additionally, because of the running hours on the unit's rotor, over 208,000 hours, the turbine rotor wheels will be replaced.

The following hot gas path parts will be replaced; Row 1 Buckets & Nozzle, Row 2 Buckets & Nozzles, Row 3 Buckets, Row 1 Shrouds.

Project Description:

This project replaces the turbine rotor wheels and numerous hot gas path parts.

Approval Amount: \$ 3,018,963

Project included in **2007/2011 CIP** and **2007 Budget** @ \$ 2,874,792

Category	Budget	Actual	Projected	Variance \$	Variance %	Notes
Labor	354,360		545,137	190,777	54%	1.
Transportation	37,500		37,500	0	0%	
Materials	1,956,421		2,255,165	298,744	15%	2.
Professional Services	400,00		49,083	-350,917	-88%	2.
OH	126,511		132,078	5,567	4%	
Total	2,874,792		3,018,963	144,171	5%	

Chugach Project Authorization – Budget Year 2007

Variance Discussion (Note #):

1. Finalized labor requirements after budget developed.
2. Chugach purchased new rotor wheels to reduce outage time and risk. This increased material costs and reduced the professional services requirement.

Cash Flows

2nd QTR 2007: \$ 2,264,223

3rd QTR 2007: \$ 754,740

Economic Analysis

This is capitalized maintenance.

Economic Analysis Summary

Replacement of capitalized parts.

Current Project Status: Percent Complete 1%

Preparation of tooling for rotor repair work is taking place.

Project Schedule: (see attached timeline)

April - June of 2007