

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

BOARD MEETING
AGENDA ITEM SUMMARY

May 19, 2004

ACTION REQUIRED

AGENDA ITEM NO. IX.B.

Information Only
 Motion
 Resolution
 Executive Session
 Other

TOPIC

Beluga Unit 7 Rotor Overhaul – Project Authorization

DISCUSSION

This is a routine major maintenance overhaul of Unit 7 with the addition of replacement of the rotor and compressor blading. The combustion turbine is designed for major maintenance every 24,000 hours of operation (3 years). Operation beyond this period greatly increases the risk of blade failure in operation and consequent damage to the rest of the blading. This is the third year since the unit's upgrade. The rotor has reached the end of its design life per the OEM, 130,000 hours per Alstom Power, and consequently is being replaced. The compressor's blading is pitted and at risk of failure and therefore being replaced. The rotor and compressor blading has been purchased under the 1999 Upgrade Contract with Alstom Power.

The Beluga Unit 7 Rotor Overhaul is budgeted in 2004 at \$11,334,830. The forecasted costs are the same as the budgeted costs. Comparable work was performed on Unit 6 in 2003.

CEO's RECOMMENDATION

Move that the Chugach Board of Directors authorizes project expenditures for the Beluga Unit 7 Rotor Overhaul with an estimated cost of \$11,334,830 and an estimated completion date of October 2004.

RESOLUTION

WHEREAS, Chugach Electric Association, Inc., has a need to perform routine maintenance on Beluga Unit 7 and,

WHEREAS, Chugach Electric Association, Inc., has included the Beluga Unit 7 Rotor Overhaul in the 2004-2008 Capital Improvement Plan and,

WHEREAS, Chugach Electric Association, Inc., Inc. has included funding in its 2004 Annual Operating budget for the Beluga Unit 7 Rotor Overhaul and,

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Chugach Electric Association, Inc., authorizes project expenditures for the Beluga Unit 7 Rotor Overhaul with an estimated cost of \$11,334,830 and an estimated completion date of October 2004.

Chugach Project Authorization – Budget Year 2004

Project Name: Beluga Unit 7 Rotor Overhaul

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: Pat Jasper, Secretary	_____	__/__/__
CEO: Evan J. Griffith, CEO	_____	__/__/__
Executive Sponsor: Brad Evans, Senior V.P. Energy Supply	_____	__/__/__
Project Manager: Paul Risse, Mgr, Plant Technical Services	_____	__/__/__

Purpose and Need:

This is a routine major maintenance overhaul of Unit 7 with the addition of replacement of the rotor and compressor blading. The combustion turbine is designed for major maintenance every 24,000 hours of operation (3 years). Operation beyond this period greatly increases the risk of blade failure in operation and consequent damage to the rest of the blading. This is the third year since the unit’s upgrade. The rotor has reached the end of its design life per the OEM, 130,000 hours per Alstom Power, and consequently is being replaced. The compressor’s blading is pitted and at risk of failure and therefore being replaced. The rotor and compressor blading has been purchased under the 1999 Upgrade Contract with Alstom Power.

Project Description:

This project is for major maintenance and rotor replacement of Beluga Unit 7. The project involves replacement or repair of :

- Turbine rotor and all compressor blading
- Blades and Vanes, first three rows and row 5 blades
- Hot Gas Casing, Lower Combustion Chamber Insert, Combustor Shield cone and hex rings

Comparable work was performed on Unit 6 in 2003.

Approval Amount: \$11,334,830

Chugach Project Authorization – Budget Year 2004

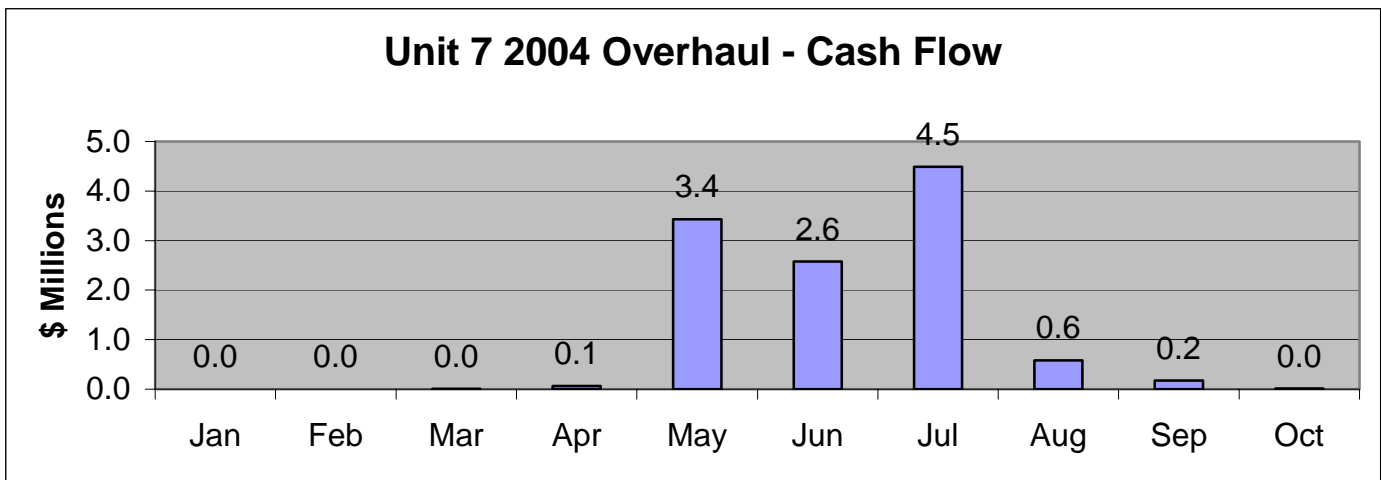
Project included in 2004/2008 CIP and 2004 Budget @ \$11,334,830

Category	Budget	Actual	Projected	Variance \$	Variance %	Notes
Labor	725,000	26,454	725,000			
Transportation	146,000	663	146,000			
Materials	6,750,000	47,433	6,750,000			
Professional Services	3,109,600	0	3,109,600			
OH	604,230	48	604,230			
Total	11,334,830	74,599	11,334,830			

Variance Discussion (Note #):

None

Cash Flows



Economic Analysis

This project is capitalized maintenance.

Economic Analysis Summary

Current Project Status: Percent Complete 1 %

Project Schedule: (see attached timeline)