

Beluga Gas Field
ConocoPhillips Compressor
Update

June 21, 2006

Project Drivers

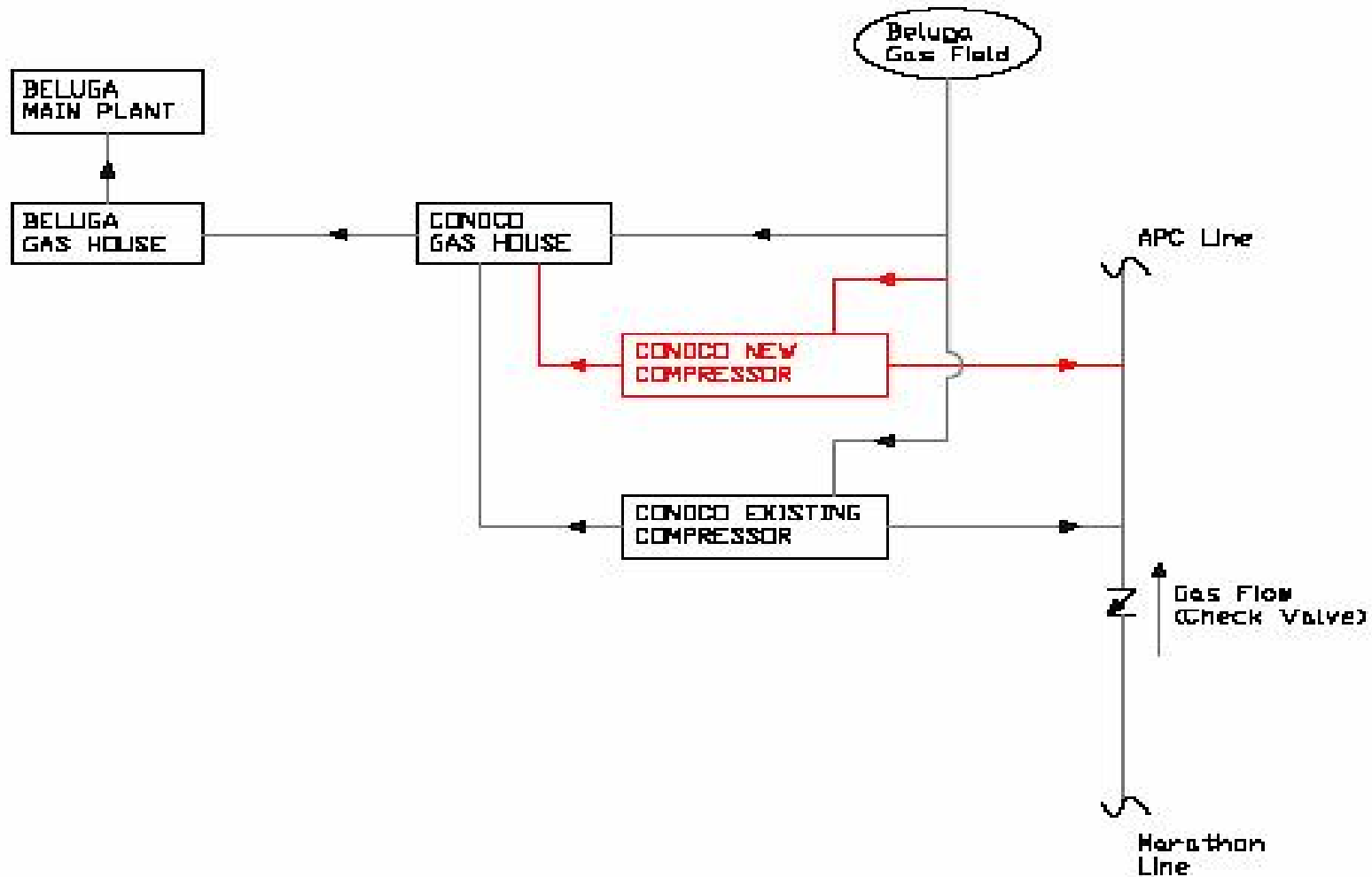
- Chugach Beluga Power Plant requires gas at greater than 400 psig to operate
- Beluga River Field pressure is dropping and is projected to be less than 400 psig by late 2006
- Compression is required to boost the pressure for Chugach & ENSTAR.

Project Details

- ConocoPhillips will install and operate 2-stage gas-driven compressor
 - Deliveries to Chugach between stages
 - Deliveries to ENSTAR after both stages
 - Existing electrically driven compressors as backup
- Agreements for the Sale and Purchase of Natural Gas (1988)
 - Chugach agreed to pay 50% of the incremental cost of compression
 - Cost Sharing Agreement signed Jan. 19, 2006

Gas System Diagram

New ConocoPhillips Gas Compressor



Existing Compressor Building



Installation of Base



Gas Turbine



Project Status

- Cost Increase (about 10%)
 - Changed Engineering Firms
 - Scope Increases (backup systems)
 - Cost of Steel Increased
 - Cost of Labor Increased
- Schedule (still on schedule)
 - Construction Began Late April
 - Completion Mid-October

Financial Update

- Project Cost (millions)
 - Original Est. \$24
 - Current Est. \$26
- Chugach share (millions)
 - Original Est. \$3.2
 - Approved Amt. \$3.3
 - Current Est. \$3.5

Questions