

Chugach Electric Association

Strategic Planning

Board of Directors' Meeting

July 17, 2002

Strategic Planning

- ◆ **Background**
- ◆ **Issues Facing Chugach**
 - ◆ **Strategic vs. Operational**
 - ◆ **Markets**
- ◆ **Addressing the Issues**

Strategic Planning Background

◆ 1995-1997 – Formal Strategic Plan Process

◆ Priority Issues

- Develop strategic direction
- Develop retail service strategy
- Develop wholesale service strategy
- Organize corporation to implement strategy

Strategic Planning Background

◆ 1998 - Plan updated to address competition

◆ New Priority Issues

- Cost
- Organizational Performance
- Regulatory Barriers
- Corporate Business Direction
- Wholesale Customer Relations

Strategic Planning Background

- ◆ **1999-2001 Minor updates**
- ◆ **2002 Proposed update**
 - ◆ **New generation and transmission**
 - ◆ **Fuel supplies**
 - ◆ **Changing markets**

Parts of a Strategic Plan

- 1. Direction Statements**
- 2. Priority Issues**
- 3. Key Result Areas**

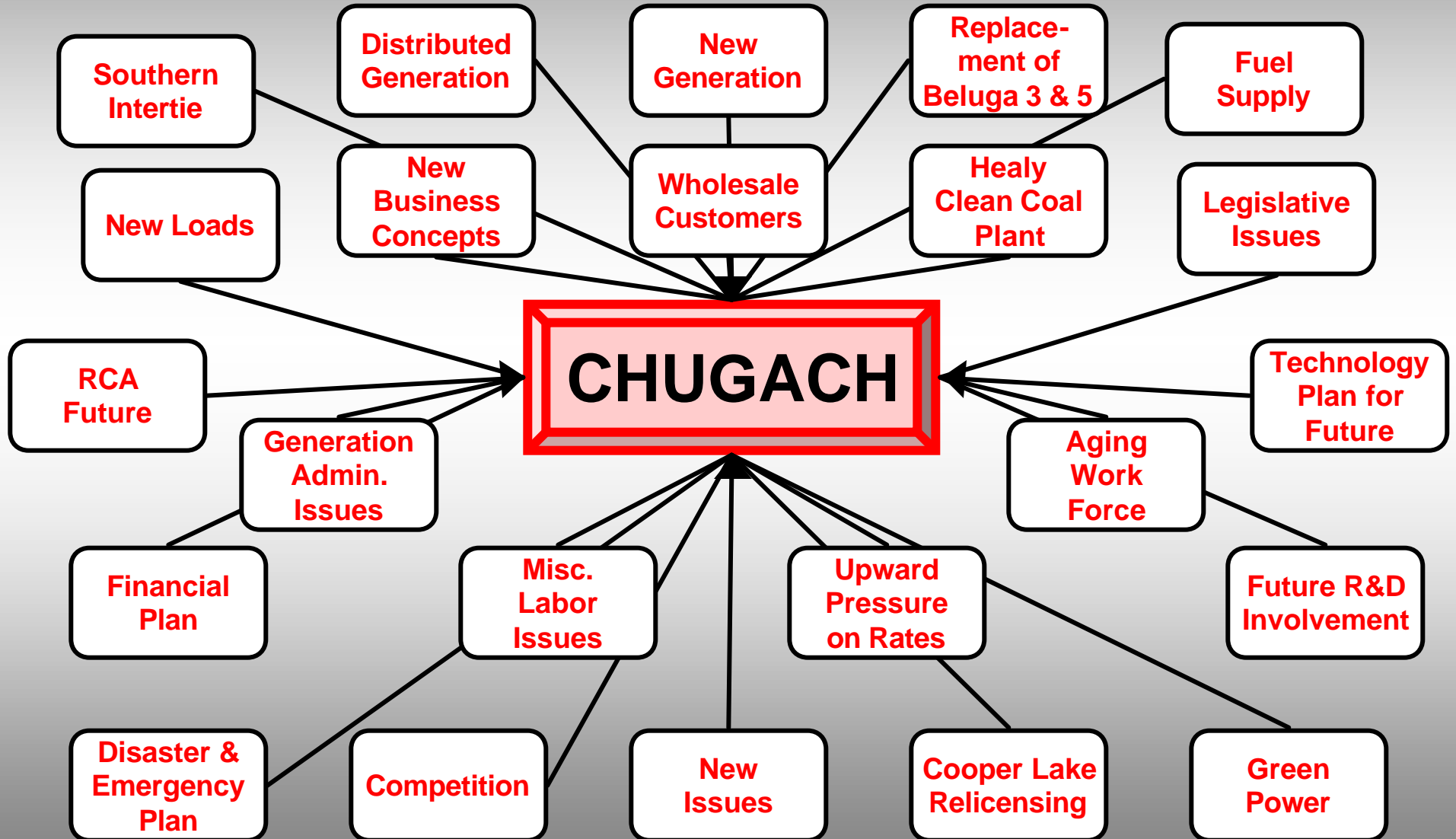
Parts of a Strategic Plan

1. Direction Statements

2. Priority Issues

3. Key Result Areas

Issues



Types of Issues

Strategic

vs.


Operational

Strategic vs. Operational

Strategic Issues



Issues that are critical to the future of the organization and are structural in nature



- ◆ Fundamental to serve the market
- ◆ 5 – 25 year impact
- ◆ Significant capital investment

Operational Issues

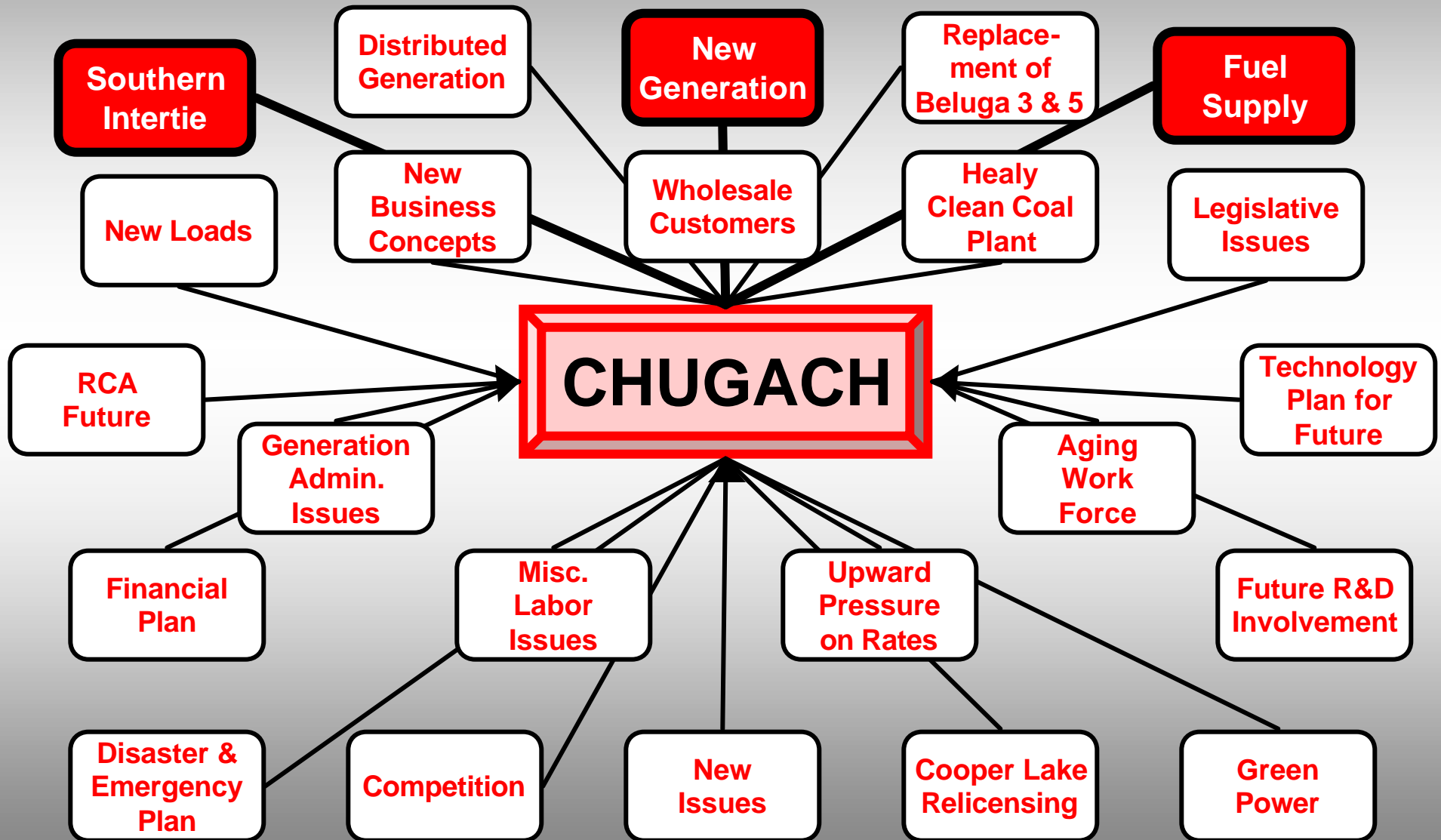


Issues that are critical to achieving financial and operating results



- ◆ 1 – 5 year impact
- ◆ Less capital investment

Issues



Chugach Markets

Retail	Wholesale	Future
Obligated to serve	Limited to contract terms	Possibilities

Chugach Markets

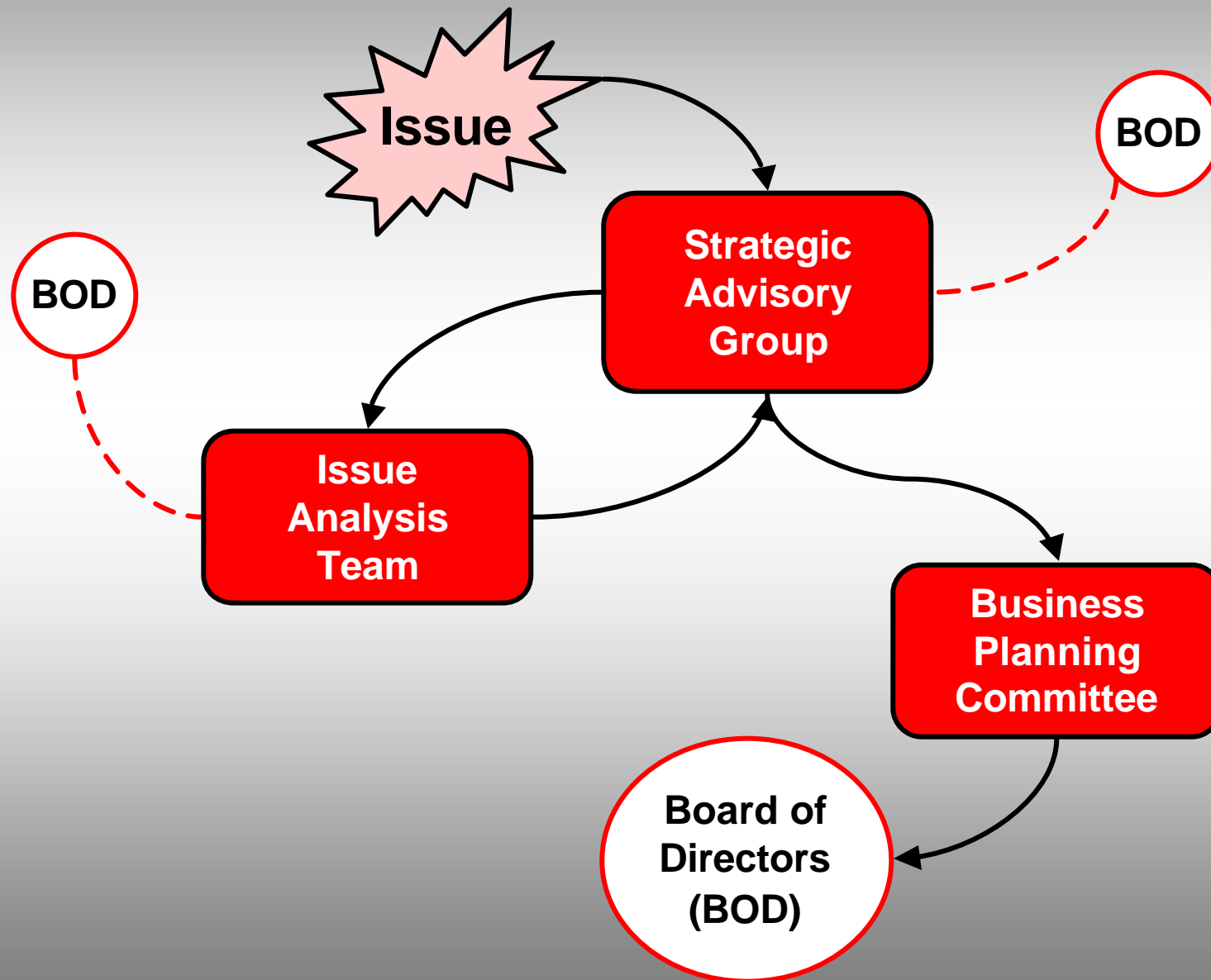
Retail	Wholesale	Future
<p data-bbox="226 613 592 743">Obligated to serve</p> <ul data-bbox="235 824 529 863" style="list-style-type: none"><li data-bbox="235 824 529 863">◆ Unlimited	<p data-bbox="806 613 1247 743">Limited to contract terms</p> <ul data-bbox="722 824 1297 1247" style="list-style-type: none"><li data-bbox="722 824 1201 863">◆ MEA – All to 2014<li data-bbox="722 938 1297 977">◆ HEA – Portion to 2014<li data-bbox="722 1042 1243 1081">◆ SES – Most to 2006<li data-bbox="722 1146 1297 1247">◆ GVEA – As requested to 2008	<p data-bbox="1491 678 1860 727">Possibilities</p> <ul data-bbox="1436 824 1894 1351" style="list-style-type: none"><li data-bbox="1436 824 1831 863">◆ Military bases<li data-bbox="1436 938 1654 977">◆ GVEA<li data-bbox="1436 1042 1759 1081">◆ Fire Island<li data-bbox="1436 1146 1894 1247">◆ Granite Point Oil Platforms<li data-bbox="1436 1312 1667 1351">◆ Others

For Example

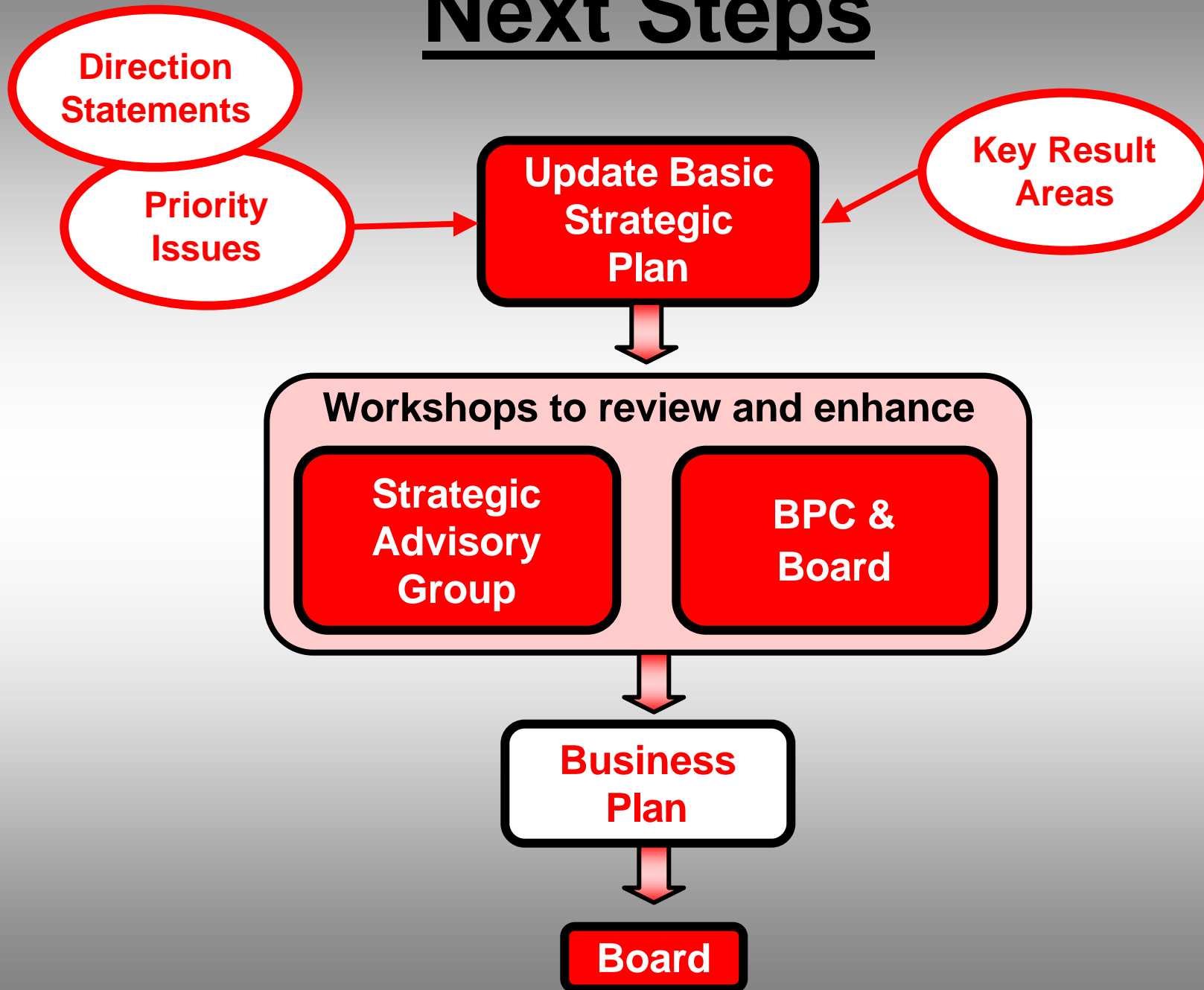
Future Generation Plans

- ◆ How to best serve the market
 - ◆ Retail only
 - ◆ Retail & Wholesale
 - ◆ Retail, Wholesale & Future

Addressing the Issues



Next Steps



Summary

- ◆ **Issues Facing Chugach**
- ◆ **Framework for Addressing Issues**
 - ◆ **Continuous Strategic Planning**
- ◆ **What's Next**