

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

BOARD MEETING
AGENDA ITEM SUMMARY

November 20, 2002

ACTION REQUIRED

AGENDA ITEM NO. IX. D.

- Information Only**
 - Motion**
 - Resolution**
 - Executive Session**
 - Other**
-

TOPIC

Southern Intertie – Participation in Design and Construction

DISCUSSION

The Southern Intertie Project is a new transmission line between Anchorage and the Kenai Peninsula. Chugach system studies identified the need for this line as early as 1982 and the construction of the Bradley Lake Hydro Project added to the need for a second transmission connection between Kenai and Anchorage to allow secure transfer of power between the systems. In 1993, the state of Alaska legislature granted funds to aid in constructing the line and, in 1994, the Intertie Participant Group (IPG) was formed to pursue the project. Route selection and environmental studies for the project began in 1995. The participant agreement allows all members to reconsider their participation at the “decision date.” The “decision date” is a date set by the IPG after the route selection process is completed, a route with endpoints has been identified, and project cost estimates have been prepared.

Route selection studies and an environmental impact statement (EIS) have been completed under National Environmental Protection Agency (NEPA) regulations and the process resulted in decisions by the federal agencies involved to support construction of the tie along the TESORO route. This route originates at Chugach’s Bernice Lake substation and ends at Chugach’s Point Woronzof substation. In order to proceed with design and construction of the project, IPG members have to accept the route with its end points and commit to funding construction in excess of grant funds available. Chugach’s share will be 30.23% (estimated at approximately \$10,000,000) of the total

construction costs under the terms of the agreement. It is recommended that Chugach remain a project participant and commit to construction at the “decision date.”

Consistent with Board Policy #106, a resolution is presented to the Board for approval to participate in the design and construction of the Southern Intertie Project as outlined in the Intertie Participant Agreement of January 24, 1994 and amended in 1999.

BOARD OPTIONS

1. No Action, Table

This action would delay the decision to participate and may result in the grant funds being revoked.

Delay

See above.

3. Disapprove

This action would remove Chugach as a participant from the project.

4. Modify

Modification of the terms would require a revision of the IPG Agreement and result in delays.

5. Approve

This action will allow Chugach to participate in design and construction of this multi-year project

GENERAL MANAGER'S RECOMMENDATION

Motion 1: Move that the Board of Directors authorize the General Manager to commit to Chugach’s participation in the Southern Intertie Project design and construction to the extent stated in the present Intertie Participant Agreement.

WHEREAS, Chugach Electric Association, Inc. has determined the necessity to construct a second transmission line (Southern Intertie) between Anchorage and the Kenai Peninsula;

WHEREAS, Chugach Electric Association, Inc. is party to the Intertie Participant Agreement with 5 other utilities to construct the tie;

WHEREAS, the Intertie Participant Agreement provides for reconsideration of the commitment to construct at the “decision date” by all parties;

WHEREAS, the route selection, environmental work, cost estimates and other project activities leading to the “decision date” have been completed;

WHEREAS, Chugach Electric Association, Inc. supports the TESORO route as the selected route for the intertie;

WHEREAS, Chugach Electric Association, Inc. has determined that participation in construction of the tie is beneficial to its members;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Chugach Electric Association, Inc. that the General Manager is authorized to commit to Chugach’s continued participation in the construction of the Southern Intertie under the provisions of the present Intertie Participant Agreement.

CERTIFICATION

I, Chris Birch, do hereby certify that I am Secretary of Chugach Electric Association, Inc., an electric non-profit cooperative membership corporation organized and existing under the laws of the State of Alaska: that the foregoing is a complete and correct copy of a resolution adopted at a meeting of the Board of Directors of this corporation, duly and properly called and held on the 20th day of November 2002; that a quorum was present at the meeting; the resolution is set forth in the minutes of the meeting and has not been rescinded or modified.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of this corporation the 20th day of November 2002.

Secretary