

**CHUGACH ELECTRIC ASSOCIATION, INC.**  
**Anchorage, Alaska**

**REGULAR BOARD OF DIRECTORS' MEETING**  
**AGENDA ITEM SUMMARY**

**December 18, 2008**

**ACTION REQUIRED**

**AGENDA ITEM NO. XI.B.**

Information Only  
 Motion  
 Resolution  
 Executive Session  
 Other

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**TOPIC**

Authorization for South Central Alaska Power Project (SCAPP) - Land Purchase

**DISCUSSION**

Chugach is proceeding with a joint project to construct a 3x1 combined cycle power plant. A Joint Siting Study determined that the best location for new generation is adjacent to Chugach's existing International Generating Station. This site is referred to as the IGT site. Related is a project to construct a new International Substation.

The sites for the new generation and substation are currently used for storage of T&D equipment, approximately 7 acres of stored equipment. A new area is required to store this material. The closer a new storage area is to the existing warehouse and operations the more efficient it will be.

The new generation project will occupy approximately 12 acres of the IGT site, the substation may take another 4 acres. These projects require equipment staging, laydown, and fill (removed during construction) storage areas. The total area required, less the fill area, is estimated to be greater than 10 acres. Fill will take the balance of the available acreage and possibly another 5 acres.

Property adjacent to IGT is more readily monitored and secured. This is both true during construction and afterward when the property is to be used for the T&D equipment storage area.

Chugach originally was intending to procure the adjacent Anchorage Water and Wastewater Utility property. An MOA agency indicated interest in this property and will proceed with

development in 2009, thus it is no longer available. Chugach subsequently began negotiations with an adjacent Private Property owner for a 15 acre parcel of land. Chugach has reviewed other property options, but has found them to be too small, less accessible, and too remote. The private property is zoned I-2, for which laydown of fill is allowed.

The Private Property was originally offered at \$8.4 million. Negotiations have reduced this to \$4.86 million. The owner has provided a firm offer with acceptable Terms and Conditions. Chugach has performed environmental and geotechnical assessments of the property. The owner wishes to execute the land contract by December 31, 2008. The owner has a pending offer to lease the property, but has offered it to Chugach first.

The project schedule requires Chugach to have property available in 2009 in order to move the stored equipment from the generation and substation project locations. This will allow initial preparatory activities for the generation and substation project land.

### **BUDGETARY IMPACTS**

Amount: \$4.86 million

Expense: \$0

Capital: \$5 million (part of the \$256 million new generation budget)

Discussion: The purchase will be executed before December 31, 2008 with payments continuing through June of 2009.

### **MOTION**

Move that the Board of Directors approve the expenditures for the South Central Alaska Power Project land purchase with an estimated cost of \$4.86 million and an estimated completion date of June 30, 2009.