

Southern Intertie Update

Chugach Electric Association

Finance Committee

August 19, 2002

BACKGROUND AND ISSUES

1. Southern Railbelt G&T System

Alice Mullins, Transmission Planning Engineer

2. History & Ownership of Project

Dora Gropp, Manager, Transmission and Special Projects

3. Major Issues

Mark Fouts, Manager, Corporate Planning & Analysis

Part 1

**Southern Railbelt G&T
System**

**Alice Mullins, P.E.
Transmission Planning Engineer**

SOUTHERN RAILBELT SYSTEM

Mat-Su

Anchorage

Kenai
Peninsula



Area of Map
Map not to scale

SOUTHERN RAILBELT SYSTEM

 Generation

Mat-Su



Anchorage

Kenai
Peninsula



Area of Map
Map not to scale

SOUTHERN RAILBELT SYSTEM

 Generation

Mat-Su

 Eklutna

Anchorage

Beluga



 IGT



ML&P



Bernice Lake



Nikiski



Cooper
Lake

Kenai
Peninsula



Bradley
Lake

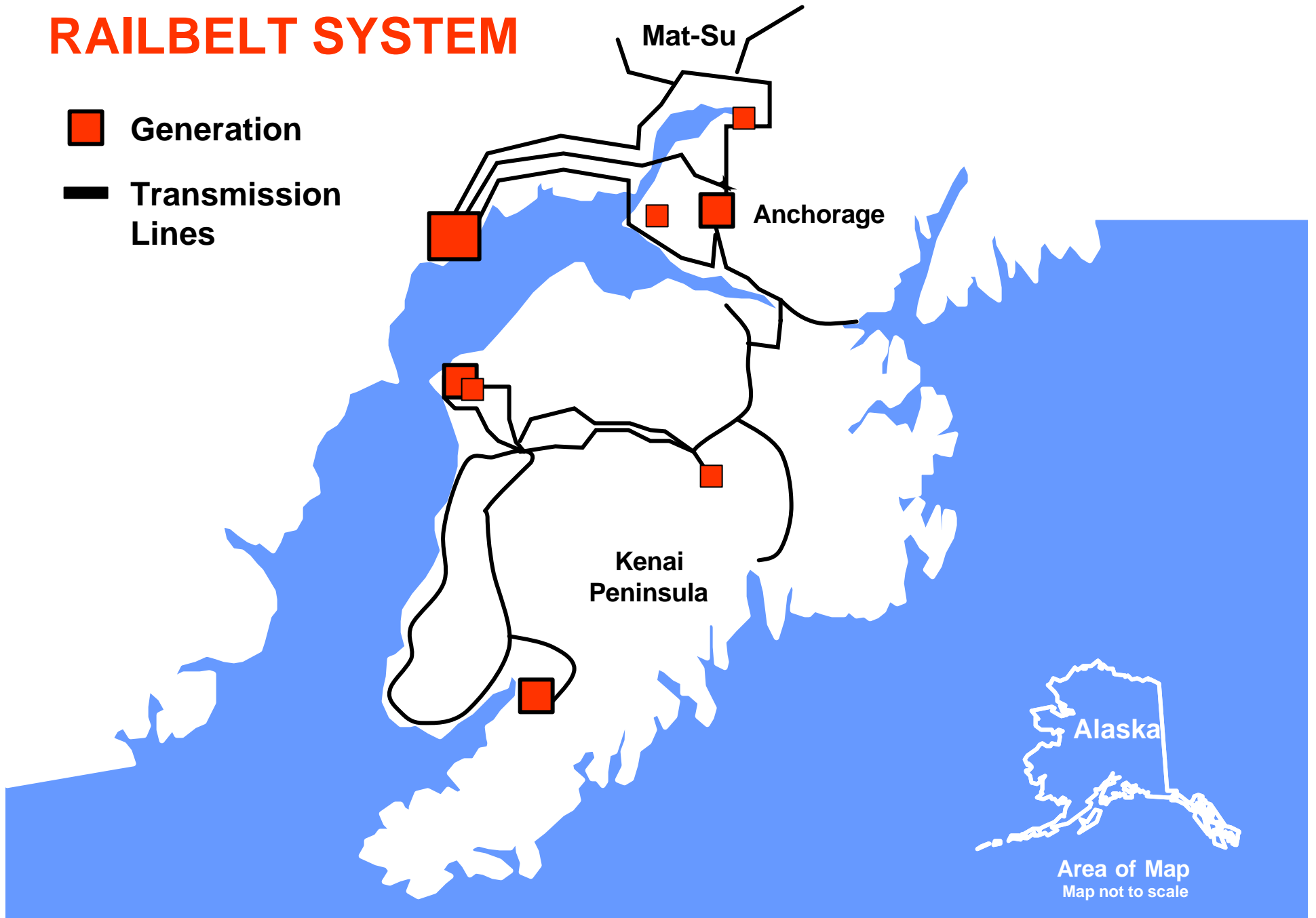


Alaska

Area of Map
Map not to scale

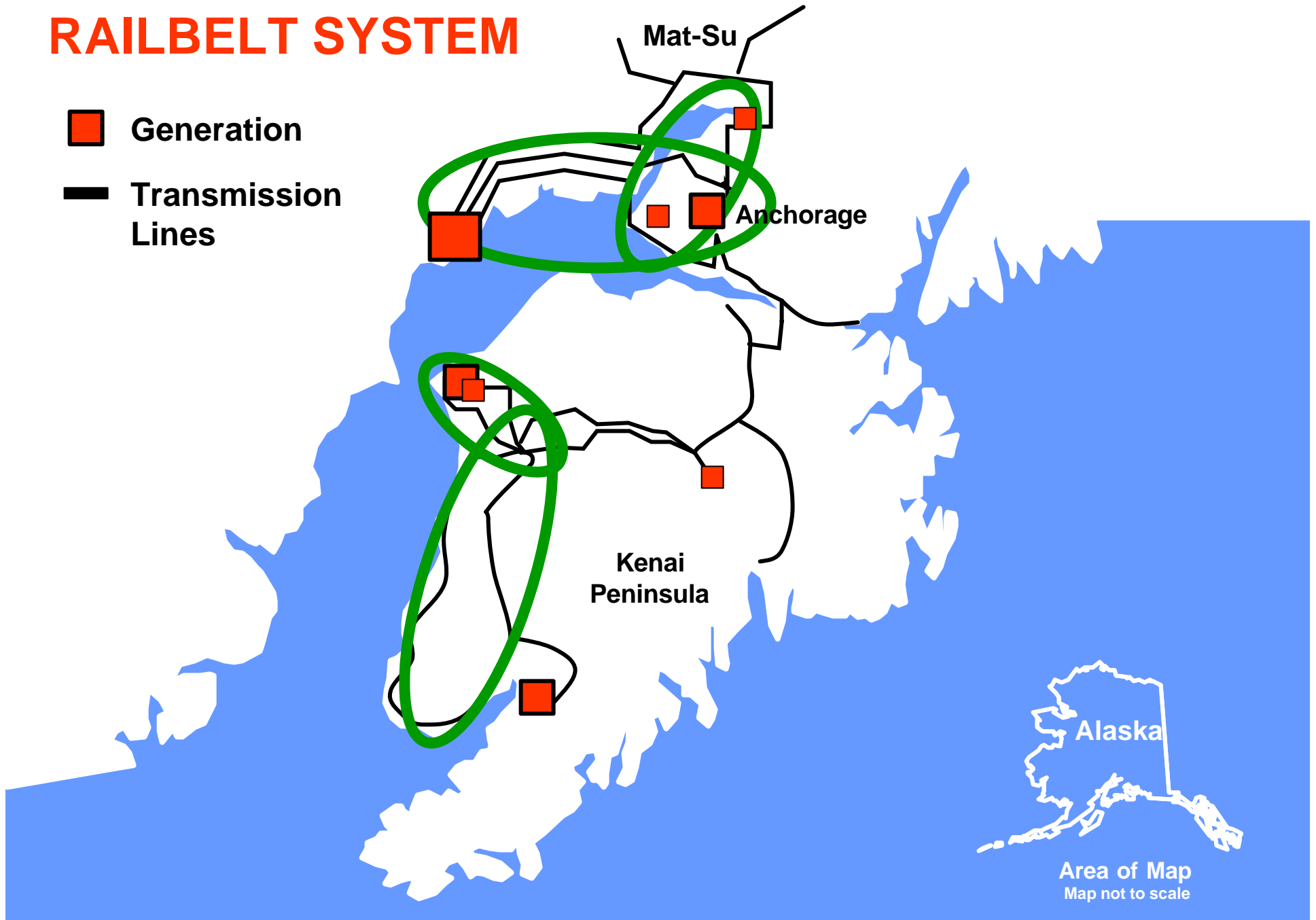
SOUTHERN RAILBELT SYSTEM

- Generation
- Transmission Lines



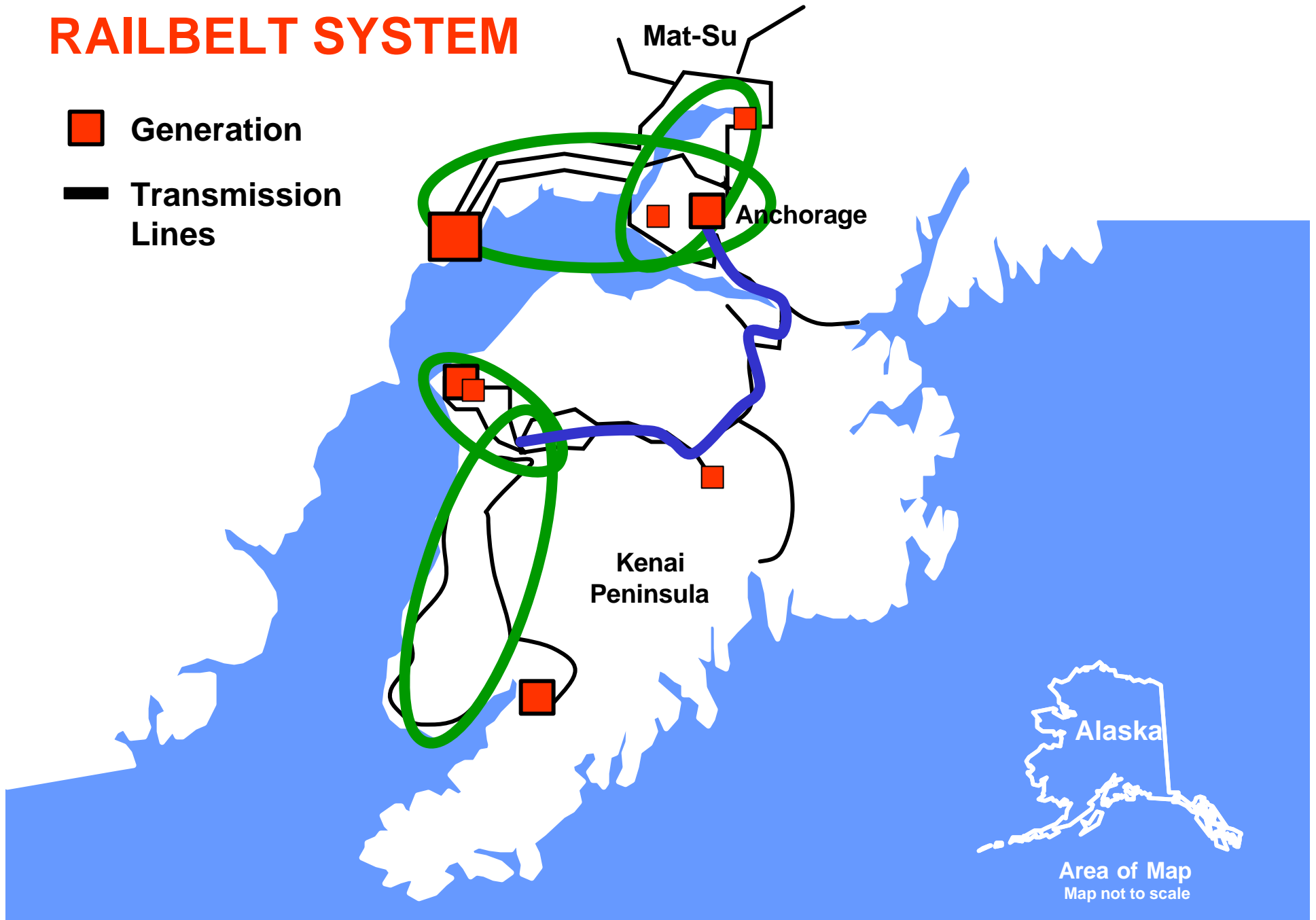
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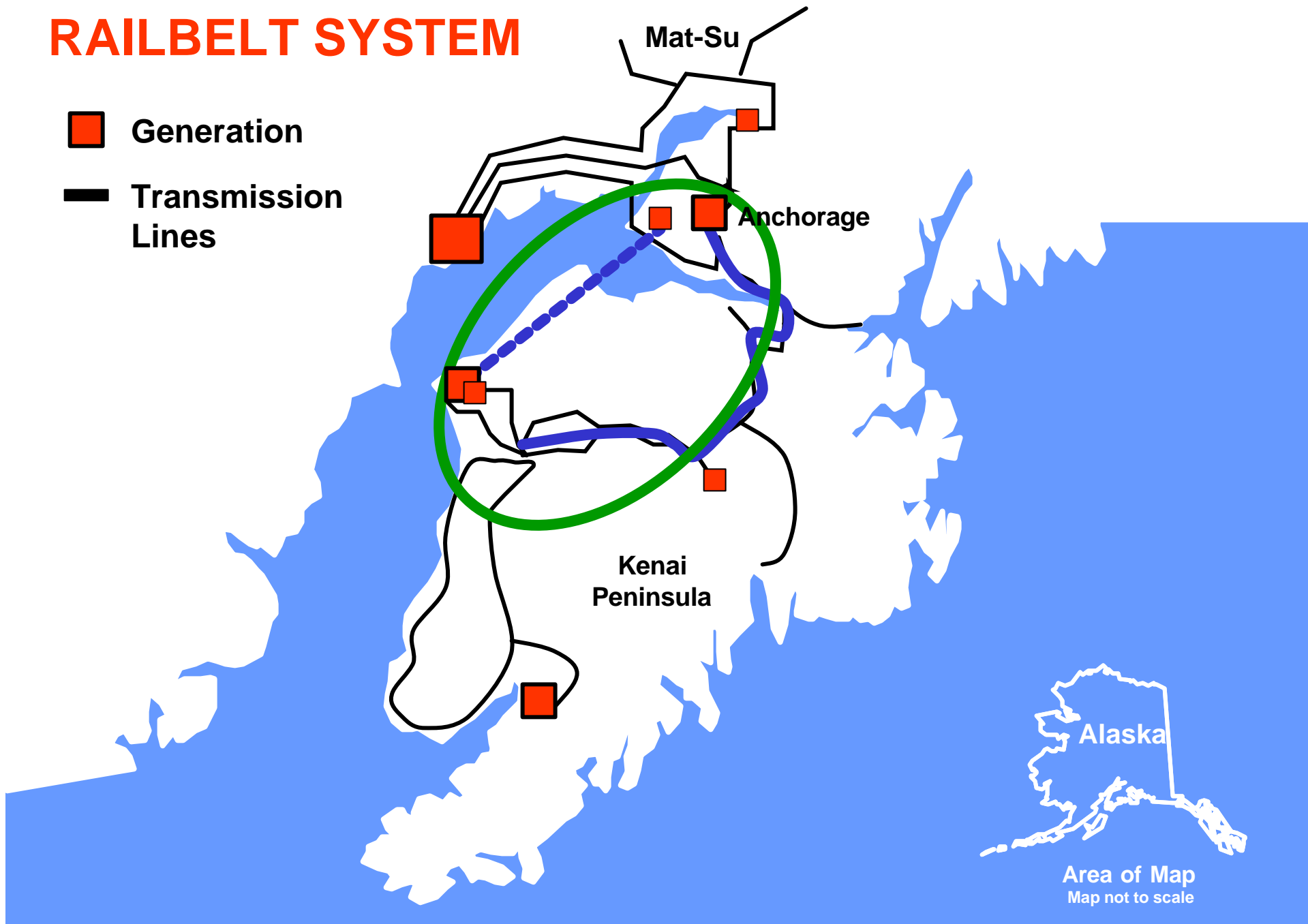
SOUTHERN RAILBELT SYSTEM

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SOUTHERN RAILBELT SYSTEM

- Generation
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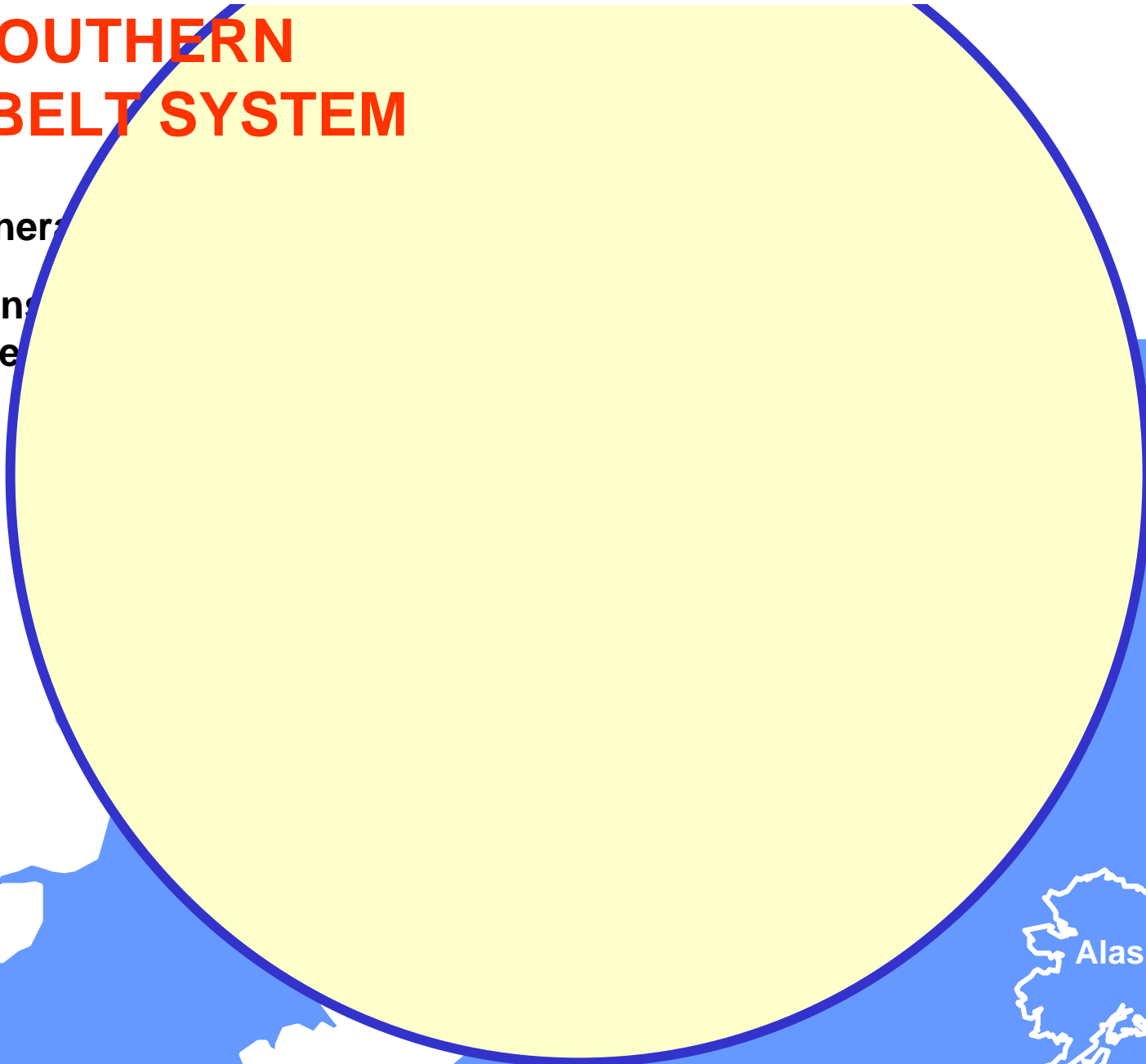
PLANNING STANDARDS

- **North American Electric Reliability Council (NERC)**
- **Alaska Systems Coordinating Council (ASCC)**

SOUTHERN RAILBELT SYSTEM

■ General

— Trans
Line



Area of Map
Map not to scale

NERC Guide 3

“... reasonable and foreseeable contingencies do not result in the loss or unintentional separation of a major portion of the network.”



LOWER SUMMIT LAKE

73-2

73-2

SOUTHERN RAILBELT SYSTEM

 Generation

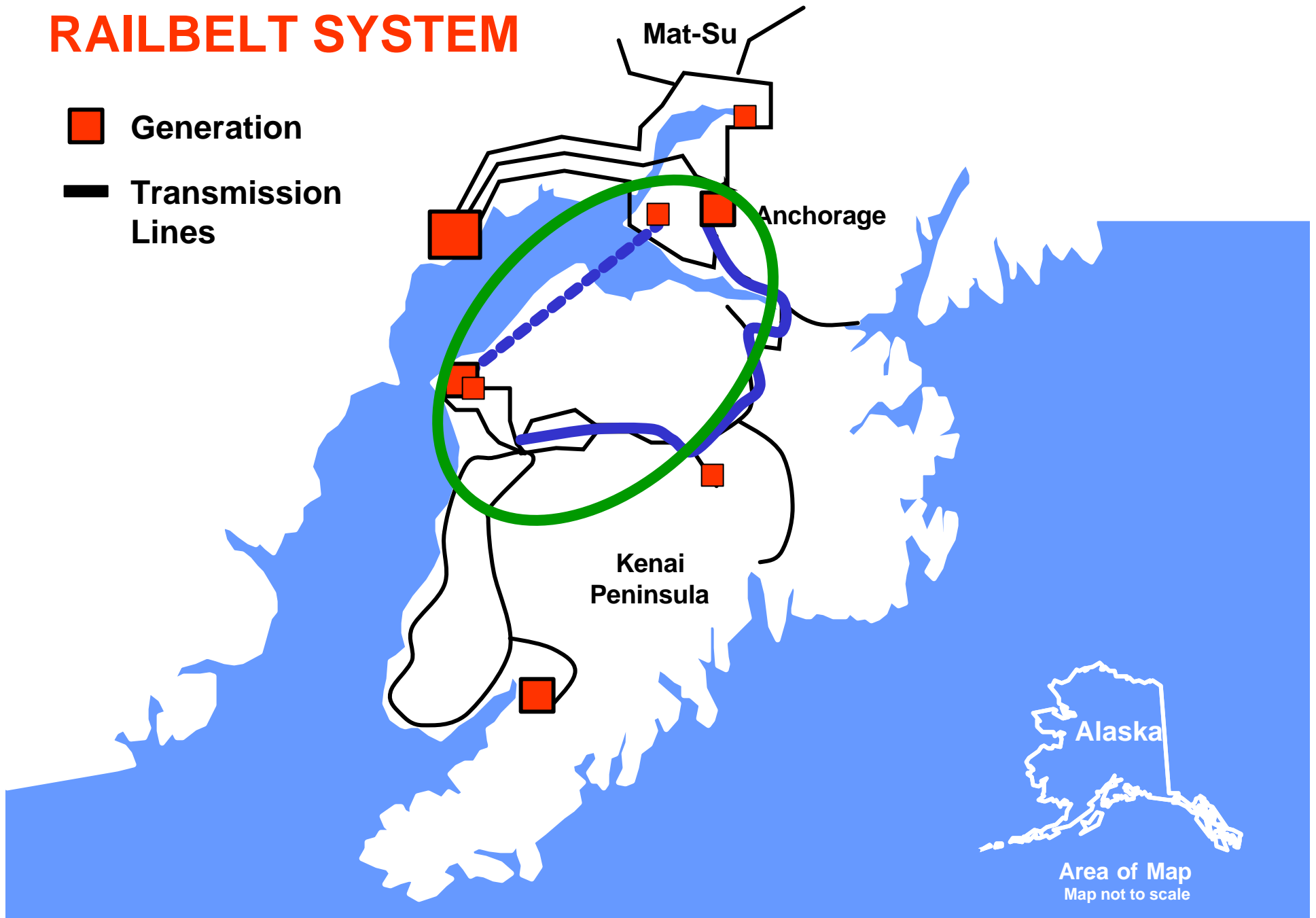
 Transmission
Lines



Area of Map
Map not to scale

SOUTHERN RAILBELT SYSTEM

- Generation
- Transmission Lines



Part 2

History & Ownership of Project

Dora Gropp, P.E.

Manager, Transmission and Special Projects

STUDIED OVER 20 YEARS

Chugach Planning

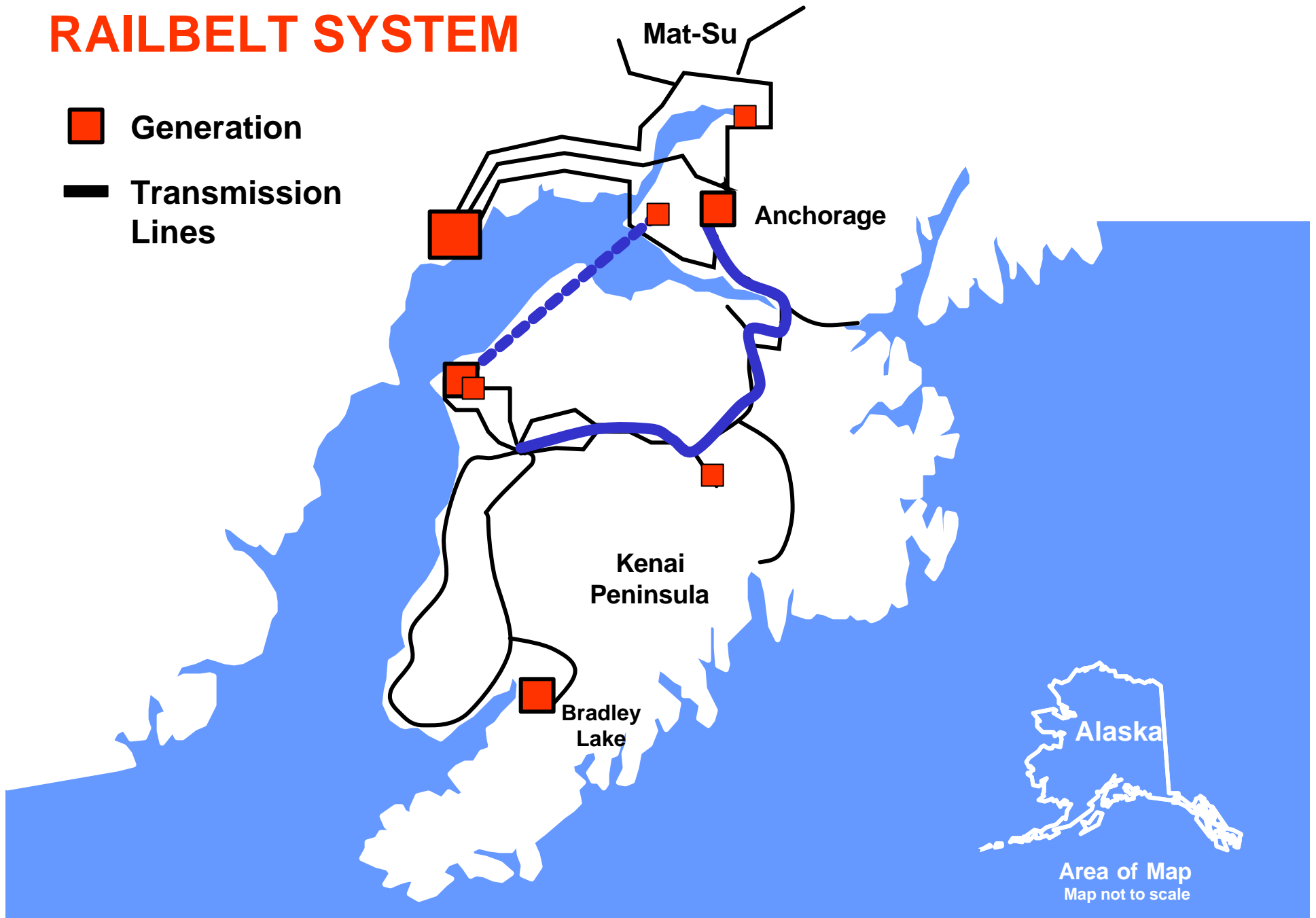
- 1982 study identified need for Southern Intertie to address rapid load growth in Railbelt

State of Alaska

- 1983 State sought to assist utilities with low-cost hydro power
- Alaska Energy Authority Railbelt Intertie Feasibility Study in 1991
- Intertie Participants Group formed in 1994
- Environmental Impact Studies 1996 – 2002

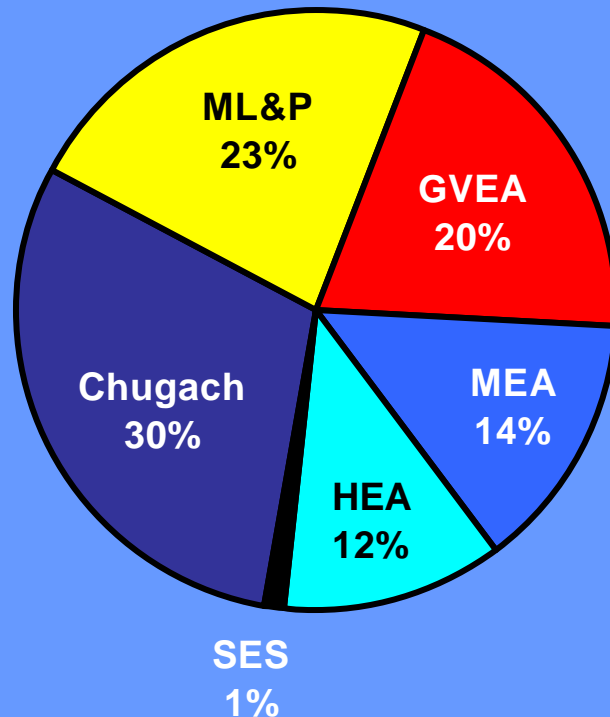
SOUTHERN RAILBELT SYSTEM

-  Generation
-  Transmission Lines



PLAYERS

Intertie Participants Group (IPG)




All or one can participate in constructing the intertie

Share costs and benefits based on a 1993 allocation scheme

IPG RESPONSIBILITIES

**Set Decision
Point**
(11/02)



- Decide on routing and end points
- Approves construction management agreement
- Reallocate shares of withdrawing utilities

**During
Construction**



- Approve budgets and change orders over \$50,000
- Disbursement of grant funds
- Fund costs beyond grant funds

**After
Completion**



- Approve operating budget

Part 3

Major Issues

Mark Fouts

Manager, Corporate Planning & Analysis

ECONOMIC ISSUES

Cost

» \$100 M

Benefits

Operating Efficiency

Reliability

FINANCIAL ISSUES

**Chugach's share of the costs
are uncertain:**

\$11 M → \$35 M

Allocation of costs

Electric rate impact

Maintain financial ratios

STRATEGIC ISSUES

- Railbelt responsibilities/roles
- System reliability
- Future generation
- Contractual Issues
 - Working with the IPG
 - Wholesale customer position & contracts

SUMMARY

- 1. Railbelt G&T System**
- 2. History & Ownership of Project**
- 3. Major Issues**

PROPOSED DECISION SCHEDULE

June – Proposed Decision Schedule

July – no update (staff work)

August – Background and Issues Presentation

Sept – Economic Evaluation Presentation

Oct – Financial and Strategic Issues Presentation

Nov-Dec – Federal Approval/Disapproval of Route

Jan 2003 – Chugach & IPG Decision to Construct

