

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

FINANCE COMMITTEE MEETING
AGENDA ITEM SUMMARY

November 11, 2009

ACTION REQUIRED

AGENDA ITEM NO. XI.

 Information Only
 X Motion
 X Resolution
 Executive Session
 Other

TOPIC

Simplified Rate Filing

DISCUSSION

Chugach Electric Association, Inc. (Chugach) is an electric cooperative eligible to participate in the Simplified Rate Filing (SRF) process in accordance with AS 42.05.381(e) and 3 AAC 48.700 through 3 AAC 48.790.

The purpose of SRF is to streamline the base rate adjustment process through routine filings that update underlying cost and sales information while recognizing established Commission-approved ratemaking methodologies, including return requirements. The intent of this change is to facilitate the rate adjustment process while reducing cost.

Chugach's 2008 test year rate case was filed in June 2009 and by Commission order is expected to be adjudicated by September 16, 2010. The rate case will establish Commission-approved cost allocation and rate design methodologies that will allow Chugach to proceed with the adoption of the SRF process to adjust rates at the Chugach retail, Homer Electric Association, Inc., Matanuska Electric Association, Inc. and Seward Electric System class level.

Entry into the SRF program requires Chugach to notify its members of the location and time of when the Chugach Board of Directors will consider adoption of this process. The notification must also include the purpose of entering into the SRF process, its potential impact on electric rates and acknowledgement that the cooperative's board of directors will have the major responsibility for rate adjustments rather than the Commission.

Chugach provided individual notice of the board's consideration regarding the adoption of the SRF process through a combination of customer bill inserts for members that receive their bill through the U.S. Postal Service and through individual letters for members that are billed electronically. In addition, Chugach included an article in the October Outlet that explained the SRF rate adjustment process that is being considered by the Chugach board. Chugach's website also contains information informing members of the initiative, including a list of frequently asked questions and a link to the Alaska Administrative Code regarding SRF for members interested in learning more about the process. Each of Chugach's wholesale customers received individual notice from Chugach informing them of the Board's consideration of SRF.

MOTION

Move that the Finance Committee recommend the Board of Directors to approve the attached resolution authorizing the adoption of the SRF process in compliance with 3 AAC 48.700 through 3 AAC 48.790 for adjustments to base demand and energy rates.



RESOLUTION

SIMPLIFIED RATE FILING

WHEREAS, Chugach Electric Association, Inc. (Chugach) is an electric cooperative eligible to participate in the Simplified Rate Filing (SRF) process in accordance with AS 42.05.381(e) and 3 AAC 48.700 through 3 AAC 48.790;

WHEREAS, Chugach currently adjusts base customer, demand and energy rates through general rate case proceedings that can take upwards of 15 to 18 months to fully adjudicate;

WHEREAS, the intent of SRF is to streamline portions of the rate adjustment process by updating underlying cost and sales information while recognizing established Commission-approved ratemaking methodologies, including return (TIER) requirements;

WHEREAS, use of the SRF process to adjust base demand and energy rates will facilitate the efficient matching of cost incurrence and changes in sales to corresponding adjustments to electric rates;

WHEREAS, Chugach filed a 2008 test year general rate case with the Regulatory Commission of Alaska that will establish base rates at each customer-class service level, which provides a baseline to facilitate entry into the SRF process;

WHEREAS, the Chugach board has determined that adoption of the SRF process is in the best interests of its members and that filings be completed on a semi-annual basis utilizing the twelve-month period ending June and December of each year as the "test year" for determination of rate changes; and,

WHEREAS, Chugach has provided individual notice to its retail and wholesale members of the board's consideration of SRF, in accordance with 3 AAC 48.730(b).

NOW, THEREFORE, BE IT RESOLVED, that the Chugach Board of Directors hereby approves Chugach's entry into the SRF process for base demand and energy rate adjustments in conformance with 3 AAC 48.700 through 3 AAC 48.790.

I, Alex Gimarc, do hereby certify that I am the 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 19th day of November, 2009; that a quorum was present at the meeting; that 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 19th day of November, 2009.

Secretary