

Activities, March 2010

EPC Services Proposals

Proposals for EPC Services were received from each of the three pre-qualified companies on March 19th. The proposals were sent in response to SPP's Request for Proposal issued in early December 2009. Meetings were held with the EPC firms in each month during the proposal period while questions were posed and answered via secure website hosted by the SPP Owner's Engineer, PB Power.

A seven-member evaluation team met March 15th in order to prepare for receipt of the proposals, and continued to meet and have discussions throughout the last two weeks of March. ML&P, Chugach, Project Team members, and an independent evaluator comprise the evaluation team. Individual ("blind") evaluations were performed in the first week leading to a presentation of scores and discussion among the team. Evaluations continued into the last week of March with a final meeting of the team on April 2nd to deliberate and arrive at a consensus score. Of the evaluation criteria 50% were related to cost with the remaining 50% of the evaluation being qualitative. The combination of cost and quality is expected to result in the best value to the project as a whole.

Final consensus scoring will continue into the first week of April. The outcome of scoring will be a rank assignment to each EPC, and the top ranked firm will be considered for contract negotiations.

In early March three members of the Project Team inspected reference power plants designed and constructed by the EPCs asked to propose. The intent of the inspections was to directly witness qualitative aspects of the EPC's work. The team established the satisfaction of the Owners and inspected the plants with special attention to features of operability and maintainability, which have an impact on long term O&M costs.

STG Purchase Contract

Negotiations continued in March with Mitsubishi Power Systems Americas, Inc. for purchase of a steam turbine generator. This purchase will represent the second largest piece of equipment purchased directly by SPP Owners behind the three LM6000-PF combustion turbine generators purchased from GE Packaged Power. The major terms and conditions, including price, were presented to both the Chugach Board of Directors and the Participants Committee (for ML&P approval) this month. Both the Board and Participants Committee approved the contract subject to no material changes.

Taku-Campbell Community Council Meeting

On March 11th Chugach represented SPP at the Taku-Campbell Community Council Meeting held at the Dimond Centre Hotel. Among the attendees were Assembly member Matt Claman, and Assembly candidate Dick Traini.

SPP was outlined for the council and entertained questions about possible noise impacts and rights-of-way around the SPP and future substation site.

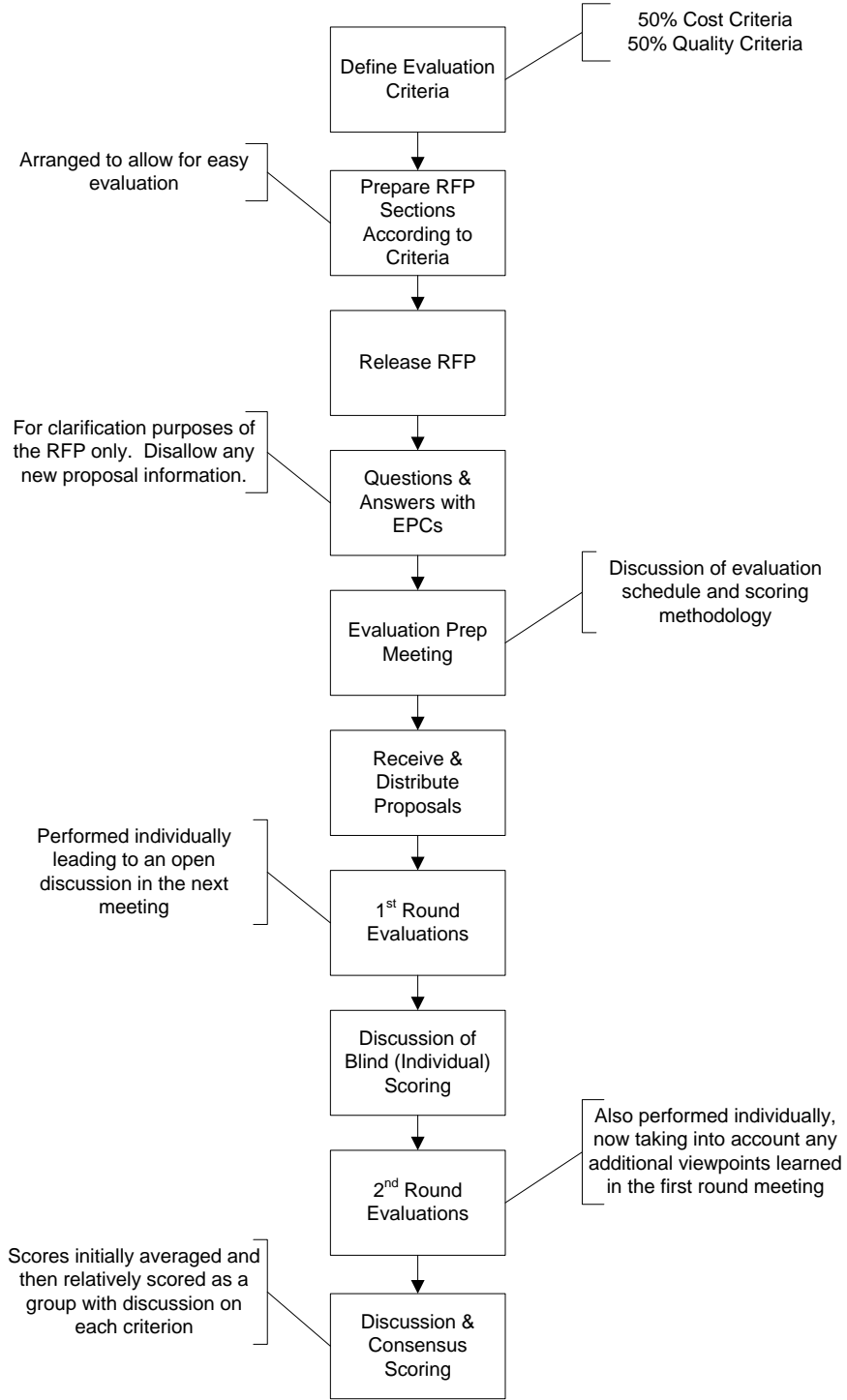
The use of a sound barrier or wall on the Dorbrandt neighborhood side of the property may be considered as an option when evaluating the actual expected noise during the detailed design phase. However, the plant is not expected to exceed MOA noise requirements and should be less or comparable to noise from the train (between SPP and the neighborhood) and the existing traffic noise from Minnesota.

PSD Permit Application

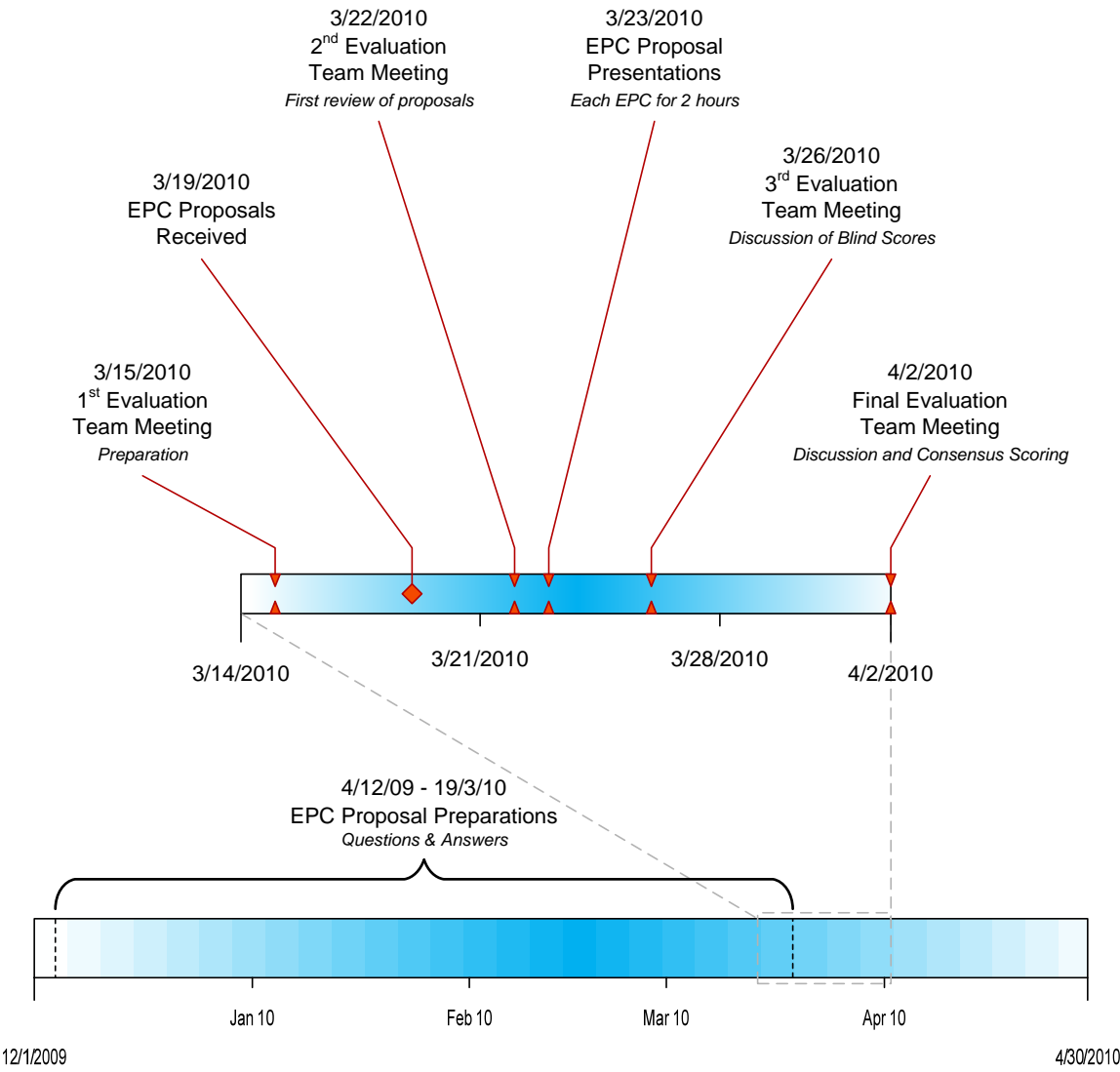
With two recently released EPA rulings in February the PSD permit (air quality permit) application was delayed in March due to the need for additional modeling. This work was completed in March as expected and the permit application was made to the Alaska Department of Environmental Conservation (ADEC) on March 31st after final reviews by the Project Team.

Southcentral Power Project

EPC Evaluation Process



Southcentral Power Project EPC Evaluation Timeline



Southcentral Power Project **EPC Evaluation Criteria**

- Qualitative Criteria (50% Total)
 - Industrial Health & Safety (10%)
 - Project Overview (15%)
 - Project Implementation Plan (2%)
 - Engineering (10%)
 - Startup/Commissioning (5%)
 - Security (1%)
 - Environmental Protection (1%)
 - Emergency Response (1%)
 - QA/QC (1%)
 - Documentation (1%)
 - Communication (1%)
 - Training & Procedures (1%)
 - O&M Manuals (1%)

- Cost Proposal (50%); value adjusted for:
 - Proposed Project Schedule
 - Facility Performance Guarantees
 - Technical Exceptions
 - Commercial Exceptions
 - Value Added Proposals.