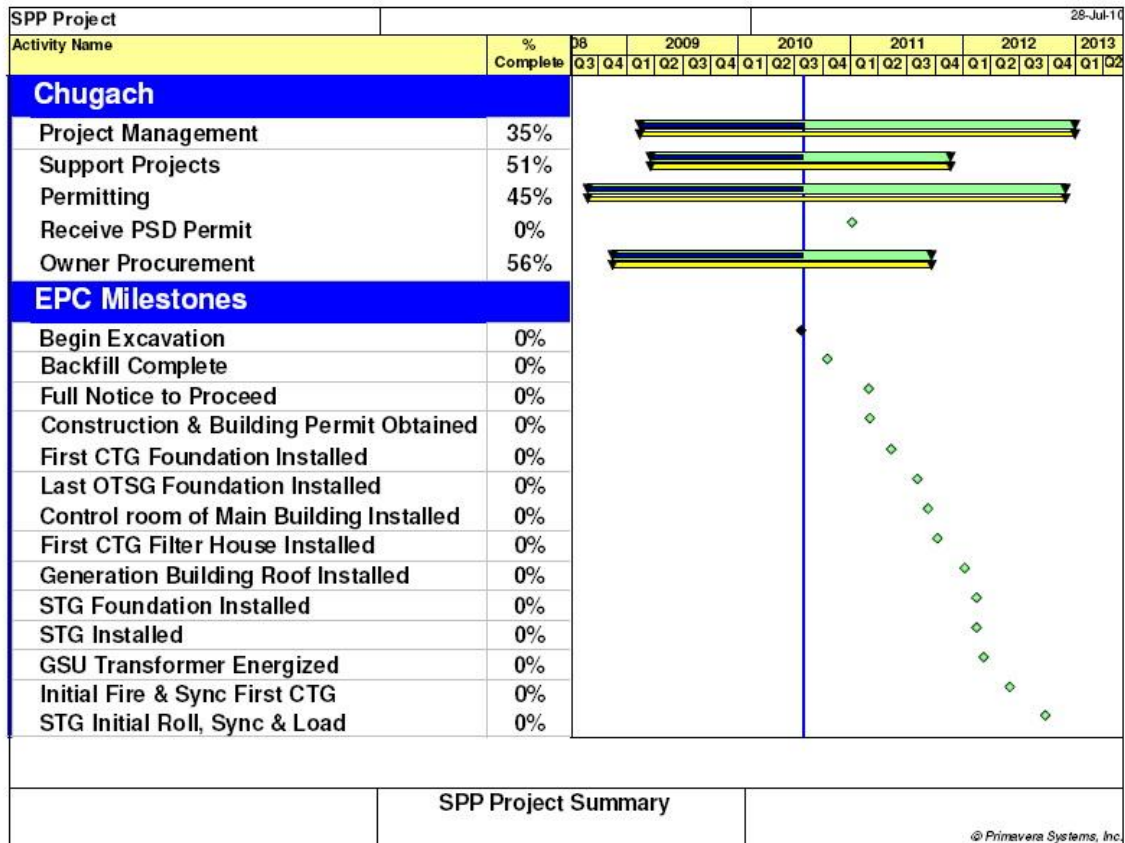


**Southcentral Power Project  
Anchorage, Alaska**

July 28, 2010

**Project Report, July 2010**

**Project Schedule**



**Costs**

Costs (1,000's)	Pre-2009	2009	2010	2011	2012	TOTAL
<b>Project Forecast</b>			\$58,232	\$187,965	\$88,737	\$369,330
<b>Project Actual</b>	\$7,516	\$29,950	\$20,938	\$0	\$0	\$58,404
<b>Chugach Forecast</b>			\$41,249	\$131,187	\$59,355	\$255,950
<b>Chugach Actual</b>	\$5,861	\$21,092	\$14,554	\$0	\$0	\$41,507

- Forecasts include interest, escalation, and contingency amounts. Based on July update.
- Majority of costs in 2009 & 2010 have been payments for LM6000 units from General Electric.
- Actual costs based on current information without month-end closing transactions.

## July 2010 Events

### Safety

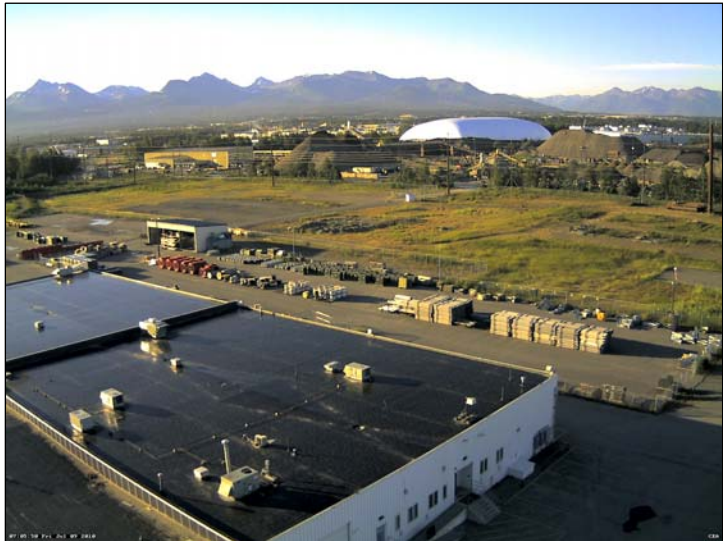
The safety kick-off meeting for the Southcentral Power Project was held on July 22<sup>nd</sup> for representatives of Chugach and ML&P personnel. Twenty-eight (28) persons attended the meeting, including representatives from SNC-Lavalin. Of primary importance was the concept of “care, custody, and control” of the SPP site, which is turned over to the Contractor on the date of Limited Notice to Proceed (the same day as the meeting). Traffic management, helipad access, and initial safety training (orientations) were discussed. Permission from SPP Project Management, the wearing of all Personal Protective Equipment (PPE), and Contractor authorization will be required as conditions to enter the site.

Days without a Lost Time Accident: 703 (thru July 31, 2010).

### EPC Contract

The EPC Contract began the initial phase of engineering, starting with the excavation, fill, and grading of the SPP site. Chugach issued the Limited Notice to Proceed (LNTF) for engineering, procurement, and minor construction activities on July 22<sup>nd</sup>. The only construction activity allowed will be work which does not represent a permanent installation for the project.

A subcontract was awarded this month to General Mechanical Company (GMC) for performance of civil work on site. Permitting is also underway between SLCI and MOA using local firm, Enterprise Engineering Inc. (EEI). SLCI was given permission to pass the first milestone date of July 22<sup>nd</sup> for beginning of civil work. SPP Project Management was notified well in advance that SLCI’s estimated duration of this work was longer than the durations being reported by the subcontractor, so the work completion date will be unaffected and they will reach their goals in 2010.



*SPP site prior, cleared by the Operations Dept. and ready for construction.*

### OTSG Purchase

OTSG bids were received in June, evaluated in July, and an invitation to negotiate was extended to Innovative Steam Technologies based on agreement at the Operating

Committee level of the Participation Agreement. Technical requirements are being analyzed to establish final design of the units, while commercial negotiations are ongoing.

**STG Shipment**

A Request for Proposal (RFP) was also issued for shipment of the Steam Turbine Generator (STG) purchased by the Project in April 2010. Seven (7) shipping companies were solicited. Of those, three (3) companies provided responsive proposals for evaluation. The evaluation of proposals was performed by a committee of ML&P and Chugach management. Criteria for evaluation included cost, responsiveness to proposed terms and conditions, delivery date requirement, and the company's reported safety record. Panalpina was determined to be the highest ranked proposer, and they were invited to negotiate a contract for these services.