

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

OPERATIONS COMMITTEE MEETING
AGENDA ITEM SUMMARY

August 4, 2010

ACTION REQUIRED

AGENDA ITEM NO. X.

Information Only
 Motion
 Resolution
 Executive Session
 Other

TOPIC

Southcentral Power Project (SPP) – Purchase of Boilers

DISCUSSION

The Southcentral Power Project requires three (3) Once Through Steam Generators (OTSGs) consistent with the approved description of the plant. The OTSGs generate steam using heat exhausted from the Combustion Turbine Generators (CTGs), which is then delivered to the Steam Turbine Generator (STG) to create additional power. The CTGs and STG have already been purchased for the Project.

Four (4) major manufacturers were directly solicited as recommended by the Owners' Engineer and the EPC with a Request for Bid (RFB). Innovative Steam Technologies (IST), provided the only responsive bid. The Operating Committee of the Participation Agreement, representing both Chugach and ML&P, agreed with inviting IST to negotiate, and the Chugach Board of Directors Operations Committee was also informed of the process on July 14, 2010.

Negotiations were held in the month of July and August 2010 resulting in a form of contract with reasonable and suitable terms and conditions to Chugach and ML&P as Owners. The contract may be amended before signing but will be subject to no material change in terms and conditions.

MOTION

Move that the Operations Committee recommend the Board of Directors authorize the CEO to approve a Once Through Steam Generator Purchase Contract for the Southcentral Power Project (SPP) for an estimated cost as described in Executive Session.