

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

OPERATIONS COMMITTEE MEETING
AGENDA ITEM SUMMARY

August 4, 2010

ACTION REQUIRED

AGENDA ITEM NO. XII.

Information Only
 Motion
 Resolution
 Executive Session
 Other

TOPIC

Precedent Agreement for Natural Gas Storage

DISCUSSION

Gas storage capability is needed for Chugach to economically and reliably meet its gas supply and deliverability requirements. Chugach has the opportunity to receive gas storage services from the Cook Inlet Natural Gas Storage Company Alaska, LLC (CINGSA).

The proposed CINGSA storage facility will have a total capacity of 11 billion cubic feet with initial injections of storage gas taking place by April 1, 2012 and withdrawals of gas taking place during the subsequent winter.

This resolution authorizes Chugach to enter into a Precedent Agreement for natural gas storage with CINGSA. This agreement will specify both storage provider (CINGSA) and storage customer (Chugach) precedents that must be satisfied for a Firm Storage Service (FSS) Agreement to be entered into by the parties.

Some examples of key precedents that must be satisfied for CINGSA include:

- The receipt by no later than January 31, 2011 of regulatory authorizations or approvals required to construct, own, and operate the storage facilities and effectuate the service proposed.
- Acquisition of necessary rights-of-way, leases, permits, etc.

- Receipt of executed binding Precedent Agreements from customers evidencing a minimum total capacity subscription.

Some examples of key precedents that must be satisfied for Chugach include:

- Receipt by January 31, 2011 of an RCA order approving CINGSA's Application for a Certificate of Public Convenience and Necessity.
- Receipt by January 31, 2011 of an RCA order approving Chugach's request for authorization to enter into a FSS Agreement and to recover all costs to be paid related to storage services.

MOTION

Move that the Operations Committee recommend the Board of Directors approve the attached resolution approving the Precedent Agreement with the Cook Inlet Natural Gas Storage Company Alaska, LLC.

RESOLUTION

WHEREAS, Chugach Electric Association, Inc. (Chugach) is interested in natural gas storage as a means to economically and reliably meet its future gas supply and deliverability requirements; and

WHEREAS, the Cook Inlet Natural Gas Storage Company Alaska, LLC. (CINGSA) is proposing to develop a gas storage facility with a capacity of 11 billion cubic feet; and

WHEREAS, both Chugach and CINGSA have conditions (precedents) that must be satisfied before a Firm Storage Services Agreement can be executed.

NOW THEREFORE, BE IT RESOLVED, Chugach shall enter into the attached Precedent Agreement with CINGSA that identifies the storage provider (CINGSA) and storage customer (Chugach) conditions that must be satisfied prior to entering into an agreement for gas storage services.

CERTIFICATION

I, Elizabeth Kennedy, 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 25th day of August, 2010; 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 25th day of August, 2010.

(Seal)

Secretary