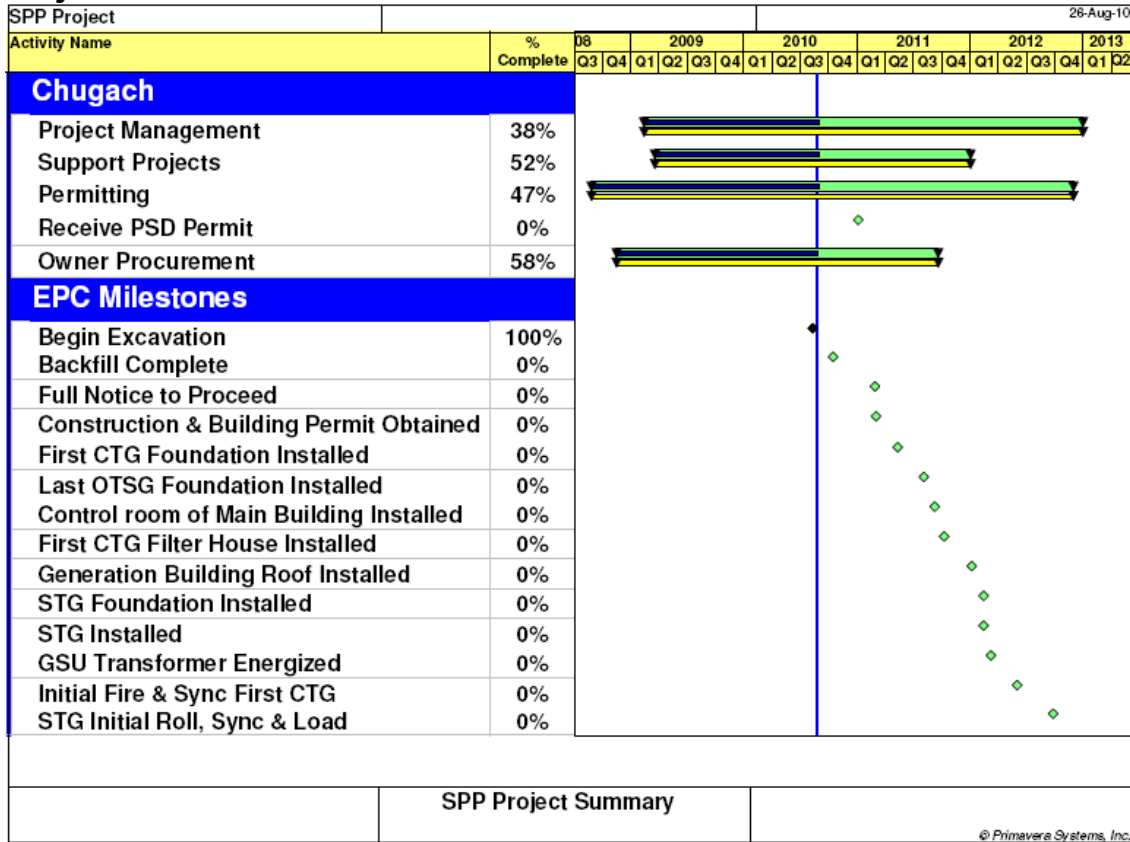


**Southcentral Power Project
Anchorage, Alaska**

August 31, 2010

Project Report, August 2010

Project Schedule



Costs

Costs (1,000's)	Pre-2009	2009	2010	2011	2012	TOTAL
Project Forecast			\$73,435	\$162,629	\$95,800	\$369,330
Project Actual	\$7,516	\$29,950	\$22,050	\$0	\$0	\$59,516
Chugach Forecast			\$41,249	\$131,187	\$59,355	\$255,950
Chugach Actual	\$5,861	\$21,092	\$15,598	\$0	\$0	\$42,551

- Forecasts include interest, escalation, and contingency amounts.
- Majority of costs in 2009 & 2010 have been payments for Major Equipment (CTGs, STG).
- Actual costs based on current information without month-end closing transactions.

August 2010 Events

Safety

A safety meeting was held on August 9th for key project staff just prior to the start of work at the SPP Site by GMC, the subcontractor selected by SNC-Lavalin to complete the excavation, grading, and fill work. Helicopter operations are being coordinated between Chugach Operations, the SPP Site Manager, and GMC. There have been no reported near misses, and a safety walk-through performed on August 26th resulted in no observed issues.

Days without a Lost Time

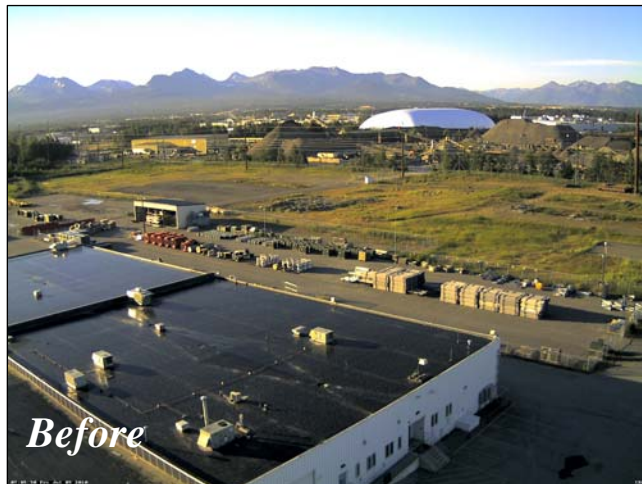
Accident: **730** (thru August 28, 2010)

Engineering, Procurement, and Construction

SNC-Lavalin and their subcontractor, GMC, began moving dirt on August 9th. GMC is expected to complete backfill and grading of the site by the end of September. Construction of permanent facilities will not occur until 2011. In the meantime, engineers and project management from the steam turbine manufacturer, boiler manufacturer, the EPC, Chugach, and ML&P met to coordinate plant and equipment design.

OTSG Purchase

Approvals were received in August from the Chugach Board and ML&P to execute a contract for the purchase of boilers, called Once Through Steam Generators, or “OTSGs”. These will be manufactured by Innovative Steam Technologies, which also provided a similar unit to Golden Valley at their North Pole power plant.



SPP site at the beginning and end of August 2010.

STG Shipment

The shipping contractor for the steam turbine generator (STG) was also approved by the Chugach Board and ML&P. This contract will be awarded to Panalpina, the company which also received the contract for shipment of the combustion turbine generators (CTGs).

Support Projects

In support of the SPP site preparation, Chugach's Operations Dept. has worked hard to clear the site of equipment and materials. These pieces have all been moved to the recently completed storage area just west of the Chugach Headquarters building.

In addition to design and construction at the SPP site, the Project will also complete a utility connection between the Chugach Headquarters building and the north side of SPP. This will carry water, sewer, and communications lines. Testing was performed by our subcontractor, Accel Fire Systems, and AWWU in August to ensure there will be an adequate water supply at the new power plant by measuring the release of water from a fire hydrant near the Headquarters building.

