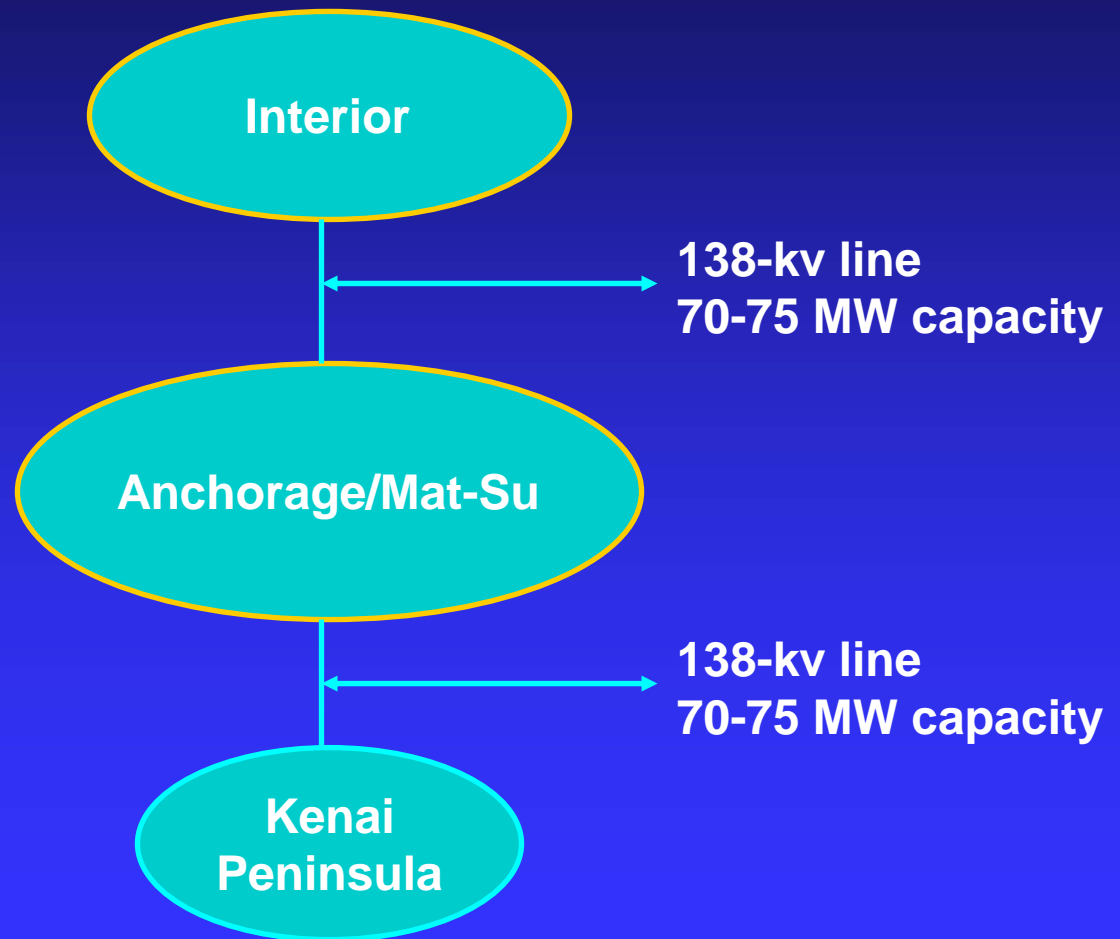


Railbelt overview

- Six not-for-profit electric utilities
 - ◆ Two municipal systems; four cooperatives
- 3 islands of supply and demand
 - ◆ Interior, Anchorage & Mat-Su, Kenai Peninsula
- Multiple sources of generation
 - ◆ Not all equal; base v. peak v. emergency
 - ◆ Hydro-thermal coordination
- Limited transmission network

The Railbelt grid



About Chugach

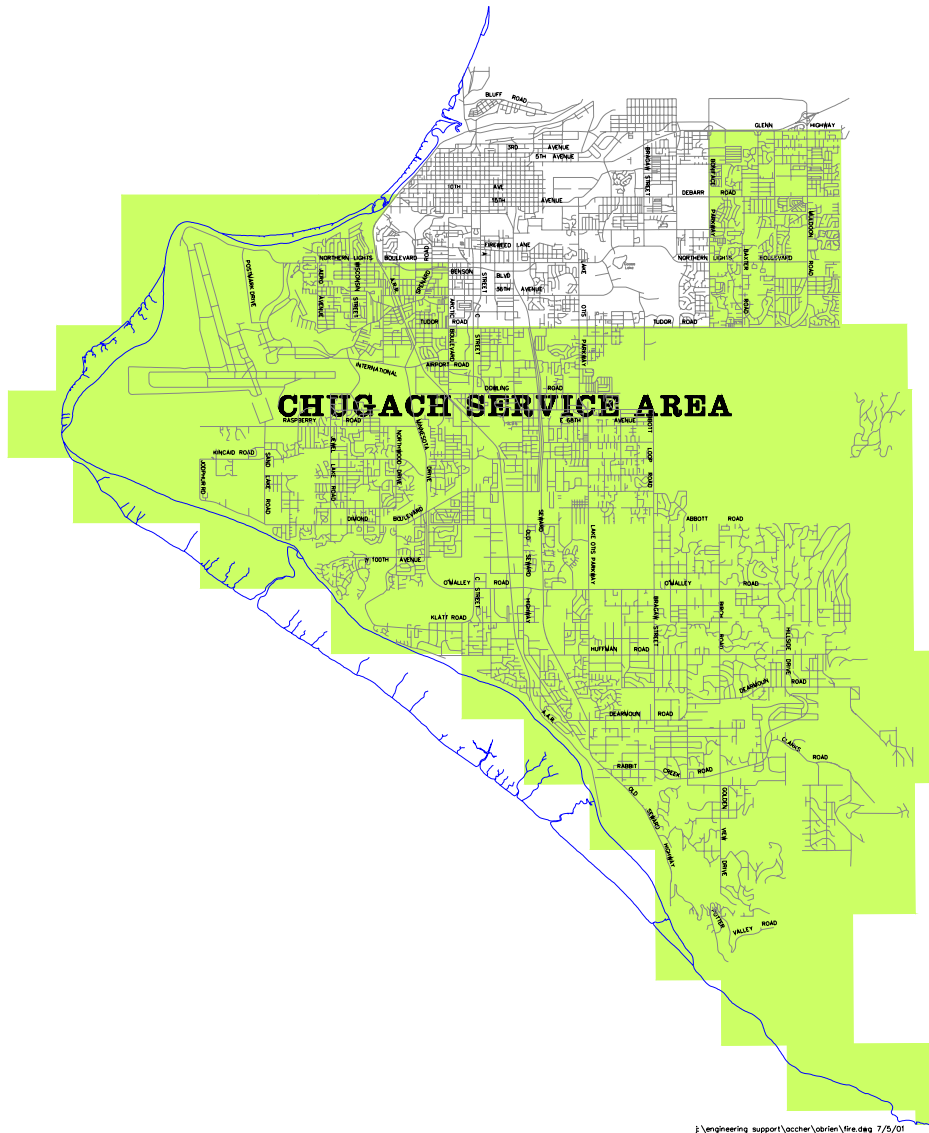
- Member-owned cooperative
 - ◆ 64,000 members; 79,000 metered locations
- Generation, transmission & distribution
 - ◆ 600 Mw of generation; 462 Mw peak load
 - ◆ 2,050 miles of transmission & distribution line
 - ◆ Kwh: about by 88% natural gas; 12% hydro
- Wholesale, retail, and economy energy sales
 - ◆ 2.8 B kwh
 - ◆ \$227 M in revenue in 2005

Chugach snapshot

- **Alaska's largest electric utility**
- **Vertically integrated**
 - ◆ **Generation, transmission & distribution functions**
- **Generation mix: 88% gas, 12% hydro**
- **Retail, wholesale & economy energy customers**
- **80,000 metered locations**
- **Rates driven largely by fuel costs**



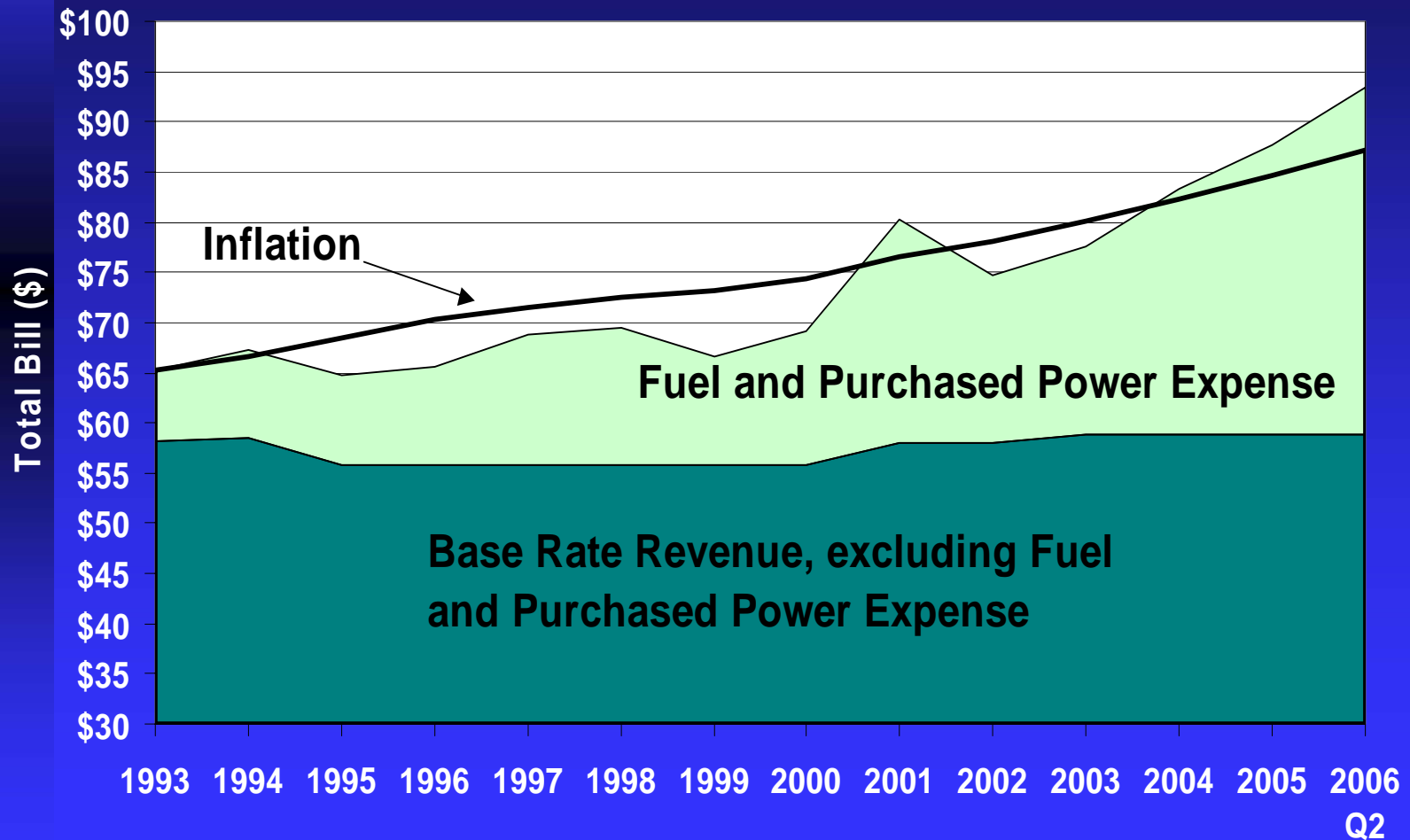




Fuel facts

- 4 suppliers
 - ◆ ConocoPhillips, Chevron, ML&P, Marathon
- Contracts for volume
 - ◆ Should last until 2010-2011
- Indexed to dampen price fluctuations
 - ◆ 3 indices; rolling 12 month average
- Costs per MWh are rising
 - ◆ \$85 M for fuel in 2005; \$42 M in 2000
 - ◆ Projected to be \$103 M in 2006

Residential bill by component based on 700 kWh consumption ~ 1993 – 2006 Q2



Chugach challenges

■ Fuel supply issues

- ◆ Rising prices lead to rising bills
- ◆ Limited supply under contracts; ongoing discussion
- ◆ How much, when, where and what price

■ Generation replacement

- ◆ Significant capital investments coming

■ Limited transmission network

■ Fair rates

Thinking ahead

- **Today**
 - ◆ Mostly gas-fired generation
- **Mid-range** (Today – 2020)
 - ◆ Probably still mostly gas-fired
- **The future** (~2020 and beyond)
 - ◆ More hydro?
 - ◆ Coal?
 - ◆ Gas?
 - ◆ Some renewable (5-10%)

Fire Island transmission line



Future projects under discussion

- ❖ Chakachamna Lake (hydro)
- ❖ Mt. Spurr (geothermal)
- ❖ Beluga (coal to liquids)
- ❖ Nikiski Agrium (coal gasification)
- ❖ Nikiski Chevron (tidal)
- ❖ Fire Island (wind)
- ❖ Anchorage (gas)
- ❖ Mat-Su (gas, coal, renewable)
- ❖ Healy area (wind)
- ❖ Healy Clean Coal project (coal)
- ❖ Emma Creek (coal)

