



Group evaluating gas import options

A group comprised of Southcentral utilities and a gold mine is evaluating options for importing natural gas to meet a projected gap between supply and demand in the coming years. Utility representatives, including Chugach managers, told the Regulatory Commission of Alaska at an Oct. 24 meeting that the group was moving forward on the project, seeking proposals for evaluation from prospective suppliers of either liquefied or compressed natural gas.

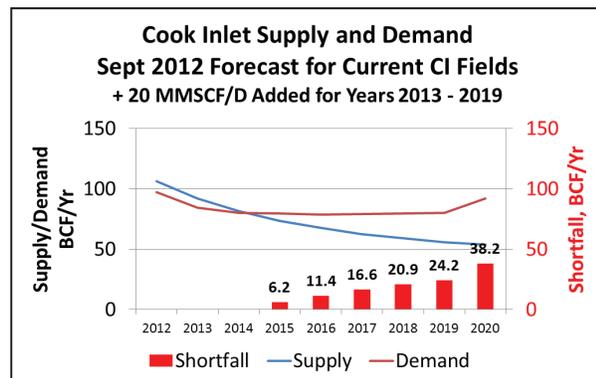
The problem is that natural gas production from Cook Inlet wells is declining as gas fields age. Compression and some new

wells have helped, but are not sufficient to ensure that production keeps pace with demand. A shortfall is expected by the winter of 2014-2015.

The analysis of the Cook Inlet natural gas situation has been done regularly for the utilities by Petrotechnical Resources Alaska. In its initial report released in March 2010, PRA noted that 185 successful new gas wells would need to be brought online in the next 10 years just to meet existing and projected utility demand. At a minimum, 13-14 successful new wells would be needed annually in the early years. In its most recent update to the study,

PRA highlighted that in fact only 5-6 new wells had come online in the past two years.

While recent tax incentives have helped spur exploration activity in the Cook Inlet basin, exploration does not equal production. It can take years to move from a successful exploration well to one that is adding gas to the regional transmission pipeline system.



A recent report indicates that production from Cook Inlet natural gas wells is expected to fall short of the needs of local utilities by the winter of 2014-2015

With the projected shortfall between supply and demand only two years away, the long-term gas supply working group is-

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SPP update



Construction and commissioning of the Southcentral Power Project is nearly complete. Commercial operation is expected in the first quarter of 2013.

Work underway to rebuild section of transmission line

Chugach has begun a project to rebuild a 15-mile section of a key regional transmission line between the Kenai Peninsula and Anchorage.

Chugach built the 90-miles of 115-kilovolt line to link its Cooper Lake hydroelectric project to Anchorage. The line was completed in 1962. Over the past 50 years the line has been subjected to the extremes of weather. It has also become a vital section of the regional transmission grid. The transmission line provides the only electrical path for hydro-power produced on the Kenai Peninsula to utilities and their customers to the north.

While the line was originally built to carry power from Chugach's then-17.2 megawatt Cooper Lake project, since 1991 it has also carried the output of the state-owned 120-Mw Bradley Lake hydro project. All six electric utilities in the Railbelt pay for and receive power from the Bradley Lake project.

As part of the rebuild, the line is being constructed at 230-kilovolt standards to provide for future growth and operating flexibility, although for the time being it will continue to be energized at 115-kv. During a series of unusual storms last winter many spans of

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Source: PRA Cook Inlet gas study - 2012 update

Annual Meeting and Election notes

Chugach's Annual Membership meeting will be held on Thursday, May 16, 2013 at the Dena'ina Civic & Convention Center.

Members may submit proposed bylaw changes to the Bylaws Committee until 5 p.m., Tuesday, Jan. 15, 2013.

Two directors will be elected to the Chugach board in the upcoming 2013 election. Members who are interested in either meeting with and being considered by the Nominating Committee or running by petition as a director candidate should call 762-4791 to

obtain a candidate packet. Candidate applications and resumes for the Nominating Committee's review must be received by 5 p.m., Friday, Feb. 15, 2013. The petition deadline is 5 p.m., Friday, Mar. 15, 2013.

Bylaw proposals or nominations should be submitted to:

Tom Schulman
PO Box 196300
Anchorage, AK 99519-6300
tom_schulman@chugachelectric.com

More information and forms may be found at www.chugachelectric.com or by calling 762-4791.

Transmission (cont'd from page 1)

wire in this area were stretched to the ground by a buildup of heavy ice. As a result, the design of the new line provides additional clearance above the ground.

The \$15 million project to rebuild the line from Ingram Creek near Turnagain Arm to Silvertip Creek near the Johnson Pass Campground is being funded by a state grant approved by the legislature and governor in 2011. The grant is being administered by the Alaska Energy Authority, with

Chugach serving as the project manager.

Clearing and site preparation began in November 2012. The project is scheduled for completion in November 2013. Poles and other materials will be stockpiled at several points along the route.

Skiers and snowmachiners are advised to be aware of the project and alert to construction materials and activities when in the area.

Gas (cont'd from page 1)

sued a call for proposals for imported supply to help meet that portion of the collective needs that Cook Inlet production cannot serve. Northern Economics has been hired by the group to analyze proposals and help the group come to an appropriate decision on which of the options makes the most sense for the region. A

decision is expected early in 2013.

The working group is comprised of representatives of ENSTAR Natural Gas Co., Chugach, Municipal Light & Power, Matanuska Electric Association, Homer Electric Association and the Donlin Creek gold mine.



Contact us

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Main number	563-7494
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Personnel policy: It is a policy of Chugach Electric Association, Inc., to recruit, hire, train, compensate and promote persons without regard to race, color, religion, national origin, sex, marital status, pregnancy, parenthood, disability, veterans status, age or any other classification protected by applicable federal, state, or local law. Chugach is also an equal opportunity/affirmative action employer. Current openings are posted on the employment page at <http://chugachelectricapplications.com>. Chugach only accepts applications for open vacancies.

The Chugach Outlet

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Monthly residential service costs (based on 650 kwh)

Customer charge/month	\$ 8.00
Energy charge \$0.06937 x kwh =	\$45.09
Fuel \$0.04919 x kwh =	\$31.97
Purchased power \$0.00759 x kwh =	\$ 4.93
FIW renewable energy adj. \$0.00174 x kwh =	\$1.13
<small>(Fuel, Purchased power and FIW renewable energy effective 10/1/12-12/31/12)</small>	
Subtotal	\$ 91.12
2% MOA Undergrounding Charge =	\$ 1.82
RCC \$0.000568 x kwh =	\$ 0.37
Total bill	\$93.31

Member number
hide-n-seek

Find your member number (in brackets) in the Outlet and get a \$100 credit on your electric bill. Call Chugach's service center at 563-7366 to claim your prize.

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Take note

In June, Chugach Members received billing statements with a new member account number.

Your member account number combination is needed when using our 24/7 payment line, phone number 762-7803 or for payments via the website at www.chugachelectric.com.

Additionally, if you use a bill payment service, please inform them of the new member account number. For further information, contact Member Services at 563-7366.

Rates update

Chugach began recovering the cost of power from the Fire Island wind project in October. The rates box at left includes this new charge, noted as "FIW renewable energy adj." This represents the cost difference of Fire Island renewable wind power compared to other generation.

More information about the Fire Island Wind Project and its impact on bills can be found on Chugach's website, www.chugachelectric.com. Click the Fire Island button on the left side of the home page for details.