

Chugach completes successful refinancing

Chugach has completed a \$275 million refinancing at historically low interest rates. The transaction closed on Jan. 21, following months of effort. The bonds carry a weighted average interest rate of 4.57 percent. Chugach will use the proceeds to pay off existing higher-interest debt as it comes due in 2011

and 2012, thereby lowering borrowing costs.

The refinancing comes at an opportune time when interest rates are lower than they have been in years. Working with its financial advisor, Chugach put together a financial program and 10-year capital spending

plan which its CEO and CFO presented to institutional investors at several locations in the Lower 48. The response was very positive, with 20 different investors subscribing to the offering.

Unlike those they are retiring, the new amortizing bonds will be secured by a first lien on sub-

stantially all of Chugach assets. Maturities vary from 20 to 30 years. The bullet debt which will be replaced pays interest rates ranging from 6.20-6.55 percent.

In advance of the refinancing, Chugach sought and received assurance from the Regulatory

See Refinance, page 2

Railbelt utilities form G&T

Five Railbelt electric utilities have joined together to create a new organization that will help plan, construct and operate key components of the regional

electric grid. The organization is called ARCTEC, short for the Alaska Railbelt Cooperative Transmission and Energy Company. It is a generation and

transmission cooperative organized under existing state law.

Chugach, Golden Valley Electric Association, Homer Electric

Association, Matanuska Electric Association and the Seward Electric System organized the G&T to provide a framework

See ARCTEC, page 2



The board of directors of ARCTEC, a newly formed generation & transmission cooperative, held its initial meeting at Chugach on Jan. 7.

Legislative priorities

The 2011 session of the 27th Legislature opened Jan. 18 and is scheduled to end 90 days later on April 17. As usual, Chugach will remain engaged with legislators and the administration on electric energy issues throughout the session. Below are some of the topics Chugach will be discussing.

Development of a Cook Inlet Resource Management Plan

Natural gas is vitally important to Southcentral Alaskans and the economy. Chugach uses natural gas from the Cook Inlet Basin to generate 90 percent of the kilowatt-hours it sells

annually, and concerns have been rising about the ability to meet utility needs. Recent studies have shown additional Cook Inlet gas is available, but that sustained and successful exploration and production is necessary for gas to continue to flow to consumers. Oversight is needed, and Chugach believes the governor's office is in the best position to take a comprehensive view of the situation, develop policies and ensure coordinated actions.

Support for a Susitna hydroelectric project

For the past few years Chugach

Chugach to offer electronic voting

Chugach is offering electronic voting to its members for the utility's spring election. The election packet mailing in late-April will include candidate and bylaw information and instructions on how to vote electronically. Electronic voting updates and information will be published in subsequent news-

letters. Be sure Chugach has your e-mail address by clicking on the link on the home page. Members will continue to have the option of voting by mail or in-person at the annual meeting May 26. This year's meeting will be held at the Dena'ina Civic & Convention Center.



Proposed Watana dam site on the Susitna River (graphic courtesy of AIDEA)

See Legislative, page 2

ARCTEC (cont'd from page 1)

for collective action on projects of mutual benefit. Each of the organizations has two seats on the 10-member board of directors. Chugach is represented by Director Rebecca Logan and CEO Brad Evans. {152447}

Another advantage of ARCTEC is its ability to prioritize capital project requests and speak

with a unified regional voice in Juneau.

ARCTEC was incorporated in December 2010. The organization held its first meeting on Jan. 7, where the board was formed, bylaws approved and legislative priorities discussed.

Legislative (cont'd from page 1)

has encouraged the state to take a renewed look at a right-sized project on the Susitna River. The legislature responded by providing appropriate funding for the Alaska Energy Authority to study not only Susitna, but other potential Railbelt hydro projects as well. In November, AEA released its conclusion that a site on the Susitna should be considered the primary hydro-electric project for the Railbelt. AEA concluded a 600-megawatt project could be developed in about 11 years, and could provide wholesale power to utilities for around 6 cents per kilowatt-hour – about equal to current costs for Chugach. Gov. Parnell has proposed \$65.7 million in the budget for AEA to conduct planning, design and permitting for a Susitna project. Chugach supports the proposed project and budget proposal and appreciates the efforts of the governor and legislators to move the project forward.

AEA restructuring

Chugach believes the Alaska Energy Authority needs to be able to build and own new projects, especially if it will be taking the lead on a Susitna hydro facility. The former Alaska Power Authority was able to successfully develop energy projects in the past that continue to benefit Alaskans today. In the Railbelt, these include the Alaska Intertie and the Bradley Lake hydro project.

Other items

Several other electric energy related topics will come before legislators this session, including capital budget requests, the creation of a project loan fund, net metering, and the periodic consideration of the Regulatory Commission of Alaska.

Annual meeting notes

Four directors will be elected to the Chugach board in the upcoming 2011 election. Applications and resumes for the Nominating Committee's review must be received by 5 p.m., Friday, March 4.

Members may also petition to have their names on the ballot. The petition deadline is 5 p.m., Friday, March 25.

Members should submit their candidate applications and petitions to Tom Schulman, P.O. Box 196300, Anchorage, AK 99519-6300. They may also be hand-delivered to Schulman at Chugach's headquarters located at 5601 Electron Drive. Candidate packets are available online at www.chugachelectric.com, or by calling 762-4791.

Refinance (cont'd from page 1)

Commission of Alaska that its significant expenditures associated with the construction of the new Southcentral Power Project would be recoverable in future rates. That action was noted by national ratings agen-

cies, and subsequently Standard & Poor's Ratings Services and Moody's Investors Service reaffirmed Chugach's credit ratings of "A-" and "A3", respectively.



Heavy snow loading on conductors and trees contributed to outages in Girdwood and Indian in late December.

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.

Contact us

| | |
|-----------------------------|----------------|
| Main number | 563-7494 |
| Toll free | (800) 478-7494 |
| Member Services | 563-7366 |
| Member Services fax | 762-4678 |
| 24-hour payment line | 762-7803 |
| Credit | 563-5060 |
| Power theft hotline | 762-4731 |
| Danger tree hotline | 762-7227 |
| Street light hotline | 762-7676 |
| Underground locates | 278-3121 |
| Regulatory Commission of AK | (800) 390-2782 |
| or | 276-6222 |
| To report a power outage | |
| In Anchorage | 762-7888 |
| Outside Anchorage | (800) 478-7494 |

Hours

5601 Electron Drive
(effective Sept. 27, 2010)
Monday - Friday
8 a.m. - 5 p.m.

The Chugach Outlet

A Publication of Chugach Electric Association, Inc.
5601 Electron Drive
P.O. Box 196300
Anchorage, Alaska 99519-6300

Corporate Mission: Through superior service, safely provide reliable and competitively priced energy.

Corporate vision: Powering Alaska's future

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://chugachelectric.applications.com>. Chugach only accepts applications for open vacancies.

Monthly residential service costs (based on 700 kwh)

| | |
|---|----------|
| Customer charge/month | \$ 8.00 |
| Energy charge \$0.070630 x kwh = | \$49.44 |
| Fuel \$0.042410 x kwh = | \$29.69 |
| Purchased power \$0.005160 x kwh = | \$ 3.61 |
| (Fuel & purchased power adjustments effective 1/1/11 - 3/31/11) | |
| Subtotal | \$ 90.74 |
| 2% MOA Underground Charge = | \$ 1.81 |
| RCC \$0.000552 x kwh = | \$ 0.39 |
| Total bill | \$92.94 |