



January - February 2004
Number 205

Chugach Electric Association

New substation and transmission line will improve service and reliability


The Chugach board approved two important South Anchorage transmission projects in December. They are the first two of three projects that, when completed, will provide increased strength and operating flexibility to the regional transmission system. They will also help ensure an adequate power supply for growth and reliability in South Anchorage.

The first of the two approved projects is a new bulk substation in South Anchorage. The cost is anticipated to be between \$11 million and \$14 million. Site work is expected to start in mid-summer 2004 with the substation construction scheduled

to begin in September or October. Chugach expects the substation to be completed in late 2005.

The second project the board approved is construction of a new transmission line linking the International Station to the new South Anchorage Substation. Chugach estimates the cost to be \$4 million to \$5 million. Chugach expects to begin the line construction in late summer 2004. The project should be completed by early summer 2005.

The total cost for these two projects is estimated at nearly \$20 million. Of that, Chugach expects to spend about \$15 million – or 75 percent of the dollars – within the local economy.

Chugach is currently proceeding with the design of the new substation and transmission line that will ultimately link Chugach's University Substation near Tudor Road and Bragaw Street and the International Station near Chugach's headquarters building off International Airport Road. 

Residential Service Costs

Customer charge	\$8.42/month
Energy charge	9.2820¢
Fuel adjustment	0.9360¢
Regulatory cost charge	0.0392¢
Total per kwh	10.2572¢

Chugach 2004 legislative issues

Chugach will be working with all levels of government this year on issues that affect electric service for Alaskans.

At the local level, Chugach will continue to work with community and neighborhood leaders on a variety of utility projects. Chugach has also been in discussions with Anchorage Assembly members and others on proposed revisions to the Municipality of Anchorage ordinance that governs the undergrounding of utility lines.

At the state level, Chugach has been working with the Energy Policy Task Force created by the Legislature to review issues associated with the growth and maintenance of a reliable power supply for Alaskans. In December the Task Force produced a report on the Railbelt. A report addressing the rest of the state is due to the Legislature by the end of March. Chugach will

be talking with legislators and the administration about issues that affect the regional power grid and safe, reliable, affordable power for Alaskans.

Two Chugach projects were approved for federal funding through the Denali Commission in 2004. One is a study of a transmission interconnection between Fire Island and the Railbelt grid that would make it possible to extend Chugach commercial service to customers on the island and connect an excellent wind power site to the grid. The other project is a study of whether some portions of the line that supply power to Hope could reasonably be moved closer to the road to shorten outages and improve service.

Chugach is engaged with officials at all levels of government in efforts to ensure a secure, reliable, affordable power grid for Alaskans and their economy now and into the future.

Message from Chugach

The Chugach Board of Directors and chief executive officer made a conscious decision to heighten safety awareness during 2003. The board, the executive staff, Chugach's safety manager and Chugach employees have worked hard to make safety a priority in the workplace. "The marked improvement in Chugach's safety statistics is evidence of this effort," said Chugach CEO Joe Griffith.

The safety statistics are presented to the board each quarter. One of the statistics in which we take great pride is the reduction of lost time injuries. In the past five years Chugach has reduced the number of employees having lost time injuries at work due to an accident. In 1999, 4.25 employees per hundred had lost time from their jobs due to an accident. The figure increased to 6.25 in 2000, but in 2003 that number decreased to 2.33 employees per hundred. This is the best record we've had in five years, and we're proud of the employees for being more aware and making Chugach a safer place to work.

Supervisors promote safety and are more aware of their accountability and responsibility to ensure the safety of their employees. Chugach also improved safety training for employees, updated course materials, employed a higher caliber of instructors and developed and implemented new safety procedures and programs.

In addition to a safety manager, Chugach also has a safety field person who makes site visits and conducts training. His visibility and safety support in the field gains compliance as employees become more alert to safety hazards.

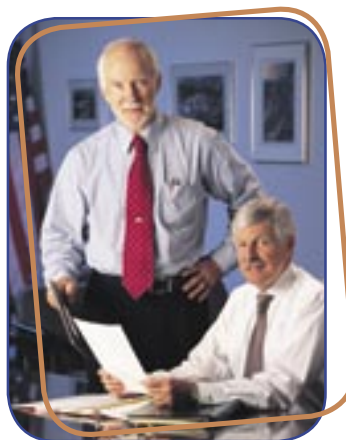
The Board of Directors set certain safety goals for our chief executive officer, and directed him to seek NRECA safety accreditation. Chugach has already begun to seek accreditation and anticipates receiving it by April 2004.

What are our goals for the future?

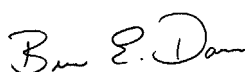
- To achieve safety accreditation
- To stay current with safety training
- To update and maintain safety resources such as our policies and procedures manuals and our safety handbook

The results of these efforts will be increased productivity, cost savings due to fewer incidents and lost time, and sustained improvement in our safety statistics. The added benefit is "nobody gets hurt."

Joe Griffith
Chief Executive Officer



Bruce Davison
Chairman of the Board



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Danger tree hotline 762-7227
Regulatory Commission of Alaska
(800) 390-2782 or 276-6222
To report a power outage
In Anchorage 762-7888
Outside Anchorage (800) 478-7494

Board activity

October through January meetings 2004

- Approved the 2004 operating and capital budgets.
- Approved formation of a Joint Action Agency.
- Authorized the Chief Executive Officer to withdraw from participating in the Southern Intertie and pursue recovery of funds expended but not yet reimbursed.
- Set record date of March 17 for annual meeting and election.

If you would like to review complete Board of Director meeting minutes or contact Board members, visit Chugach's web site at www.chugachelectric.com.

Hours

Service center:
5601 Minnesota Drive

Monday-Friday
8 a.m. - 6 p.m.

Saturday
9 a.m. - 5 p.m.

Switchboard:
Monday - Friday
8 a.m. - 11 p.m.

The Chugach Outlet
A Publication of Chugach Electric
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Anchorage, Alaska 99519-6300

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