

Southcentral Power Project under utility control

Project comes in ahead of schedule, under budget

After 22 months of construction, the new Southcentral Power Project is now under utility control. As of 11:59 p.m. on Jan. 31, Chugach accepted "care, custody and control" from SNC-Lavalin Constructors, the contractor hired to build the new power plant for two Anchorage-area utilities.

"I'm very proud of the work by Chugach staff and managers to bring this project to fruition on behalf of the two utilities and the thousands of consumers they serve," said Janet Reiser, chair of the Chugach Board of Directors.

The \$369 million project became operational well ahead of its scheduled June transfer date. Groundbreaking occurred in March 2011. At the height of construction more than 400 workers were on-site.

SPP is a joint project of Chugach and Municipal Light & Power. Chugach owns 70 percent of the plant and ML&P 30 percent. Those percentages set each utility's proportionate share for the fuel, expenses and output of the plant.

Under the terms of an agreement between the two utilities, Chugach will operate and dispatch the power from SPP on behalf of the joint owners. Although the utilities have been taking power from the project over the past few months during its testing and commissioning, they have now gained the ability

to schedule when and how the plant will be used to ensure maximum economy, efficiency and benefit to customers.

SPP is a very efficient, 183-megawatt, gas-fired power plant. It contains three natural gas-fired turbines and one steam turbine, each coupled with a generator. While the 48-Mw gas turbine-generators are capable of running independently, the plant will operate in "combined-cycle" mode most of the time.

In combined-cycle, the 800-degree hot exhaust of the gas turbines is used

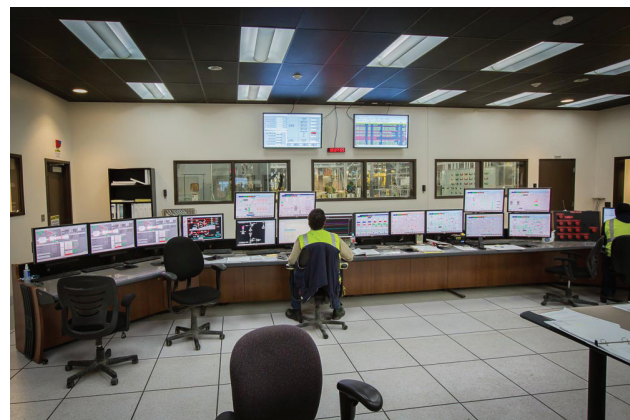
to make steam which powers the 39-Mw steam turbine-generator, thereby producing extra electricity with no additional fuel cost. Both Chugach and ML&P have operated combined-cycle units at their power plants for decades. While the technology is not new, the new machines are more efficient than those currently in use. SPP will use only about three-fourths of the natural gas to make a kilowatt-hour of electricity compared to the system average today. That efficiency will translate to significant savings in fuel for the customers of both utilities. Chugach alone estimates the new plant will cut its annual natural gas consumption by 3 billion cubic feet a year. At current prices, that amounts to an annual savings of more than \$15 million for Chugach customers.

The plant's efficiency will be

very helpful as the region grapples with the challenges of diminished production from existing Cook Inlet gas fields and concerns about the ability of the gas transmission system to deliver all the gas customers need at any given point in time.

"This project came in under budget, ahead of schedule and just in time to help relieve some of the pressure on the Cook Inlet natural gas supply," said Chugach CEO Brad Evans.

SPP was built on available land at Chugach's headquarters complex near Minnesota Drive and International Airport Road. Chugach



SPP's control center allows operators to monitor all systems from one location.

has operated a smaller natural gas-fired power plant there for nearly 50 years. The site was selected after considering several alternatives, in part because key infrastructure like roads, gas and electric transmission lines were already nearby. In conjunction with the project, a new transmission substation was constructed adjacent to the plant, and only short stretches of new transmission lines were necessary to tie the project into the grid.

RCA approves interim rates

The Regulatory Commission of Alaska has approved interim base rate increases to recover costs associated with the new Southcentral Power Project. In addition, the RCA also approved reductions to fuel rates reflecting SPP's efficiency improvements.

Due to SPP's efficiency, gas savings offset much of the cost of the new plant. However with today's relatively low gas prices, fuel savings do not completely cover the cost of the new facility. The com-

bined impact to retail members is a 4-7 percent increase in monthly bills. The new rates were effective Feb. 6.

For Chugach, new investment in generation was inevitable. Prior to building SPP, the last unit on the Chugach system was added in 1981. Chugach made the decision to invest in efficient new generation rather than pour tens of millions of dollars into equipment more than 30 years old.

Turnagain Pass line rebuild underway

A project to rebuild about 15 miles of transmission line through Turnagain Pass is well underway. Chugach took the 115-kilovolt line out of service on Feb. 1, with work scheduled to last until April 15. During the construction window, Chugach members up to Hope are being fed from generation on the Kenai Peninsula while those down to Portage and Whittier are being fed power from the north.

The work currently underway will rebuild the line from Turnagain Arm to Silvertip Creek. The \$15 million project is being funded with a state grant authorized in the 2011 legislative session. Chugach has proposed an additional grant for the 2014 state capital budget that would extend the rebuild to span the few miles between Silvertip Creek and the Hope Substation.

Consistent with recommendations from studies commissioned



New structures and wire will replace a 15-mile stretch of 50-year-old transmission line through Turnagain Pass.

by the Alaska Energy Authority, Chugach is rebuilding the 50-year old transmission line to 230-kv standards to prepare for a future regional grid energized at a higher voltage. While that won't happen until at least the entire 90 miles of line between Cooper Landing and the Anchorage Bowl is rebuilt – to include the substations along the route – there will be an immediate benefit to reliability.

With added clearance in some areas and overall stouter construction, the new section of line will be better able to withstand storms like those in the winter of 2011-2012 that pulled multiple spans of wire to the ground with heavy ice buildup.

Turnagain Pass is a popular area for winter recreation. Chugach has posted signs at parking areas cautioning users about the materials and machines involved in the construction project. For more information, contact the project engineer at 441-4510.

Coming soon - Take control of your energy usage

In the very near future, Chugach will provide a new feature for its members, allowing them to track energy use and develop an en-

ergy plan for their home. Energy tips will be available and interaction via social media will add a new dimension. {1217557}

Contact us

Hours	Monday - Friday 8 a.m. - 5 p.m.
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

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Corporate vision: Powering Alaska's future

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The Chugach Outlet

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Monthly residential service costs (based on 650 kwh)

Customer charge/month	\$ 8.00
Energy charge \$0.08472 x kwh =	\$55.07
Fuel \$0.03506 x kwh =	\$22.79
Purchased power \$0.01433 x kwh =	\$9.31
FIW renewable energy adj. \$0.00206 x kwh =	<u>\$1.34</u>
(Proposed Fuel, Purchased power and FIW renewable energy effective 2/6/13 - 3/31/13, subject to Regulatory Commission of Alaska approval)	
Subtotal	96.51
2% MOA Undergrounding Charge =	\$ 1.93
RCC \$0.000568 x kwh =	<u>\$ 0.37</u>
Total bill	\$98.81

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.

CHUGACH
POWERING ALASKA'S FUTURE

LevelPaySM

Avoid the ups and downs on your monthly bill. With LevelPay, you pay the same amount every month – even when your electric use rises, your monthly Chugach bill won't.

Payments are based on your average annual use. The LevelPay billing years starts with your May bill. To help avoid overpayment (or underpayment), we'll check your usage during the year and may adjust your monthly billing amount.

Log on to www.chugachelectric.com and click "For your Home," "LevelPay". For more information or to sign up, call Member Services at 563-7366 or 800-478-7494.

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.

Two directors will be elected to the Chugach board in the upcoming 2013 election.

The Nominating Committee process is closed, but members may petition to have their names on the ballot until 5 p.m., Friday, Mar. 15, 2013.

Chugach members who are interested in running as a director candidate by petition should call 762-4791 to obtain candidate packets for more information.

Director candidate forms for the petition process, as well as a copy of the current bylaws, can be found at www.chugachelectric.com.

Petitions should be submitted to:

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

Chugach's headquarters
5601 Electron Drive
Anchorage, Alaska