



SPP's efficiency paying dividends

The Southcentral Power Project exceeded projected savings in its first year of operations. Before Chugach took control of the plant on Jan. 31, 2013, it was estimated that the efficient new plant would save the cooperative's members more than \$15 million in avoided fuel purchases in its first year alone. With the year not yet over, through November those savings had already added up to \$21.7 million. The saving come from the gas used by SPP compared to what would have

been required by other units had the new plant not been available.

SPP is a joint project between Chugach (70 percent) and Municipal Light & Power (30 percent). The plant contains three gas turbine-generators and one steam turbine-generator. In a process known as "combined cycle", the hot exhaust from the gas turbines is used to turn water into steam for the steam turbine-generator.



While the efficient, new Southcentral Power Project has been running around-the-clock throughout the year, colder winter temperatures make the small amount of water in its emissions visible.

The plant makes a kilowatt-hour of electricity using only about three-fourths of the

natural gas of other units on the system.

RCA OK's additional gas supplier

The Regulatory Commission of Alaska has approved a natural gas supply contract between Chugach and Cook Inlet Energy. This provides another potential source of fuel for Chugach's gas-fired power plants. The Commission action in late November also approved recovering the costs of the contract in rates. {27776}

by Chugach to make power, presently accounting for about 88 percent of the power generated by the cooperative annually. Currently Chugach purchased gas for its power plants from both ConocoPhillips and Hilcorp. Chugach has gas contracts to meet its needs through March of 2018.

The Cook Inlet Energy contract provides a framework to add another supplier to the mix. Sales could begin as early as the second quarter of 2014.

The contract is good for 5 years, plus a possible 5-year extension. As with its other contracts, Chugach's agreement with Cook Inlet Energy sets prices for both base and swing gas. The price for base gas in the first year is \$6.12 per thousand cubic feet (MCF), rising to \$6.62 in year five. That price is lower than the \$7.13 per MCF Chugach will pay Hilcorp for gas beginning in 2015 under a recently approved contract.

Chugach's ability to take gas under the new contract depends upon the success of Cook Inlet Energy's drilling program and annual negotiations between the two organizations over volumes and deliverability.

After years of concerns about declining gas production, the Cook Inlet Basin has seen renewed activity by companies interested in exploration and production of natural gas.

Rates to rise after HEA leaves the system

After decades of wholesale power purchases, Homer Electric Association left the Chugach system when its contract terminated at the end of 2013. Losing HEA as a customer means fixed costs

will be distributed across less kilowatt-hours of sales. As a result, both retail and wholesale customers of Chugach will see rate increases beginning in January.

Sales to HEA helped pay for generation and transmission assets used to meet the combined requirements of Chugach's retail and wholesale customers. Matanuska Electric Association and the City

of Seward remain wholesale customers of Chugach, though MEA will also be leaving the system when its contract expires at the end of 2014.

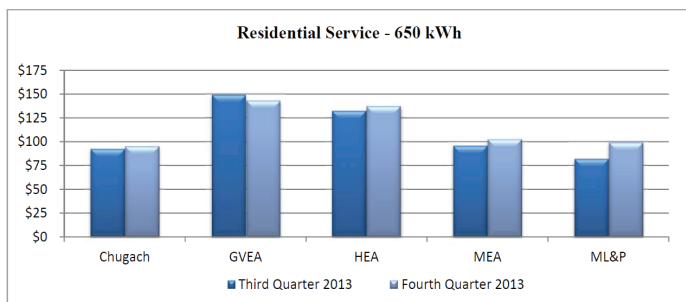
See Rates, page 2

Rates (cont'd from page 1)

Some things will reduce the impact of HEA leaving. Chugach sold HEA the Bernice Lake Power Plant in 2011, reducing costs. An agreement to use HEA's Nikiski generating unit will terminate with the wholesale contract. That will reduce gas and related purchased power costs and shift the remaining load to more efficient units – including the Southcentral Power Project. Consequently, the loss of HEA as a wholesale customer will reduce the fuel and purchased power charges paid by the remaining customers.

The reduced fuel charge will partially offset the increase in base rates. For the average Chugach residential customer the net effect will amount to an increase of about 6 percent on their monthly bill. Chugach's board of directors and management have taken every reasonable step identified to minimize the rate increase.

*Retail electric bill totals by utility
Third quarter 2013 vs. Fourth quarter 2013*



Annual meeting and election notes

Chugach's annual membership meeting will be held on Thursday, May 22, 2014 at the Dena'ina Civic & Convention Center.

Members may submit proposed bylaw changes to the Bylaws

committee until 5 p.m., Jan. 15.

Three directors will be elected to the Chugach board in the upcoming 2014 election. In 2013, members passed a bylaw changing board members' terms from three years to

four. As part of that transition, two directors will be elected to 4-year terms and one director to a 3-year term in 2014.

Members who are interested in either meeting with and being considered by the Nominat-

ing 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. 21, 2014.

Bylaw proposals or candidate 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 762-4177.

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	811
Regulatory Commission of AK	(800) 390-2782
or	276-6222
To report a power outage	
In Anchorage	762-7888
Outside Anchorage	(800) 478-7494

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://chugachelectricapplicants.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 \$0.09432 x kWh =	\$61.31
Fuel \$0.03807 x kWh =	\$24.75
Purchased power \$0.00881 x kWh =	\$5.73
FIW renewable energy adj. \$0.00239 x kWh =	\$1.55
<small>(Energy charge, Fuel, Purchased power and FIW renewable energy adjustment factors effective Jan. 1, 2014, subject to Regulatory Commission of Alaska approval)</small>	
Subtotal	101.34
2% MOA Undergrounding Charge =	\$ 2.03
Regulatory Cost Charge \$0.000578 x kWh =	\$ 0.38
Total bill	\$103.75

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.



Energy Emergency Preparedness



The communities of Southcentral Alaska all face hazards that can disrupt the supply and delivery of energy no matter the season. Whether caused by a natural disaster or mechanical failure, Southcentral utilities encourage residents to be prepared to deal with the consequences of a widespread disruption in energy by following these simple rules.

<input checked="" type="checkbox"/> Make a Kit	<input checked="" type="checkbox"/> Have a Plan	<input checked="" type="checkbox"/> Be informed
Be prepared to stay in place for 5-7 days.	Establish an out-of-town point of contact.	Know what radio station to tune into during an emergency.
Have a 5-7 day supply of food and water and other essentials (i.e. flashlights, extra batteries, battery-powered or hand-crank radio).	Make an emergency contact card for every member of your family. Remember, text messaging will often work when normal cell phone calls won't.	Know who to call. Once phone service is restored, it's important to know which agencies to contact to help restore services and to report damage.
Consider back-up generation.	Have a rally point outside your home for family members to meet.	If able, monitor local emergency management or services websites.
Prepare a Go-Kit in the event you need to evacuate (insurance policies, birth certificates, phone numbers and household inventory of valuable goods).	If you have school-age children, talk with school officials to make sure you understand the school's emergency procedures.	Remember to be energy smart and know the chart.

For more information on how to better prepare yourself and your community for emergencies and disasters, contact your local Emergency Management Office

Make a kit. Have a plan. Be informed.



A pilot program that helps you save energy and money.

For more information,
go to www.chugachelectric.com