

ELECTRONICALLY FILED WITH RCA

March 16, 2017

Regulatory Commission of Alaska
701 West Eighth Avenue, Suite 300
Anchorage, Alaska 99501-3469

Subject: *Tariff Advice No. 437-8; Firm and Interruptible Gas Sale and Purchase Agreement between Furie Operating Alaska, LLC and Chugach Electric Association, Inc.*

Commissioners:

In compliance with the Alaska Public Utilities Regulatory Act and 3 AAC 48.200 – 3 AAC 48.430 of the Alaska Administrative Code, Chugach Electric Association, Inc. (Chugach) submits for review and approval by the Regulatory Commission of Alaska (Commission) the Firm and Interruptible Gas Sale and Purchase Agreement between Furie Operating Alaska, LLC and Chugach Electric Association, Inc., which is included in this filing under **Appendix A** (Furie Agreement). Chugach also requests Commission approval to include gas purchases made under the Furie Agreement as a recoverable cost element in Chugach’s quarterly fuel and purchased power rate adjustment process. Chugach submits the following tariff sheets for approval:

<u>Tariff Sheet Number</u>		<u>Cancels Sheet Number</u>		<u>Schedule or Rule Number</u>
<u>Original</u>	<u>Revised</u>	<u>Original</u>	<u>Revised</u>	
94	142 nd Revision	94	141 st Revision	Fuel & Purchased
95	141 st Revision	95	140 th Revision	Power Cost Recovery
95.5	78 th Revision	95.5	77 th Revision	Schedules

In accordance with 3 AAC 52.470(e), in addition to the copy of the Furie Agreement attached as **Appendix A**, Chugach submits: 1) Load forecasting data which justifies the need for the contract (attached as **Appendix B**); and, 2) information that demonstrates the Furie Agreement is the most feasible means available for Chugach to meet the forecasted load. Chugach is also providing information establishing that the Furie Agreement satisfies the statutory public interest standard set forth in AS 42.05.141(d).

Chugach respectfully requests Commission approval of the Furie Agreement as a gas supply contract for interruptible purchases commencing on the day it is approved by the Commission and ending on March 31, 2033, for firm purchases beginning April 1, 2023 and ending on March 31, 2033; and approval to recover both interruptible and firm fuel costs as well as attendant transportation and storage charges through the quarterly fuel and purchased power cost adjustment process pursuant to 3 AAC 52.502(b). The attached Tariff Sheet Nos. 94, 95 and 95.5 have been modified to reflect the

inclusion of fuel costs associated with the Furie Agreement in the determination of Chugach's quarterly fuel and purchased power adjustment factors.

This filing is not for a new electric service nor will it result in the termination of an existing service or conflict with any other schedule or rate contained in Chugach's operating tariff. Approximately 68,200 retail members (80,950 meters) and the wholesale class of Seward Electric System are impacted by this filing. The annual charges for natural gas purchased under the Furie Agreement can be expected to range from zero to over \$35 million if certain options are exercised over the contract period. Chugach's 2017 revenues are projected to total approximately \$214.1 million. Chugach requests that the Commission approve the Agreement by May 1, 2017.

Summary of Furie Agreement

Pursuant to Section 4.3, the Furie Agreement must be approved by the Commission before either Seller or Buyer has any obligations under the Agreement. The term of the Furie Agreement begins upon Commission approval of the agreement and, unless earlier terminated under Section 4.3 or Article 8, terminates on March 31, 2033.

Chugach currently acquires firm gas supplies through its ownership interest in the Beluga River Unit (BRU)¹ and by purchasing gas under the Gas Sale and Purchase Agreement between Hilcorp Alaska, LLC (Hilcorp) and Chugach, dated July 1, 2013, as amended (Hilcorp Agreement).² Chugach's gas from its ownership interest in the BRU is currently expected to run through 2033 and its agreement with Hilcorp terminates on March 31, 2023. In addition to these firm supplies, Chugach also has gas supply agreements with Cook Inlet Energy, LLC through March 31, 2028 and AIX Energy, LLC through March 31, 2024, with an option to extend the term of the AIX Agreement an additional 5-year period through March 31, 2029. Collectively, under current projections, gas expected to be drawn from the BRU and purchased under the Hilcorp Agreement, supplemented as necessary by purchases under the Cook Inlet Energy, LLC and AIX Energy, LLC agreements, will allow Chugach to meet 100 percent of its gas requirements through March 31, 2023.

The Furie Agreement provides Chugach with both firm and non-firm gas supplies over a 16-year period, with firm purchases beginning on April 1, 2023, and ending on March 31, 2033, and interruptible gas purchases available to Chugach immediately upon Commission approval and ending on March 31, 2033.

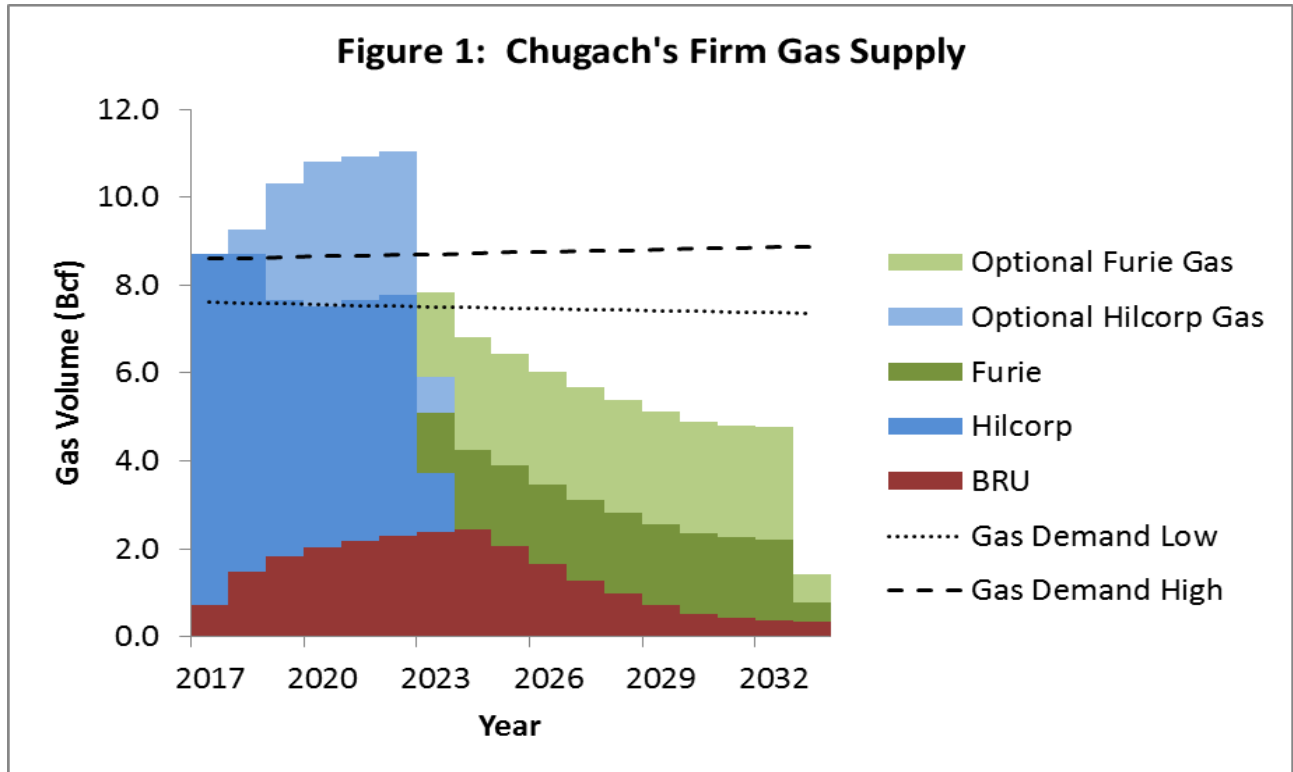
With respect to firm purchases beginning April 1, 2023, and continuing through March 31, 2033, Section 2.1(A) of the Furie Agreement provides an Annual Gas Commitment by Furie to sell and Chugach to purchase approximately 1.8 Bcf of gas each year during this period. This will provide approximately 20 to 25 percent of Chugach's gas requirements during this period. As in other recent

¹ The Commission approved the Purchase and Sale Agreement between ConocoPhillips Alaska, Inc. and Municipality of Anchorage d/b/a Municipal Light & Power and Chugach Electric Association, Inc., effective January 1, 2016 (U-16-012(14)).

² The Hilcorp Agreement was initially approved by the Commission in Letter Order No. L1300429, dated September 10, 2013, and most recently amended by the Third Amendment to the Hilcorp Agreement, which added additional gas volumes through March 31, 2023. The Third Amendment was approved by the Commission in Letter Order No. L1500442, dated September 8, 2015.

agreements,³ Section 2.1(C) gives Chugach the option to adjust the Annual Gas Commitment by 5 percent (upwards or downwards), which Chugach may exercise by providing a Minor Adjustment Notice. Section 2.1(D) of the Furie Agreement offers an additional option for Chugach to increase firm gas deliveries by up to 1.8 Bcf per Contract Year by providing an Option Gas Notice. Section 2.1(E) provides a further option for Chugach to purchase additional daily firm deliveries of up to 2,000 Mcf (or approximately 0.7 Bcf on an annual basis) beginning in Contract Year 7. These contractual provisions provide Chugach with significant flexibility to satisfy its gas requirements in years beyond the term of the current Hilcorp Agreement (and extending through the projected life of the BRU) at contract prices agreed to today.

Figure 1 below summarizes Chugach’s contracted for and projected BRU draws of natural gas against its requirements for generation to satisfy its native load from 2017 through 2033 (the top dashed line shows projected high usage, the lower dotted line shows projected low usage). Figure 1 shows that Chugach’s gas requirements are satisfied by a combination of gas drawn from BRU and purchased from Hilcorp and Furie through 2023.



After 2023, including the significant optional gas available to Chugach under the Furie Agreement, purchases from Furie can meet between 50 to 60 percent of Chugach’s firm gas requirements for the ten years beginning April 1, 2023.

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³ See, e.g., Section 2.3(A)(2) of the Hilcorp Agreement.

Table 1 below summarizes the minimum Annual and Daily Gas Commitment contained in the Furie Agreement for firm deliveries.

Table 1: Minimum Gas Commitments			
Contract Year	Dates	Annual Firm Commitment (Bcf)	Daily Rate (MMcfpd)
1	1/1/2017 through 3/31/2018	--	0
2	4/1/2018 through 3/31/2019	--	0
3	4/1/2019 through 3/31/2020	--	0
4	4/1/2020 through 3/31/2021	--	0
5	4/1/2021 through 3/31/2022	--	0
6	4/1/2022 through 3/31/2023	--	0
7	4/1/2023 through 3/31/2024	1.830	5.0
8	4/1/2024 through 3/31/2025	1.825	5.0
9	4/1/2025 through 3/31/2026	1.825	5.0
10	4/1/2026 through 3/31/2027	1.825	5.0
11	4/1/2027 through 3/31/2028	1.830	5.0
12	4/1/2028 through 3/31/2029	1.825	5.0
13	4/1/2029 through 3/31/2030	1.825	5.0
14	4/1/2030 through 3/31/2031	1.825	5.0
15	4/1/2031 through 3/31/2032	1.830	5.0
16	4/1/2032 through 3/31/2033	1.825	5.0

Firm deliveries are provided for Contract Years 7 through 16 at approximately 1.8 Bcf annually for total anticipated firm purchases for those 10 years of approximately 18 Bcf. At the specified Annual Gas Commitments and Daily Rates (i.e., without exercising any of the optional gas available to Chugach described above), the Furie Agreement would meet approximately 20 to 25 percent of Chugach’s projected natural gas needs for the 10 years of firm service (4/1/2023 – 3/31/2033).

As indicated in Table 2 below, the Furie Agreement provides interruptible purchases in Contract Years 1 through 16 at a minimum floor price of \$5.75 in year 1 to a minimum price of \$6.25 in Contract Year 16. The contract also provides an interruptible price ceiling during Contract Years 1 through 6 of 150 percent of the firm price for Contract Year 7, and, beginning in Contract Year 7, 150 percent of the applicable firm gas price in each of the subsequent Contract Years.

The initial price for firm Gas is \$7.16 per Mcf and escalates annually, rising to \$7.98 per Mcf in Contract Year 16. The effective annual price escalation from Contract Year 7 through Contract Year 16 is 1.2 percent. Assuming no changes in contractual volumes, Contract Year 7 firm purchases would total approximately \$13.1 million and would escalate to \$14.6 million in Contract Year 16. Chugach believes these prices are competitive with existing contracts during these time periods.

Table 2: Firm and Interruptible Gas Prices (\$ per Mcf)			
Contract Year	Dates	Firm Gas Price	Interruptible Price (floor)
1	1/1/2017 through 3/31/2018	--	\$5.75
2	4/1/2018 through 3/31/2019	--	\$5.75
3	4/1/2019 through 3/31/2020	--	\$6.00
4	4/1/2020 through 3/31/2021	--	\$6.00
5	4/1/2021 through 3/31/2022	--	\$6.00
6	4/1/2022 through 3/31/2023	--	\$6.00
7	4/1/2023 through 3/31/2024	\$7.16	\$6.00
8	4/1/2024 through 3/31/2025	\$7.29	\$6.00
9	4/1/2025 through 3/31/2026	\$7.42	\$6.00
10	4/1/2026 through 3/31/2027	\$7.55	\$6.25
11	4/1/2027 through 3/31/2028	\$7.69	\$6.25
12	4/1/2028 through 3/31/2029	\$7.73	\$6.25
13	4/1/2029 through 3/31/2030	\$7.77	\$6.25
14	4/1/2030 through 3/31/2031	\$7.85	\$6.25
15	4/1/2031 through 3/31/2032	\$7.93	\$6.25
16	4/1/2032 through 3/31/2033	\$7.98	\$6.25

Public Interest Statutory Standard for Review of Gas Contracts: AS 42.05.141(d)

The Alaska Legislature provided AS 42.05.141(d) to guide the Commission in its review of natural gas contracts. This provision reads as follows:

When considering whether the approval of a rate or a gas supply contract proposed by a utility to provide a reliable supply of gas for a reasonable price is in the public interest, the commission shall:

- (1) recognize the public benefits of allowing a utility to negotiate different pricing mechanisms with different gas suppliers and to maintain a diversified portfolio of gas supply contracts to protect customers from the risks of inadequate supply or excessive cost that may arise from a single pricing mechanism; and
- (2) consider whether a utility could meet its responsibility to the public in a timely manner and without undue risk to the public if the commission fails to approve a rate or a gas supply contract proposed by the utility.

Chugach has a strong history of pursuing gas sales agreements with multiple independent sellers in Cook Inlet (sometimes referred to as “Independents,” as opposed to the historically market-dominant “[oil] major” gas producers). The Furie Agreement represents a further milestone in this history; an agreement under which an Independent has agreed to provide a significant portion of Chugach’s gas needs on a Firm basis. This milestone follows the step Chugach took last year by acquiring its interest in the BRU. All of these steps have been focused on the goal of “allowing [Chugach] to negotiate different pricing mechanisms with

different gas suppliers and to maintain a diversified portfolio of gas supply contracts,” directly responsive to the Legislature’s instruction in AS 42.05.141(d).

The Furie Agreement, which provides the opportunity for Chugach to purchase gas on an interruptible basis in the near-term and a commitment for Furie to sell and Chugach to purchase gas in the period following the expiration of the Hilcorp Agreement (which currently provides the majority of Chugach’s gas), is consistent with Chugach’s efforts to develop various sources of natural gas to meet its short and long-term gas needs. The Furie Agreement makes a significant contribution to the supply portfolio Chugach is developing to assure it can satisfy its needs for future gas supplies, both on a firm and interruptible basis. The Furie Agreement represents the cornerstone of Chugach’s gas acquisition plan for the period following expiration of the current Hilcorp Agreement. Chugach will continue to seek additional gas supplies from other sellers, including Independents and Hilcorp, to ensure that the utility can “meet its responsibility to the public in a timely manner and without undue risk to the public.”

Load Forecasting Data and Most Favorable Means of Meeting Chugach’s Forecasted Load

A. Load Forecasting Data

Pursuant to 3 AAC 52.470(e)(2), Chugach submits its load forecasting data justifying the need for the Furie Agreement for the 2017 through 2033 period, as shown in **Appendix B**. Chugach does not have sufficient gas under its existing gas contracts or through its ownership interest in the BRU to meet these load requirements beginning in April 1, 2023. These Firm purchases will partially satisfy this otherwise unmet portion of Chugach’s need. The Furie Agreement also provides additional flexibility for Chugach to minimize its cost of gas to meet forecasted loads through exercising gas purchase options.

B. Most Feasible Means of Meeting Chugach’s Forecasted Load

To mitigate supplier risk and with a view towards keeping power prices for its members as low as possible, Chugach actively investigates other gas supply options, which includes discussions and negotiations with all gas suppliers in the Cook Inlet Region, including Independents. As a result of these efforts, Chugach has several alternative gas supply arrangements in place which provides significant flexibility to meet gas supply requirements. These agreements ultimately provide Chugach with increased diversification in its gas supply portfolio and the opportunity to lower the cost of gas to members if market conditions allow. This structure helps Chugach meet its forecasted load by capitalizing on opportunities to lower cost.

The Furie Agreement is a product of these efforts to increase supplier diversity and to maximize price and volume flexibility while being mindful of Chugach’s obligations to the members it serves. As noted above, these efforts are directly responsive to the Legislature’s statutory directive in AS 42.05.141(d). The Furie Agreement is another key piece of Chugach’s efforts to meet its long-term forecasted load. Chugach has and will continue to pursue agreements for gas purchases with other suppliers; while this process is on-going, the Furie Agreement provides an opportunity for Chugach to agree today to acquire a significant portion of its currently-unmet gas needs in the period post-

2023. The Furie Agreement is thus the most feasible means currently available to Chugach to meet the unmet portion of its gas requirements for that period.

Cost Recovery: Quarterly Fuel and Purchased Power Adjustment Process

Chugach is requesting Commission approval to include the cost of gas purchases, transportation and storage arising under, or in relation to, the Furie Agreement as a new cost element for recovery in Chugach's fuel and purchased power cost adjustment process.

Alaska Administrative Code Section 3 AAC 52.502(a) permits utilities to add cost elements for recovery through the quarterly fuel and purchased power cost recovery mechanism outside a general rate case process provided: 1) the cost element is subject to change at a rate that would cause financial harm to the utility if the costs were recovered exclusively in base rates; 2) the costs are beyond the control of the utility; and 3) the costs are easily verifiable.

Subject to Change at a Rate That Would Cause Financial Harm

The Furie Agreement provides for gas purchases on both an interruptible and firm basis with options to adjust firm purchase requirements by up to 5 percent. A 5 percent increase or decrease in firm volumes translates to an approximate \$0.7 million change in annual cost. In addition, Chugach has negotiated for and may desire to exercise its Option Gas and Additional Daily Gas rights. A 5,000 Mcf per day Option Gas increase represents between a \$13.1 million to a \$14.6 million change in annual cost and a further 2,000 Mcf per day Additional Daily Gas increase represents between a \$5.2 million to a \$5.8 million additional change in annual cost (in each case based on the Contract Year 7 and the Contract Year 16 gas prices). Finally, there are no limitations on gas volume requirements on interruptible gas, such that the attendant variability could be large depending on the volumes purchased in relation to Chugach's needs and/or market opportunities.

The actual amount of firm and interruptible gas purchased by Chugach under the Furie Agreement may vary from month-to-month because of abnormal weather, variable hydroelectric production, or the availability of generation and transmission assets. The occurrences of this variability are numerous and impossible to predict; each could vary in ways that materially impact how much gas Chugach purchases under the Furie Agreement. In addition, as a matter of ratemaking policy and consistency in the recovery of costs, the recovery of all fuel and purchased power costs through the quarterly fuel and purchased power rate adjustment process provides for added transparency in Chugach's underlying cost structure.

Chugach is planning to purchase a significant amount of gas under the Furie Agreement and managing these purchases requires that the interconnected generation, transmission, gas transportation, and gas storage systems function predictably. Any variation from what is predicted could have a material, negative impact if the cost of purchases under the Furie Agreement were recovered exclusively in base rates. The extent of the impact would depend on the variability in costs described above that may be incurred during any given period in relation to the cost levels included in base rates.

Chugach's system production, transmission and distribution ratemaking margins total \$7 million based on Chugach's December 31, 2016 test year informational Simplified Rate Filing submitted to

the Commission on March 1, 2017. Chugach's current authorized Times Interest Earned Ratio (TIER) for production related activity is 1.10, which provides about \$1.3 million of annual margins. In 2017, Chugach expects to purchase interruptible gas in excess of \$1.5 million under the Furie Agreement, with annual interruptible amounts of approximately \$0.2 million per year through 2022. Firm purchases begin April 1, 2023 and extend through March 31, 2033, with minimum purchases totaling approximately \$11.5 million per year with annual options to adjust the annual purchase amount. The magnitude of predicted (but not certain) monthly expenditures, particularly in comparison to Chugach's authorized and planned margins, makes recovery of these amounts exclusively in base rates not only impractical but certainly potentially harmful to the utility.

If these costs were not recovered through the fuel and purchased power rate adjustment process, the changes in cost and the corresponding delay, even under the Simplified Rate Filing process, could have a direct negative impact on current year operating margins.

Beyond the Control of the Utility

Purchases under the Furie Agreement include both firm and interruptible gas volumes, with prices and volumes for firm service established under contract, with options for changes in purchase amounts. For interruptible purchases, the specific prices and volumes are to be negotiated at the time of the transaction. Moreover, such purchases are interruptible by Furie as well as by Chugach, so a planned interruptible purchase may not be fully completed. All of Chugach's gas purchases under the Furie Agreement (firm and interruptible) are somewhat dependent, to varying degrees and at varying times, on third parties to provide necessary services (e.g., gas transportation and storage). The costs Chugach will incur in relation to such purchases are clearly outside its control.

Operational decisions, by both Chugach and by various third parties, can materially impact Chugach's annual gas demand and cost levels. Accordingly, as a practical matter, the final actual costs arising under the Fuire Agreement are not within Chugach's control.

Easily Verifiable

Section 7.1 of the Furie Agreement provides for monthly invoices to be delivered to Chugach by the fifteenth (15th) business day in each month. Each invoice will show the total volume of gas delivered, the applicable gas sales price, the total amount due, and any corrections for the months prior to the invoice date.

Chugach will include all invoices as supporting documentation in its quarterly fuel and purchased power rate adjustment process, as well as summary of the amount of gas purchased, its cost and any related costs of transporting and/or storing such gas, and the location of the power plant where the gas was used. This supporting information is identical with the type of information that Chugach currently provides in support of its quarterly adjustment clause costs.

Description of Tariff Sheet Changes

Tariff Sheet Nos. 94, 95 and 95.5: A new line has been added to each power plant (Beluga, IGT and the Southcentral Power Plant) to reflect the addition of the Furie Agreement as a recoverable cost element through the fuel and purchased power rate adjustment process for the May 2017 through March 2033 period.

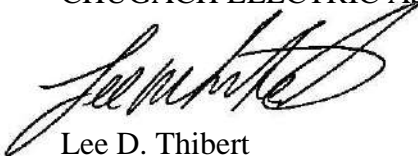
Summary

Chugach respectfully requests that the Commission approval of the Furie Agreement as a gas supply contract for interruptible purchases commencing on the day it is approved by the Commission and ending on March 31, 2033, for firm purchases beginning April 1, 2023 and ending on March 31, 2033; and approve the recovery of both interruptible and firm fuel costs as well as attendant transportation and storage charges through the quarterly fuel and purchased power cost adjustment process pursuant to 3 AAC 52.502(b).

Please contact Arthur Miller in Chugach's Regulatory and External Affairs Department at (907) 762-4758 or Arthur_miller@chugachelectric.com if any additional information is needed for this review.

Sincerely,

CHUGACH ELECTRIC ASSOCIATION, INC.



Lee D. Thibert
Chief Executive Officer
P.O. Box 196300
Anchorage, Alaska 99519-6300
Telephone: 907-762-4747
Facsimile: 907-762-4514
Lee_thibert@Chugachelectric.com

Attachments

cc: John Foutz, City of Seward

Canceling

Chugach Electric Association, Inc.

FUEL AND PURCHASED POWER ADJUSTMENT FACTORS AT G&T

e.1. Fuel Adjustment Factor: Predicted costs for the quarter beginning April 1, 2017


Description	Total	Retail	Seward
Fuel Expense			
Beluga-BRU (Chugach)	\$117,241	\$110,771	\$6,470
AIX Energy, LLC (4/2016-3/2024)	\$0	\$0	\$0
Hilcorp Alaska, LLC (1/2015-3/2023)	\$3,020,126	\$2,853,456	\$166,670
Cook Inlet Energy (2014-3/2023)	\$413,139	\$390,339	\$22,800
Furie (5/2017 - 3/2033)	\$0	\$0	\$0 N
IGT - BRU (Chugach)	\$0	\$0	\$0
AIX Energy, LLC (4/2016-3/2024)	\$0	\$0	\$0
Hilcorp Alaska, LLC (1/2015-3/2023)	\$0	\$0	\$0
Cook Inlet Energy (2014-3/2023)	\$0	\$0	\$0
Furie (5/2017 - 3/2033)	\$0	\$0	\$0 N
SPP - BRU (Chugach)	\$392,466	\$370,808	\$21,659
AIX Energy, LLC (4/2016-3/2024)	\$0	\$0	\$0
Hilcorp Alaska, LLC (1/2015-3/2023)	\$7,108,684	\$6,716,381	\$392,303
Cook Inlet Energy (2014-3/2023)	\$915,019	\$864,522	\$50,497
Furie (5/2017 - 3/2033)	\$0	\$0	\$0 N
Emergency Generator Fuel	\$0	\$0	\$0
CINGSA - FSS Capacity and Withdrawal Fees	\$1,228,543	\$1,160,744	\$67,799
CINGSA - ISS Capacity and Withdrawal Fees	\$0	\$0	\$0
CINGSA - Gas Withdrawn	\$1,316	\$1,243	\$73
Gas Transportation and Compression	\$994,052	\$939,194	\$54,858
Total Fuel and Transportation Expense	\$14,190,586	\$13,407,457	\$783,129
Less Credits			
Economy Fuel / Transportation Costs	\$0	\$0	\$0
Economy Margins	\$0	\$0	\$0
Gas Exchange Contributions	\$0	\$0	\$0
Wheeling Revenue	(\$400,808)	(\$378,689)	(\$22,119)
Subtotal	(\$400,808)	(\$378,689)	(\$22,119)
Net Fuel Expense	\$13,789,778	\$13,028,769	\$761,009
Generation & Purchases (MWh)	266,780.0	252,568.7	14,211.3
Cost per MWh at Generation	\$51.69	\$51.59	\$53.55
Projected Balances as of June 30, 2017	\$94,739	\$94,739	\$0
Fuel Expense to be Recovered at G&T	\$13,884,517	\$13,123,508	\$761,009
Predicted Sales at G&T (MWh)	260,491.7	246,615.4	13,876.4
Fuel Adjustment Factor per kWh at G&T	\$0.05330	\$0.05321	----*

* Not calculated. Seward is billed for actual fuel and purchased power costs on a monthly basis.

Tariff Advice No.: 437-8

Effective:

Issued by: Chugach Electric Association, Inc.
P.O. Box 196300, Anchorage, Alaska 99519-6300

By: 

Lee D. Thibert

Title: Chief Executive Officer

Canceling

Chugach Electric Association, Inc.

FUEL AND PURCHASED POWER COST ADJUSTMENT FACTORS

f. 1. Actual fuel costs for the quarter ending December 31, 2016

Description	Total	Retail	Seward
Fuel Adjustment Factor Balance as of September 30, 2016	(\$1,743,316)	(\$1,743,316)	\$0
Fuel Balance for Quarter Ending December 31, 2016			
Beluga - ConocoPhillips (5/2009-12/2016)	\$156,591	\$149,723	\$6,867
BRU (Chugach)	\$547,714	\$523,610	\$24,104
AIX Energy, LLC (4/2016-3/2024)	\$13,702	\$13,077	\$625
Hilcorp Alaska, LLC (1/2015-3/2023)	\$2,460,769	\$2,352,895	\$107,874
Cook Inlet Energy (2014-3/2023)	\$0	\$0	\$0
Furie (5/2017 - 3/2033)	\$0	\$0	\$0 N
IGT - ConocoPhillips (5/2009-12/2016)	\$0	\$0	\$0
BRU (Chugach)	\$0	\$0	\$0
AIX Energy, LLC (4/2016-3/2024)	\$0	\$0	\$0
Hilcorp Alaska, LLC (1/2015-3/2023)	\$0	\$0	\$0
Cook Inlet Energy (2014-3/2023)	\$0	\$0	\$0
Furie (5/2017 - 3/2033)	\$0	\$0	\$0 N
SPP - ConocoPhillips (5/2009-12/2016)	\$429,298	\$410,599	\$18,699
BRU (Chugach)	\$1,451,812	\$1,388,307	\$63,505
AIX Energy, LLC (4/2016-3/2024)	\$92,438	\$88,173	\$4,265
Hilcorp Alaska, LLC (2015 - 2023)	\$6,530,443	\$6,245,822	\$284,621
Cook Inlet Energy (2014-3/2023)	\$0	\$0	\$0
Furie (5/2017 - 3/2033)	\$0	\$0	\$0 N
CINGSA - FSS Capacity and Withdrawal Fees	\$1,373,960	\$1,313,956	\$60,004
CINGSA - ISS Capacity and Withdrawal Fees	\$0	\$0	\$0
CINGSA - Gas Withdrawn	\$2,997,172	\$2,867,969	\$129,203
Gas Transportation and Compression	\$1,368,359	\$1,308,521	\$59,838
Adjustment	\$95,360	\$91,244	\$4,116
Total Fuel and Transportation Expense	\$17,517,617	\$16,753,896	\$763,721
Less Credits			
Economy Fuel / Transportation Costs	(\$561,000)	(\$536,236)	(\$24,764)
Economy Margins	(\$255,315)	(\$244,034)	(\$11,281)
Gas Exchange Contributions	(\$145,704)	(\$139,427)	(\$6,277)
Wheeling Revenue	(\$1,777,962)	(\$1,700,225)	(\$77,737)
Subtotal	(\$2,739,981)	(\$2,619,922)	(\$120,059)
Net Fuel Expense	\$14,777,635	\$14,133,974	\$643,662
Generation & Purchases (MWh)	350,139	335,575	14,564
Cost per MWh at Generation	\$42.21	\$42.12	\$44.20
Total Fuel Cost Recovery	\$12,424,931	\$11,781,269	\$643,662
Quarter Balance	\$2,352,704	\$2,352,705	\$0

Tariff Advice No.: 437-8

Effective:

Issued by: Chugach Electric Association, Inc.
P.O. Box 196300, Anchorage, Alaska 99519-6300



By: Lee D. Thibert

Title: Chief Executive Officer

Canceling

Chugach Electric Association, Inc.

SUMMARY OF ACTUAL AND PROJECTED FUEL AND PURCHASED POWER COSTS

Description	Actual - Quarter Ended December 2016			Projected - Quarter Ended June 2017		
	Volume ¹	Unit Cost	Total Cost	Volume	Unit Cost	Total Cost
Fuel Expense						
Beluga - ConocoPhillips (5/2009-12/2016)	57,782	\$2.71	\$156,591	0	\$0.00	\$0
BRU (Chugach)	164,836	\$3.32	\$547,714	19,939	\$5.88	\$117,241
AIX Energy, LLC (4/2016-3/2024)	2,151	\$6.37	\$13,702	0	\$0.00	\$0
Hilcorp Alaska, LLC (1/2015-3/2023)	331,640	\$7.42	\$2,460,769	391,208	\$7.72	\$3,020,126
Cook Inlet Energy (2014-3/2023)	0	\$0.00	\$0	0	\$0.00	\$413,139
Furie (5/2017 - 3/2033)	0	\$0.00	\$0	0	\$0.00	\$0 N
IGT - ConocoPhillips (5/2009-12/2016)	0	\$0.00	\$0	0	\$0.00	\$0
BRU (Chugach)	0	\$0.00	\$0	0	\$0.00	\$0
AIX Energy, LLC (4/2016-3/2024)	0	\$0.00	\$0	0	\$0.00	\$0
Hilcorp Alaska, LLC (1/2015-3/2023)	1,009	\$0.00	\$0	0	\$0.00	\$0
Cook Inlet Energy (2014-3/2023)	0	\$0.00	\$0	0	\$0.00	\$0
Furie (5/2017 - 3/2033)	0	\$0.00	\$0	0	\$0.00	\$0 N
SPP - ConocoPhillips (5/2009-12/2016)	158,412	\$2.71	\$429,298	0	\$0.00	\$0
BRU (Chugach)	446,179	\$3.25	\$1,451,812	66,746	\$5.88	\$392,466
AIX Energy, LLC (4/2016-3/2024)	14,511	\$6.37	\$92,438	0	\$0.00	\$0
Hilcorp Alaska, LLC (1/2015-3/2023)	880,114	\$7.42	\$6,530,443	920,814	\$7.72	\$7,108,684
Cook Inlet Energy (2014-3/2023)	0	\$0.00	\$0	0	\$0.00	\$915,019
Furie (5/2017 - 3/2033)	0	\$0.00	\$0	0	\$0.00	\$0 N
CINGSA - FSS Capacity and Withdrawal Fees	---	\$0.00	\$1,373,960	0	\$0.00	\$1,228,543
CINGSA - ISS Capacity and Withdrawal Fees	0	\$0.00	\$0	0	\$0.00	\$0
CINGSA - Gas Withdrawn	408,501	\$7.34	\$2,997,172	106,113	\$0.01	\$1,316
Gas Transportation and Compression	0	\$0.00	\$1,368,359	0	\$0.00	\$994,052
Adjustment	55,040	\$1.73	\$95,360	0	\$0.00	\$0
Subtotal	2,520,175	\$6.95	\$17,517,617	1,504,820	\$9.43	\$14,190,586
Purchased Power Expense						
Bradley Lake Purchases, MWh	32,618	\$36.68	\$1,196,595	34,806	\$44.08	\$1,534,152
Total FIW Renewable Resource Expense	14,158	\$97.68	\$1,382,983	9,265	\$96.99	\$898,657
Purchases from Other Utilities	10,690	\$51.74	\$553,067	0	\$0.00	\$1,874,227
Non-Utility Generation	197	\$40.61	\$7,992	15	\$35.00	\$525
Other Purchases, MWh	0	\$0	(\$46,721)	60,003	\$0.00	\$56,763
Subtotal	57,663	\$53.65	\$3,093,915	104,089	\$41.93	\$4,364,324
Total Fuel & Purch. Power Expense	---	---	\$20,611,532	---	---	\$18,554,910

¹ Fuel volumes from invoice.

Tariff Advice No.: 437-8

Effective:

Issued by: Chugach Electric Association, Inc.
P.O. Box 196300, Anchorage, Alaska 99519-6300



By: Lee D. Thibert

Title: Chief Executive Officer