



CHUGACH ELECTRIC ASSOCIATION, INC.  
ANCHORAGE, ALASKA

OPERATIONS COMMITTEE MEETING

AGENDA

Jim Nordlund, Chair  
Dan Rogers, Vice Chair  
Sisi Cooper, Director

Bettina Chastain, Director  
Mark Wiggin, Director

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**January 29, 2025**

**4:00 P.M.**

**Chugach Board Room**

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- I. CALL TO ORDER *(4:00 p.m.)*
  - A. *Roll Call*
- II. APPROVAL OF THE AGENDA\* *(4:05 p.m.)*
- III. APPROVAL OF THE MINUTES\* *(4:10 p.m.)*
  - A. *October 09, 2024 (Slocum)*
- IV. PERSONS TO BE HEARD *(4:15 p.m.)*
  - A. *Member Comments*
- V. NEW BUSINESS *(scheduled) (4:25 p.m.)*
  - A. *Legislative Update (Baker) (4:25 p.m.)*
  - B. *Line Clearing Cost Analysis (Laughlin) (4:35 p.m.)*
- VI. EXECUTIVE SESSION\* *(scheduled) (4:50 p.m.)*
  - Recess (20 minutes)
  - A. *Gas Supply Update, Subject to NDA (Rudeck/Herrmann/Armfield/Gerlek) (5:10 p.m.)*
  - B. *Collective Bargaining Update (Menefee/Millen/Clarkson/Bidwell) (7:00 p.m.)*
- VII. NEW BUSINESS *(none)*
- VIII. DIRECTOR COMMENTS *(7:50 p.m.)*
- IX. ADJOURNMENT\* *(8:00 p.m.)*

\* *Denotes Action Items*

\*\* *Denotes Possible Action Items*

**CHUGACH ELECTRIC ASSOCIATION, INC.**  
**Anchorage, Alaska**

**October 9, 2024**  
**Wednesday**  
**4:00 p.m.**

**OPERATIONS COMMITTEE MEETING**

Recording Secretary: Heather Slocum

**I. CALL TO ORDER**

Chair Nordlund called the Operations Committee meeting to order at 4:01 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

*A. Roll Call*

*Committee Members Present:*

Jim Nordlund, Chair *(via teleconference)*

Sisi Cooper, Director

Bettina Chastain, Director *(via teleconference)*

Dan Rogers, Director

Mark Wiggin, Director *(via teleconference)*

*Board Members Present:*

Susanne Fleek-Green, Director

Rachel Morse, Director *(via teleconference)*

*Guests and Staff Attendance*

*Present:*

Arthur Miller

Dan Hermann

Steve Gerlek, Consultant

Andrew Laughlin

Julie Hasquet

Bart Armfield, Consultant

Matthew Clarkson

Trish Baker

Bill Herman, Member

Sherri Highers

Josh Travis

Bernie Smith, Member

Allan Rudeck

Dean Ratliff

*Via Teleconference:*

Stephanie Huddell

Whitney Wilkson

Sean Skaling

Amanda Mankel

Kate Ayers

Jean Kornmuller

Sandra Cacy

Paul Millwood

Scarlett Masten

Buddi Richey

David Caye

**II. APPROVAL OF THE AGENDA**

Director Wiggin moved, and Director Cooper seconded the motion to approve the agenda. The motion passed unanimously.

*Director Fleek-Green arrived at 4:03*

### **III. APPROVAL OF THE MINUTES**

Director Wiggin moved, and Director Rogers seconded the motion to approve the September 16, 2024, Operations Committee Meeting minutes. The motion passed unanimously.

### **IV. PERSONS TO BE HEARD**

- A. Bernie Smith, Member, addressed the Committee about topics in executive session.

### **V. NEW BUSINESS**

- A. *Eklutna Project Update (Hasquet/Laughlin)*  
Julie Hasquet, Sr. Manager of Corporate Communications and Andrew Laughlin, Chief Operating Officer, updated the Committee on the Eklutna Project and responded to questions from the Committee.
- B. *Rate Case Update/ Simplified Rate Case Filing Process (Clarkson)*  
Matthew Clarkson, Chief Legal Officer and Dean Ratliff, VP, Regulatory Affairs presented on the rate case and responded to questions from the Committee.

*Director Chastain joined the meeting at 4:28 p.m.*

### **VI. EXECUTIVE SESSION**

- A. *Gas Supply Update (Rudeck/Gerlek/Armfield/Herrmann)*
- B. *Battery Energy Storage System Update*

At 4:55 p.m., Director Rogers moved and Director Wiggin seconded that pursuant to Alaska Statute 10.25.175(c)(1) and (3), the Board of Directors go into executive session to: 1) discuss and receive reports regarding matters the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative; and 2) discuss with its attorneys matters the immediate knowledge of which could have an adverse effect on the legal position of the cooperative. The motion passed unanimously.

*The meeting reconvened in open session at 6:11 p.m.*

### **VII. NEW BUSINESS (None)**

### **VIII. DIRECTOR COMMENTS**

Director comments were made at this time.

### **IX. ADJOURNMENT**

At 6:23 p.m., Director Cooper moved, and Director Wiggin seconded the motion to adjourn. The motion passed unanimously.

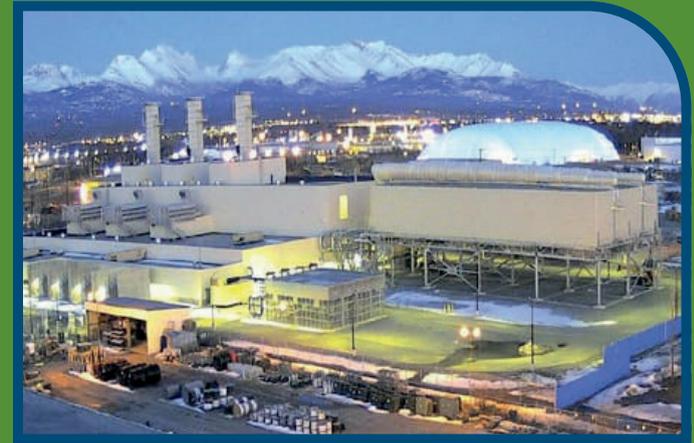
# ABOUT CHUGACH

Alaska's Largest Electric Provider

Serves 1 in 3 Alaskans

Power capabilities from four gas-fired plants, three hydroelectric projects, one wind farm, and solar installations on power plants

Provides employment to hundreds of Alaskans, including both non-represented workers and those represented by IBEW and HERE



South Central Power Project  
Alaska's third-largest and most fuel-efficient power plant

State Funding for Dixon Diversion Studies  
Dispatchable energy to reduce gas requirements and diversify energy mix for Railbelt Utilities

Efficient Regulatory and Permitting Processes for Gas Storage and Imported LNG  
Critical to bridging the fuel gap

Rate Recovery Assurance for Electric Cooperative Board-Approved Renewable Energy Projects below 15MW



George M. Sullivan Plant  
Alaska's largest power plant in terms of total annual net electricity generation



Chugach Transmission Upgrade, Seward Hwy 2024

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## 2025

### LEGISLATIVE PRIORITIES

Gas Supply  
Dixon Diversion Studies  
Advance Renewable Energy Projects

No entity in Alaska is offering a firm contract to deliver gas to Chugach after first quarter 2028

# CHUGACH

# CHUGACH MISSION: Safe, Reliable, Affordable Electric Service

## Breakdown of Chugach Retail Electric Bill

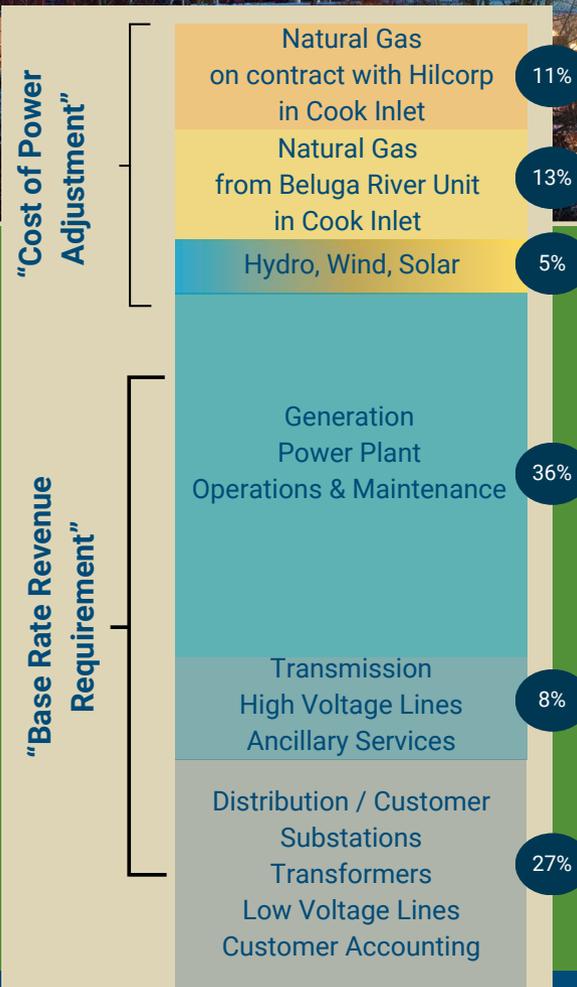
About 11% of Chugach's electric bill will be impacted by replacing the gas from the current contract, which expires in March 2028 including costs for gas, transportation, and storage. We anticipate a rate impact of about 10%.

Chugach owns two-thirds of the Beluga River Unit (BRU) gas field in Cook Inlet and continues to invest in this valuable asset

Chugach sources 60% of its gas from the BRU, which is not included in the contract set to expire in 2028

### Maintaining Reliable and Affordable Electricity Requires:

- Bridging the gap in gas supply
- Adding gas storage in Cook Inlet
- Adding renewable generation to reduce gas requirement



Note: Percentages exclude state and local taxes and surcharges.

## SHORT TERM

Global LNG Market



Bridging the gap in available gas supply to maintain reliability

## LONG TERM

North Slope, Cook Inlet, or Global Market



# **Vegetation Management**

**Operations Committee Meeting**  
**January 29, 2025**

# Summary



## **Objective:**

Determine whether if Chugach should continue to utilizing a combination of internal tree trimming crews and external contractors.

## **Method:**

- A team of financial analyst, ops managers and consultant analyzed four (4) options using parametric and analogous estimating to make a recommendation.
- The suggested approach is to maintain a diverse strategy, with some portions managed by CEA and others performed by contractors.

# Option 1 : Current State

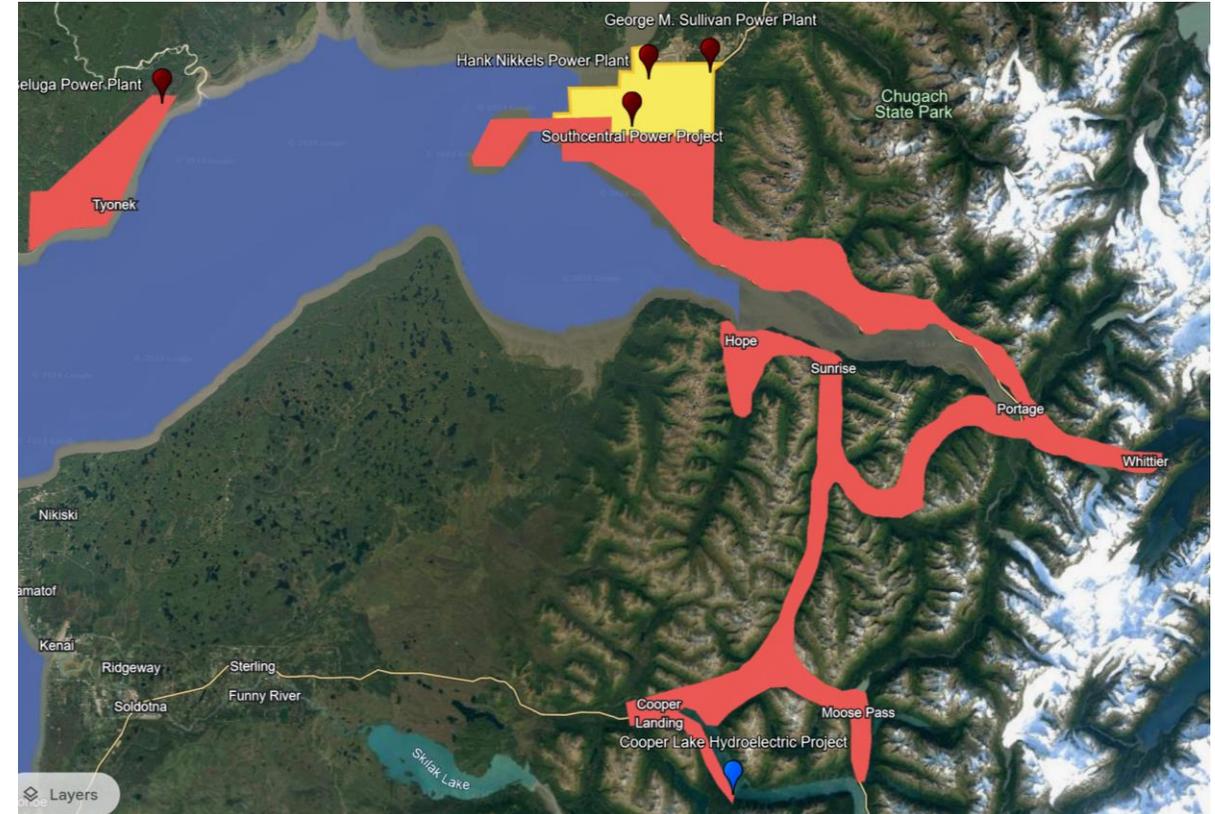


In yellow, Chugach's crew manages

- North District:
  - 1x4-man tree trimming crew
  - Support personnel:
    - 6 shop mechanics
    - 5 trucks
    - Shop space for crew
    - Equipment

In red, contract tree clearing:

- South District
- out of Anchorage areas



# Option 2 : Fully Outsourced



In red, contract tree clearing

- North District
- South District
- Out of Anchorage areas

Estimates calculated by area:

- South and out of Anchorage are contractor actual cost adjusted with inflation (2.08%)
- North territory based off contractor estimate



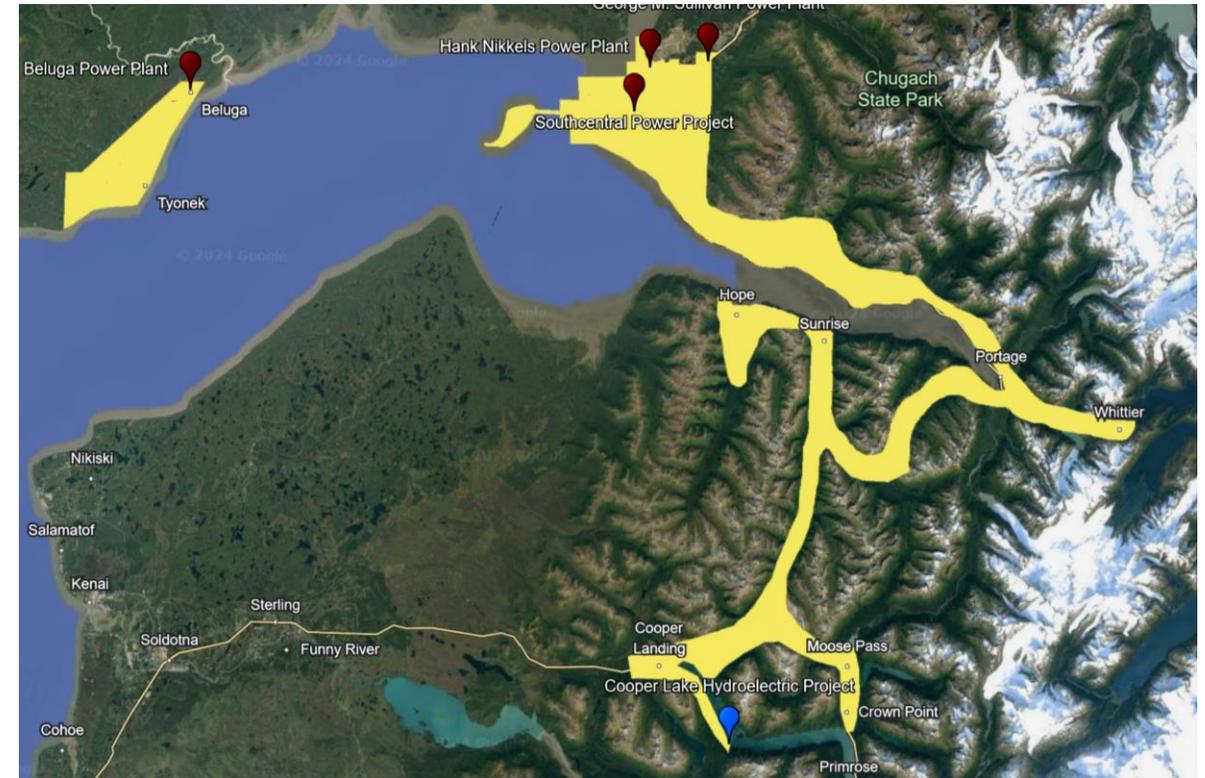
# Option 3 : Chugach Clears the Entire Territory



Chugach manages the entire service territory.

Labor and equipment requirements:

- 6x4-man crews
- 7 shop mechanics
- 3 admin + 1 PM
- \$13 M equipment investment related
- New building for personnel and equipment



# Option 4 : Chugach in town, Vendors out of town

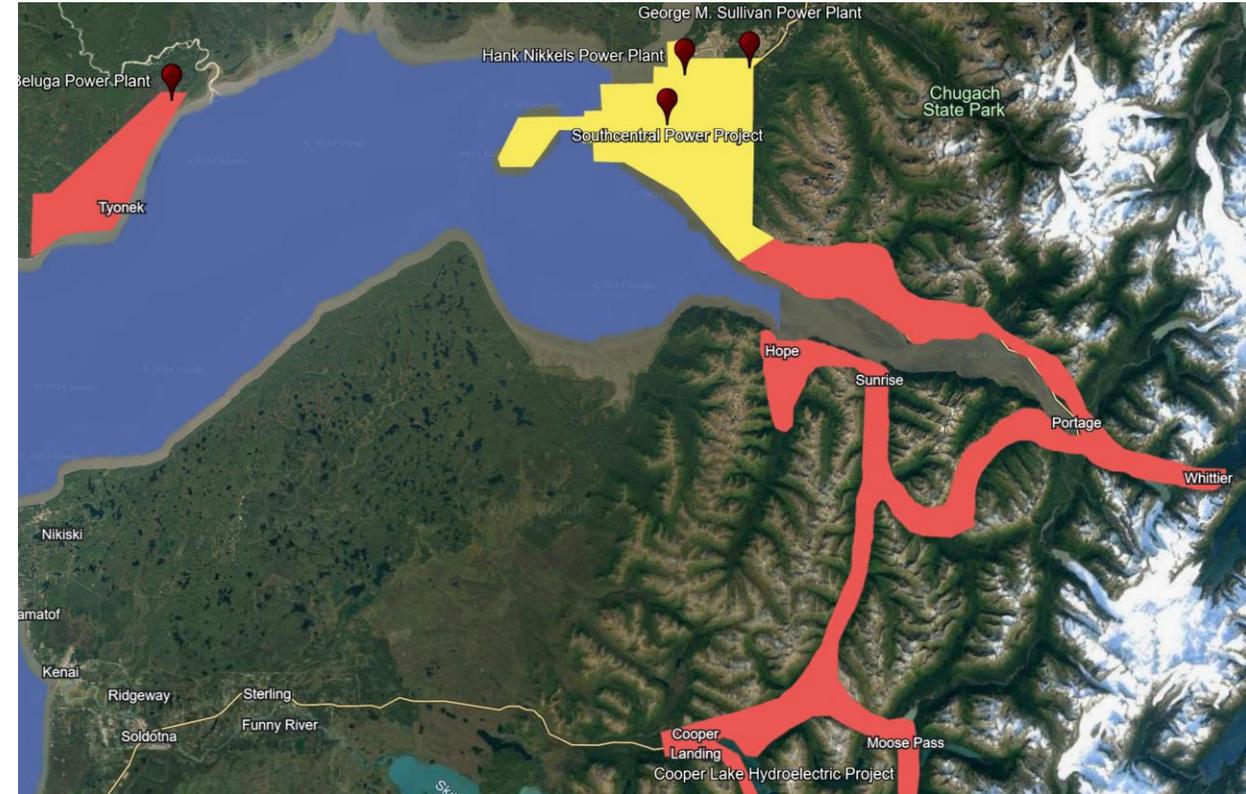


In yellow, Chugach manages

- North District
- South District
- 4x4-man crew and two additional
- 6 shop mechanics
- 2 admins
- \$6 M equipment investment related
- New building for equipment & crews

In red, Vendors manage

- Out of Anchorage areas



# Quantitative Analysis



	Current State Option 1	Full external Option 2	Full internal Option 3	CEA in ANC, Vendors out of ANC Option 4
Present Value Over 30 Years (Total Costs)	\$ 88,824,453	\$ 84,672,920	\$ 130,532,060	\$ 106,395,057

Assumptions:

- *Inflation Rate: 2.08%*
- *Discount Rate: 5%*

The current state and full external are the two most cost viable options

# Qualitative Analysis



	Current State	Full external
Pros	<ul style="list-style-type: none"> <li>Can be dispatched anywhere in the system</li> <li>Support Chugach crews during outage restorations</li> <li>Real time reliability improvements</li> <li>Familiarity with the system</li> <li>Positive customer service/public interactions</li> <li>Collaborate with line crews for efficiency</li> <li>Community impact (Girdwood, Cooper Landing)</li> </ul>	<ul style="list-style-type: none"> <li>Robust equipment</li> <li>Work expertise/flexible work force</li> <li>No impact with workman's comp</li> <li>Reduced liability risk</li> </ul>
Cons	<ul style="list-style-type: none"> <li>Workman's comp exposure</li> </ul>	<ul style="list-style-type: none"> <li>Requires Chugach labor for Quality Control</li> <li>Risk of changes in contract rates</li> </ul>

# Conclusions



- The 2 most cost-effective solutions are maintaining the current state and outsourcing the entire territory
- Outsourcing the entire territory poses significant risks and Chugach loses the ability to work closely with the community and property owners.
- Recommend maintaining the current state

# Questions?



Executive Session Motion  
(Financial, Legal and Personnel)  
**January 29, 2025**

**Chugach Electric Association, Inc.**  
**Board of Directors Operations Committee Meeting**

**Agenda Item VI.**

Move that pursuant to Alaska Statute 10.25.175(c)(1), (3) and (4), the Board of Directors go into executive session to: 1) discuss and receive reports regarding matters the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative; 2) discuss with its attorneys matters the immediate knowledge of which could have an adverse effect on the legal position of the cooperative; and 3) discuss personnel matters.

Chugach Electric Association, Inc.  
Anchorage, Alaska

Summary of Executive Session Topics for  
Board of Directors Operations Committee Meeting on January 29, 2025  
Agenda Item VI.

- A. Discussion of confidential and sensitive information regarding an update of Chugach's gas supply, public disclosure of which could have an adverse effect on the finances and legal position of the Association. (AS 10.25.175(c)(1) and (3))
- B. Discussion of confidential and sensitive information regarding an update of LNG import that is subject to an NDA, public disclosure of which could have an adverse effect on the finances and legal position of the Association. (AS 10.25.175(c)(1) and (3))
- C. Discussion of confidential and sensitive information regarding Chugach's next steps concerning gas supply that is subject to an NDA, public disclosure of which could have an adverse effect on the finances and legal position of the Association. (AS 10.25.175(c)(1) and (3))
- D. Discussion of confidential and sensitive information regarding an update of Chugach's Collective Bargaining, public disclosure of which could have an adverse impact on the personnel, finances, and legal position of the Association. (AS 10.25.175(c)(1), (3) and (4))