



CHUGACH ELECTRIC ASSOCIATION, INC.  
ANCHORAGE, ALASKA

OPERATIONS COMMITTEE MEETING

AGENDA

Mark Wiggin, Chair  
Sam Cason, Director

Sisi Cooper, Director  
Bettina Chastain, Director  
Jim Nordlund, Director

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**June 7, 2023**

**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. May 3, 2023 (Hamilton)
- IV. PERSONS TO BE HEARD (4:15 p.m.)
  - A. Member Comments
- V. NEW BUSINESS (scheduled) (4:20 p.m.)
  - A. Election of Operations Committee Vice Chair\*(Committee) (4:20 p.m.)
  - B. 2024-2033 Financial Forecast (Griffin/Highers) (4:25 p.m.)
- VI. EXECUTIVE SESSION\* (scheduled) (4:45 p.m.)
  - A. BRU Underlift Agreement (Armfield/Clarkson)
- VII. NEW BUSINESS\* (scheduled) (5:15 p.m.)
  - A. BRU Underlift Agreement\* (Armfield/Clarkson) (5:15 p.m.)
- VIII. DIRECTOR COMMENTS (none)
- IX. ADJOURNMENT\* (5:20 p.m.)

\* Denotes Action Items

\*\* Denotes Possible Action Items

6/2/2023 4:57:58 PM

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

**May 3, 2023**  
**Wednesday**  
**4:00 p.m.**

**OPERATIONS COMMITTEE MEETING**

Recording Secretary: Ky'yanna Hamilton

**I. CALL TO ORDER**

Chair Wiggin called the Operations Committee meeting to order at 4:05 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

*A. Roll Call*

*Committee Members Present:*

Mark Wiggin, Chair  
Harold Hollis, Vice Chair  
Sisi Cooper, Director  
Bernie Smith, Director

*Committee Members Telephonic:*

Bettina Chastain, Director

*Board Members Present:*

Sam Cason, Director  
Rachel Morse, Director (*arrived at 4:09 p.m.*)

*Guests and Staff Attendance*

*Present:*

Arthur Miller	Scarlett Masten	
Andrew Laughlin	Katie Millen	Dean Thompson, K.H.E.
Matthew Clarkson	Delaney Orendorff	Carl Petersen, Concentric
Sherri Highers	Randall Chicola	
David Caye	Brandy Curtis-Richards	
Ashton Doyle	Jean Kornmuller	

*Via Teleconference:*

Sandra Cacy	Sean Skaling	Josh Travis
Kurt Struck		

**II. APPROVAL OF THE AGENDA**

Director Wiggins moved, and Director Hollis seconded the motion to approve the agenda. The motion passed unanimously.

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

Director Wiggins moved, and Director Cooper seconded the motion to approve the April 19, 2023, Operations Committee Meeting minutes. The motion passed unanimously.

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

- A. *Member Comments*  
None.

### **V. NEW BUSINESS**

- A. Renewable Energy Alaska Project (REAP) Update (Skaling)  
Sean Skaling, Sr. Manager, Business & Sustainable Program Development, gave an update presentation of the Renewable Energy Alaska Project (REAP). Sean Skaling responded to questions from the Committee.
- B. 2023 General Rate Case Update (Kornmuller/Clarkson)  
Matthew Clarkson, Chief Legal Officer, and Jean Kornmuller, Senior Manager of Regulatory Affairs provided an updated presentation on the General Rate Case process and timeline. Matthew Clarkson responded to questions from the Committee.

### **VI. EXECUTIVE SESSION**

- A. *2023 General Rate Case Update (Kornmuller/Clarkson)*
- B. *Personnel Matters – Succession Planning (Miller/Orendorff)*
- C. *Personnel Matters – Engagement (Miller/Orendorff)*

At 5:27 p.m., Director Wiggins moved and Director Cooper seconded the motion 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) personnel matters. The motion passed unanimously.

*The meeting reconvened in open session at 7:58 p.m.*

### **VII. NEW BUSINESS**

None.

### **VIII. DIRECTOR COMMENTS**

Comments were made at this time.

### **IX. ADJOURNMENT**

At 8:07 p.m., Director Wiggins moved and Director Cooper seconded the motion to adjourn. The motion passed unanimously.

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

**OPERATIONS COMMITTEE MEETING**  
**AGENDA ITEM SUMMARY**

**June 7, 2023**

**ACTION REQUIRED**

**AGENDA ITEM NO. V.A.**

- Information Only**
  - Motion**
  - Resolution**
  - Executive Session**
  - Other**
- 

**TOPIC**

Election of Operations Committee Vice Chair

**DISCUSSION**

Board Policy 206, Statement of Functions of the Operations Committee, Section III. C. states “The Board Chair shall appoint the Committee Chair as well as the Directors to serve on the Committee. The Committee shall elect from its membership a Vice Chair.”

The Vice Chair acts during the absence of the Committee Chair. The term of the Vice Chair is from her or his election by the Committee and until a new Committee is appointed by the Board Chair or unless the Vice Chair is otherwise removed. Director Mark Wiggin is the Chair of the Operations Committee, and the other members of the Committee are Directors Bettina Chastain, Jim Nordlund, Sam Cason, and Sisi Cooper.

**MOTION**

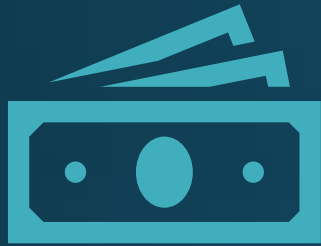
Move that the Operations Committee elect Director \_\_\_\_\_ as the Vice Chair of the Operations Committee.

2024-2033  
Financial Forecast  
Assumptions

# Chugach Electric Association

Operations Committee Meeting  
June 7, 2023

# Global Drivers



**Financial Forecast  
Model Initiates from the  
2023 Budget**



**Cost of Capital  
Study TIER  
Recommendation  
(2025-2033)**



**Equity-To-Total  
Capitalization Ratio  
Target**  
**At least 35% by 2033**  
**At least 40% by 2038**

# Revenue Assumptions

## Rates

- 2024 retail and wholesale rates based on requested interim and refundable rates filed as part of general rate case
- Economy rates based on current tariff

## Sales Forecast

- Updated retail and wholesale sales forecast
- Power pool and economy sales at 2023 budget level
- Seward and GVEA contracts assume to end in 2024

## Revenue

- Wheeling revenue to serve Seward begins in 2025
- Other revenue at 2023 budget level
- 2025-2033 total revenue is modeled to achieve the recommended system TIER

# Fuel and Purchased Power



**BRU**



**Hilcorp Alaska, Inc.**



**Fuel Storage**



**New Fuel Supply**



**Battery Energy Storage System (BESS)**



**Purchased Power**



**Renewables**



# BRU GTP Components



**DRILLING COSTS  
AND CAPITAL  
SURCHARGE  
RECOVERED  
THROUGH GAS  
TRANSFER PRICE  
(GTP)**



**LABOR WITH  
ADDED  
INFLATION**



**ROYALTIES  
AND  
DEPLETION  
BASED ON  
ESTIMATED  
MCF  
CONSUMPTION**



**O&M BASED  
ON HISTORICAL  
ACTUALS  
ADJUSTED FOR  
ACTIVITY**



**EXPIRATION OF  
SMALL  
PRODUCER  
TAX CREDIT  
BEGINNING IN  
2026**

# Hilcorp Alaska, Inc.



**FIRM SUPPLY BASED ON CURRENT  
VOLUME AND RATES IN ACCORDANCE  
WITH CONTRACT**

# Fuel Storage



**CINGSA CONTINUES TO BE  
UTILIZED**



**ASSUMES ADDITIONAL GAS  
STORAGE BY 2025**



**ADDITIONAL GAS  
STORAGE COST BASED  
ON CINGSA RATE**

# New Fuel Supply

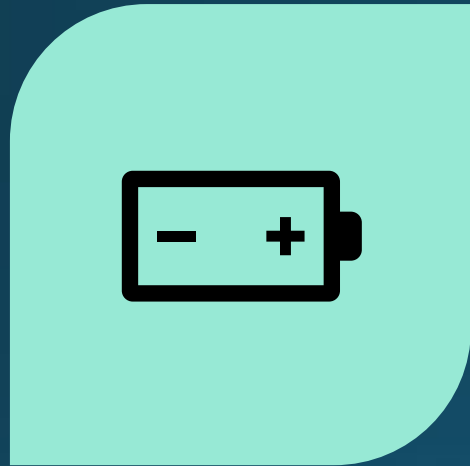


**ASSUMED TO BEGIN IN 2028**



**PRICING BASED ON PRELIMINARY  
BLACK & VEATCH STUDY WITH  
ADDED INFLATION**

# Battery Energy Storage System (BESS)



COMMERCIAL OPERATION IN Q4 2024



ESTIMATED ANNUAL FUEL SAVINGS  
OF 784,000 MCF

# Purchased Power



**EKLUTNA IN ACCORDANCE WITH  
MOA AGREEMENT**



**BRADLEY LAKE**

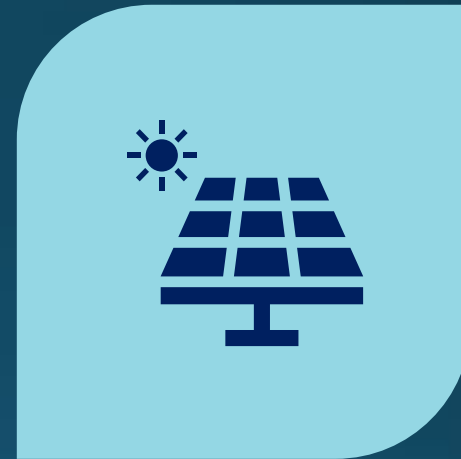


**FIRE ISLAND WIND**

# Renewables



**100,000 MWH OF RENEWABLE  
PURCHASES ADDED BY Q1 2025**



**ADDITIONAL RENEWABLE  
PURCHASES TO MEET CARBON  
REDUCTION GOAL**

# Other Costs of Service

## O&M

- Labor and non-labor escalations

## Depreciation and Amortization

- Current depreciation rates
- Assumes anticipated amortizations

## PILT

- Modeled net plant and current mill rates

## Interest Expense

- Existing LT debt
- New debt issuances
- Automatic CP draws > \$5M



# Electric Plant In Service

## Capital Expenditures

**2023-2027 CIP**

**2028-2033 CIP**  
(averaged-excluding major projects)

**Assumes north campus sale**

## Battery Energy Storage

**No cash inflow for sale of BESS to Alaska Energy Authority (AEA)**

# Patronage Capital and Margins



**Annual margins  
based on TIER  
assumption 2025-  
2033**

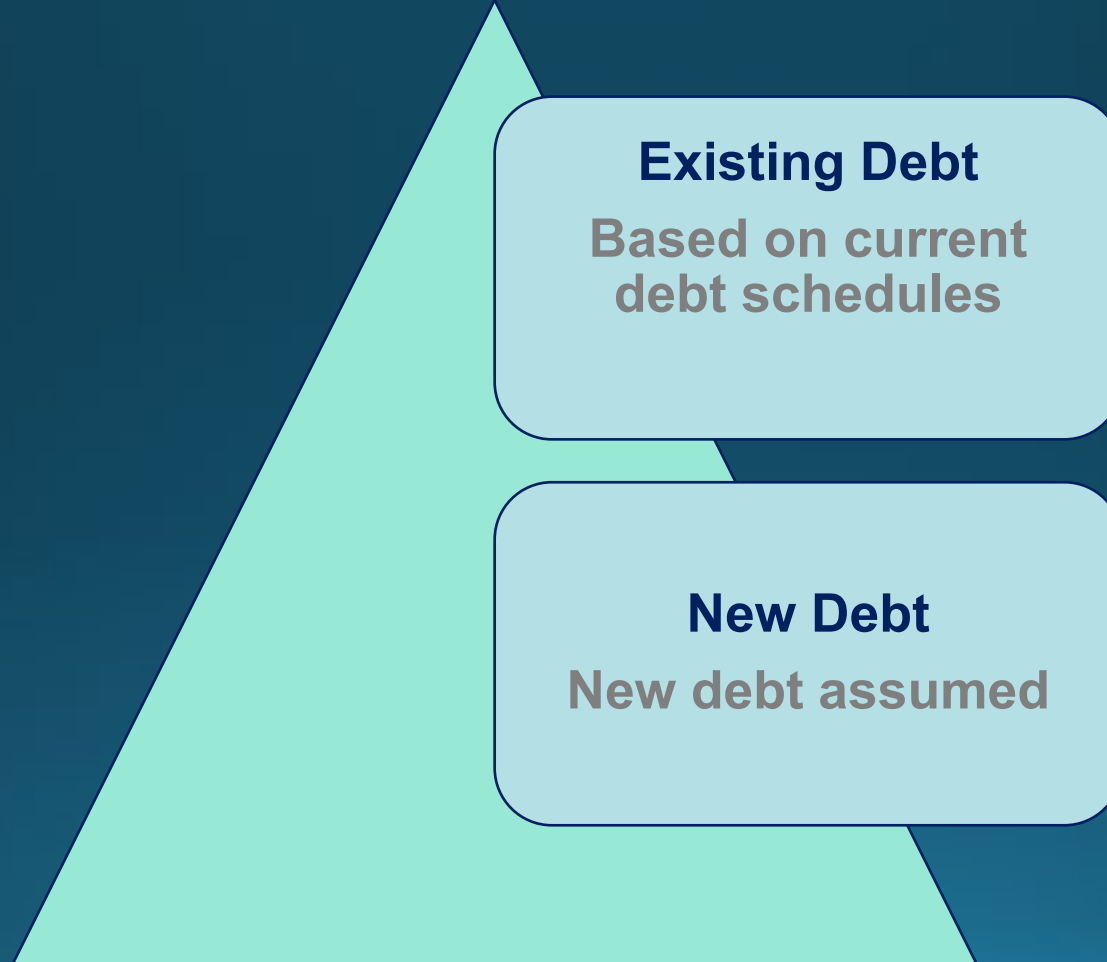


**Wholesale capital  
credits to Seward  
returned in 2029  
(\$0.2 million)**

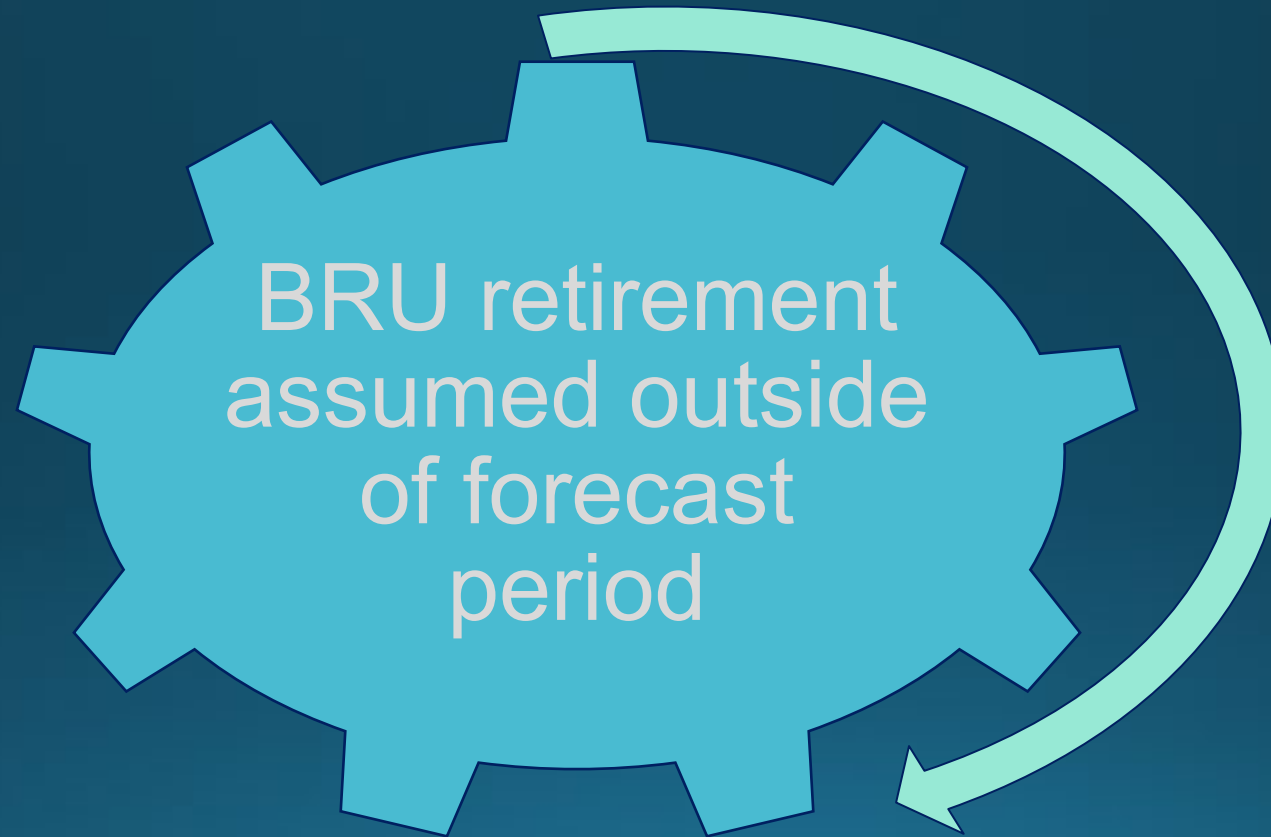


**Retail capital credits =  
amount to target equity-to-  
total-capitalization ratio of  
35% by 2033 (\$4.1M - \$12.7M)**

# Long-Term Debt



# Cost of Removal Obligation





# Questions?

Chugach Electric Association, Inc.  
Anchorage, Alaska

Summary of Executive Session Topics for  
Operations Committee Meeting on June 7, 2023  
Agenda Item VI.

Discussion concerning the BRU Underlift Agreement contains sensitive and confidential information, the disclosure of which would breach Chugach's confidentiality obligations and have an adverse effect on the finances and legal position of Chugach. (AS 10.25.175(c)(1) and (3))