

Natural gas update

Several activities are underway regarding the natural gas situation vital to so many Alaskans. For decades, a plentiful supply of reasonably priced natural gas has fueled the economy of Southcentral. In recent years, concerns have grown as both reserves and field pressures have gone down and prices have gone up.

Natural gas is the primary fuel for space heating and electric generation in Southcentral. A recent survey found that 95 percent of Chugach retail customers use natural gas to heat their homes and 90 percent use it to heat their water. As a utility, 90 percent of the kilowatt-hours Chugach sells each year come from gas-fired generation (the balance comes from hydro projects). The benefits of lower-cost power generation flow to Alaskans in the Interior over the Alaska Intertie.

For some years Chugach has promoted the idea of state support for

a Cook Inlet Resource Management Plan. The legislature has taken steps to address the issue by passing legislation (supported by the governor) providing drilling incentives for the Cook Inlet basin.

Chugach and other utilities have taken a multi-pronged approach to the situation, with action on several fronts. A short summary follows.

Gas contracts

Chugach currently has contracts with ConocoPhillips and Marathon Alaska Production to meet 100 percent of its needs through the end of 2013. The ConocoPhillips contract provides for gas to meet a portion of Chugach needs into 2016, while Chugach and Marathon continue to discuss a possible contract extension that would carry the MAP contract through the end of 2014.

More efficient generation

One way to stretch your gas supply

is to use it more wisely. That is one of the reasons Chugach and Municipal Light & Power are jointly developing the Southcentral Power Project. The project, under construction at Chugach's headquarters complex, will come online in late 2012. When it does, it will make a kilowatt-hour for only about three-quarters of the natural gas used by generation units today.

Natural gas storage

Chugach, ENSTAR Natural Gas Co., Municipal Light & Power and other utilities are cooperating on a project to develop in-ground, natural gas storage using a partially depleted reservoir near Kenai. The project is being developed by a subsidiary of ENSTAR's parent company. Injections are expected



Natural gas is produced from both onshore and offshore wells in the Cook Inlet area.

to begin by the summer of 2012, with withdrawals by the winter of 2012-13.

Capital budget funds ARCTEC projects

Many energy projects received funding in this year's capital budget, including nine Railbelt projects supported by ARCTEC – the newly formed generation and transmission cooperative for the region.

Chugach is one of five area utilities that make up the membership of the Alaska Railbelt Cooperative Transmission and Electric Company. ARCTEC was incorporated by the utilities in December 2010 after a years-long effort to form an organization to collectively plan for generation and transmission assets to serve Alaskans throughout the Railbelt. In February ARCTEC presented legislators with a list of nine energy projects to strengthen the regional grid. The organization's board of directors chose the projects for immediate support from a

much longer – and more expensive – list of proposals.

Chugach promoted and supported the ARCTEC projects in Juneau this year.

The legislature expressed its support for energy projects across the state, including all nine ARCTEC-backed projects. Governor Parnell trimmed the amounts awarded in the current budget to individual ARCTEC projects, but did not strike any of them from the budget through the veto process. Although funds were cut this year, the governor left open the possibility of additional funding for the projects in future budgets.

The grants will flow through the Alaska Energy Authority.

Here is a summary of the ARCTEC

projects, with funding amounts from the legislature and the results of the governor's reductions.

Anchorage to Quartz Creek Transmission Line Maintenance and Repair

This transmission line was originally built to carry power from Chugach's Cooper Lake hydro project near Cooper Landing when that project came on line in 1960. Today, this 115-kilovolt line provides the only transmission link between Anchorage and the Kenai Peninsula. As such, it provides the only path for power from the state-owned Bradley Lake hydro project at the head of Kachemak Bay to utilities north of the southern Kenai Peninsula. Chugach owns the line between Anchorage and the Quartz Creek

Substation near Cooper Landing, and over time has rebuilt sections of it. However, approximately 50 miles of line remains to be rebuilt after five decades of use. The legislature proposed \$25 million in funding for this project – a number the governor trimmed to \$15M.

Battle Creek Diversion

This project would divert a creek that currently does not flow into Bradley Lake to the reservoir of the hydro project. Preliminary estimates by the Alaska Energy Authority are that diversion of Battle Creek could increase the annual energy output of the project by about 10 percent. All six electric utilities in the Railbelt purchase power

ARCTEC (cont'd from page 1)

from the state-owned Bradley Lake project. The legislature funded this project at \$15M but the governor cut it to \$6M in this year's budget.

Cook Inlet Gas Gathering System Remodel

Currently the pipeline that carries natural gas under Cook Inlet can only flow gas from west to east. However, there are times when flow from the east side of the Inlet to the west side is necessary to ensure gas is available when and where customers like Chugach need it. The pipeline owners – through Marathon Pipeline – have agreed to do the work this year if the utilities pay the cost. The governor halved the \$2M appropriated by the legislature to \$1M.

Daves Creek to Seward Transmission Line Completion

This project would complete the upgrade and rebuild a transmission line into Seward, finishing approximately 1.5 miles left undone from a prior project. The governor cut the \$1.5M appropriated by the legislature to \$500,000.

Girdwood and Sterling Substation Improvements

This project would fund ring buses at two substations fed by the 115-kv transmission line between Anchorage and the Kenai Peninsula. Ring busses are a switching arrangement that provide multiple connection points, thereby improving reliability. The governor cut \$2M from the \$4M appropriated by the legislature.

Quartz Creek to Soldotna Transmission Maintenance and Repair

This project is similar to the Anchorage to Quartz Creek work described above, on a line between Cooper Landing and Soldotna owned by Homer Electric Association. The project was funded at \$10M by the legislature but cut to \$5M by the governor.

Seward Power Plant Integration

This project would install equipment that would let the City of Seward switch to and from its liquid-fueled

Chugach participates in Spenard Farmers Market

Chugach's SmartPower program recently distributed nearly 300 compact fluorescent light bulbs to market goers at the Spenard Farmers Market.

The bulbs distributed were high-efficiency 15-watt bulbs, designed to replace 60-watt incandescent bulbs. The estimated total savings of the 300 bulbs over 5 years, adds up to a little more than \$16,000, given current rates and an average of five hours of use per day. {85259}

The Chugach display also featured information from Green Star about how to properly dispose and recycle



CFL bulbs. LED bulbs were also on display; a promising energy-saving technology. To learn more about how you can save money and reduce your consumption contact Chugach's Energy Efficiency and Conservation Specialist at 762-4336 or visit www.chugachelectric.com.



Several transmission line projects are funded in the capital budget.

generation without first disconnecting from the Railbelt grid. The governor cut in half the \$4M the legislature put in the budget, leaving \$2M for the integration project.

Soldotna to Quartz Creek Transmission Study, Design and Permitting

Currently a 69-kv transmission line parallels the 115-kv line between Soldotna and the Quartz Creek Substation near Cooper Landing. ARCTEC proposed to study the feasibility and cost of upgrading the line to a higher voltage – and to consider broadening the study to look at the entire transmission interconnection between Anchorage and the Kenai Peninsula. The legislature funded the project at \$5M; the governor cut it to \$2M.

Teeland to Healy Substation Improvements and Repair

The Alaska Energy Authority owns key pieces of equipment called static SVS compensators that allow power to flow efficiently between the Southcentral and Interior grids. This state-owned equipment at the Teeland and Healy substations has been in place since the Alaska Intertie went into service in the mid-1980s. The governor cut the budget to replace aged SVC components from the \$5M provided by the legislature to \$2.5M.

Following the release of the budget, the ARCTEC board met with the Executive Director of the Alaska Energy Authority and agreed to a prioritized spending plan that will allow work to begin on key projects in the coming year.

Contact us

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

Hours

5601 Electron Drive
Monday - Friday
8 a.m. - 5 p.m.

The Chugach Outlet

A Publication of Chugach Electric Association, Inc.
5601 Electron Drive • P.O. Box 196300 • Anchorage, Alaska 99519-6300

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://chugachelectric.applications.com>. Chugach only accepts applications for open vacancies.

Monthly residential service costs (based on 700 kwh)

Customer charge/month	\$ 8.00
Energy charge \$0.07084 x kwh =	\$49.59
Fuel \$0.05741 x kwh =	\$40.19
Purchased power \$0.00575 x kwh =	\$ 4.03
<small>(Fuel & purchased power adjustments effective 7/1/11 - 9/30/11)</small>	
Subtotal	\$ 101.81
2% MOA Undergrounding Charge =	\$ 2.04
RCC \$0.000492 x kwh =	\$ 0.34
Total bill	\$104.19

CHUGACH
POWERING ALASKA'S FUTURE

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.