

Chugach plans to sell Bernice Lake Power Plant to HEA

Chugach and Homer Electric Association have come to terms on an agreement for the sale and purchase of the Bernice Lake Power Plant. Bernice Lake is one of four solely owned Chugach power plants in service today. The gas-fired plant is located near Nikiski.

Chugach built the Bernice Lake plant shortly after natural gas was discovered on the Kenai Peninsula. The first unit was commissioned in 1963. Other units were added in 1971, 1978 and 1981. Today the plant has 69.88 megawatts of installed capacity.

HEA has agreed to pay Chugach \$11.8 million for the plant.



The first Bernice Lake Power Plant unit was commissioned in 1963.

The agreement must be approved by the Regulatory Commission of Alaska. RCA approval of HEA's proposal to amortize the purchase price over a period of years is a condition of the agreement. The RCA has said it will issue a final order on the proposed agreement by

Jan. 17, 2012.

Both Chugach and HEA are reshaping their respective generation portfolios to meet their future needs. With the construction of the new Southcentral Power Project and the expiration of the HEA wholesale

contract, Chugach no longer had the same need for the Bernice Lake Power Plant. At the same time, HEA is arranging for its own generation needs and the purchase of Bernice Lake will help it avoid construction of a portion of more costly new generation.

Fuel surcharge likely to increase in October

The average residential bill would rise by 3.2 percent

The portion of a customer bill that goes to pay for natural gas for power generation is likely to rise in the fourth quarter of the year. The average residential bill would increase by about 3.2 percent. Commercial custom-

ers would see similar increases. Fuel charges would also increase for Chugach's wholesale customers.

The proposed retail fuel charge would rise from 5.741 cents per

kilowatt-hour in the third quarter to 6.409 cents in the fourth quarter. At the same time, the charge for purchased power (energy Chugach buys from other producers) is proposed to be reduced from 0.575 cents per kwh in the third quarter to 0.379 cents in the fourth. The net effect of the two changes would cause the monthly bill of a residential customer using 700 kwh of service to go from \$102.14 to \$105.45 (not including the 2 percent MOA undergrounding charge). With the implementation of the new rates, 45 percent of the monthly bill for a 700 kwh residential customer will go to fuel and purchased power expenses.

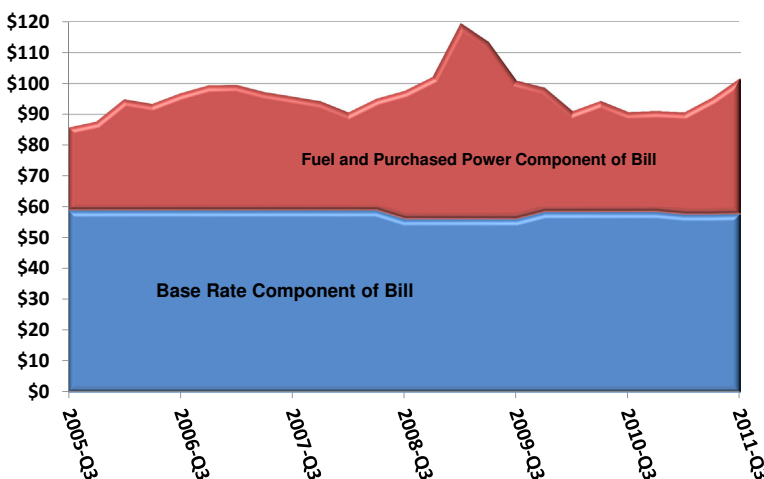
Chugach uses natural gas to
See fuel surcharge, page 2

SPP will use less gas



Work continues on the Southcentral Power Project under construction at Chugach's headquarters near Minnesota Drive and International Airport Road. The three once-through-steam-generators were installed in July and August. SPP is a joint project between Chugach and Municipal Light & Power. The 183-megawatt power plant will use only about three-fourths of the gas required for production of a kilowatt-hour today. At current projections, customers of ML&P and Chugach are expected to save \$20 million in avoided fuel costs in 2013, the plant's first full year of operation.

Chugach's Monthly Residential Bill Total Based on 700 kWh Consumption



Chugach recognized as Tree Line USA utility



For the 12th year in a row, Chugach has been recognized as a Tree Line USA utility. The certification is awarded by the National Arbor Day Foundation to recognize outstanding right of way and vegetation management practices, and community involvement in tree planting near power lines. Above (l to r), Patricia Joyner, Community Forestry Program Coordinator with the Alaska Division of Forestry congratulated Chugach representatives Janet Reiser, Chugach Board Chair and Chris O'Brien, Utility Arborist.

Fuel surcharge (cont'd from page 1)

generate about 90 percent of the kilowatt-hours it sells each year, and each quarter adjusts the charge that recovers the cost of fuel. The proposed fourth quarter increase is

driven by higher gas prices and the steam turbine-generator at Beluga being out of service for maintenance during most of the month of April.

Heating season is here, furnace owners prepare

September marks the end of summer and the start of the home heating season. In Alaska, up to 58 percent of a home's total energy consumption can be attributed to space heating. If you have a forced-air heating system, there is one simple step you can take to help ensure efficient, healthy and trouble-free operation: change your filters regularly.

Have extra filters on hand so you are ready to change them when needed. Filters range in price from \$3-\$20 apiece and are available at most home improvement stores. Check your filter. If it looks dirty change it, then repeat every one to three months.

October is National Energy Awareness Month. Watch for

Underground utilities drive need to call for locates

A national organization promoting safe underground utilities presented some interesting statistics at a conference in Anchorage this summer.

- There are more than 2 million miles of underground utilities across the nation.
- In 2010 there were 196,000 reported dig-ins of buried utilities

It's not just a national issue.

- Chugach has 779 miles of underground distribution line

- In 2010 there were 51 reported dig-ins on the Chugach system

Nearly a third of the Chugach dig-ins were situations where the responsible party had not requested locates

This illustrates the need to call 811 at least two days in advance for locates before digging. One call will locate multiple utilities. Locates are free; dig-ins can be dangerous and expensive.

LED streetlights



In August, Chugach oversaw the conversion of several dozen high-pressure sodium streetlights in Bayshore to new LED lights. The project was jointly funded by the state of Alaska, Municipality of Anchorage and Chugach.

Chugach submitted the proposed changes to the Regulatory Commission of Alaska in August for rates effective October 1.

more energy tips and events you can participate in next month.

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.

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	(800) 390-2782
or	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

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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

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.

CHUGACH
POWERING ALASKA'S FUTURE