



Fire Island wind power coming

Wind power is coming to Chugach's generation mix. Test power from a 17.6-megawatt wind farm being developed by Fire Island Wind LLC was received in late August, with commercial operations expected to follow in September.

Months of construction preceded energization. Contractors for Fire Island Wind, LLC. (an independent power producer and subsidiary of Cook Inlet Region Inc.) erected 11 turbines on the island, each capable of producing up to 1.6-megawatts of electric power. Another CIRI entity, Cook Inlet Transmission Inc., installed a pair of 34.5-kilovolt transmission circuits between

the island and a substation at Chugach's headquarters campus. A switchyard on the island was also constructed.

Chugach personnel provided support throughout construction. Supervisory Control and Data Acquisition software was updated to allow Fire Island wind to integrate into Chugach's generation portfolio. Crews installed telecommunications and SCADA links to the switchyard, developed protective relaying and inspected and commissioned newly installed equipment.

The wind turbines are expected to provide around 50,000 megawatt-

hours of energy a year – about 4 percent of the current needs of Chugach's retail customers.

Under the terms of a power sales agreement, Chugach will take the output of the wind farm at a flat net price of \$97 per megawatt-hour for the next 25 years. Initially wind power from Fire Island will be more expensive than other sources of generation, but is expected to provide an economic benefit over the long-term.

Consistent with a filing to the Regulatory Commission of Alaska, Chugach intends to begin recovering the cost of Fire Island wind from retail customers in October.



Photo courtesy of CIRI/Judy Patrick Photography

Eleven wind turbines have been erected on Fire Island

Initially, Fire Island wind power will increase the monthly bill of an average residential customer by a bit more than a dollar.

Girdwood projects underway

Soon the likelihood of a problem on the distribution system knocking out power to the entire community of Girdwood will be significantly reduced.

Work has begun on a package of projects in Girdwood – key among them construction of a second feeder. Currently all 1,627

meters in the community are on a single 3-phase feeder circuit. If something happens that trips the protective breaker at the substation, the entire town loses power. Chugach can frequently sectionalize the system and bring many customers back on while the problem is addressed, but the outages are inconvenient. The

second feeder will allow Chugach to split the electric load, lessen the chances of a single incident causing a community-wide outage and provide flexibility in restoring power.

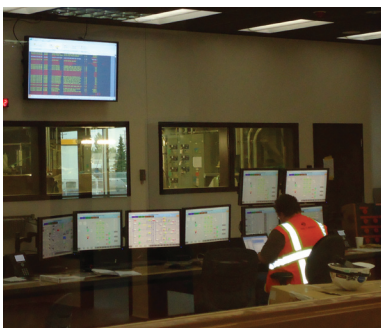
The second feeder project entails the installation of about 2.25 miles of 25-kilovolt underground

See Girdwood, page 2



A new feeder tie along Arlberg Road is among several Girdwood projects Chugach is doing in 2012.

SPP commissioning begins



The Southcentral Power Project has entered its commissioning phase, during which components and systems are checked and tested to ensure they will perform to specifications and design. SPP is an efficient new 183-megawatt, gas-fired, combined-cycle power plant built at Chugach's headquarters complex. SPP is a joint project

between Chugach (70 percent) and Municipal Light & Power (30 percent). First firing of the gas turbines and other commissioning activities will occur during the coming months.

SPP is expected to begin commercial operations early in 2013. Due to the efficiency of the new plant fixed cost increases will be

partially offset by a decrease in fuel consumption. Customers will see changes to their monthly bills – with the portion to cover fuel costs declining while the portion to cover plant goes up. Just how those two will offset each other will be laid out in a general rate case Chugach expects to file late in 2012.

Monthly residential service cost example switches to 650 kwh

Beginning this month, the cost of residential service box on the back page of the Outlet will be based on 650 kilowatt-hours of service. The change reflects a continuing decline in consumption by residential customers. Formerly the example had been based upon 700 kwh. As the

accompanying chart shows, Chugach residential customers have been reducing their average annual consumption over the past 10 years. When broken out on a monthly basis, in 2011 residential customers used 652 kwh per month, down from 654 in 2010. Data for 2012 won't be

available until after the end of the year.

The reductions in average monthly residential consumption on the Chugach system are in line with those seen by the other

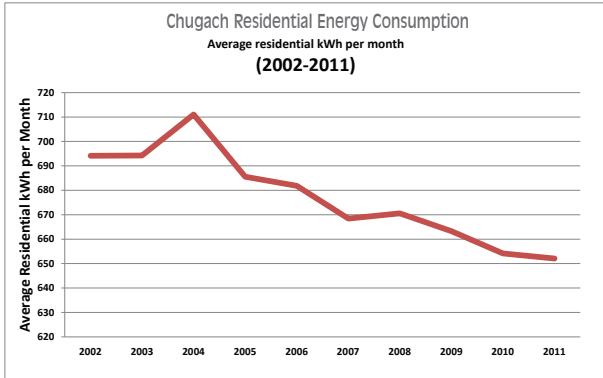
three electric cooperatives in the Railbelt.

There are likely multiple factors at work that contribute to lower consumption, including conservation and energy efficiency. For some years Chugach has actively promoted those activities through products, presentations and education. Member surveys show that most Chugach members have taken steps to conserve energy and reduce their bills, with lighting a common target for their efforts.

The popular Home Energy Rebate Program run by the Alaska Housing Finance Corporation has also been embraced by many Chugach members and – along with AHFC's Weatherization Program – has likely contributed

to the decline in consumption. Chugach and a consultant have been working with AHFC to try and better understand the impact of the Energy Rebate program on electric usage. {1151068}

Chugach has changed the monthly consumption level used to calculate the average residential bill before. After years of basing the calculation on 750 kwh of service, in 2002 Chugach began to use 700 kwh in recognition of lower consumption.



The average monthly consumption for a Chugach residential member has fallen from about 700 kilowatt-hours per month to near 650 kwh over the last 10 years.

Girdwood (cont'd from page 1)

cable up the valley between the Alyeska Highway and Glacier Creek. The new segment of line will tie into existing Chugach facilities at either end. Work will also be necessary at the Girdwood Substation to provide a connection and protection for the new feeder. In addition, about a quarter mile of underground

cable along Arlberg Road will be installed to tie the two feeders together.

The second feeder and Arlberg feeder tie are being funded by a combination of state grants and Chugach capital funds.

Six other smaller projects in Girdwood will be done by Chugach's

contractor in the coming months. These include pole replacements, line extensions and an overhead-to-underground conversion project for a segment of line that crosses the Alyeska Highway near the fire station.

All nine Girdwood projects are expected to be completed by mid-December.

Chugach promotes energy efficiency



Chugach was a lead sponsor and presenter at the 8th Annual Renewable Energy Fair on Aug. 11, organized by the Renewable Energy Alaska Project. More than 40 vendors and presenters highlighted renewable energy and energy efficiency programs and products. Chugach's booth promoted the many benefits of LED lighting.

Contact us

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	8 a.m. - 5 p.m.
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The Chugach Outlet

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Monthly residential service costs (based on 650 kwh)

Customer charge/month	\$ 8.00
Energy charge \$0.07054 x kwh =	\$45.85
Fuel \$0.05473 x kwh =	\$35.57
Purchased power \$0.00559 x kwh =	<u>\$ 3.63</u>
<small>(Fuel & purchased power rates effective 7/1/12-9/30/12)</small>	
Subtotal	\$ 93.05
2% MOA Undergrounding Charge =	\$ 1.86
RCC \$0.000568 x kwh =	<u>\$ 0.37</u>
Total bill	\$95.28

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.



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

Take Note!

In June, Chugach Members received billing statements with a new member account number.

Your member account number combination is needed when using our 24/7 payment line, phone number 762-7803 or for payments via the website at www.chugachelectric.com. Additionally, if you use a bill payment service, please inform them of the new member account number.

For further information, contact Member Services at 563-7366.